

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

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**RECEIPT OF ADDITIONAL LEGAL LETTERS FROM JOINT VENTURE PARTNER  
OF AN INDIRECT SUBSIDIARY**

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The Board of Directors (the “Board”) of Rich Capital Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements dated 17 May 2019, 23 May 2019, 4 June 2019, 14 June 2019, 16 June 2019, 5 July 2019 (collectively, the “**Previous Announcements**”) in relation to issues raised by KIB, the joint venture partner of the indirect subsidiary, Oxley Batam Pte. Ltd. (“**OBPL**”), over the management and payment of the project at the Oxley Convention City, Batam (the “**Project**”).

Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as ascribed to them in the Previous Announcements.

The Company wishes to announce that it has on 9 July 2019 received an additional letter from DY Associates (“**DYA**”), a law firm appointed by KIB in place of KIB’s previous solicitors, Samuel Seow Law Corporation (“**SSLC**”). The said letter of 9 July 2019, which was addressed to OKIB, the Company and OBPL (the “**9 July Letter**”) was issued without the benefit of perusing the letter of 3 July 2019 from RHTLaw Taylor Wessing LLP (“**RHTLaw**”), acting as solicitors for the Company, to SSLC in respect of SSLC’s earlier letters as announced on 17 May 2019, 23 May 2019, 4 June 2019, and 5 July 2019. In the 9 July Letter, DYA made various allegations (as summarized below) on behalf of KIB and demanded that:

- (i) OKIB proceed with the immediate termination of RLC as the main contractor for the Project; and
- (ii) OKIB proceed to obtain legal advice for the recovery of damages against RLC for delays to the Project and for rectification for any defective work performed by RLC on the Project;

DYA subsequently issued a further letter on 10 July 2019 (the “**10 July Letter**”) in response to RHTLaw’s letter of 3 July 2019. In the 10 July Letter, DYA made various allegations (as summarized below) on behalf of KIB. DYA also demanded that RHTLaw confirmed in writing by no later than the following day if it was also acting for the other parties involved in the matter, namely PT OKIB, OBPL, RLC and Rich-Link Konstruksi.

The main thrusts of KIB’s allegations in the 9 July Letter and 10 July Letter may be briefly summarized as follows:

- (i) That the Company has failed to respond in writing in a timely manner to SSLC’s letters, in disregard of KIB’s concerns;
- (ii) That an agreement was reached during a meeting on 27 June 2019 between the Company and KIB regarding PT OKIB’s termination of RLC as main contractor for the Project.
- (iii) That KIB is not involved in the purchase of RLC (or its affiliate company), and that the on-going negotiations between parties with regard to the takeover from RLC of the construction work in relation to the Project are irrelevant to the outstanding issues between the Company, PT OKIB and KIB;
- (iv) That KIB is entitled to be fully involved, among other matters, in areas of management, marketing, strategy and finance of the Project;
- (v) Indonesian legal advice should be obtained;

- (vi) That KIB will support OBPL's nomination of directors onto OKIB's board based on qualifications and commitment; and
- (vii) False or misleading statements have allegedly been made by the Company to SGX in the Company's responses to SGX queries announced on 4 July 2019:
  - a. *"Accordingly, the employees who were part of the Independent Project Team recommended the award of the contract to RLC being the lowest tenderer"* (response to query 2 in letter to SGX dated 4 June 2019) is false as the recommendation of RLC as the main contractor was without SJC's knowledge and involvement;
  - b. *"KIB has agreed, under Article 7.2 of the Joint Operation Agreement and Clause 10.1(e) of the Shareholders Agreement, that it shall not to interfere with the supervision, direction and control of the development, construction, financial administration, operation and management of the construction project"* (response to query 5 in letter to SGX dated 2 July 2019) is misleading as there has been a glaring omission to state that specific issues of management, marketing, strategy and finance (including approval for payments above USD 500,000 have been explicitly excluded from the sole control of OBPL;
  - c. *"... the project and finance team of [of OKIB] were responsible for monitoring the payment of the Advance Payment Guarantee... the payment by the Company to RLC in November 2018 was reviewed and approved ... However, due to oversight, the non-payment of the Advance Payment Guarantee was overlooked..."* (response to query 3 in letter to SGX dated 17 June 2019) is false as the PT OKIB finance team abruptly received a debit note and were simply instructed to insert a record of such arrangement in PT OKIB's books without further instructions as to the nature and purpose of such an arrangement;
  - d. *"It is also an industry practice in Indonesia to giving [sic] advance payment to a contractor at the initial stage of construction"* (response to query 3 in letter to SGX dated 17 June 2019) is false;
  - e. *"... Under Clause 7.2 of the Shareholders' Agreement dated 12 August 2016, OBPL (which is an 80% indirect subsidiary of the Company, and a 50% shareholder of PT OKIB) is required to provide a non-interest-bearing shareholders loan of up to S\$ 21.0 million to PT OKIB to fund the project. This is evidenced by the wordings in the payment voucher, "partial advance payment of quasi-equity loan – OCC Project in Batam" as well as all accounting records of PT OKIB, OBPL, and RCH."* (response to query 4 in letter to SGX dated 17 June 2019) is false as there was no proper, timely and legitimate accounting for the Advance Payment, and the payment wrongfully bypassed the shareholder approval process of PT OKIB;
  - f. *"In addition, the amount of payments certified by the Project Consultant for work done by RLC as at the date of this announcement has already substantially exceeded the Advance Payment of S\$2 million"* (response to query 6 in letter to SGX dated 2 July 2019) is misleading as it gives the impression that SJC approves of the Advance Payment, or any payment to RLC, prior to RLC's issuance of a suitable Advance Payment Guarantee;
  - g. *"... on 30 May 2019, PT OKIB received a letter of undertaking from RLC that they would furnish, within 2 weeks, the advanced payment guarantee for the S\$2 million that had been disbursed. ..."* (response to query 6 in letter to SGX dated 2 July 2019) is false or misleading as PT OKIB has yet to receive any payment guarantee from RLC and RLC remains in breach of its fundamental obligations to PT OKIB.

