

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

**NON-BINDING AMICABLE SETTLEMENT WITH JOINT VENTURE PARTNER IN RESPECT OF
AN INDIRECT SUBSIDIARY**

The Board of Directors (the “**Board**”) of Rich Capital Holdings Limited (the “**Company**” or “**RCH**”, 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 and 13 September 2019 (collectively, the “**Previous Announcements**”) in relation to issues raised by KIB, the joint venture partner in respect of the Company’s indirect subsidiary, Oxley Batam Pte. Ltd. (“**OBPL**”), over the management 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.

1. INTRODUCTION

The Board wishes to announce that the Company has reached an in-principle amicable settlement on the issues with KIB and has on 2 October 2019 entered into a non-binding term sheet (the “**Term Sheet**”) with Oxley Batam Pte. Ltd. (“**OBPL**”), KIB, Singba Grecon Pte Ltd (“**SGPL**”) and Oxley Holdings Limited (“**OHL**” together with the Company, OBPL, KIB, SGPL and PT OKIB, the “**Parties**” and each, a “**Party**”) for the sale of 30% shareholding interests in PT OKIB held by OBPL to SGPL (the “**Transaction**”) for approximately S\$1,976,482 (or an equivalent of USD \$1 per share based on the share capital of PT OKIB).

The Term Sheet is subject to further due diligence, negotiation and execution of definitive agreements (the “**Definitive Agreements**”) on terms to be mutually agreed between the parties by 22 October 2019 (or such extended period as agreed by all parties to the Term Sheet) (the “**Execution Period**”). In the event that the Definitive Agreements are not executed as at the expiry of the Execution Period, the Term Sheet shall lapse and have no further effect.

2. INFORMATION ON SGPL

SGPL is a private company limited by shares incorporated in Singapore on 16 July 2019 and engaging in the business of construction, property development and investment general trading of equipment. As at the date of this announcement, SGPL has a paid-up share capital of S\$10 comprising 10 ordinary shares, with its two (2) shareholders, Winston Madjuki and Komaria Widjaja, holding 60% and 40% shareholding interests in SGPL respectively. SGPL and its shareholders do not have any relationship with the directors or controlling shareholders of the Company.

3. RATIONALE

The Board is of the view that the entry into this Term Sheet is a milestone achieved for all joint venture partners of the Project. This amicable solution which seeks to protect all parties’

investments and the partnership. The Transaction would be beneficial to progressing the Project and also allows all parties to re-evaluate and re-align their investments and responsibilities in the Project going forward.

4. KEY PROVISIONS OF THE TERM SHEET

- 4.1. The Term Sheet sets out provisions for further discussion in respect of the Transaction. The Term Sheet is not legally binding, save for certain provisions relating to the withdrawal of legal suit and waiver of all legal claims ("**Withdrawal and Waiver**"), expenses, confidentiality and governing law and dispute resolution.
- 4.2. Some of the key provisions of the Term Sheet are set out below, which remain subject to the entry into the Definitive Agreements:

Withdrawal and Waiver:

- (i) Upon signing of the Term Sheet, all parties to the Term Sheet agree to grant a stay on all legal demands, notices, complaints, civil suits against the other parties and their officers, directors and employees until the execution of the Definitive Agreements or the expiry of the Term Sheet.
- (ii) Upon signing of the Definitive Agreements, all parties to the Definitive Agreements agrees to withdraw all such civil suits, police, regulatory or governmental authority complaints against each other in connection with the Project and waive all legal claims against the other parties and their officers, directors and employees.
- (iii) The Transaction is intended to result in the Company reducing its current effective interest of 40% in the Project to 15%, OHL from 10% to 5% and SGPL acquiring an effective 30% interest in the Project.

Consideration:

- (iv) Upon completion of the Share Sale, the indicative consideration to be paid to OBPL is S\$1,976,482 (of which approximately S\$1.65 million is the Company's portion) ("**Consideration**"). The Consideration is determined after taking into consideration PT OKIB's total issued share capital of approximately S\$6,588,272 and the Sale Shares being 30% of the total shareholding interests in PT OKIB.

