



Regulatory Action

20 March 2025

SGX RegCo reprimands directors of BlackGold Natural Resources Limited, Andreas Rinaldi, Lim Chee San and Bangun Madong Parulian Samosir, and Chief Financial Officer, Suherman Budiono

Public Reprimand: Breaches of Catalist Rules

1. Pursuant to Catalist Rule 305(3)(c)(ii), Singapore Exchange Regulation (“**SGX RegCo**”) exercises its direct enforcement powers and reprimands the directors of BlackGold Natural Resources Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”):
 - a. Mr. Andreas Rinaldi, Executive Director and Chief Executive Officer (the “**CEO**”);
 - b. Mr. Lim Chee San (“**Mr. Lim**”), Independent Director; and
 - c. Mr. Bangun Madong Parulian Samosir, Independent Director (collectively, the “**Board**”),

for breaching the following Catalist Rules:

- i. Catalist Rule 719(1), read with Catalist Rule 302(6)¹, by causing the Company to fail to have in place adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems; and
 - ii. Catalist Rule 703(1)(a), read with Catalist Rule 302(6), by causing the Company to fail to promptly disclose the termination of a key cooperation agreement between PT Samantaka Batubara (“**PT SB**”), a principal subsidiary of the Company, and its cooperation partner, PT Global Energi Lestari (“**PT GEL**”), for the production and delivery of coal to PT SB’s customers (the “**Termination**”), on or around 23 February 2023, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company’s securities.
2. In addition, SGX RegCo reprimands Mr. Andreas Rinaldi for breaching Catalist Rule 703(1)(a), read with Catalist Rule 302(6), by causing the Company to fail to promptly disclose the expiry of the Group’s only coal mine concession in Indonesia on or around 25 February 2023, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company’s securities.

¹ Catalist Rule 302(6) provides that a director or executive officer is deemed to have contravened a Catalist Rule when he or she caused the issuer to omit to do an act which resulted in a breach of the said Catalist Rule.

3. SGX RegCo also reprimands Mr. Suherman Budiono, the Chief Financial Officer (the “**CFO**”), for breaching Catalist Rule 703(1)(a), read with Catalist Rule 302(6), by causing the Company to fail to promptly disclose the Termination on or around 23 February 2023, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company’s securities.

Details of the breaches

4. The Group’s principal activity is in the production and sale of coal. At the material time, PT SB held the mining rights to the Group’s only coal mine concession in Indonesia (the “**Licence**”), which was due to expire on 25 February 2023. PT SB was the sole contributor to the Group’s revenue.
5. PT SB had a cooperation agreement with PT GEL, pursuant to which PT GEL was responsible for, among others, the coal production activities of PT SB and the delivery of coal from PT SB’s stockpile to PT SB’s customers. PT GEL was PT SB’s only cooperation partner at the material time.
6. On 28 November 2022, PT SB served a notice of termination on PT GEL (the “**Termination Notice**”), with effect from 30 November 2022, on the grounds of non-fulfilment of obligations under the cooperation agreement by PT GEL. The Termination Notice was served by a director of PT SB (the “**Subsidiary Director**”), on behalf of PT SB, without any formal approval from nor notification to the Board. The Subsidiary Director also did not inform anyone about the Termination at this stage.
7. As a result of the Termination and pending the entry of a definitive agreement with a new cooperation partner, PT SB was not able to continue with the production and delivery of any coal to its customers.
8. In or around December 2022, the CFO was verbally informed by a production team member at PT SB that onsite operations appeared to have slowed down and that there had been little communication between PT SB and PT GEL, with no mining activities since November 2022.
9. Noting that PT SB had failed to meet its operation target from month to month, and that the Subsidiary Director had stopped coming to the office since November 2022, the Company terminated the Subsidiary Director’s service with effect from 31 December 2022.
10. Sometime in January 2023, the CFO met up with the Subsidiary Director to enquire about the status of the cooperation agreement between PT SB and PT GEL. The Subsidiary Director informed the CFO of the Termination and provided him with a copy of the Termination Notice. The CFO, however, did not inform anyone about the Termination at this stage.
11. In or before February 2023, the CEO was aware of the impending expiry of the Licence on 25 February 2023 (the “**Licence Expiry**”), and the fact that the Licence had yet to be renewed. The CEO, however, did not inform the rest of the Board about the impending Licence Expiry at this stage.
12. On 23 February 2023, the Head of Compliance informed the Sponsor of, among others, the Termination after receiving a copy of the Termination Notice from the CFO. On the same day, the Sponsor informed the Board of the Termination via email and advised them to assess whether the Termination is considered material information for immediate disclosure.

