

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

RECEIPT OF LETTER FROM JOINT VENTURE PARTNER OF AN INDIRECT SUBSIDIARY

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, 18 July 2019, 30 July 2019, 14 August 2019, 13 September 2019, 24 January 2020, 4 February 2020, and 11 February 2020 (collectively, the “**Previous Announcements**”) in relation to issues raised by PT Karya Indo Batam (“**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 OBPL has replied to the letter dated 3 February 2020 from KIB, and the letter dated 7 February 2020 from Poni Madjuki, in his capacity as President Commissioner of PT OKIB, addressed to Mr Wang Zhen Wen, the former Non-Independent Non-Executive Chairman in his capacity as President Director of PT OKIB, with OBPL copied (the “**7 February Letter**”) by way of a letter dated 18 February 2020, stating as follows:

- (i) KIB’s purported revocation of the power of attorneys granted to PT OKIB through three (3) Notarial Deeds dated 10 December 2016 (collectively, the “**Deeds**”) amounts to a breach of the Joint Operation Agreement dated 12 August 2016 and the Shareholders Agreement dated 12 August 2016;
- (ii) OBPL has been advised that KIB’s purported revocation of the JOA is invalid because the JOA can only be terminated on the grounds set out in Article 10.1 of the JOA unless otherwise terminated by Order of Court;
- (iii) Similarly, the SHA can only be terminated by Order of Court as it does not contain an express termination clause;
- (iv) KIB’s grounds for terminating the JOA and the Deeds are disputed as:
 - a. Lawsuit with RLK/RLC
 - i. The lawsuit between PT OKIB and RLK/RLC is a matter to be managed by the board of PT OKIB and, as the PT OKIB directors previously nominated by OBPL have resigned and KIB refused during the EGM on 26 November 2019 to approve the appointment of two (2) directors as OBPL’s replacement nominee directors, it behoves Mr Winston Madjuki as the sole remaining director and Mr Poni Madjuki as the President Commissioner of PT OKIB to ensure the proper conduct of the lawsuit in the best interests of the OBPL and its shareholders;
 - ii. OBPL’s requests for updates on the approach and strategy for the lawsuit from Sipayung Mora & Partners Law Office (“**Sipayung Mora**”) have gone unanswered, although KIB’s nominated director Mr Winston Madjuki had engaged Sipayung Mora to represent PT OKIB in the lawsuit without OBPL’s approval notwithstanding that material legal proceedings are a reserved matter under the SHA;
 - iii. RLC/RLK is not a party affiliated to OBPL given that, as at the date of the letter, OBPL and RLC/RLK do not share any common directors or commissioners and OBPL does not control RLC/RLK whether directly or indirectly;
 - b. Sale and Purchase Agreements with Buyers
 - i. With regards to the deeds of sales & purchase agreement between PT OKIB and its buyers, Mr Winston Madjuki and Mr Poni Madjuki should do whatever is necessary to comply with the law;
 - ii. The decision to commence selling of units in the Project to buyers was made in 2016, before the Company’s nominees were appointed to the board of OBPL

or PT OKIB, and Mr Winston Madjukie and Mr Poni Madjukie must have been well-aware of the decision to commence selling units in the Project and thus had either approved or acquiesced to the same; and

c. Capital Injection

There is presently no obligation under the SHA for OBPL to inject further capital into PT OKIB particularly since construction has ceased.

- (v) Under the JOA, KIB is under an obligation to transfer ownership of 50% of the property at HGB 3240/Sungai Panas, being the property where the Project is constructed and developed on, to OBPL (or OBPL's appointed assignee) upon any termination of the JOA on grounds other than a failure to obtain development order approval. As such, KIB must not in any way deal with the land pending the resolution of the disputes and OBPL reserves the right to take legal action against KIB for breach of the JOA and/or SHA and to seek an urgent injunction to restrain any potential transfer of ownership of HGB 3240/Sungai Panas to third parties. Further, KIB was required to confirm within seven (7) days that it would not take any steps towards selling and/or transferring ownership of HGB 3240/Sungai Panas. In this regard, KIB had responded by way of an email dated 21 February 2020 that they saw no need in addressing the issues raised by OBPL in its letter dated 18 February 2020 given that no actionable solution was provided to resolve the issues raised.

