

Resources Prima Group Limited

Annual Report 2018

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2018

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This annual report has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms Tay Sim Yee of 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 telephone (65) 6232 3210.

CORPORATE PROFILE

Resources Prima Group Limited (“**Resources Prima**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) was engaged in the coal hauling business in East Kalimantan, Indonesia, through its subsidiary, PT Energy Indonesia Resources (“**EIR**”).

On 29 June 2017, trading in the shares of the Company was suspended pursuant to Rule 1303 of the Listing Manual Section B: Rules of Catalist as the then board of directors were of the view that the Company was unable to demonstrate that it is able to continue as a going concern and reasonably assess the financial position of the Group due to the circumstances surrounding its former subsidiary PT Rinjani Kartanegara (“**Rinjani**”) as set out in the announcement of the Company dated 28 June 2017.

EIR recommenced coal hauling operations in October 2017 in accordance to a coal hauling service agreement with PT Coalindo Adhi Nusantara (“**CAN**”) and has been in operations since. On 15 May 2019, the Company announced that EIR has received a letter of termination from CAN terminating the coal hauling service agreement. EIR is currently exploring alternative coal hauling contracts with other mine owners.

On 6 August 2018, the Company executed an investment agreement with Mr. Ang Liang Kim (“**Mr. Ang**”), a substantial shareholder of the Company to provide immediate availability of financing to address the Group’s current operational requirements.

On 31 March 2019, the Company announced that it has entered into another investment agreement with an investor, Mr Perman Yadi (“**Mr Yadi**”) (“**Yadi Investment Agreement**”) for, *inter alia* business operations and projects undertaken by the Company. On the same day, the Company’s wholly-owned subsidiary RPG Logistics Pte Ltd entered into a joint operation agreement (the “**JOA**”) with PT Prima Dharma Karsa (“**PT Prima**”), a company incorporated in Indonesia to provide logistical support to PT Prima, in relation to a mining area.

The Company continues to look out and evaluate potential deals that will generate stable revenue and cashflows for the Group, thereby providing a viable and sustainable business for the Group while the Group continues to work on potential reverse takeover (“**RTO**”) targets and eventually a resumption of trading. The Board and Management are working towards submitting a subsequent resumption of trading proposal to the SGX-ST by 28 September 2019.

The Company has been listed on the Catalist of the SGX-ST since 2014.

CHAIRMAN'S MESSAGE

The year under review has continued to be transformational for Resources Prima Group Limited as the Company took a number of concrete steps to restructure and turn around the Company.

2018 proved to be an extremely difficult year with the bankruptcy of the Company's main operating subsidiary, Rinjani on 9 October 2017

Following the cessation of all coal production from Rinjani's mine site, the operations of RPG Trading Pte Ltd and EIR, which were dependent on coal produced by Rinjani, were also suspended. The Company has been focusing its efforts on generating revenue and re-building the Group's business and to address the immediate financial issue since.

The securing of additional funds for the Company by the entry into an investment agreement with Mr Ang, a substantial shareholder of the Company as announced on 6 August 2018 whereby Mr Ang has committed not less than S\$4 million in cash, has addressed the immediate financial issue and accordingly widened the opportunities and also improved the Company's negotiating position. Further, the Company on 31 March 2019, executed another investment agreement with one investor Mr Perman Yadi, which provided an additional working capital of US\$2 million to the Company.

Ongoing Operations

EIR's coal hauling operations were routinely adversely affected by continual disruptions either due to heavy rainfall and/or problems arising from CAN's coal hauling infrastructure and the inability of CAN to continuously supply enough tonnage of coal to EIR. On 18 January 2019, the Company sought legal advice for the dispute on coal hauling service agreement with CAN. EIR has, upon legal advice, invoiced CAN for the shortfall in the coal hauled by EIR for the 15-month period commencing 1 November 2017 to 31 January 2019 due to CAN's failure to provide a minimum of 100,000 tonnes per month to EIR ("**Shortfall**") amounting to about US\$2 million. On 26 April 2019, 10 May 2019 and 17 May 2019, EIR sent notification letters to CAN, *inter alia* for the Shortfall, Rise and Fall amount and Overpayment claim, in accordance with Indonesian Law. The Company remains committed to continue to take actions to safeguard, protect and enforce its rights under the contract with CAN.

The above events, including *inter alia* various disruptions by CAN made in the Company announcements via SGXNet are significant events leading to EIR receiving the letter of termination on 13 May 2019 from CAN terminating the coal hauling service agreement. The Company is seeking legal advice on the matter and concurrently EIR is exploring alternative coal hauling contracts with other mine owners.

On 31 March 2019, the Company announced that the Company's wholly-owned subsidiary RPG Logistics Pte Ltd had entered into the JOA with PT Prima, a company incorporated in Indonesia to provide logistical support to PT Prima, including but not limited to the transportation of nickel to a loading port, the supervision of mining operations as well as provision of mining equipment and mining services to PT Prima in relation to a mining area. In respect of each tonne sold by PT Prima from the mining area, PT Prima will pay to RPG Logistics Pte Ltd an amount equivalent to 60% of the profit per tonne of nickel sold, provided always that the amount shall not be less than US\$5 per tonne of nickel. The Company believes that the entry into the JOA is another means to address business viability of the Group as the JOA will generate revenue and cash flows for the Group, and potentially provide a viable and sustainable business.

Outlook including Resumption of Trading

These corporate actions will stabilize and strengthen the current financial position of the Group while the Company continues to look out for and evaluate other potential deals that will generate revenue and provide a viable business for the Group, and to work on potential RTO targets.

CHAIRMAN'S MESSAGE

The Company is in discussions with various RTO candidates with a view to enter into a definitive agreement with one of the parties including *inter alia* PT Prima and a group of potential joint operation partners. The Company believes that RTO would allow the Group to acquire a new business which could potentially resolve its financial and business viability issues.

All the above are concrete steps that the Company have been working towards the re-building of the Group and eventually submitting a resumption for trading proposal to the SGX before the deadline by 28 September 2019.

I can assure you that as your Chairman, and someone who has significant shareholding in the Company, I am completely motivated to explore all possible opportunities to address the business viability and sustainable business to strengthen the current financial position of the Group.

Note of appreciation

I take this opportunity to thank our loyal shareholders, sponsor, advisors and service providers for their support and to Mr. John Watson, our former Chief Financial Officer who did a sterling job during his tenure and also to our Independent Directors for their relentless efforts to look out and evaluate potential deals that will generate revenue and provide viable business for the Group.

In addition, I want to pay tribute to our substantial shareholder, Mr Ang Liang Kim and investor, Mr Perman Yadi who believe in our commitments and determination to turn the Group around and provided the Company with the much needed cashflow through separate Investment agreements executed on 6 August 2018 and 31 March 2019 respectively.

2019 will continue to be challenging and with much uncertainty for the Group but we look forward to the year ahead with significant optimism.

Agus Sugiono
Executive Chairman and CEO

BOARD OF DIRECTORS

Agus Sugiono

Executive Chairman of the Board and Chief Executive Officer
Appointed on 12 November 2014

Mr. Agus Sugiono is the Executive Chairman of the Board and Chief Executive Officer of the Group. He is responsible for the strategic planning and development of the Group's business, and spearheading the expansion and growth of the Group. From 1994 to 2014, Mr Agus Sugiono served in different positions as either the chief executive officer, chief operating officer, chief financial officer of and advisor to PT Polytama Propindo. He has over 27 years of experience in the oil, gas and petrochemicals industries. Mr Agus Sugiono holds a Bachelor of Science degree in Petroleum Engineering from the University of Texas at Austin and a Master in Business Administration (International Management) from the University of Indonesia. He is also a registered public accountant in Alberta, Canada and a member of the Texas Board of Professional Engineers.

Khoo Song Koon

Lead Independent Director
Appointed on 1 December 2017

Mr Khoo Song Koon is the Lead Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee as well as Nominating Committee of the Company. He is currently the executive director of JKhoos Consultancy Pte Ltd and has over 20 years of professional experience in various corporate advisory work covering *inter alia* corporate restructuring, mergers and acquisitions and dispute resolutions. Mr Khoo Song Koon started his career with an internationally recognised accounting firm and subsequently a boutique corporate advisory firm. Mr. Khoo is currently also the lead independent director and chairman of the audit committee of Nippecraft Limited.

Mr Khoo graduated with a Bachelor of Accountancy degree from Nanyang Technological University of Singapore. He is a member of the Institute of Singapore Chartered Accountants as well as CPA Australia. He is also an associate of the Singapore Institute of Directors.

Chow Wai San

Independent Director
Appointed on 1 December 2017

Mr Chow Wai San is an Independent Director, the Chairman of the Audit and Risk Management Committee as well as the Nominating Committee and member of the Remuneration Committee. Currently, Mr Chow is the Managing Director of Aquifer Consulting Pte Ltd, a corporate advisory firm specialising in cross border corporate restructuring and mergers and acquisitions as well as litigation consultancy and support. In his professional career of more than 20 years, he has worked in the Big Four accounting firms as well as a boutique corporate advisory firm. Mr Chow is currently an independent director of Universal Resource Services Limited, K Group Holdings Limited (listed on the Hong Kong Stock Exchange) and Nippecraft Limited.

After graduating from Nanyang Technological University of Singapore with a Bachelor of Accountancy, Mr Chow went on to qualify as a Chartered Financial Analyst of CFA Institute, USA. He is also a member of the Institute of Singapore Chartered Accountants and CPA Australia as well as an associate member of the Singapore Institute of Directors.

KEY MANAGEMENT

Nordiansyah Nasrie

Chief Operating Officer

Appointed on 12 November 2014

Mr Nordiansyah Nasrie is the Chief Operating Officer of the Group. He is responsible for the overall operations of the Group and ensuring that its operational activities are in accordance with policies, goals and objectives of the Group. He joined the Group as the director of Rinjani, a subsidiary of the Company, in 2008. Prior to joining the Group, Mr Nordiansyah Nasrie was appointed as a director in various energy companies including PT Kutai Etam Petroleum and PT Kutai Energy Resources. He is currently a director of PT Energy Indonesia Resources, PT Faisal Sampurna, PT Kembang Janggut Sawit Sejahtera, PT Muara Kaman Sawit Sejahtera and PT Kota Bangun Sawit Sejahtera. He is also the commissioner of PT Pancaran Berkat Adidaya. Mr Nordiansyah Nasrie graduated with a Diploma of Academy Hotel and Tourism from International College Bandung. Mr Nordiansyah Nasri also graduated with a Magister of Law from University Merdeka Malang.

