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**RESPONSE TO SGX-ST'S QUERY IN RESPECT OF THE COMPANY'S ANNOUNCEMENT DATED 6 AUGUST 2018 AND TITLED INVESTMENT AGREEMENT**

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*Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcement dated 6 August 2018 in relation to the Investment Agreement.*

**Introduction**

The board of directors (the "**Board**" or "**Directors**") of Resources Prima Group Limited (the "**Company**", and together with its subsidiaries, collectively, the "**Group**") would like to provide the following response to a query from the Singapore Exchange Securities Trading, Limited (the "**SGX-ST**") in respect of the Company's announcement dated 6 August 2018 titled Investment Agreement (the "**Announcement**").

**Query from the SGX-ST:**

Under Para 3.1(b)(4) of the Announcement, the Convertible Loan will bear interest at 18% per annum from the date of drawdown in the event that Shareholders Approval is not obtained. Para 3.1(b)(7) and Para 3.1(b)(8) further set out the conditions under which the Convertible Loan Liabilities (including any interest owed) shall be immediately due and repayable. Given that the Company will be running on tight deadlines and there are currently no concrete plans in place for a trading resumption proposal, we would like to know the Company's rationale in determining that the transactions in the Investment Agreement are in the best interests of the shareholders.

**Company's Response to SGX-ST Query:**

Subsequent to the loss of control of PT Rinjani Kartanegara ("**RK**") on 24 August 2017 and prior to signing the Non-Binding Term Sheet (as announced by the Company on 7 June 2018) and the Investment Agreement (as announced by the Company on 6 August 2018), the Group faced a going concern issue due to the shortage of cash and/or financing to continue its operations. In this regard, the Company announced on 28 June 2017 that the Board is of the view that the Company is currently unable to demonstrate its ability to continue as a going concern or reasonably assess its financial position. Further, the Group was left with a coal hauling business (i.e. PT Energy Indonesia Resources's ("**EIR**") coal hauling business) which has always been an ancillary part of the Group's business rather than its primary business. The Group's primary business has always been coal mining via RK. Accordingly, unless the coal hauling business can be expanded in size and scale, it cannot replace the Group's primary business of coal mining.

Despite various attempts by the Board and Management to improve the coal hauling operations such as (i) renegotiating on the rates for the coal hauling services provided by EIR; (ii) addressing operational issues faced by EIR to improve efficiency of the operations; and (iii) review EIR's cost structure to implement measures to control costs involved, the operations and revenue contributions from EIR increased only marginally and EIR still recorded a small loss before tax in June 2018.

In view of the circumstances of the Group and with the aim to restructure the Company, the Board is of the view that:

**RESOURCES PRIMA GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198602949M)



1. Sufficient cash and/or financing have to be obtained to allow the Group to continue its operations and address its going concern issue; and
2. A sustainable business is required which will be the new primary business of the Group. Further, additional cash and/or financing may be required to consider a transaction of this nature.

The above issues may be addressed by a single transaction with a new investor or may be dealt with separately depending on one's circumstances. In the case of the Company, as the Company could not immediately find any investor who can address both issues at the same time, the Company has to address the two issues separately.

The transactions contemplated in the Investment Agreement allows the Company to have access to S\$2 million of immediate financing which addresses its going concern issue. If this issue is not addressed, the Board would be unable to sign off on the financial statements on a going concern basis and may be required to put the Group into bankruptcy proceedings. Even if there is an opportunity for a sustainable business to be injected into the Company, the Company will not be able to timely explore such an opportunity should bankruptcy proceedings commence.

With the execution of the Investment Agreement, the Company now has a little more space and time to address the injection of a new sustainable business for the Group (in spite of the tight deadlines that the Company has to meet), which it would not have had, had the Company been put into bankruptcy proceedings.

The Company is and has been looking into the injection of a sustainable business and will update the shareholders should there be any major development in this aspect.

Further, the Investment Agreement also *inter alia*:

- a) Allows the Company to obtain a convertible loan at zero interest\* subject to the approval of the shareholders in respect of inter alia the conversion of the convertible loan;
- b) Allows the Company to have access to funding to explore an injection of a sustainable business;
- c) Minimize dilution of the existing shareholders of the Company by limiting the usage of the proceeds under the Investment Agreement (i.e. not for payment of management remuneration and/or director fees) as well as flexibility in draw down (subject to the approval of the Independent Directors of the Company); and
- d) Allows shareholders to participate in the recovery of the Company, at the option of the shareholders (subject to the terms of the Investment Agreement) in the event that all transactions contemplated in the Investment Agreement are consummated.

\*The 18% interest per annum for the Convertible Loan will only be charged in the event that the requirement for the shareholders' approval is not met, which is highly unlikely given that Mr Agus Sugiono (aka Sugijono) (the Controlling Shareholder, Executive Chairman and CEO), who currently owns 40.5% of the existing shares, has undertaken to vote in favour of the conversion of the loan to shares.

In view of the above, the Company considers the transactions contemplated in the Investment Agreement to be in the best interest of the shareholders of the Company.



BY ORDER OF THE BOARD

Agus Sugiono  
Executive Chairman and Chief Executive Officer  
4 September 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading, Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and 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 Ms Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6532 3829.*

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