Project Expenses:

- (v) The Company will be reimbursed by PT OKIB, for the project expenses incurred by the Company from the time of the Company's acquisition of the Project up to the date of its entry into the Definitive Agreements, in nine (9) equal monthly instalments commencing from the date of the signing of the Definitive Agreements. The amount estimated to be incurred up to 10 October 2019 is approximately S\$0.53 million. The exact amount shall be computed up to time of entry into the Definitive Agreements

Project expenses incurred prior to the Company's acquisition of the 80% shareholding interests in OBPL of approximately S\$1.88 million (of which approximately S\$1.51 million is the Company's proportion based on its 80% shareholding interest in OBPL)

(the “**Prior Project Expenses**”) and certain other shareholder loans (the “**OXL/RCH Loans**”), will be repaid, interest-free from the distributable proceeds from the Project based on Step 2 and Step 3 of paragraph (b) below, that is anticipated to be after the topping of Phase 1A of the Project and after deducting all relevant Project expenses pursuant to a waterfall payment scheme set out below (the “**Waterfall Payment Scheme**”).

- (a) OXL/RCH Loans: The OXL/RCH Loans include the previous loans of (i) approximately S\$4.53 million made by OBPL to PT OKIB (of which approximately S\$3.62 million is the Company’s portion) (the “**OKIB Shareholder Loan**”); and (ii) approximately S\$3.29 million made by OBPL to KIB (of which approximately S\$2.64 million is the Company’s share) to finance its subscription of 2,312,500 shares in PT OKIB (the “**OBPL Loan**”).
- (b) Waterfall Payment Scheme: The Waterfall Payment Scheme comprises six (6) steps of payment to be made in the following order:
 - i. Step 1: Repayment of all external financings and/or bank loan undertaken by OKIB from parties unrelated to OKIB;
 - ii. Step 2: Payment of the following two (2) payments on a *pari passu* basis: (a) the Prior Project Expenses and the OKIB Shareholder Loan; (b) repayment to KIB for Phase 1A land cost;
 - iii. Step 3: Payment of the following two (2) payments on a *pari passu* basis: (a) OBPL Loan; (b) repayment to KIB for Phase 1A land cost;
 - iv. Step 4: Repayment to KIB of the remaining Phase 1A land cost;
 - v. Step 5: Repayment of the SGPL Shareholder Loan (as defined below) of up to S\$11 million; and
 - vi. Step 6: Any remaining distributable profits from the Project (after the full completion of steps 1 to 5 above) shall be distributed to OKIB shareholders in the ratio of 15%, 5%, 30%, 50% to RCH, OHL, SGPL and KIB respectively.
- (vi) The longstop date for repayment of shareholder’s loans and distribution of the profit, if any, shall be 1 July 2023, which may be extended to 31 December 2023 by mutual agreement.

Other Key Terms

- (vii) Upon the completion of the Transaction, SGPL shall inject S\$11 million into PT OKIB in the following manner:
 - (a) S\$10 million, being 50% down payment for residential units in Phase 1A of the Project (“**Units DP**”). On the earlier of (a) the topping off of Phase 1A of the Project, and (b) 12 months from the Definitive Agreements, SGPL may (i) either complete the purchase of some or all of the Units DP by way of payment of an additional S\$10 million; or (ii) return some or all of the Units DP for sale to the public, upon which the S\$10 million shall be converted into a shareholders loan by SGPL (“**SGPL Shareholder Loan**”); and
 - (b) S\$1 million as a shareholder’s loan that is to be used as working capital.

- (viii) The obligation of KIB towards Phase 1A of the Project remains the same, before and after the signing of the Definitive Agreements.
- (ix) KIB and OKIB undertake that the land for Phase 1A of the Project shall be transferred from KIB to OKIB at a price of S\$16.4 million within 30 calendar days of, *inter alia*, the termination of the Project ("**Land Transfer**"). OKIB shall commence liquidation proceedings after the Land Transfer.
- (x) The Company, OHL, SGPL and KIB agrees to pledge their respective shares in OKIB, in order to facilitate OKIB in obtaining such external financings and/or bank loan necessary to complete Phase 1A of the Project. The repayment of such external financings shall be prioritised as reflected under Step 1 of the Waterfall Payment Scheme above.
- (xi) The signing of Definitive Agreements and completion of the Transaction is subject to satisfactory due diligence to be conducted by SGPL, all necessary approvals being obtained (including shareholders approvals, where necessary), the fulfilment of certain conditions precedent including, *inter alia*, declaring all existing agreements between the parties as null and void, transfer of management control of PT OKIB from OBPL/RCH to KIB and non-participation by the Company of the Project other than that of Phase 1A.

CAUTIONARY STATEMENT

The Company will make the necessary announcements as and when there are any material developments in respect of the Transaction. In view of the non-binding nature of the Term Sheet and the Transaction being subject to, *inter alia*, the execution of the Definitive Agreements, the Company wishes to highlight that there is no certainty or assurance that the Transaction will be proceeded with. As such, shareholders and potential investors are advised to consult their professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED
Giang Sovann
 Independent Non-Executive Director

10 October 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.

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