OBPL has also received another letter from KIB dated 18 February 2020 (the "**18 February Letter**") which alleged that:

- (i) KIB offered OBPL, during a meeting on 3 February 2020 between KIB, OBPL and PT OKIB, the opportunity to provide solutions to continue construction of the Project within 15 days but since KIB had not received any response and/or solution, and does not see a seriousness on OBPL's part to solve the problems and issues with the Project, OBPL has failed to fulfil its obligations as stated in Article 10 Cause (1) of the SHA and there is no good faith in business cooperation on OBPL's part as required under Article 10 Clause (3) of the SHA;
- (ii) OBPL has breached the SHA by:
- a. Not formally responding in writing to requests from KIB/PT OKIB to grant the full shareholders loan to fund the construction of the Project as allegedly stipulated in the SHA; and
- b. Attempting to pledge KIB's property to a bank institution with the aim of obtaining funds to develop the Project, which is essentially the last endeavour in the event that there is insufficient funding to complete the construction of the Project;
- (vi) OBPL's nominee director to PT OKIB's board signed Sales and Purchase Agreements with buyers of 500 or more units for the Project even though the Project has not achieved 20% of the construction of all units to be built, and the sales of these units began in 2016 at which time the tender process for the selection of the main contractor had not been carried out. These actions carried out by the Directors of PT OKIB are allegedly illegal acts, crime, and a fraud against the buyers causing losses to them of about Rp 80,000,000,000;
- (vii) In 2016, OBPL's nominee director to PT OKIB's board promised buyers the immediate development of the Project, but since the construction of the Project has yet to be completed, the said director is deemed to have committed criminal acts of fraud against the public / buyers;
- (viii) OBPL's nominee directors to PT OKIB's board allowed RLC to commence work on the Project without first fulfilling its obligation to provide a Performance Bond;
- (ix) RLC made a fatal mistake in piling as it is not in accordance with the standard method of foundation installation agreed in the tender documents, which should have been OBPL's obligation to monitor and immediately correct, but which OBPL was negligent in and has failed to take any action to solve; and
- (x) OBPL has failed to carry out its duties and obligations related to the construction of the Project as RLC has stated that it had achieved progress of approximately 90-100% of the piling works and claimed payment from PT OKIB, whereas the piling work had yet to be completed and had only reached 60% of the construction process, and RLC has also commenced a lawsuit against PT OKIB and KIB in the Batam District Court on the basis that PT OKIB has failed to pay it.

Following the aforementioned, the 18 February Letter stated that:

- (i) KIB has decided not to continue the collaboration with OBPL regarding the construction of the Project and, through the 18 February Letter, intends to terminate the SHA along with all of its subsequent amendments and/or supplements;
- (ii) KIB does not agree for the release and/or discharge of OBPL's responsibilities that arose (and may arise) due to the actions and/or decisions that have been taken or approved by OBPL's representative during the period of the SHA, including the lawsuit by RLC and liabilities related to the Sales and Purchase Agreements with buyers; and
- (iii) KIB will endeavour to continue the construction of the Project and manage the operations of the Project to prevent any potential offences;
- (iv) KIB demanded the handing over of all documents related to the operations of PT OKIB and supporting the construction of the Project; and
- (v) Failure to respond within 5 working days from the date of the 18 February Letter would be deemed to be an agreement to the terms and conditions stipulated in the 18 February Letter to terminate the SHA and all of its subsequent amendments and/or supplements.

OBPL has since replied to KIB by way of a further letter, dated 25 February 2020, stating that:

- (i) KIB's alleged entitlement to terminate the SHA is denied and OBPL does not agree to the termination of the SHA, whether on the terms and conditions KIB sought to impose or otherwise;
- (ii) OBPL has been advised that the SHA can only be terminated by an Order of Court since it does not contain a termination clause;
- (iii) KIB's alleged grounds for termination of the SHA are denied:
 - a. For the reasons set out in OBPL's letter of 18 February 2020 in relation to the lawsuit against RLC/RLK, the decision in 2016 to commence selling units in the Project, and KIB's requests for capital injection into PT OKIB;
 - b. KIB's allegation of attempts to pledge KIB's land to a bank institution is frivolous as such pledging would not be possible without KIB's agreement;
 - c. PT OKIB is the party responsible for construction and development of the Project pursuant to the JOA, and PT OKIB has exercised its rights to withhold progress payments to RLC since the Performance Bond has not been provided;
 - d. Furthermore, notwithstanding that RLC has submitted payment claims in the amount of Rp16,591,070,450.85 for work done up to 31 August 2019, and SJC has certified the value of works done as at 31 August 2019 at Rp6,486,237,396.75, no payment has been made to RLC; and
 - e. It was KIB which obtained approval from the authorities for the change of piling method to Bore Piling and/or Hydraulic Piling, and since KIB has not provided any evidence in support of its assertion that hydraulic piling is a "*fatal mistake*" and an "*erroneous installation of foundation*" it appears reasonable for PT OKIB to rely on the professional opinion of the structure design consultant that hydraulic piling of reinforced concrete piles is suitable and sound for the Project.
- (iv) KIB's intended termination of the SHA and attempt to take over control of the construction and management of the Project are breaches of the SHA, and OBPL reserves all rights including that of requesting an injunction to restrain any transfer of land to third parties.

The Company will update the shareholders when there are further material developments in the said matter.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Giang Sovann
Interim Chairman and Independent Non-Executive Director

25 February 2020

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)