

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

**RECEIPT OF LETTER FROM JOINT VENTURE PARTNER OF AN INDIRECT SUBSIDIARY AND
UPDATE ON STATUS OF DEVELOPMENT OF BATAM DEVELOPMENT PROJECT**

The Board of Directors (the “**Board**”) of Rich Capital Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform that it has received a letter (“**Letter**”) from a joint venture partner of an indirect subsidiary informing it of concerns it has in relation to the Company's Batam development project in Batam, Indonesia (the “**Project**”). While the Board addresses the concerns set out in the Letter, it will also like to take the chance to provide shareholders with an update in relation to the development of the Project.

The Project is currently being developed by PT Oxley Karya Indo Batam (“**OKIB**”), a company incorporated in Indonesia whose shareholders are Oxley Batam Pte. Ltd. (“**OBPL**”) and PT Karya Indo Batam (“**KIB**”). OBPL and KIB hold the shares of OKIB in equal proportions. OBPL is in turn an 80%-owned indirect subsidiary of the Company.

Pursuant to an invitation to tender process which concluded on 2 August 2018, Rich-Link Construction Pte. Ltd. (“**RLC**”), an associate of the Company's Non-Independent Non-Executive Chairman, Mr Wang ZhenWen, was awarded a contract of approximately S\$125 million by OKIB to undertake the design, development, construction, testing and development, commissioning, completion and maintenance of Phase 1A of the Project on 15 October 2018 (“**Construction Contract**”). RLC commenced construction on the Project from 13 November 2018.

On 13 May 2019, the Company was informed by KIB in writing of certain concerns it had in relation to the Project. In particular, KIB expressed that it was concerned with a potential conflict of interest in the appointment of RLC as the main contractor for the Project, alleged delays to the Project due to the lack of resources of the main contractor and that RLC had yet to submit to OKIB a Performance Bond (“**PB**”) due under the Construction Contract for a sum equivalent to 10% of the value of the Construction Contract. KIB had also requested that the board of OKIB take certain actions in relation to the management of the Project as well as to provide a status update on the Project.

On 15 May 2019, the shareholders of OBPL met with representatives of KIB (the “**Meeting**”) to resolve the concerns:

- a) In relation to the potential conflict of interest, it was reiterated to KIB that as the award of the Construction Contract was an interested person transaction, all methods and procedures to approve the transaction under the Company's IPT Mandate (obtained from shareholders at the EGM on 28 July 2018) were rigorously applied and complied with. Further, the Construction Contract was only awarded to RLC after a thorough tender evaluation process conducted by a reputable Singapore independent consultant, taking into account the requirements of the Project.
- b) In relation to the PB, OKIB understands that the delay in the provision of the performance bond was due to the form of the PB that was required under the Construction Contract being incongruent with the form that Indonesian financial institutions (“**FI**”) are able to provide under Indonesian laws and regulations. This had therefore caused a delay in meeting the timeline for the issuance of the PB. Further, contrary to KIB's understanding, OKIB had acted on the delay by withholding all progress payments due to RLC pending the provision of the PB. The parties have now agreed that a PB issued by an Indonesia FI based on Indonesian standard terms which is in compliance with the General Insurance Association of Indonesia (AAUI) and subject to Indonesian law will be acceptable, subject to the approval of OKIB's independent project team. It was also agreed at the Meeting by all parties for OKIB to release, in goodwill, part of the 1st Progress Claim under the Project of Rp.8,388,366,823.60 (equivalent to approximately S\$796,000) to RLC, and RLC shall issue the PB (to be procured from an approved Indonesian FI) and provide this to OKIB within two (2) weeks of receipt of the said sum. Upon receipt of the PB, OKIB has agreed to release the

balance amounts due under all four progress claims made to date to RLC.

- c) In relation to the Project, KIB was informed that it is progressing on schedule and no costs have been incurred due to the delay of the provision of the PB. Till date, about 39% of the 1,193 residential units and 33% of the 100 retail spaces launched in Phase 1A of the Project have been sold.

OKIB's board and shareholders have also agreed to schedule monthly update meetings to keep all parties informed of the latest updates and development of the Project and to prevent any gaps in communication. OKIB will follow up closely with KIB on any further concerns they may have.

The Company will update the shareholders as and when there are further updates and developments to the above matters.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Kuek Tee Meng
Executive Director, Finance

17 May 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.

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)