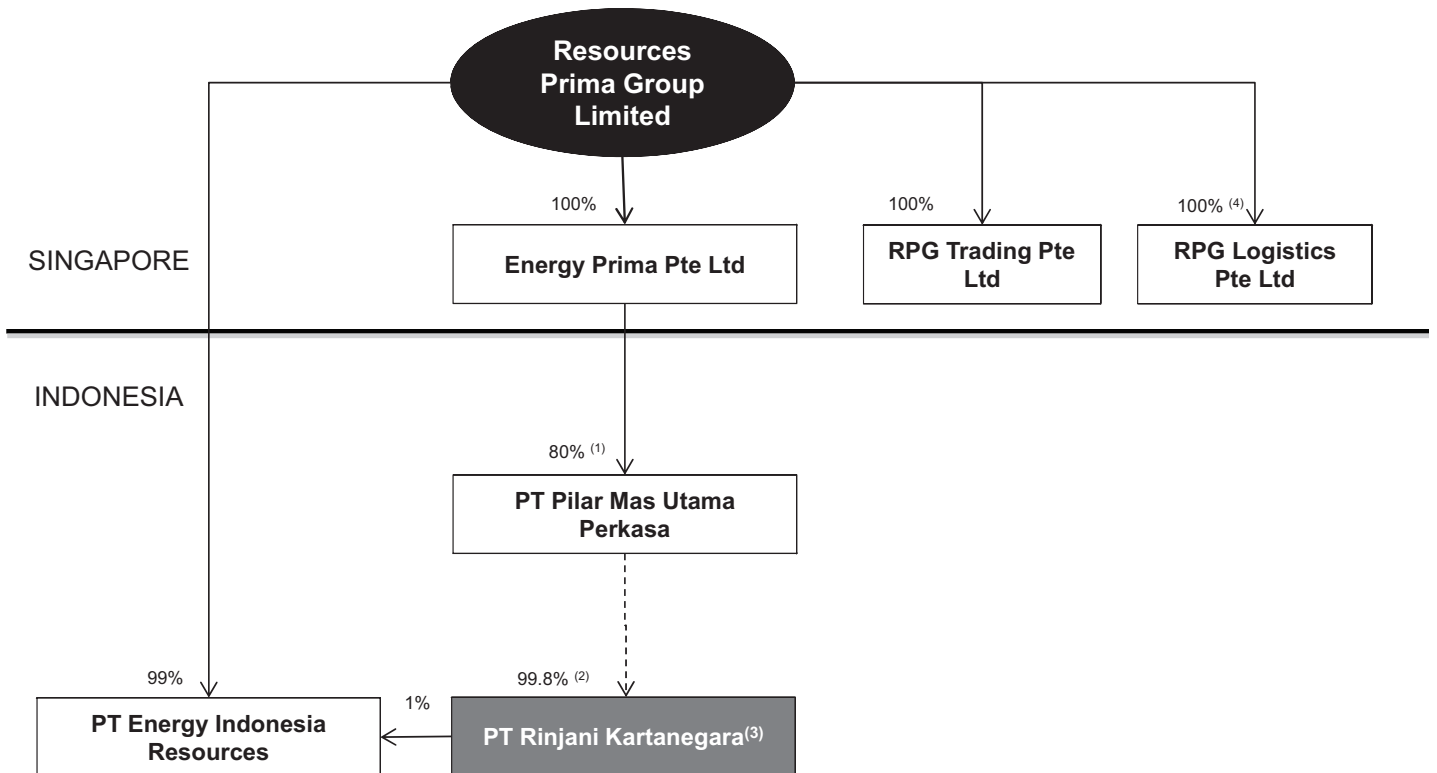
Thng Tien Lung

Chief Financial Officer

Appointed on 11 February 2019

Mr Thng Tien Lung is the Chief Financial Officer of the Group. He is responsible for overseeing the financial and management accounting, risk management and other corporate and regulatory compliance matters. From 2014 to 2019, he was the Associate Director with PricewaterhouseCooper Advisory Services Pte Ltd focusing on streamlining key financial processes and month-end close activities as well as management reporting and providing financial performance visibility. He was the Chief Financial Officer for Auhua Clean Energy Plc, an AIM London listed company from 2011 to 2014, responsible for all financial and management reporting of the group and was involved in the pre-IPO activities. He is an executive-calibre financial professional with a career spanning over 22 years in corporate, statutory board and consulting firms and with experience across the South East Asia region and China. He holds a Bachelor of Accountancy degree from Nanyang Technological University of Singapore and is a member of the Institute of Singapore Chartered Accountants

CORPORATE STRUCTURE



- (1) The remaining 20% of the issued and paid-up share capital of PT Pilar Mas Utama Perkasa (“PT Pilar Mas”) is owned (i) 5% by Mr Nordiansyah Nasrie, who is the Chief Operating Officer of the Group and (ii) 15% by Mr Lim Fang Wei, a Singapore businessman who is an independent third party unrelated to the Group and its Directors and Substantial Shareholders. The transfer of shares in PT Pilar Mas from Mr Nordiansyah Nasrie to Mr Lim Fang Wei was effected following receipt of approvals for the change in shareholding from the Foreign Investment Coordinating Board dated 7 April 2017 and the Indonesian Minister of Law and Human Rights dated 27 April 2017.
- (2) The remaining 0.2% of the issued and paid-up share capital of Rinjani is owned by Mr Agus Sugiono, who is the Executive Chairman and Chief Executive Officer of the Group.
- (3) On 24 August 2017, the Company lost control over Rinjani following a suspension of payment filed by its creditors and on 9 October 2017 the Commercial Court of Jakarta ruled that Rinjani enter bankruptcy with immediate effect.
- (4) On 25 March 2019, the Company incorporated a wholly-owned subsidiary company, RPG Logistics Pte Ltd.

OPERATIONS AND FINANCIAL REVIEW

The Group presents its sole primary business, coaling hauling operations by EIR for financial year ended 31 December 2018 (“**FY2018**”) as continued operations in the Group’s Consolidated Statement of Comprehensive Income with comparative results of the coal hauling operation for the period from October 2017 to 31 December 2017. The discontinued operation for financial year ended 31 December 2017 (“**FY2017**”) was a result of the Company’s loss of control of Rinjani and the suspension of operations of RPG Trading Pte Ltd and EIR (for the period up to 30 September 2017), are presented separately as a line item in the Group’s Consolidated Statement of Comprehensive Income under “Loss from discontinued operations, net of tax” for FY2017 and disclosed in Notes to Financial Statement under “Discontinued operations” (“**Note 9**”). EIR’s operations prior to October 2017 was an ancillary part of the Group’s coal mining business unlike for FY2018 where it is the Group’s sole primary business.

EIR recommenced coal hauling operations in October 2017, prior to the contracted start date of the coal hauling service agreement with CAN dated 1 November 2017. The results of this coal hauling operations for the period from October 2017 to 31 December 2017 are presented as continued operations in the Group’s Consolidated Statement of Comprehensive Income with no comparative balances for FY2016.

Operating Review

The operations of EIR during FY2018 were negatively affected by, *inter alia*, disruptions at the site due to CAN’s inability to manage its stockpile, weather conditions, and problems arising from CAN’s coal hauling infrastructure. The cashflow from coal hauling operations was also negatively affected by, *inter alia*, the unilaterally deduction by CAN as overpayment claim for the period January 2018 to July 2018 and CAN’s unilateral exclusion of the rise and fall portion (i.e. part of the pricing formula for the coal hauling services) for September 2018 to December 2018.

The Group through EIR’s operations generated revenue and cost of good sold (“**COGS**”) amounting to US\$1.2 million and US\$1.3 million respectively for FY2018. EIR’s COGS includes primarily the costs of manpower, fuel, spare parts and depreciation of its coal hauling trucks. For FY2018, EIR’s total haulage approximated at 381,663 tonnes of coal whereas 93,742 tonnes of coal was hauled during FY2017.

The average quantity of coal hauled under the coal hauling service agreement with CAN for the 14-months November 2017 through December 2018 amounted to 31,988 tonnes per month which was significantly lesser than the 100,000 tonnes per month as set out in the coal hauling service agreement.

On 15 May 2019, the Company announced that EIR received a letter of termination from CAN terminating the coal hauling service agreement. EIR is exploring alternative coal hauling contracts with other mine owners.

Income Statement Review

For reasons set out above, EIR generated a gross loss of US\$108,000 from continuing operations for FY2018 as compared to a gross loss of US\$14,000 for FY2017. Despite the gross loss, EIR on a standalone basis generated positive cash flows from operations amounting to approximately US\$130,000 for FY2018 following the exclusion of non-cash expenses, primarily depreciation, which amounted to US\$238,000 for FY2018.

Other income comprises mainly interest income, gains/(losses) from foreign currency exchanges. For FY2018, the Company generated net income of US\$24,000 compared to US\$163,000 in FY2017. The other income, gain for FY2018 was mainly due to standby compensation receivable from CAN by EIR of US\$51,500 and offset by *inter alia* net foreign exchange losses of US\$25,500. For FY2017, other income of US\$163,000 was mainly due to non-recurring interest income.

OPERATIONS AND FINANCIAL REVIEW

The Group's administrative expenses comprise mainly staff costs, professional fees, audit and legal fees, travelling and transportation, office rental, listing fees, sponsorship fees and investor relation costs. In FY2018, administrative expenses from continuing operations increased by 20.1% (US\$0.2 million) to US\$1.3 million in FY2018 from US\$1.1 million in FY2017 primarily due to the inclusion of 12-months of executive remuneration amounting to approximately US\$0.8 million whereas for FY2017 only 2-months executive remuneration is included. Prior to the bankruptcy of Rinjani in October 2017, such costs were incurred by Rinjani and is therefore disclosed under discontinued operations in FY2017. The increase is partially offset by reductions in the costs/fees of certain service providers and professionals.

As an interim measure, the Directors and Management of the Company did not take any fees/remuneration or to take only nominal salaries for FY2018 until there is more clarity on the Group's cashflow situation.

The tax expense is calculated based on the current statutory income tax rates in Singapore and Indonesia. The tax expense of US\$2,000 for FY2018 represents the tax expense of a subsidiary following receipt of a notice of assessment in relation to the Year of Assessment 2017 from the Inland Revenue Authority of Singapore whereas the tax expense for FY2017 of US\$140,000 comprises current period income tax and deferred income tax charged to profit and loss.

