

RICH CAPITAL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Registration No. 199801660M)

PAYMENT OF APPROXIMATELY S\$2 MILLION ON BEHALF OF SUBSIDIARY

The Audit Committee (“**AC**”) of Rich Capital Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that it has come to their attention during the AC meeting conducted on 29 May 2019 that there had been a lapse in governance process in respect of a payment of Rp 20,000,000,000 (equivalent to approximately S\$2 million based on an illustrative exchange rate of S\$1: Rp 10,000) made by the Company on behalf of its indirectly owned subsidiary, PT Oxley Karya Indo Batam (“**PT OKIB**”), to Rich-Link Construction Pte. Ltd. (“**RLC**”) in relation to the Company’s property development project in Batam, Indonesia (the “**Project**”) (the “**Payment**”) on 28 November 2018. The AC was informed that this Payment was not made in accordance with the terms of the letter of award (the “**Letter of Award**”) provided to RLC by PT OKIB dated 15 October 2018 in relation to the Project.

PT OKIB is a company incorporated in Indonesia whose shareholders are Oxley Batam Pte. Ltd. (“**OBPL**”) and PT Karya Indo Batam (“**KIB**”). OBPL and KIB hold the shares of PT OKIB in equal proportions. OBPL is in turn an 80%-owned indirect subsidiary of the Company.

Pursuant to an invitation to tender process which concluded on 2 August 2018, RLC, an associate of the Company’s Non-Independent Non-Executive Chairman, Mr. Wang ZhenWen, was awarded a contract, by way of the Letter of Award, of approximately S\$125 million by PT OKIB in contract value to undertake the design, development, construction, testing and development, commissioning, completion and maintenance of Phase 1A of the Project on 15 October 2018. As RLC was an interested person at the time of the tender, the award to RLC was reviewed in accordance with the review procedures set out in the general mandate for interested person transactions which was approved by the independent shareholders of the Company on 30 July 2018.

Under Clause 5 of the Letter of Award, it is provided that PT OKIB shall make an advance payment of a sum equivalent to 10% of the contract sum to RLC (approximately S\$12.5 million) (“**Advance Payment**”) when RLC submits an advance payment guarantee in the form of a banker’s guarantee or an insurance bond issued by financial institutions / banks / insurance company approved by PT OKIB (“**Advance Payment Guarantee**”). The Letter of Award provides that unless and until PT OKIB receives the Advance Payment Guarantee, no Advance Payment shall be made. On 28 November 2018, RLC requested for the Advance Payment of S\$2.0 million from PT OKIB pursuant to Clause 5 of the Letter of Award, even though it had not provided the Advance Payment Guarantee. The Company paid out the Payment to RLC on behalf of PT OKIB on 28 November 2018. As at 30 April 2019, the independent professional consultant engaged for the Project, has recommended that the value of work executed, material, Plant and Goods delivered amounted to Rp 47,149,053,864 (equivalent to approximately S\$4.7 million based on an illustrative exchange rate of S\$1: Rp 10,000) which shall be payable to RLC. As at date of this announcement, the total amount received by RLC for the Project is \$Nil except for the said Advance Payment of \$2.0 million.

Under the terms of the joint venture agreement between OBPL and KIB in relation to the operation of PT OKIB, parties had agreed that OBPL shall provide shareholders loan up to S\$21 million (the “**Funding Obligation**”). and such shareholders loan to fund the construction cost shall be made available when sales proceeds is fully utilised. As OBPL is an 80% indirect subsidiary of the Company, the Company is in turn indirectly obliged to provide funding of up to S\$16,800,000 (being 80% of the Funding Obligation) to PT OKIB to fund the construction costs for the Project. The Company had first provided the amount of the Payment to OBPL as a shareholder loan, OBPL in turn provided this amount as a shareholder loan to PT OKIB, and PT OKIB then recorded this payment as an advance payment to RLC. Management has informed the AC that the Payment was processed due to commercial exigencies, but it is acknowledged that this was indeed a lapse in protocols.

Having considered the various matters, the AC is of the opinion that there had been a lapse. In view of this lapse, the AC has directed to rectify this non-compliance and the Company has since taken the following actions towards rectifying this non-compliance and the prevention of similar incidents from occurring in the future:

- (a) The Company's financial controller has been tasked with additional compliance duties, including being in-charge of reviewing and approving all future payments to be made to interested persons, including RLC¹. The financial controller will report directly to the AC in respect of these compliance duties; and
- (b) Under short notice, the AC had consulted a Singapore law firm on 30 May 2019 but the law firm advised that since the Letter of Award is governed by the laws of Republic of Indonesia, it is not qualified to advise on the same. Nevertheless, it advised that the Advance Payment Guarantee should be obtained from RLC as soon as possible. On 30 May 2019, RLC had given a written undertaking that the Advance Payment Guarantee shall be ready in two (2) weeks from 30 May 2019 and no later than 13 June 2019. The AC had instructed the management to obtain legal advice from a competent Indonesian law firm and work with shareholders of PT OKIB based on the terms of the Shareholders Agreement to protect the interest of the Company's shareholders.

In addition to the above, with reference to the Company's announcements dated 17 May 2019 and 23 May 2019, the Company wishes to update that PT OKIB, OBPL and the Company received a letter from KIB on 30 May 2019 in connection with the Payment being made prior to receipt of the Advance Payment Guarantee, as described above. The AC had also instructed that the Company should obtain legal advice from a competent Indonesian law firm on this matter as well.

The Company will update shareholders as and when there are any material developments on the above matters.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Giang Sovann
Independent Director

4 June 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)

¹ The Company is currently in the process of acquiring 100% of the shares in RLC. Upon RLC completion of the acquisition, RLC will become a wholly-owned subsidiary of the Company and transactions between the Company and RLC will no longer be considered interested person transactions under Chapter 9 of the Catalyst Rules.