RHTLaw has by letter of 17 July 2019 responded on behalf of the Company and OBPL to the 9 July Letter and 10 July Letter, the contents of which may be briefly summarized as follows:

- (i) RHTLaw acts only for the Company and OBPL and does not act for PT OKIB, RLC or Rich-Link Konstruksi;
- (ii) That the allegation that the Company has not responded to KIB's legal letters is false:
  - (a) RHTLaw's letter of 3 July 2019 in reply to KIB's then lawyers, SSLC was duly sent to its address. As at 3 July 2019, DYA did not receive the 3 July Letter because it had not informed the Company that SSLC had ceased operations and that they had taken over legal representation of KIB;
  - (b) Following the receipt of the letters from SSLC, 4 meetings have been held between 15 May 2019 and 27 June 2019 (both dates inclusive) among various parties, including KIB and the Company/OBPL, with a view towards resolving the differences between the parties;
- (iii) No agreement had been reached during the meeting on 27 June 2019 between the Company and KIB regarding PT OKIB's termination of RLC as contractor;
- (iv) That the discussion for parties related or friendly to KIB to take over the construction work for the Project from RLC are presently on-going. The discussions do not involve the sale of RLC. Further, these discussions are relevant to the present disputes between the parties as they could result in the resolution of the issues concerning the advance payment of S\$2 million, the provision of Advance Payment Guarantee, and the provision by the contractor undertaking the Project of a performance bond to PT OKIB;
- (v) It is the commercial decision of the Company and OBPL that it would be in the best interest of the Project, PT OKIB, the Company and OBPL not to presently terminate the contract with RLC. RLC continues to perform the construction works for the Project. A termination will require a fresh tender to be held, resulting in delays to the Project and escalation of building costs of the Project.
- (vi) Article 5.4 of the Joint Operations Agreement and Clauses 10.1 and 10.2 of the Shareholders Agreement do not permit KIB's interference with OBPL's right to "*supervise, direct and control the development, construction, financial administration, operation, and management of the Project*";
- (vii) The Company and OBPL are seeking Indonesian legal advice. As for the appointment of an Indonesian law firm to advise and act for PT OKIB in relation to its contract with RLC, that is a matter for the board of directors of PT OKIB;
- (viii) KIB's request for full and immediate disbursement of Oxley Loan to PT OKIB is plainly wrong on the clear terms of the shareholder agreement. The other complaints from KIB relate to matters relating to RLC and KIB's insistence on its replacement, which are matters to be decided by PT OKIB;
- (ix) OBPL is entitled under Clause 2 of the Shareholders Agreement to appoint a President Director and one of two Directors to the board of PT OKIB. Mr Wang Zhen Wen has offered to step down as President Director should RLC continue as contractor for the Project, and OBPL nominates Mr Zhang Qi as President Director if Mr Wang steps down, and Mr Lim Chin Huat as a Director in place of Mr Oh Sikai, the previous director who had resigned. KIB's cooperation is required in re-constituting the board of directors of PT OKIB;
- (x) The Company has not made any mis-statements to the SGX.
  - a. The Company did not state that SJC had recommended the appointment of RLC. It is clear when read together with the whole response that the term "employee" referred to employees of RCHL, particularly since "*Independent Project Team*" was defined as "*the employees of the [RCHL] together with SJC*";

- b. KIB's agreement that it "*shall not interfere with the supervision, direction and control of the development, construction, financial administration, operation and management of the construction project*" is not qualified to exclude the specific issues of management, marketing, strategy and finance (including approval for payments above USD 500,000) (the "**Specific Issues**"). The reserve matters under the Joint Operation Agreement and Shareholders Agreement also do not exclude the Specific Issues from the sole control of OBPL, and none of KIB's complaints fall within the reserve matters;
- c. The management of RCHL, OBPL and PT OKIB were aware that the S\$2 million was to be recorded as an advance payment via PT OKIB as the contract with RLC was with PT OKIB, and as a shareholder loan as between RCHL/Rich Batam/OBPL and PT OKIB. That there would be an advance payment to RLC was provided for in the letter of award to RLC, which was approved by Mr Poni Madjukie, in his capacity as commissioner and on behalf of PT KIB as shareholder by Circular Resolution of the Board of Commissioners and by Shareholder's Circular Resolution. The book entries in the books of the Company, OBPL, and PT OKIB had been carried out by the accounting personnel and are subject to audit by external auditors;
- d. Whereas parties can agree to disagree on industry practice in Indonesia, the argument is moot as KIB was aware that an advance payment would be made to RLC;
- e. The Company has correctly stated that the quantum of certified payments by the consultants had exceeded S\$2 million. It did not say that SJC had approved the Advance Payment of S\$2 million; and
- f. Although PT OKIB has yet to receive any advance payment guarantee from RLC, the statement that "*... on 30 May 2019, PT OKIB received a letter of undertaking from RLC that they would furnish, within 2 weeks, the advanced payment guarantee for the S\$2 million that had been disbursed. ...*" is true.

The Company will update the shareholders if there are any material developments to the situation.

BY ORDER OF THE BOARD  
**RICH CAPITAL HOLDINGS LIMITED**

Giang Sovann  
 Independent Non-Executive Director

18 July 2019

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*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.*

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