Following the deconsolidation of Rinjani and discontinued operations of RPG Trading and EIR (for the period up to 30 September 2017), losses attributable to equity holders of the Company from discontinued operations, net of tax of US\$14.5 million were incurred for FY2017. The loss from discontinued operations for FY2017 comprises primarily revenue of US\$22.2 million deducted with expenses of US\$48.9 million and a net gain of US\$11.9 million arising from the deconsolidation of the net liabilities position of Rinjani from the Group.

The Group reported a net loss attributable to equity holders of US\$1.4 million in FY2018 compared with a net loss of US\$15.5 million in FY2017.

Financial Position Review

As at 31 December 2018, the Group's total equity decreased to become negative US\$1.5 million from negative US\$0.2 million as at 31 December 2017. The reasons for the movement in the Group's assets and liabilities balances as at 31 December 2018 are as follows:

Trade and other receivables comprise primarily trade receivables of EIR from its coal hauling activities, net of any impairment. Trade and other receivables increased by US\$0.1 million to US\$0.2 million as at 31 December 2018 from US\$0.1 million as at 31 December 2017 as collection from CAN is slow and intermittent. CAN, the only trade debtor, continues to make partial and intermittent payment. A credit loss allowance amounting to US\$27,000 has been booked for the FY2018 in accordance with the adoption of the SFRS(I) 9.

Property, plant and equipment ("**PP&E**") decreased by US\$0.2 million to US\$0.5 million as at 31 December 2018 from US\$0.7 million as at 31 December 2017. The decrease was mainly due to the current year depreciation of EIR's PP&E.

Inventories include fuel and spare parts, and are stated at the lower of cost and net realisable value. Inventories decreased by US\$6,000 to US\$45,000 as at 31 December 2018 from US\$51,000 as at 31 December 2017, due to the normal operational activities.

Finance lease liabilities represent the outstanding obligation for the hire purchase of coal hauling trucks by EIR. Finance lease liabilities (both current and non-current) decreased by US\$28,000 to US\$71,000 as at 31 December 2018 from US\$99,000 as at 31 December 2017 due to lease payments during FY2018 by EIR.

OPERATIONS AND FINANCIAL REVIEW

Trade and other payables comprise amounts due to vendors, related parties, executive management, directors and accruals. Trade and other payables increased by US\$1.2 million to US\$1.9 million as at 31 December 2018 from US\$0.7 million as at 31 December 2017 mainly due to the accrual of various service providers, executive management remuneration and director fees. The total accrual for executive management remuneration and director fees as at 31 December 2018 amounted to approximately US\$1.0 million and US\$0.2 million respectively. Payment is deferred for the reasons noted in the above section set out in Income Statement Review. Certain service providers and professionals have also agreed to deferred payment for their services in FY2018 and as such also contributed to the increase in the trade and other payables balance.

The Company had announced on 16 May 2019 in the Group's First Quarter results announcement that based on professional advice, the Group has elected for the optional exemption to reset its cumulative translation differences to nil at the date of transition at 1 January 2017 in its unaudited full year results announcement on 1 March 2019 for financial year ended 31 December 2018. As a result, cumulative translation losses of \$1,383,000 was reclassified from currency translation reserve to accumulated losses as at 1 January 2017 in the Group full year results presentation as announced on 1 March 2019. Subsequently, the Company reversed the re-classification from accumulated losses to currency translation of the same amount as the Company was advised that the cumulative translation differences for the Group were not through foreign operations. In accordance to SFRS(I)1, i.e. if a first time adopter uses this exemption, the cumulative translation differences are to be derived through all foreign operations at the date of the transition.

Cash Flow Review

Cash flows used in operating activities amounted to US\$21,000 for FY2018. For FY2018, operating cash flows before working capital changes resulted primarily from a loss before tax of US\$1.1 million and was offset by the changes in trade and other payables of US\$1.2 million.

There was no cashflows generated from or used in investing activities for FY2018.

Net cash flows used in financing activities for FY2018 amounted to US\$48,000 was used primarily for the repayment of finance leases.

RPG INVESTOR RELATIONS

Resources Prima Group Limited is mindful of the obligation to provide regular, effective and fair communication with shareholders and had established an investor relation (“IR”) programme with the principal goal of building trust and understanding with the investment community and shareholders through the timely dissemination of balanced information. This goal has however been severely tested since the suspension of operations of the Company’s operating subsidiaries in mid-2017 and the untimely bankruptcy of Rinjani on 9 October 2017.

As a result of the above, the Company suspended results briefings with analysts and investors since the second quarter of financial year 2017.

Trading Suspension

On 28 June 2017, the Company announced via SGXNet that the Board was 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 and inform the market accordingly. In light of the foregoing and pursuant to Rule 1303 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Catalist Rules**”), the Board recommended that it is in the best interests of the Company that the trading halt of the Company’s shares (implemented with effect from 23 June 2017) be converted to a trading suspension of the shares with effect from 29 June 2017 (“**28 June 2017 Announcement**”).

The closing price on 22 June 2017, being the last trading day prior to the calling of the trading halt, was S\$0.026.

Following the 28 June 2017 Announcement, the Company continues to provide shareholders with updates of the Company’s performance, position and outlook on a monthly basis pursuant to Rule 704(22) of the Catalist Rules and other ad-hoc announcements as required by the SGX-ST via SGXNet.

The Company’s Annual Report is sent to all shareholders and is available to other investors on request and accessible at the Company’s registered office. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders’ meetings or on an ad-hoc basis. Shareholders are informed of shareholders’ meetings through notices published in the newspapers or reports or circulars sent to all shareholders.

The Chairmen of the AC, RC and NC are available at the annual general meetings to answer those questions relating to the work of these committees. The external auditors are also present to assist the directors in addressing any relevant queries by shareholders.

Trading Resumption Proposal

Based on the requirements under Rule 1304(1) of the Catalist Rules which states that if an issuer is suspended under Rule 1303(3), it must “*submit a proposal (or proposals) through its sponsor to the Exchange with a view to resuming trading in the issuer’s securities (“resumption proposals”) within 12 months of the date of suspension. If no resumption proposals are received to enable trading to resume within 12 months of the date of suspension, the Exchange may remove the issuer from the Official List*”, the Company was required to submit a resumption proposal no later than 28 June 2018.

In this regard, the Company, through its sponsor, applied to SGX-ST for extensions of time to submit the resumption proposal and the SGX-ST had most recently granted the Company up to 28 September 2019 to submit a resumption proposal, which should address both financial and business viability issues with the view to resume trading.

CORPORATE INFORMATION

Company Name	Resources Prima Group Limited
Incorporated in	Singapore
Stock Code	5MM
ISIN Code	SG1W50939246
Registered Office	10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315 Telephone +65 6531 2266 Fax +65 6533 1542
Board of Directors	Agus Sugiono (Executive Chairman and Chief Executive Officer) Khoo Song Koon (Lead Independent Director) Chow Wai San (Independent Director)
Audit and Risk Management Committee	Chow Wai San (Chairman) Khoo Song Koon
Nominating Committee	Chow Wai San (Chairman) Khoo Song Koon
Remuneration Committee	Khoo Song Koon (Chairman) Chow Wai San
Company Secretary	Raymond Lam Kuo Wei Tan Ching Ching
Share Registrar	Boardroom Corporate & Advisory Services Pte Ltd 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623
Auditors	Baker Tilly TFW LLP 600 North Bridge Road #05-01 Parkview Square Singapore 188778 Audit Partner-in-Charge Gilbert Lee (appointed since the financial year ended 31 December 2016)
Sponsor	SAC Capital Private Limited 1 Robinson Road, #21-00 AIA Tower, Singapore 048542

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of the Company recognises the importance of corporate governance and is committed to maintaining high standards to safeguard the interests of the Company’s shareholders and to enhance corporate value and accountability by complying with the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2012 (the “**Code**”).

This report sets out the corporate governance practices that were adopted by the Group during FY2018 with specific reference to each of the principles of the Code. The Board confirms that, for FY2018, the corporate governance practices adopted by the Group were in line with the recommendations of the Code. Where there were deviations from the Code, appropriate explanations are provided.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the “**2018 Code**”) and the accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to annual reports covering financial years commencing 1 January 2019. The Board will review and set out the appropriate corporate practices to comply with the 2018 Code in the next annual report covering the financial year ending 31 December 2019.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board has overall responsibility for the corporate governance of the Company including promoting long-term shareholder value and taking decisions in the interests of the Company objectively. Apart from its statutory responsibilities, the Board is responsible for:

- (1) reviewing the financial performance and condition of the Group;
- (2) approving the Group’s strategic plans, key operational initiatives, major investments, divestments and funding decisions;
- (3) identifying principal risks of the Group’s business and implementing systems to manage the risks;
- (4) setting the tone of management via example and leadership, thereby communicating standards of corporate responsibility and objective decision-making; and
- (5) consider sustainability issues as part of its strategic formulation.

Delegation of Authority by the Board

The Board is assisted by the Audit and Risk Management Committee (“**ARMC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively the “**Board Committees**”) in discharging specific responsibilities. These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The Board accepts that, while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility and decision on all matters still lies with the Board. The effectiveness of each Board Committee is also constantly monitored. Further information on these Board Committees are set out in this report.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interest of the Company to enhance the long-term value of the Group to its shareholders.

CORPORATE GOVERNANCE REPORT

Matters specifically referred to the Board for its approval include, but not limited to, the following:

- approval authority matrix, standard operating procedures, policies and procedures;
- strategic policies of the Group;
- annual forecasts, cashflow projects including major revisions thereto;
- employee grading structure, salary bands and annual increments;
- appointment, re-appointment or resignation of Directors, appointment, re-appointment or resignation of members of the Board Committees as well as payment of Directors' fees;
- appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries;
- appointment of internal auditor, external auditor and Company representative;
- bank accounts: opening, closing and changes to cheque signatories;
- changes in the capital of the Company;
- material acquisitions and disposal of assets;
- capitalisation of loans due from subsidiaries exceeding 10% of Group net assets;
- advances/loans between group of associate companies;
- announcements: for public release including, but not limited to, interim and full year results including material adjustments to previously announced results;
- general meetings: notices, call for meetings, circular to shareholders, corporate governance statement and chairman's statement for annual report;
- sustainability report;
- financial statements and secretarial: directors' report and statement, audited financial statements, dividend recommendation and payment, affixing common seal, change of registered office, register of members, share register and alteration to the constitution;
- establishment of board committees; and
- review of interested person transactions.