13. Upon being notified of the Termination, the Board decided that an immediate announcement should be released. However, the Head of Compliance, who was responsible for drafting the announcement, was hospitalised for surgery on 24 February 2023. The announcement was only released on 1 March 2023.
14. On 25 February 2023, the Licence expired. The Board (except the CEO) was still unaware of the Licence Expiry at this stage.
15. On 1 March 2023, the Company released an announcement on SGXNET to disclose the Termination. The announcement stated, among others, that:
 - (a) *“Shareholders should note that the production and delivery of coal from PT SB’s coal mine to the customers will be dependent on when the agreement is being entered into between the new cooperation partner and PT SB”; and*
 - (b) *the “Directors are of the view that the Termination will have a material impact on the financial performance and position of the Group for the financial year ended 31 December 2022”.*
16. On 8 March 2023, the CEO notified the rest of the Board of the Licence Expiry via email, upon which the Board decided to immediately announce the Licence Expiry.
17. On 9 March 2023, the Company released an announcement on SGXNET to disclose the Licence Expiry. The announcement stated, among others, that pending renewal of the Licence, *“PT SB is currently halting its operational activities at the coal mine concession, and will not be delivering coal until approval for the Licence Renewal is obtained”.*
18. To date, PT SB has not entered into a definitive agreement with any new cooperation partner or mining contractor to carry out the production and delivery of coal to PT SB’s customers. Likewise, renewal of the Licence has yet to be obtained and operational activities at PT SB’s coal mine concession remain halted.
19. Trading in the Company’s securities has been suspended since 15 June 2023, and the Company has been placed under judicial management since 26 January 2024.

First breach concerning Catalist Rule 719(1), read with Catalist Rule 302(6) – Causing the Company to fail to have in place adequate and effective systems of internal controls and risk management systems

20. Catalist Rule 719(1) provides that *“[a]n issuer should have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The audit committee may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management. In arriving at the decision, the audit committee should consider the recommendation of the continuing sponsor”.*

21. Paragraph 5.4 of Practice Note 7A on Continuing Disclosure additionally provides, among others, that the Company should put in place internal controls to escalate material information to the Board expediently for consideration.
22. In relation to the Termination, the Subsidiary Director exercised full authority to serve the Termination Notice on behalf of PT SB, which effectively terminated a material contractual arrangement of the Group that had a material impact on the financial performance and position of the Group. In particular, the Subsidiary Director was able to do so without obtaining any approval from nor informing the Board or even the management of the Company.
23. In relation to the Termination and the Licence Expiry, while the CFO and the CEO were respectively aware of material information that required immediate disclosure, they failed to escalate such information to the Board timeously. In particular, the Board ought to have been notified of:
- (a) the Termination at the latest in January 2023, when the CFO received the Termination Notice from the Subsidiary Director; and
 - (b) the impending Licence Expiry and the status of PT SB's renewal application in or before February 2023,
- so that proper disclosures could be made in compliance with the Company's disclosure obligations under the Catalist Rules.
24. While the Company asserted that it had policies and procedures in place for escalating material information to the Board, it was not able to produce any evidence to substantiate the existence of internal controls it purportedly implemented at the material time, despite SGX RegCo's requests. There was a complete lack of any formal documentation for the purported policies and procedures that were in place. The fact that the Termination could be carried out without the Board's knowledge or authorisation and stay undetected by the Company for more than a month, coupled with the absence of any evidence to the contrary, indicates a lack of proper internal controls, policies or procedures in place for the oversight of the operations and affairs of PT SB.
25. Given that PT SB was a key operating subsidiary and contributed significantly to the Group's revenue at the material time, the Board and management ought to have put in place an appropriate system of checks and balances for the exercise of powers by PT SB's management as well as a proper mechanism for the reporting of material information about PT SB to the Board.
26. As a result of an absence of internal controls, the Board was not made aware of the Termination and the Licence Expiry in a timely manner, which led to the Company's breaches of its disclosure obligations under the Catalist Rules.

Second breach concerning Catalist Rule 703(1)(a), read with Catalist Rule 302(6) – Causing the Company to fail to promptly disclose the Termination on or around 23 February 2023, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company’s securities

27. Pursuant to Catalist Rule 703(1)(a), the Company must announce any information known to the Company concerning it or any of its subsidiaries, which is necessary to avoid the establishment of a false market in the Company’s securities.
28. The Group’s primary source of revenue is the production and sale of coal, and PT SB was the Group’s only coal mining entity at the material time. Given that PT GEL was PT SB’s sole cooperation partner, the Termination and consequently, the suspension of coal production and delivery of coal by PT SB would have a material impact on the financial performance and position of the Group. The Company ought to have disclosed the Termination on or about 30 November 2022, when the Termination took effect.
29. While the CFO was notified of the Termination sometime in January 2023, he did not escalate the material information immediately to the Board for consideration. The Board was only made aware of the Termination belatedly on 23 February 2023. As an executive officer of the Company, the CFO’s duties extend not just to managing the financial affairs, but also to escalate material information to the Board to ensure regulatory compliance and accountability to shareholders. The CFO’s inaction in January 2023 caused the Company’s further delay in disclosing the Termination, which resulted in the market trading on an uninformed basis during the relevant period.
30. Despite the Board’s knowledge of the Termination on 23 February 2023, the announcement continued to be further delayed till 1 March 2023 due to the Head of Compliance’s absence. The Company explained that the Head of Compliance was the only officer capable of drafting SGXNET announcements, as the alternate had left the Company two months ago and there was no replacement. SGX RegCo is of the view that having decided that an immediate announcement on the Termination be released, it is not acceptable for the Board to then let the matter rest simply because the designated preparer was not available.
31. While SGX RegCo notes that Mr. Lim had followed up with the management on the status of the announcement on 27 February 2023, this is not sufficient. The Board, having been made aware of the more than two months delay in announcing the Termination, ought to see to it that the breach was promptly rectified. The Board had thus not demonstrated reasonable efforts in ensuring the Company’s compliance with its disclosure obligations under the Catalist Rules.

