



Regulatory Announcement

26 January 2021

SGX RegCo to review Rich Capital's potential listing rule breaches and report matter to relevant authorities

Singapore Exchange Regulation (SGX RegCo) refers to Rich Capital's announcements of 17 May 2019, 23 May 2019, 4 June 2019 and 4 July 2019 on the award of a construction contract and an advance payment of S\$2 million to an interested person, Rich-Link Construction Pte. Ltd. (RLC) in 2018. RLC was an associate of Rich Capital's former Non-Executive Chairman and controlling shareholder, Mr. Wang Zhen Wen. Provenance Capital Pte. Ltd (Provenance) was appointed on 14 August 2019 as the independent reviewer to look into, *inter alia*, the circumstances surrounding this contract. Provenance reported the findings directly to SGX RegCo. The report was released on 26 January 2021.

Provenance's findings are as follows:

- (a) Rich Capital acquired an indirect 40% interest in an integrated commercial and residential project in Batam, Indonesia (Batam Project) from Oxley International Holdings Pte. Ltd. (Oxley) in May 2018 (Acquisition). Prior to this, the Batam Project was jointly developed by Oxley's wholly-owned subsidiary, Oxley Batam Pte. Ltd. (OBPL) and an Indonesian joint venture partner, PT Karya Indo Batam (PT KIB) through a joint venture entity, PT Oxley Karya Indo Batam (PT OKIB).
- (b) Before Rich Capital's Acquisition, PT OKIB called an initial tender exercise for the Batam Project in July 2017. RLC was one of the four contractors who had submitted an offer for the tender. At the close of the tender in November 2017, an Indonesian contractor submitted the most attractive offer while RLC's offer was the least attractive. The award of the contract was however withheld.
- (c) Following Rich Capital's Acquisition, a revised tender offer was requested only from the Singapore contractors including RLC. As a result, the Indonesian contractor was excluded. As RLC's revised offer was the most attractive, the contract was awarded to RLC in October 2018, shortly after the Acquisition.
- (d) Certain documents and email correspondence suggested that the award of contract to RLC was pre-arranged in connection with the Acquisition. The independent directors had therefore lodged a police report with the Commercial Affairs Department.
- (e) The company's disclosures in relation to the Acquisition and the award of contract to RLC did not include the interests of Mr. Wang, then Non-Executive Chairman and controlling shareholder of Rich Capital, in view of:
 - (i) Mr. Wang's associate, RLC was one of the tenderers for the Batam Project at the time of Rich Capital's Acquisition; and

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(ii) Rich Capital and Oxley (who collectively owned 50% interest in Batam Project) had contractually agreed to vote in favor of the appointment of RLC as the main contractor, subject to certain terms and compliance with the Listing Rules.

(f) In November 2018, RLC requested for an advance payment of S\$2 million pursuant to the construction contract. The company (instead of RLC's contracting party, PT OKIB) disbursed the monies to RLC and did not obtain Board's approval for the disbursement. Had PT OKIB disbursed the monies, the joint venture partner PT KIB's approval would be required.

Provenance's report highlighted, *inter alia*, potential listing rule breaches relating to the non-disclosure of Mr. Wang's interest in the Batam Project, internal control lapses involving the advance payment to RLC as well as potential contravention of Section 156 of the Companies Act by Mr. Wang. SGX RegCo will investigate further into the potential listing rule breaches and report the matter to the relevant authorities.

SGX RegCo expects SGX-listed issuers to uphold high disclosure standards as the Exchange regards disclosure as fundamentally important to the operation of a fair and efficient market. The Exchange will not hesitate to take enforcement actions against errant parties.

Rich Capital will continue to be suspended until it submits a trading resumption proposal that addresses (i) the findings highlighted in the Provenance Report; (ii) concerns arising from subsequent developments in PT OKIB and the Batam Project; (iii) the Company's ability to operate as a going concern; (iv) viability of its remaining business; and (v) adequacy and effectiveness of its internal controls.

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