Directors' Attendance at Board and Board Committees Meetings

The Board conducts regular scheduled meetings at least four times a year to review the strategic policies of the Group, significant business transactions, performance of the business and approve the release of the quarterly and full year results. As and when required, ad-hoc Board meetings are also held to address significant transactions or specific issues that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. The Company's constitution ("**Constitution**") has provision for Board meetings to be held via telephone or video conference.

In addition to scheduled Board meetings, the Chief Executive Officer holds informal meetings with the independent directors to brief them on corporate and strategic developments.

CORPORATE GOVERNANCE REPORT

The attendance of each Director at the Board and the Board Committees meetings, as well as the frequency of such meetings held during FY2018 are disclosed as follows:

Meetings	Board		Board Committees					
			Audit and Risk Management		Nominating		Remuneration	
Meetings held in FY2018	4		4		1		1	
Name of Director	No. of meetings to be attended	No. of meetings attended	No. of meetings to be attended	No. of meetings attended	No. of meetings to be attended	No. of meetings attended	No. of meetings to be attended	No. of meetings attended
Agus Sugiono	4	4	4	4*	1	1*	1	1*
Gabriel Giovanni Sugiono ⁽¹⁾	1	1	1	1*	1	1*	1	1*
Khoo Song Koon ⁽²⁾	4	4	4	4	1	1	1	1
Chow Wai San ⁽³⁾	4	4	4	4	1	1	1	1

Notes:

* By Invitation

(1) Mr Gabriel Giovanni Sugiono has resigned from his position as Executive Director as of 31 May 2018

(2) Mr Khoo Song Koon was appointed as a member of the ARMC with effect from 11 May 2018

(3) Mr Chow Wai San was appointed as a member of the RC with effect from 11 May 2018

Orientation, Briefings, Updates and Trainings for Directors

Upon the appointment of a new director, the Company will provide a formal letter to the director, setting out his duties and obligations. Such directors are given appropriate briefings when they are first appointed to the Board to ensure that they are familiar with the Company's business, operations, governance practice and regulatory requirements.

All Directors are encouraged to attend conferences and seminars as well as other training courses relevant to their roles as Directors of the Company. Such conferences and seminars as well as other training courses are arranged and funded by the Company for all Directors.

In accordance with the Catalist Rules as amended on 1 January 2019, the NC will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

The Independent Directors regularly attend courses held by *inter alia* Singapore Institute of Directors, Institute of Singapore Chartered Accountants and Accounting and Corporate Regulatory Authority of Singapore.

During the financial period under review, the Directors received updates on changes to relevant laws and regulations. The external auditors have provided updates to the Directors on the new and revised financial reporting standards, which are relevant to the Group. Regulatory releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority that affect the Company and/or directors in discharging their duties are circulated to the Board on a timely basis.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

As at the date of this report, the Board comprises 3 Directors; details are as follows: -

Name of Director	Board Membership	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee
Agus Sugiono	Executive Chairman & Chief Executive Officer	–	–	–
Khoo Song Koon	Lead Independent Director	Member	Member	Chairman
Chow Wai San	Independent Director	Chairman	Chairman	Member

The current Board comprises 2 Non-Executive Independent Directors and one Executive Director and is therefore majority independent. The NC, RC and ARMC each comprises the 2 Independent Directors, falling short of the minimum number of 3 Directors required under the Code. Pursuant to Catalist Rule 704(7), in the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months but in any case not later than 3 months. Accordingly, the Company has written to SGX-ST through its Sponsor and the SGX-ST had, on 26 April 2019 granted the Company an extension of time to 28 September 2019 to appoint a 3rd member of the ARMC. The Board will source for suitable candidates who can strengthen the experience and expertise of the Board and Board Committees.

The Board is made up of Directors with a wide range of skills and experience in the fields of finance and accounting, as well as relevant industry experience. Each member of the Board holds office pursuant to the provisions of the Company's Constitution and thereafter, shall be eligible for re-election unless disqualified from holding office.

Annual Review of Directors' Independence

The independence of each Director is reviewed annually by the NC and considers an Independent Director to be one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interest of the Company.

In addition, in accordance with Rule 406(3)(d) of the Catalist Rules, an Independent Director is one who is not employed by the Company or any of its related corporations for the current or any of the past three financial years and does not have immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC. Each Director is also required to declare his independence by duly completing and submitting an annual declaration form. The Independent Directors have confirmed their independence in accordance with the Catalist Rules and the Code. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

CORPORATE GOVERNANCE REPORT

On an annual basis, the NC will review the size and composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. As at the end of FY2018, the size and composition of the Board is a requisite mix of expertise and experience. Following the resignation of 4 Directors in 2018, the current Board comprises 2 Non-Executive Independent Directors and 1 Executive Director. The NC, RC and ARMC each comprises of the 2 Independent Directors, falling short of the minimum number of 3 Directors required under the Code.

Decisions are made by the Board collectively without any individual or small group of individuals dominating the Board's decision making. All Independent Directors have direct access to Management so they can seek clarifications before and/or after the Board meetings. The Board has examined its size and is of the view that, it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. With majority Independent Directors, the Board is able to exercise independent and objective judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

Given the current cashflow constraints experienced by the Group, the Directors and Management of the Company have been focusing their efforts on generating revenue and rebuilding the Group's business. Further, as previously announced in the announcement dated 6 April 2018, as an interim measure to the Group's financial position, the Independent Directors, the Executive Chairman cum Chief Executive Officer ("**CEO**"), and the Chief Operating Officer ("**COO**") have all agreed not to take any fees or remuneration or to take only nominal salaries until there is more clarity on the Group's cashflow situation. Hence, it would be challenging for the Group to attract suitable candidates to act as an additional independent director on the same basis.

As set out above the Board is however in the process of sourcing for suitable candidates who can strengthen the experience and expertise of the Board and Board Committees.

The Non-Executive Directors provide, amongst other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on the Company's plan and direction.

The Non-Executive Directors also help review the performance of management of the Company ("**Management**") in meeting agreed goals and objectives and monitor the reporting of performance.

The profiles and key information on the individual Directors and their shareholdings in the Company are set out in the "Board of Directors" section and the "Directors' Report" section of this annual report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Agus Sugiono is the Executive Chairman and CEO of the Company.

As the Executive Chairman, Mr Agus Sugiono, leads the Board and will bear responsibility for the working of the Board and reviewing the effectiveness of the corporate governance process of the Board. He ensures that the responsibilities as set out in the Code are properly discharged and is responsible for representing the Board to shareholders.

As CEO, Mr Agus Sugiono is responsible for the executive responsibilities for the Group's performance. His responsibilities include charting and reviewing of corporate directions and strategies, which cover areas of marketing and strategic alliances. He is responsible for providing the Company with strong leadership and vision. In assuming his roles and responsibilities, Mr Agus Sugiono consults with the Board and Board Committees on major issues.

CORPORATE GOVERNANCE REPORT

Mr Khoo Song Koon was appointed the Lead Independent Director of the Company on 11 May 2018. The Lead Independent Director will be the contact person available to shareholders where they have concerns and for which contact through the normal channels with the Chairman, CEO or the Chief Financial Officer (“CFO”) has failed to resolve or where such communication is inappropriate.

The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual. During the financial year under review, the Independent Directors, led by the Lead Independent Director, held various informal meetings and discussions amongst themselves without the presence of the other Directors and Management, and had provided feedback to the Chairman.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises two Directors, all of whom, including the Chairman of the NC, are independent. The NC is chaired by Mr Chow Wai San. The other member of the NC is Mr Khoo Song Koon. The NC will meet at least once a year or when necessary.

The NC is guided by its terms of reference. The NC’s duties and functions include:

- (i) reviewing and making recommendations to the Board on all board appointments and re-nomination having regard to the Director’s contribution and performance;
- (ii) ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals;
- (iii) determining annually whether a Director is independent, guided by guidelines in the Code;
- (iv) deciding if a Director is able and has adequately carried out his duties as a Director of the Company where he has multiple board representations;
- (v) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director to the effectiveness of the Board;
- (vi) reviewing succession plans for the directors and senior executives, including the Chairman and for the CEO, and
- (vii) reviewing and approving any new employment of related persons and the proposed terms of their employment.

Each member of the NC shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or independence or his re-nomination as a Director.

Process for Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors.

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of the Board members. It may, if it deems appropriate, recommend the appointment of additional Directors to strengthen the composition of the Board. The NC may also recommend the appointment of a new Director to fill a casual vacancy in the Board. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, the new Director to add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board’s discussion.

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The NC will accept nominations and review the resumes of candidates for shortlisting. It will arrange to conduct, meet and talk to the shortlisted candidates to assess their suitability and fit to the Board as well as to assess their interest to take up directorships in the Company. It will narrow its search to two or three most suitable candidates and submit their names to the Board. The Board will review the credentials of the candidates submitted to them and the recommendations of the NC and make a final decision on an appointee.

Process for re-appointment of Directors

The role of the NC also includes the responsibility of reviewing the re-appointment of Directors who retire by rotation.

Under the Constitution of the Company, one-third of the Directors (if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation at each annual general meeting of the Company (“AGM”). The Constitution of the Company also provides that all retiring Directors are eligible to offer themselves for re-appointment. Further, all the Directors are required to retire from office at least once every three years.

In addition, under the Constitution of the Company, a newly appointed Director must retire and submit himself for re-election at the AGM immediately following his appointment. Thereafter, he will be subject to the one-third rotation rule under the Constitution of the Company.

With effect from 1 January 2019, Rule 720(4) of the Catalist Rules provides that an issuer must have all directors (including managing directors and executive directors) submit themselves for re-nomination and re-appointment at least once every 3 years.

Accordingly, the NC has recommended to the Board that Mr Agus Sugiono shall retire in accordance with Rule 720(4) and be nominated for re-appointment at the forthcoming AGM. In making its recommendation for Mr Agus Sugiono, the NC has considered, amongst others, the Director’s integrity, contribution and performance (such as attendance, participation, preparedness and candour). The Board has accepted the recommendation of the NC and Mr Agus Sugiono had indicated his willingness to be re-appointed as a Director of the Company.

