

RESOURCES PRIMA GROUP LIMITED

Registration No. 198602949M
Incorporated in the Republic of Singapore
(the “Company” or “RPGL”)

RESPONSE TO SGX QUERIES IN RELATION TO THE GROUP’S FY2020 AND 1QFY2021 UNAUDITED RESULTS

The board of directors (the “Board” or the “Directors”) of Resources Prima Group Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the queries from the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 May 2021 in relation to the Group’s unaudited financial statements for the financial year ended 31 December 2020 (“FY2020”) and the first quarter ended 31 March 2021 (“1QFY2021”). The Company sets out its responses to the queries raised by the SGX-ST below:

Query 1:

Please disclose a breakdown of trade and other payables of approximately US\$3.4 million as at 31 March 2021. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Response to Query 1:

As at 31.03.21 US\$’000 (Unaudited)	Current	1-6 months past due	7-12 months past due	past due > 12 months	Total
Trade payables - third parties	2	2	–	35	39
Accrued operating expenses	–	82	107	20	209
Other payables - third parties	1	–	–	601	602
Other payables - VAT payables	–	–	–	221	221
Other payables - former directors (i)	–	–	–	97	97
Other payables - directors (ii)	–	232	232	844	1,308
Other payables - key management personnel (ii)	4	120	120	681	925
Other payables	7	533	556	2,305	3,401

Notes:

- (i) Of the US\$97,000 due, approximately US\$45,000 is due to Mr Giovanni Sugiono, a former executive director of the Company and also the son of the Company’s CEO, Mr. Agus Sugiono. The balance amounting to US\$52,000 is due to former directors of the Company. The amounts due to the former directors are interest free, non-trade in nature, unsecured and repayable as and when there is more clarity on the Group’s cashflow position.
- (ii) The amounts due to directors and key management personnel (including former management) are interest free, non-trade in nature, unsecured and repayable as and when there is more clarity on the Group’s cashflow position.

Query 2:

Given the Group's significant net liabilities of US\$5.51 million and cash and bank balance of only US\$310K as at 31 March 2021 and noting that the Group incurred losses of US\$1.46 million in FY2020, please disclose the Board's assessment on:

- i. whether the Group's current assets are adequate to meet the Group's short-term liabilities of US\$7.2 million as at 31 March 2021, including its bases of assessment; and
- ii. how the Group intends to fulfil its significant payment obligations in the next 12 months. Where the Group has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Group is on track to fulfilling these obligations.
- iii. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong.

Response to Query 2 (i):

As previously disclosed in the Group's 1QFY2021 unaudited financial results announcement, the Board and Management having considered: (i) the availability of funding from the 3 Investment Agreements and their extension to 31 December 2022, more details of which are elaborated in the Response to Query 2 (ii) below; (ii) the joint operation agreement with PT Prima Dharma Karsa and (iii) the Group's progress towards a successful completion of the proposed acquisition of Kitty Hawk Natural Resources Pte. Ltd. ("**Target**") ("**RTO**"), are of the view that the Group will be able to continue as a going concern and will be able to meet their obligations as and when they fall due in the next 12 months.

44.2% of the short-term liabilities as at 31 March 2021 consist of convertible loans from the 3 Investment Agreements (as defined below) which are due and repayable if the Company fails to meet the relevant deadlines set out in the 3 Investment Agreements by 31 December 2022 (unless the RTO (as defined below) is abandoned or rejected by SGX). Otherwise, such convertible loans will, subject to shareholders' approval, be converted into the Company's shares after the resumption of the trading of the Company's shares.

For the rest of the short-term liabilities, the management of the Company is working with the relevant parties to restructure the liabilities which may include but not limited to the possible conversion of the liabilities into shares of the Company.

Response to Query 2 (ii):

As previously disclosed on the Group's 1QFY2021 unaudited financial results announcement, the Board is of the view that the Company is currently able to demonstrate that it can continue as a going concern and have sufficient working capital and financial resources to meet their obligations as and when they fall due in the next 12 months on the following bases and assumptions:

- a. The Company on 6 August 2018 announced the entry into an Investment Agreement with Mr Ang Liang Kim ("**Mr Ang**"), a substantial shareholder of the Company pursuant to which Mr Ang has committed not less than S\$4 million of investment in the Company by way of a convertible loan (of up to S\$2 million) and a rights issue ("**Ang Investment Agreement**").
- b. On 31 March 2019, the Company announced that it has entered into an investment agreement with Mr Perman Yadi ("**Mr Yadi**") ("**Yadi Investment Agreement**"). Pursuant to the Yadi Investment Agreement, Mr Yadi will grant the Company a convertible loan with a principal of US\$2 million ("**Yadi Convertible Loan**"). The purposes of the Yadi Convertible Loan are extended to the Company for, inter alia business operations and projects undertaken by the Company with the Mr Yadi's express approval.
- c. On 27 September 2019, the Company announced that it has entered into an investment agreement with Mr Chaw Chong Foo ("**Mr Chaw**") ("**Chaw Investment Agreement**"). Pursuant to the Chaw Investment Agreement, Mr Chaw will grant the Company a convertible loan with a principal of S\$1.35 million for the purposes of, inter alia, costs and expenses in relation to the proposed acquisition of Kitty Hawk Natural Resources Pte. Ltd. ("**Target**") ("**RTO**"). Mr Chaw may also extend an additional loan amount in excess of S\$1.35 million to accommodate any working capital requirements set out in the Catalist Rules.

- d. Following the execution of the 3 Investment Agreements, there is more certainty on the cashflows of the Company to ensure it can meet its debts and obligations (excluding salary and fees of Management and Directors) as they fall due for the 12-month period from 31 December 2020. The Group has to date, received requisite funding from the 3 Investment Agreements to meet its working capital requirements and to fund the expenses incurred on the RTO, more details of which can be found in the 1QFY2021 unaudited financial results announcement. Mr Ang, Mr Yadi and Mr Chaw had also showed their continued support for the Group through the extension of the 3 Investment Agreements to 31 December 2022.

Response to Query 2 (iii):

The Management have adopted the following actions:

- a) implemented several cost-cutting initiatives, including, amongst others, key management personnel and independent directors agreeing not to take any fees or remuneration or to take only nominal salaries until there is more clarity on the Group's cashflow situation; and
- b) continuously in discussions with Mr Ang, Mr Yadi and Mr Chaw to discuss Group's financing needs, including working capital requirements and RTO expenses; and
- c) engaging the Target on a regular basis to work towards the successful completion of the RTO and the eventual resumption of trading of the Company's shares.

By Order of the Board

Mr Agus Sugiono
Executive Chairman

21 May 2021