

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

**RECEIPT OF LEGAL LETTER FROM SUBSTANTIAL SHAREHOLDER
OF THE COMPANY AND APPLICATION FOR A STAY OF PROCEEDINGS**

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, 11 February 2020 and 25 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 it has received a legal letter dated 24 February 2020 (the “**Letter**”) from a Singapore law firm, K&L Gates Straits Law, appointed by a substantial shareholder of the Company, Mr Bryan Lim Soon Fang (“**Mr Bryan Lim**”), being a notice pursuant to Section 216A of the Companies Act Cap. 50 (“**S216A**”). Pursuant to 216A, a member of the Company may apply to the Court for leave to bring an action in the name and on behalf of the Company, provided that the Court is satisfied that the member is acting in good faith and it appears to be *prima facie* in the interests of the Company that the action be brought.

Mr Bryan Lim demanded that the Company:

- (i) Immediately commence legal proceedings against several past and present directors of the Company and an employee of the Company (together, the “**Parties**”) to seek recovery and/or indemnity for loss and damages, including:
 - a) Damages on account of loss of approximately S\$10.4 million paid to acquire shareholding in OBPL and a stake in the Project;
 - b) Damages on account of the loss of profits if the Project was to succeed;
 - c) Damages arising from loss of interest / opportunity cost of the use of the S\$2 million improperly paid out to RLC;
 - d) Exposure to litigation and potential damages and costs which may be ordered against the Company in the KIB Suit;
 - e) Equitable damages; and
 - f) An account of profits made by RLC in the Project.(collectively, the “**Alleged Losses**”); and
- (ii) File a defence in Suit 104 of 2020 commenced by KIB against, *inter alia*, the Company by 25 February 2020 (the “**KIB Suit**”) and proceed with a third-party action in the KIB Suit against the Parties and RLC to seek an indemnity for any liability of the Company to KIB. (For information on the KIB Suit, please refer to the Company’s announcement made on 4 February 2020.)

In support of the aforesaid demands, Mr Bryan Lim has alleged that the Company has not taken any action against the Parties in respect of the following which he alleges is “*inexplicable*”:

- (i) That “*Wang Zhenwen, who is and was the sole director and shareholder of RLC, was the very person who approved the Tender Evaluation Report, and the Audit Committee (comprising Giang Sovann, [James Kho Chung Wah] and [Chow Wen Kwan]) approved the award to RLC despite various irregularities and non-compliance with RCH’s Interested Party Transaction (“IPT”) Mandate Process. The decision of Wang Zhenwen and the other directors of the Company at that time led to PT OKIB awarding the main contract to RLC;*”

- (ii) That “on or about 28 November 2019, there was a wrongful payment of S\$2 million by RCH to RLC”;
- (iii) That RLC has failed to carry out its obligations under the construction contract with PT OKIB;
- (iv) That the award of the contract to RLC, the advance payment of \$2 million to RLC, the appointment of an employer representative for the Project so that “KIB had no visibility on the Batam Project” and the changing of the piling method to benefit RLC have culminated in KIB commencing the KIB Suit against, among other parties, the Company and KIB terminating the joint venture with OBPL for the development of the Project; and
- (v) That the improper decision-making process and award of the construction contract by PT OKIB to RLC has caused the Project to fail.

The Letter further stated that if the Company fails to provide confirmation within 14 days of the date of the Letter, that is, by 9 March 2020 that it would comply with the aforesaid demands, Mr Bryan Lim will apply to Court for permission to commence a derivative action (under S216A or otherwise) in the name of the Company against the Parties for the Alleged Losses.

The Company is currently seeking legal advice on the Letter with a view to proceeding on a course of action that is in the best interests of the Company.

On a related note, the Company wishes to announce that it has on 25 February 2020 filed an application in Court to stay the KIB Suit in favour of arbitration (the “**Stay Application**”).

Accordingly, the Company has by way of its solicitors’ letter dated 25 February 2020 issued an interim response to the Letter that in light of the Stay Application, it would not be in the Company’s interest to take a step in the KIB Suit by filing a defence and a third-party action against the third parties and RLC.

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

RICH CAPITAL HOLDINGS LIMITED

Wong Quee Quee Jeffrey
Independent Non-Executive Director

28 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.

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