Pursuant to Rule 720(5) of the Catalist Rules, the additional information set out in Appendix 7F of the Catalist Rules relating to the retiring Director, Mr Agus Sugiono, who is submitting himself for re-appointment, is disclosed below and to be read in conjunction with his respective biography under the respective sections of this annual report:

Name of Director	Agus Sugiono
Date of Appointment	12 November 2014
Date of last re-appointment (if applicable)	Not Applicable
Age	57
Country of principal residence	Indonesia
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-appointment of Mr Agus Sugiono as Executive Chairman and Chief Executive Officer was recommended by the Nominating Committee and approved by the Board, after taking into consideration of Mr Agus Sugiono’s contributions, performance, expertise and past experiences.

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Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Sugiono is responsible for strategic planning and development of the Group's business, and spearheading the expansion and growth of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer
Professional qualifications	Registered Public Accountant in Alberta, Canada Member of the Texas Board of Professional Engineers
Working experience and occupation(s) during the past 10 years	12 November 2014 to date: Executive Chairman and Chief Executive Officer. From 1994 to 2012, Mr Agus Sugiono served in different positions as either the chief executive officer, chief operating officer, chief financial officer or advisor to PT Polytama Propindo.
Shareholding interest in the listed issuer and its subsidiaries	Deemed to be interested in 742,384,980 shares representing 40.5% shares in the capital of the Company held by Madrone Enterprises Limited. Mr Agus Sugiono is the father of Mr Gabriel Giovani Sugiono, who is the ultimate beneficial owner of the shares in Madrone Enterprises Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Mr Agus Sugiono is the father of Mr Gabriel Giovani Sugiono, a controlling shareholder of the Company.
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	Nil
Present	Director of Energy Prima Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operation officer, general manager or other of equivalent rank. If the answer is to any question is a "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

CORPORATE GOVERNANCE REPORT

(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Mr Agus Sugiono is a commissioner of Rinjani. Refer to section on Contingent Liabilities on certain claims filed against Rinjani.
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	Yes (A) Ruznie Oms., S.H. M.Hum (“ Ruznie ”) commenced certain litigation proceedings in Indonesia between 2011 to 2013, either in the capacity as the attorney of Rinjani or as the direct aggrieved party, against the Energy Prima Pte. Ltd. and its subsidiaries (being Rinjani and Pilar Mas), Mr Agus Sugiono and Nordiansyah Nasrie (collectively, the “ Defendants ”), claiming, <i>inter alia</i> , that several documents in relation to the acquisition of Rinjani by Pilar Mas and Agus Sugiono in 2008 should be revoked. On 7 May 2013, (i) Ruznie; (ii) Pilar Mar and (iii) Rinjani, through their respective legal counsels, have also entered into an amicable settlement agreement to agree on certain matters relating, <i>inter alia</i> , to the foregoing proceedings.

CORPORATE GOVERNANCE REPORT

	<p>Subsequently, a statement of claim was filed on 24 January 2018 against the Defendants, claiming, <i>inter alia</i>, losses arising from events and transactions pertaining to the sale and purchase of Rinjani's shares from its original shareholders prior to the reverse takeover back in 2014, one of which being Ruznie. The amount being claimed of Rp665 billion (approximately US\$50 million), and represents, amongst others, Ruznie's loss of rights from the sale of Rinjani's shares and loss of opportunity to profit from the sale of Rinjani coal.</p> <p>Following a decision of the West Jakarta District Court to exclude Rinjani from the mediation process due to its bankruptcy and unwillingness to participate and a number of hearings, the latest of which was held on 11 December 2018, the panel of judges decided in favour of the Defendants. The formal decision of the Court has been received and Ruznie has appealed against the decision to the higher court.</p> <p>No further actions are required by the Defendants while the higher court considers Ruznie's appeal. The Company will continue to defend its position and does not expect to incur any costs arising from the appeal process.</p> <p>(B) On 16 November 2016, Mr Tan Kim Sing ("TKS") commenced certain arbitration proceedings against Agus Sugiono, Executive Chairman and Chief Executive Officer of the Company.</p> <p>The Company has since been advised and has received a copy of the order of the tribunal dated 9 April 2018, wherein the tribunal orders pursuant to Rule 32.10 of the Rules and Articles 30 and 32 of the UNCITRAL Model Law on International Commercial Arbitration that the Arbitration be terminated (the "Order"). The Order, which also terminates the joinder application served on Rinjani came into force and effect following the payment of the outstanding costs of SIAC Arbitration No 283 of 2016.</p> <p>All legal and arbitration costs and fees are to be borne by Agus Sugiono and/or TKS.</p>
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CORPORATE GOVERNANCE REPORT

		<p>(C)</p> <p>On 13 July 2016, Mr Agus Sugiono received a letter of demand claiming the payment of S\$8.5million, representing fees and expenses allegedly owed in respect of fund raising and other services rendered to the Group pursuant to an agreement entered into with Mr Agus Sugiono from Mr Ng Der Sian (“NDS”).</p> <p>Following the receipt of the letters of demand, Rinjani’s lawyers sent a written response to NDS’s lawyers outlining the events known to Rinjani with regard to the letter of demand, and refuted NDS’s purported claim. They also requested copies of the relevant assignment documentation. As of 9 November 2016, the Company has received no response in writing and no documentation related to the assignment from NDS’s lawyers. The Company is also informed that the lawyers representing Mr Agus Sugiono have corresponded with NDS’s lawyers, and countered that NDS has no viable claim against Mr Agus Sugiono, They also requested copies of the relevant assignment documentation but, as of 9 November 2016, no documentation related to the assignment from NDS’s lawyers has been received.</p> <p>Subsequent to the responses provided by Rinjani’s and Mr Agus Sugiono’s lawyers, notice has been received from lawyers acting for TKS informing that NDS has reassigned the Financial Benefits to TKS. Following the receipt of this notification, Rinjani’s lawyers have corresponded with TKS’s lawyers requesting for copies of the relevant assignment documentation. As of 9 November 2016, the Company has received no documentation related to the assignment from TKS’s lawyers. The Company is also informed that the lawyers representing Mr Agus Sugiono have corresponded with TKS’s lawyers requesting copies of the relevant assignment documentation but, as of 9 November 2016, no documentation relating to the assignment from TKS’s lawyers has been received.</p> <p>As at 9 November 2016, Rinjani and Mr Agus Sugiono (including their authorised advisers) have not been served with any documents to formally initiate legal proceedings against Rinjani or Mr Agus Sugiono.</p>
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

CORPORATE GOVERNANCE REPORT

(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

Independence of the Directors

For the financial year under review, the NC is of the view that the Independent Directors are independent as defined in the Code and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

CORPORATE GOVERNANCE REPORT

Multiple Board Representations

The NC has considered and is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of board committees on which they serve are of different complexities. Each Director shall determine the demands of his competing directorships and obligations and assess the number of directorships he could hold and serve effectively. The Board, with the assistance of the NC has, as part of its annual review, taken into account, among others, (i) the contributions by Directors to and during meetings of the Board and Board Committees; (ii) the results of the Board's evaluation of its performance; and (iii) the directorships and principal commitments of individual Directors, and has concluded that the Directors are able to and have devoted sufficient time and attention to the affairs of the Company and to discharge their responsibilities adequately as required under the Code.

There is no alternate Director being appointed to the Board for the financial year under review.

The key information of the current Directors is set out in the "Board of Directors" section of this Annual Report. The date of initial appointment and last re-appointment of each Director, together with his current and preceding 3 years directorships in other listed companies, are set out below:

Name	Date of initial appointment	Date of last re-appointment	Current directorships in other listed companies	Past directorships in listed companies (preceding three years)
Agus Sugiono	12 November 2014	Not applicable ⁽¹⁾	Nil	Nil
Khoo Song Koon	Appointed on 1 December 2017	28 September 2018	Nippecraft Limited	Nil
Chow Wai San	Appointed on 1 December 2017	28 September 2018	K Group Holdings Limited, Nippecraft Limited, Universal Resource and Services Limited	Nil

Note:

- (1) Under the Constitution of the Company, the Managing Director of the Company (or any Director holding an equivalent appointment) is not subject to retirement. However, following revisions to the Catalist Rules, all Directors (including Managing Director) is required to submit themselves for re-appointment once every three years.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

On an annual and formal basis, the NC assesses the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board and each of the Board Committees. The Board has not engaged any external facilitator in conducting the assessment of the Board's performance and the performance of individual Directors. Where relevant, the NC will consider such engagement.

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For the financial year under review, all Directors are requested to complete evaluation forms designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board as well as the performance of the Board Committees and Individual Directors. The completed evaluation forms are submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review. The NC will then report to the Board of the results of the consolidated responses. Following the receipt of the consolidated responses, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

For the performance criteria for the Board's evaluation, the NC considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to Management.

For the purpose of its evaluation of the Directors' performance, the NC focuses on whether the Directors, individually or collectively possesses the background, experience, competencies in the relevant skills critical to the Company's business as well as whether each Director, with his contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company fully recognises that the continual flow of relevant and accurate information on a timely basis is critical for the Board to be effective in discharging its duties. The Management provides the Board members with regular updates on the financial performance and financial position of the Company. Board papers are generally made available to Directors on a timely manner, before the meetings and would include financial management reports, reports on performance of the Group, papers pertaining to matters requiring Board's decision, updates on key outstanding issues, strategic plans and developments in the Group. This is to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings. Quarterly reviews of the Company's activities are also provided to the Board with other key information, such as business updates and plans, corporate actions and other information being communicated to the Directors on an ongoing basis. The Directors have separate and independent access to Management and the Company Secretary.

Under the directorship of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors. The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of agendas for the various Board and Board Committees meetings. The Company Secretary administers and she or her representative attends all Board and Board Committees meetings of the Company and prepares minutes of the meetings. The Company Secretary is also responsible for, among other things, ensuring that the Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act and the Catalist Rules are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Directors, whether individually or as a group, will have access to independent professional advice where such services are required in furtherance of their duties. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies Level and Mix of Remuneration Disclosure on Remuneration

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC of the Company comprises Mr Chow Wai San and Mr Khoo Song Koon, both of whom are Independent Directors. The RC is chaired by Mr Khoo Song Koon. The current composition of the RC falls short of the requisite minimum 3 members set out under the Code. As set out above, the Board is in the process of sourcing for suitable candidates to strengthen the Board and Board Committees.