Third breach concerning Catalist Rule 703(1)(a), read with Catalist Rule 302(6) – Causing the Company to fail to promptly disclose the Licence Expiry on or around 25 February 2023, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company’s securities

32. At the material time, the Group’s entire operations constituted a single segment, which was the exploration and mining of coal in Indonesia and the Licence encompassed the Group’s only coal mine concession. Given the materiality of the Licence, its actual expiry without renewal was information that required immediate disclosure. The lack of such disclosure could mislead

shareholders to assume that there was no major change to the Group's business and prospects, which was not the case.

33. As a member of both the Board and management, the CEO played a fundamental role in facilitating the flow of information from the management to the Board. However, despite his knowledge of the impending Licence Expiry in or before February 2023 (along with the fact that the Licence had yet to be renewed), he did not escalate the material information to the rest of the Board. The early escalation would have enabled the Board to ensure that the Company made timely disclosure when the Licence was not renewed and expired, to enable shareholders to make informed investment decisions in respect of the Company's securities.
34. According to the CEO, he did not inform the Board about the Licence Expiry as he had expected the renewal to occur seamlessly, given the administrative nature of the renewal process and PT SB's prior successes in renewing the Licence.
35. As a result of the CEO's late notification, the rest of the Board was only made aware of the Licence Expiry on 8 March 2023, and could only take steps to publicly disclose the Licence Expiry on the following day. This resulted in the Company's public disclosure being made approximately two weeks after the Licence Expiry.

Assessment by SGX RegCo

36. The Board asserted that the Termination was an isolated lapse by a rogue employee at the subsidiary, rather than a reflection of broader governance issues. One director also asserted that documentation of internal controls is not as critical for a small issuer with limited resources (like the Company), as key management personnel are close to the Company's operations and should know what they have to do, even without written procedures.
37. SGX RegCo expects all directors to exhibit a minimum level of care, skill and diligence in the discharge of their fiduciary duties. Directors must devote sufficient time and attention to the affairs of the issuer (regardless of the issuer's size), including implementing adequate supervisory and monitoring mechanisms over the operations and affairs of its principal subsidiaries.
38. While SGX RegCo acknowledges that the comprehensiveness of documentation may depend on the size of an issuer's business operations, the Company and the Board are still obliged to take reasonable steps to establish adequate procedures, systems and controls to meet the Company's obligations under the Catalist Rules, particularly at PT SB (a principal subsidiary owning the Group's only coal mine concession), and ensure that sufficient guidance was provided to the Group's staff to procure the Company's compliance with the Catalist Rules. However, there was no substantive evidence that the Company and the Board had done so.

Regulatory concerns

39. Every listed issuer is expected to have in place adequate and effective systems of internal controls and risk management systems. This is an essential component to safeguard the issuer's business and further its objectives.

40. In the current case, the Board's conduct fell short as no systemic internal controls were implemented for the Group, particularly at the principal subsidiary level. Notwithstanding that the Board had provided positive attestations on the adequacy and effectiveness of the Company's internal controls in its annual reports, it was clear that the Company did not have sufficient oversight of the operations and affairs of PT SB, which increased the risk of unauthorised actions being taken by the subsidiary's management. The absence of established procedures for timely escalation of material information to the Board, coupled with the management's lack of appreciation for the Company's disclosure obligations under the Catalist Rules, directly led to the Company's disclosure breaches in relation to the Termination and the Licence Expiry.

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About Singapore Exchange Regulation (SGX RegCo)

Singapore Exchange Regulation (SGX RegCo) is the independent Singapore Exchange subsidiary undertaking all frontline regulatory functions including as securities market regulator. Our activities include the admission and supervision of issuers, intermediaries and Catalist sponsors, the surveillance of trading and issuers' disclosures, and the formulation and improvement of policies and products, guided by market feedback. We also have the Whistleblowing Office to look into allegations of issuers' regulatory shortfalls and the Sustainable Development Office to house ESG-related regulatory efforts. Regulation Asia has named us Exchange of the Year four times in recognition of efforts to uphold the integrity and development of our markets. Find out more at <https://www.sgx.com/regulation>

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