The RC will meet at least once a year or when necessary. The RC has established terms of reference, which sets out its authority and duties. The RC will review and recommend remuneration policies and specific remuneration packages that will attract, retain and motivate each Director and key management personnel to exert their best efforts to work towards the growth of the Group, the protection and promotion of the interests of all shareholders and the interests of improved corporate performance. The review of remuneration packages takes into consideration the long-term interests of the Group such that the interests of the Directors and the key Management are aligned with that of the shareholders. The review covers all aspects of remuneration, including but not limited to, Directors' salaries, fees, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind. The RC's recommendations will be submitted for endorsement by the entire Board.

In addition, the RC will perform an annual review of the remuneration of employees related to the Group's Directors and substantial shareholders to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC, when applicable, will also review and approve any bonuses, pay increments and/or promotions of these employees and will also review the Group's obligations arising in the event of termination of the Executive Directors' and key Management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company. For the financial year under review, the then RC did not engage the services of an external remuneration consultant.

Each member of the RC shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package or that of employees related to him (if any). The RC shall also be empowered to review human resource management policies of the Group.

In its review and recommendations on remuneration policies and packages for the Directors, the RC will consider, among others, the size and complexity of the Group, the time commitment required, as well as survey reports published by reputable human resource consulting firms.

CORPORATE GOVERNANCE REPORT

Remuneration of key Management will be reviewed by the Company's human resource department, if applicable, in consultation with the CEO. The review will take into consideration the value-added and the extent of contribution of the key Management towards the financial health and business needs of the Group. The Company will offer competitive remuneration packages to recruit, motivate and retain valuable staff. The RC will also administer the employee share option scheme and performance share plan of the Company.

The Independent Directors and Non-Executive Director receive Directors' fees in accordance with a remuneration framework where each Director is paid a basic fee and an additional fee for appointments as chairman or a member of a Board Committee commensurate with additional responsibilities associated with such appointments. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. Payments of Directors' fees are subject to shareholder approval at the AGM.

Mr Agus Sugiono does not receive a Director's fee but is remunerated as a member of Management. The Company entered into a service agreement with Mr Agus Sugiono (Executive Chairman and CEO, for an initial term of three years from 12 November 2014. Upon the expiry of the initial term, his employment may, at the option of the Company, be extended for such further period on terms and conditions to be agreed between the Company and the Executive Chairman and CEO. Mr Agus Sugiono's service agreement is currently extended on a 3-months rolling basis until either revised or terminated by the Board. The salary, performance bonus and any other benefits-in-kind which the Executives are entitled to are subject to annual review and approval by the Board and/or the RC. The Executives and/or their associates will abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of their respective service agreements.

The remuneration package of the Executive Chairman cum CEO and the Management are set by individual service agreements and comprise (i) a basic salary component; (ii) a religious festive bonus, based on the country of residence, in the amount equal to the basic monthly salary of the executive; and (iii) a variable component, where applicable, which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The remuneration policy of the Group seeks, *inter alia*, to align the interests of employees within the Group, to reward and encourage performance based on its core values and to ensure that remuneration is commercially competitive to attract and retain talent. Remuneration packages are initially discussed with the prospective employee to obtain his/her requirements. Such requirements are then considered and adjusted in light of the current employee remuneration structure and levels, company resources as well as market data, where available. The typical remuneration package consists of a fixed monthly salary plus a religious festive bonus in the amount equal to the basic monthly salary of the employee.

There are no termination or retirement benefits granted to the Directors, CEO and key Management. Currently contractual provisions are not used that would allow the Company to reclaim incentive components of remuneration from the Executive Directors and key Management in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The RC would review such contractual provisions as and when necessary.

CORPORATE GOVERNANCE REPORT

The compensation paid or payable to the members of the Board (including Directors' fee) and key Management of the Group (who are not Directors and CEO) (including salary, bonus, provident fund contribution, benefits-in-kind and deferred compensation accrued in the financial year under review and payable at a later date) are as follows:

Name of Director	Base/ Fixed Salary (S\$'000)	Bonus (S\$'000)	Provident Fund Contribution (S\$'000)	Directors' Fee (S\$'000)	Allowances and Other Benefits (S\$'000)	Total (S\$'000)
Agus Sugiono	405	–	–	–	22	427
Gabriel Giovanni Sugiono <i>*resigned on 31 May 2018</i>	60	–	–	–	–	60
Giang Sovann <i>*resigned on 13 February 2018</i>	–	–	–	10	–	10
Rozano Satar <i>*resigned on 31 January 2018</i>	–	–	–	5	–	5
Low Yew Shen <i>*resigned on 12 February 2018</i>	–	–	–	7	–	7
Chow Wai San	–	–	–	97	–	97
Khoo Song Koon	–	–	–	97	–	97
	465	–	–	216	22	703
Name of Top 5 Management Personnel (who are not Directors or CEO)	Base/ Fixed Salary	Bonus	Provident Fund Contribution	Directors' Fee	Allowances and Other Benefits	Total
S\$250,000 – S\$500,000						
Nordiansyah Nasrie	95%	–	–	–	5%	100%
John Allan Watson ¹	94%	–	–	–	6%	100%

As announced on 6 April 2018 the Group has been operating under severe cashflow constraints. As such, and as an interim measure,

1. the current Independent Directors (since their respective dates of appointment) and the previous Independent Directors of the Company since end of September 2017;
2. the CEO, COO and former CFO since the end of October 2017, and
3. the previous Executive Director since end of December 2017 have agreed not to take any fees/ remuneration or to take only nominal salaries until there is more clarity on the Group's cashflow situation.

In aggregate, the total remuneration (including allowances and other benefits) accrued to the top 2 management personnel during FY2018 was US\$472,000.

¹ Mr John Allan Watson had resigned on 30 November 2018 for health reasons. He will continue to act as a consultant to ensure a smooth transition subsequent to his cessation.

CORPORATE GOVERNANCE REPORT

Furthermore, following the expiry of the initial 3-year service agreements of the CEO and COO on 12 November 2017, such service agreements are currently extended on a 3 months rolling basis until either revised or terminated by the Board (where applicable).

Remuneration of Immediate Family Member of Directors or Substantial Shareholders

Save for Mr Gabriel Giovanni Sugiono who is the son of the Executive Chairman and CEO of the Company, there are no employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S\$50,000 per annum during the financial period under review.

Details of Employee Share Scheme

A Resources Prima Group Limited Employee Share Option Scheme (the “**Scheme**”) and a Resources Prima Group Limited Performance Share Plan (the “**Plan**”) were approved by the shareholders at an Extraordinary General Meeting held on 7 May 2010. Further details of the Scheme and the Plan are set out in the “Directors’ Report” section of this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company’s performance, position and prospects.

The Board is accountable to the shareholders and is committed to ensure compliance with the Catalyst Rules. The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalyst Rules to undertake to use their best endeavors to comply with the Catalyst Rules and to procure that the Company shall so comply. Similar undertakings have been executed by the CEO, COO and CFO in their capacity as Executive Officers.

The Board provides shareholders with annual financial reports and announces promptly, quarterly and yearly financial results or if not seeks the prior approval of relevant regulatory authorities and makes the appropriate announcements. It is the aim of the Board to include analyses in these reports of sufficient detail to provide a balanced and understandable assessment of the Company’s financial performance, position and prospects.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalyst Rules. For example, in line with the Catalyst Rules, the Board provides a negative assurance confirmation to shareholders in respect of the interim unaudited financial statements. The Board also provides shareholders with periodic updates and monthly reports through announcements, where necessary, with regard to the Group’s status and business developments.

A consolidated analysis of the Group’s financial statements is provided to the Board on a quarterly basis. Detailed management accounts of the Company and operating subsidiaries are provided to the Board and further analysis/information is provided on specific request.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders’ interests and the company’s assets, and should determine the nature and extent of the significant risks, which the Board is willing to take in achieving its strategic objectives.

CORPORATE GOVERNANCE REPORT

The Board ensures the conduct of an annual review of the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Due to the loss of control of Rinjani, the Company's main operating subsidiary, the internal audit review was suspended since 2017 until there is more clarity on the continuing operations of the Company and the Group. Following revisions to the Catalist Rules with effect from 1 January 2019, pursuant to Catalist Rule 719(3), the Group has appointed BDO LLP as internal auditor and BDO will commence their internal audit work based on the internal audit work plan (which include reviews of EIR and other entities in the Group) which will be approved by the ARMC. The internal audit work plan will be subject to changes in respect of the potential injection of a new viable and sustainable business into the Group.

The ARMC has reviewed the audit plans and the findings of the review undertaken by the external auditor as part of their statutory audit and ensures that the Company acts on the recommendations, if any, of the external auditor, as appropriate.

The Group has in place a system of internal control and risk management to ensure proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the Company's assets. The risk management structure comprises a Chief Risk Officer ("CRO") who is responsible to the ARMC for implementing the risk management plan and providing the appropriate reports. Mr Thng Tien Lung, the CFO of the Group, is tasked with the responsibilities of the CRO.

The Board notes that the system of internal control and risk management established by the Management provides reasonable, but not absolute assurance that the Group will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, losses, fraud or other irregularities.

For FY2018, the Board has received letters of assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the Company's risk management and internal control systems. The CFO, in order to provide the assurance has met and held various discussions with Mr John Watson, the former CFO of the Group as well as with the external auditors to understand any underlying issues, if any pertaining to the Group and review the necessary documentation. Based on the confirmations received from the CEO and the CFO, the current year's work performed by the external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's current internal control procedures are sufficient in addressing financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The ARMC of the Company comprises Mr Chow Wai San and Mr Khoo Song Koon, both of whom are Independent Directors. The ARMC is chaired by Mr Chow Wai San. The current composition of the ARMC falls short of the requisite minimum of 3 members as set out under the Code. Accordingly, the Company has written to SGX-ST through its Sponsor and SGX-ST had, on 26 April 2019 granted the Company up till 28 September 2019 to appoint a 3rd member

Mr Chow Wai San and Mr Khoo Song Koon who are both Chartered Accountants provide the Board and ARMC with relevant financial experience and professional expertise in *inter alia* debt restructuring and mergers and acquisition which are relevant to the current position of the Company.

The overall objective of the ARMC is to ensure that the Management has created and maintained an effective control environment in the Company. The ARMC has explicit authority to investigate on any matter within its terms of reference and has full access to and co-operation by the Management. The ARMC also has full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

The ARMC is guided by its terms of reference. The ARMC's duties and functions include:

- (a) reviewing with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response and results of the audits conducted by the internal and external auditors of the Group;
- (b) reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;
- (c) reviewing the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- (d) reviewing the internal controls and procedures and ensure co-ordination between the external auditors, internal auditors and the Management, and review the assistance given by the Management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (e) ensuring that annual internal controls audits are commissioned until such time it is satisfied that the Group's internal controls are robust and effective. Further, the ARMC may initiate such internal controls audits as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective;
- (f) reviewing and approving all formal hedging and trading policies (if any) and ensure that adequate procedures are in place, prior to implementation by the Group;
- (g) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (h) reviewing and reporting to the Board at least annually the risk profile of the Group, effectiveness and adequacy of its internal controls and risk management procedures, including accounting, financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at an acceptable level determined by the Board;
- (i) considering the appointment, remuneration, terms of engagement or re-appointment of external and internal auditors, and matters relating to the resignation or dismissal of the auditors;
- (j) reviewing and approving any transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (k) reviewing potential conflict of interests, if any, and take any necessary steps to resolve and mitigate such conflict of interests;
- (l) reviewing significant financial reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- (m) reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

CORPORATE GOVERNANCE REPORT

- (n) reviewing the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (o) undertaking such other review and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC; and
- (p) generally undertaking such other functions and duties as may be required by statute or the Catalyst Rules, or by such amendments as may be made thereto from time to time.

In addition, the ARMC will have the discretion to investigate any matter within its terms of reference and also direct an independent review of the risk management procedures of the Group and the frequency of such review.

In the event that a member of the ARMC is interested in any matter being considered by the ARMC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The ARMC will also meet separately with the external auditors and the internal auditors, as well as meet among themselves in the absence of the Management, when necessary but at least annually, so as to be able to react to potential concerns when they are identified. The ARMC reviews the independence of the external auditors annually.

The Group has complied with Rules 712 and 715 of the Catalyst Rules in relation to its external auditors. Save for Johan Malonda Mustika and Rekan which is a member of Baker Tilly International, the Company confirms that there are no other external auditors auditing the Group's companies.

For the financial period under review, the aggregate amount of fees paid or payable to the Company's external auditors, Baker Tilly TFW LLP and Johan Malonda Mustika and Rekan which is a member of Baker Tilly International, was US\$62,200 comprising US\$57,800 of audit fees and US\$4,400 in relation to corporate tax services; whereas the aggregate amount of fees paid or payable to Johan Malonda Mustika and Rekan was approximately US\$4,100 entirely comprising audit fees. The ARMC confirms that it has undertaken a review of all non-audit services provided by the external auditors, and is satisfied that the nature and extent of such non-audit services will not, in the ARMC's opinion, prejudice the independence and objectivity of the external auditors. Accordingly, the ARMC has recommended to the Board, the nomination of Baker Tilly TFW LLP, the external auditors of the Company, for re-appointment at the forthcoming AGM.

During FY2018, the Company had in place a whistle-blowing framework by which any staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the ARMC Chairman and/or the Lead Independent Director and other Independent Directors, as necessary. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. No such whistle-blowing letter was received in FY2018.

The external auditors provided regular updates and periodic briefings to the ARMC on changes or amendments to accounting standards to enable the members of the ARMC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the ARMC.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

EIR recommenced its operations under the CAN agreement in October 2017, given the size of its operations and the circumstances of the Group, no other internal work was performed in 2018.

The current ARMC, which comprises the 2 Independent Directors appointed on 1 December 2018, notes the following:

- a. the internal audit function was outsourced to Deloitte & Touche Enterprise Risk Services Pte Ltd since 2015 and no major issues have been raised by the internal auditors based on the previous work done under their internal audit engagement for the financial years ended 31 December 2015 and 2016;
- b. the recent changes in certain controls in view of the current circumstances of the Group, including without limitation the change of bank signatories to include the Independent Directors and/or senior management and other measures as well as the close monitoring of the current operations of the Group by the management;
- c. no significant weakness in the internal control system have come to the attention of the external auditors to cause them to believe that the system of internal controls is inadequate in any material nature during the external auditors' examination and evaluation of the system of internal controls to the extent as required by them to form an opinion on the financial statements;
- d. Assurances (quarterly) from the CEO and former CFO (1st to 3rd Quarters of 2018) as well as the current CFO for (4th quarter of 2018) of the Group to Principle 11.1 of the Code of Corporate Governance 2012; and
- e. the current circumstances and operations of the Group.

The ARMC will implement the necessary and appropriate measures to ensure the effectiveness of the internal control function, including but not limited to ensuring that the internal audit function is adequately resourced with suitably qualified and experienced professionals with the relevant experience, and that the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the internal auditor when carrying out the internal audit work. As mentioned above, BDO LLP has been appointed as internal auditor and BDO will commence their internal audit work based on the internal audit work plan (which includes reviews on EIR and other entities in the Group) which will be approved by the ARMC. The internal audit work plan will be subject to change due to inter alia the injection of a new viable and sustainable business into the Group.

During the financial year under review, the ARMC has met with the external auditor without the presence of the Management.

COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights

Communication with Shareholders

Promoting Greater Participation by Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

CORPORATE GOVERNANCE REPORT

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders; and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Announcements of the Company's quarterly and full year results are done via SGXNet. All information on the Company's new developments is communicated to shareholders on a timely basis via SGXNet.

Shareholders can have access to the Company's financial information as well as the developments of the Company through the public records and may also communicate directly with the Company.

During the financial year under review, the Company communicated with its shareholders on a timely basis, through its annual reports, financial statements announcements, notice of and explanatory memorandum for general meetings, press releases and disclosures to the Singapore Exchange Securities Trading Limited. The Company does not practice selective disclosure. In line with the continuous obligations of the Company under the Catalist Rules and the Companies Act (Chapter 50) of Singapore, the Company's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

Shareholders are informed of general meetings through announcements released via SGXNet and notices contained in the annual reports or circulars sent to all shareholders. All shareholders are entitled to attend the Company's general meetings and are given the opportunity to communicate their views on various matters affecting the Company and the Group at the general meetings. This serves as a good platform for them to meet with the Board and the Management to clarify concerns relating to the Company's and the Group's performance and direction. Shareholders are encouraged to articulate their views on matters relating to the Company and the Group or question the Board on issues pertaining to the resolutions proposed at the general meetings. Shareholders will also be briefed by the Company on the rules, including voting procedures that govern general meetings.

The Company does not have a formal dividend policy. The form, frequency and amount of declaration and payment of future dividends on shares of the Company that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors:

- (a) the level of cash and retained earnings;
- (b) the actual and projected financial performance and financial conditions;
- (c) projected working capital requirements;
- (d) projected levels of capital expenditure and other investment plans; and
- (e) restrictions on payment of dividends imposed on the Group by its financing arrangements or other agreements (if any).

The Board does not recommend any payment of dividends for FY2018 as the Company does not have sufficient profits to declare dividends.

The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries, which include CPF Approved nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies. Voting in absentia by mail, email or fax is currently not permitted under the Company's Constitution until security, integrity and other pertinent issues are satisfactorily resolved.

CORPORATE GOVERNANCE REPORT

The Chairman of the Board and the respective Chairmen of the ARMC, NC and RC are normally present and available to address shareholders' questions at general meetings. If a specific member of the Board to whom a question is addressed is not present, another member of the Board or an executive officer of the Company who is present will address the question. The Company's external auditors are also present to address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report. Where deemed appropriate, the Board may call upon other professional service providers to address queries.

The Company will have separate resolutions at general meetings on each distinct issue. All resolutions at the forthcoming AGM will be put to vote by poll. This will be in compliance with the requirements of the Catalist Rules and allow greater transparency and more equitable participation by shareholders.

The proceedings of the AGM will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and these minutes will be available to shareholders upon their request.

INTERESTED PERSON TRANSACTIONS

The Company has an internal policy in respect of any transactions with interested persons and has in place a process to review and approve any interested person transaction.

The Company does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules for FY2018. Save as interested person transactions with a total value of less than S\$100,000, there were no interested persons transactions entered into by the Group during FY2018.

DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules on Dealing in Securities, the Company has formed and adopted its own internal compliance code to provide guidance to its officers with regards to dealing by the listed issuer and its officers in its securities by issuing circulars to its Directors and employees, to remind them that (i) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) they are required to report on their dealings in shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company two weeks before the announcement of the Company's quarterly and one month before the announcement of the Company's full year financial statements.

It is noted that the shares of the Company have been suspended from trading on 29 June 2017.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017:

- Service agreements entered into between the Executive Director and the Company.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS

On 12 November 2014, the Company issued 83,000,000 new shares in the capital of the Company at an issue price of S\$0.20 per new share thereby raising gross proceeds of S\$16.6 million. The remaining S\$38,000 which was allocated for the upgrading of coal mining facilities is no longer available to the Group following the loss of control over Rinjani on 24 August 2017.

RISK MANAGEMENT POLICIES AND PROCESSES

Details of risk management policies and processes can be found in Note 24 to the accompanying financial statements.

NON-SPONSORSHIP FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor SAC Capital Private Limited for FY2018.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Resources Prima Group Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 48 to 102 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, after considering the matters as described in Note 3(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Agus Sugiono
Khoo Song Koon
Chow Wai San

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than share options and share awards as disclosed in this statement.

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

Name of directors and companies in which interest are held	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2018	At 31.12.2018	At 1.1.2018	At 31.12.2018
Ultimate holding company				
<i>Madrone Enterprises Limited</i>				
Agus Sugiono	–	–	1 [#]	1 [#]
Company				
<i>Resources Prima Group Limited</i>				
Agus Sugiono	–	–	742,384,980 [#]	742,384,980 [#]

Notes:

[#] Pursuant to the Act, Agus Sugiono is deemed to have an interest in the shares held directly and indirectly by his son, Gabriel Giovanni Sugiono.

The sole shareholder of Madrone Enterprises Limited is Joyful Sky Limited, incorporated in British Virgin Islands, which holds the share as a nominee of Gabriel Giovanni Sugiono.

The director, Agus Sugiono, by virtue of Section 7 of the Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries. Agus Sugiono, by virtue of his interest of not less than 20% of the issued share capital of the Company is deemed to have an interest in the shares held by the Company in the following subsidiary that is not wholly-owned by the Group:

Name of directors and companies in which interest are held	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2018	At 31.12.2018	At 1.1.2018	At 31.12.2018
Subsidiary				
<i>PT Pilar Mas Utama Perkasa</i>				
Agus Sugiono	–	–	20,000	20,000

The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

DIRECTORS' STATEMENT

Share options and share awards

At an Extraordinary General Meeting held on 7 May 2010, shareholders of the Company approved the Employee Share Option Scheme (the "Scheme") for the granting of non-transferable options that are settled by issuance or transfer of the ordinary shares of the Company, in the name of the Central Depository (Pte) Limited ("CDP"), for credit to the securities account of participants or that participant's securities sub-account with a Depository Agent.

The shareholders also approved the Performance Share Plan (the "Plan") for the granting of shares that are settled by allotment or transfer of the ordinary shares of the Company on the release of an award to a participant to be issued in the name of, or transferred to, CDP to the credit of either, the securities account of that participant maintained with CDP; or the securities sub-account of that participant maintained with a Depository Agent, or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

The Remuneration Committee ("RC") is responsible for administering the Scheme and the Plan. At the date of this statement, the members of the RC are Khoo Song Koon (Chairman) and Chow Wai San.

No share options were granted or released or vested pursuant to the Scheme since its commencement and no options were outstanding at 31 December 2018 ("FY2018").

In respect of the Plan, share awards, the details of which are noted below, were granted during financial year ended 31 December 2017 ("FY2017").

Details of Share Award Grants – Directors and Other Employees		
a.	Date of grants	10 April 2017
b.	Number and class of shares which are the subject of the share awards	107,000,000 Ordinary shares
c.	Validity period	4-year period from 1 January 2017 ending 31 December 2020.
d.	Vesting period of the share awards and basis for vesting	<p>The vesting of the awards is subject to performance conditions, as determined by the Remuneration Committee, being achieved for each financial year from 1 January 2017 to 31 December 2020 as well as the relevant participants continuing as a Director or an employee of the Company.</p> <p>The performance conditions include:</p> <ul style="list-style-type: none"> • minimum audited net profit after tax ("NPAT") of US\$5 million for each of the financial years ended 31 December 2017 and 31 December 2018; and financial years ending 31 December 2019 and 31 December 2020 (each a "Performance Period") • total cost of the aggregate number of award shares that may be released in respect for each Performance Period shall not exceed 25% of NPAT at the time of release

DIRECTORS' STATEMENT

Share options and share awards (cont'd)

Details of Share Award Grants – Controlling Shareholders		
a.	Date of grants	26 April 2017
b.	Number and class of shares which are the subject of the share awards	40,000,000 Ordinary shares
c.	Validity period	4-year period from 1 January 2017 ending 31 December 2020.
d.	Vesting period of the share awards and basis for vesting	<p>The vesting of the awards is subject to performance conditions, as determined by the Remuneration Committee, being achieved for each financial year from 1 January 2017 to 31 December 2020 as well as the relevant participants continuing as a Director or an employee of the Company.</p> <p>The performance conditions include:</p> <ul style="list-style-type: none"> • minimum audited net profit after tax (“NPAT”) of US\$5 million for each of the financial years ended 31 December 2017 and 31 December 2018; and financial years ending 31 December 2019 and 31 December 2020 (each a “Performance Period”) • total cost of the aggregate number of award shares that may be released in respect for each Performance Period shall not exceed 25% of NPAT at the time of release

Mr Agus Sugiono was granted share awards of 25,000,000 following the approval of Shareholders' at the annual general meeting held on 26 April 2017 while Mr Nordiansyah Nasrie was granted share awards of 20,000 on 10 April 2017.

As at 31 December 2018, a total of 22,500,000 share awards remain outstanding following the termination of employees and directors who were granted the share awards and the lapse of awards as the performance target for FY2018 was not met. Details of which are set out below.

Name of participant	Balance as at 1 January 2018 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)		Balance as at 31 December 2018 ('000)
				Termination/resignation	Lapsed	
Controlling shareholder						
Agus Sugiono	18,750	–	–	–	6,250 ⁽²⁾	12,500
Other employees						
Nordiansyah Nasrie	15,000	–	–	–	5,000 ⁽²⁾	10,000
John Allan Watson	15,000	–	–	15,000 ⁽¹⁾	–	–
Sub total	30,000	–	–	15,000	5,000	10,000
Total	48,750	–	–	15,000	11,250	22,500

¹ At the date of this statement, the employee had resigned.

² Share awards shall lapse after the period of 1 month from the date of the annual general meeting of the Company at which Shareholders have received and adopted the audited financial statements for FY2018 as the performance target of minimum audited net profit after tax had not been met.

DIRECTORS' STATEMENT

Share options and share awards (cont'd)

No share awards have been released, vested or were exercised since the commencement of Plan to end of financial year under review.

No share awards will vest for FY2018 as the performance conditions have not been met. Of the 48,750,000 share awards brought forward from FY2017, 15,000,000 share awards have lapsed due to the resignation of Mr John Allan Watson. 11,250,000 share awards have lapsed in FY2018 as the performance conditions for the financial year ended 31 December 2018 were not achieved and 22,500,000, which is for the remaining participants, being Mr Agus Sugiono and Mr Nordiansyah Nasrie, are available for retesting against the performance conditions in future years.

Any unreleased or unvested share awards in respect of any Performance Period shall lapse and be of no value after the period of 1 month from the date of the annual general meeting of the Company at which Shareholders have received and adopted the audited financial statements of the Company relating to that performance period as stated in the Letter to Shareholders dated 11 April 2017.

None of the participants to whom the shares awards have been granted has any right to participate by virtue of the share award grant in any share issue of any other company.

There were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations as at the end of the financial year.

Since the commencement of the Scheme until the end of the financial year ended 31 December 2018:

- No options have been granted to directors or controlling shareholders of the Company and their associates.
- No participant under the Scheme has received 5% or more of the total options available under the Scheme.
- No options have been granted at a discount.

Since the commencement of the Plan until the end of the financial year ended 31 December 2018, no participant has received 5% or more of the total number of shares available under the Plan.

Audit and risk management committee

The members of the Audit and Risk Management Committee ("ARMC") at the date of this statement are:

Chow Wai San (Chairman)
Khoo Song Koon

The ARMC carries out its functions in accordance with Section 201B(5) of the Act, the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules") and the Code of Corporate Governance and performs the following:

- (i) review with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response and results of the audits conducted by the internal and external auditors of the Group;
- (ii) review the scope and results of the external audit and the independence and objectivity of the external auditors;

DIRECTORS' STATEMENT

Audit and risk management committee (cont'd)

- (iii) review the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- (iv) review the internal control and procedures and ensure co-ordination between the external auditors, internal auditors and the management, and review the assistance given by the management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- (v) ensure that annual internal controls audits are commissioned until such time it is satisfied that the Group's internal controls are robust and effective. Further, the ARMC may initiate such internal controls audits as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective;
- (vi) review and approve all formal hedging and trading policies (if any) and ensure that adequate procedures are in place, prior to implementation by the Group;
- (vii) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (viii) review and report to the Board at least annually the risk profile of the Group, effectiveness and adequacy of its internal control and risk management procedures, including accounting, financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at an acceptable level determined by the Board;
- (ix) consider the appointment, remuneration, terms of engagement or re-appointment of external and internal auditors, and matters relating to the resignation or dismissal of the auditors;
- (x) review and approve any transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (xi) review potential conflict of interests, if any, and take any necessary steps to resolve and mitigate such conflict of interests;
- (xii) review significant financial reporting issues and judgements with the Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- (xiii) review and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- (xiv) review the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (xv) undertake such other review and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC; and

DIRECTORS' STATEMENT

Audit and risk management committee (cont'd)

- (xvi) generally undertake such other functions and duties as may be required by statute or the Catalyst Rules, or by such amendments as may be made thereto from time to time.

The ARMC is satisfied with the independence and objectivity of the independent auditors and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Agus Sugiono
Director

Chow Wai San
Director

4 June 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RESOURCES PRIMA GROUP LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Resources Prima Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 48 to 102, which comprise the statements of financial position of the Group and the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

Corresponding figures - loss from discontinued operations of PT Rinjani Kartanegara ("Rinjani")

As disclosed in Note 9 to the financial statements, the Group lost control over Rinjani on 24 August 2017. Subsequent to the loss of control, management represented that the Group was unable to obtain the audited financial statements of Rinjani for the financial period from 1 January 2017 to 24 August 2017. Accordingly, the unaudited management accounts of Rinjani as at 31 August 2017 were used to prepare the consolidated financial statements of the Group for the financial year ended 31 December 2017.

As the management of the Group did not have access to the financial records of Rinjani, we were unable to form an opinion as to whether the management accounts of Rinjani used in the preparation of the consolidated financial statements of the Group for the financial year ended 31 December 2017, were prepared in accordance with Financial Reporting Standards in Singapore and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group, in particular, the determination of the respective line items in the analysis of the loss from discontinued operations of the Group. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the following:

- (i) the loss from discontinued operations (net of tax) of US\$14,789,000 and related information as disclosed in Note 9 to the financial statements;
- (ii) the basic and diluted loss per share attributable to equity holders of the Company for loss from discontinued operations as disclosed in Note 8 to the financial statements; and
- (iii) the effects of assets and liabilities disposed of and related classification of the line items of Rinjani on the consolidated statement of cash flows of the Group as disclosed in Note 9 to the financial statements.

Our opinion on the current year's consolidated financial statements of the Group is modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RESOURCES PRIMA GROUP LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(a) to the financial statements with respect to the Group's and the Company's ability to continue as going concerns and contingent liabilities as disclosed in Note 28 to the financial statements. During the financial year ended 31 December 2018, the Group incurred a net loss of US\$1,401,000 (2017: US\$15,846,000) and the Company incurred a net loss of US\$1,252,000 (2017: US\$46,020,000). As at 31 December 2018, the Group's and the Company's total liabilities exceeded the total assets by US\$1,528,000 (31.12.2017: US\$151,000) and US\$1,712,000 (31.12.2017: US\$484,000) respectively.

These factors and contingent liabilities as disclosed in Note 28 to the financial statements indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, for the reasons disclosed in Note 3(a) to the financial statements, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2018 is appropriate. Our opinion is not further modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section of our report, our opinion is qualified in respect of the possible effects on the comparability of the current year's figures and the corresponding figures. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RESOURCES PRIMA GROUP LIMITED

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RESOURCES PRIMA GROUP LIMITED

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

4 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 US\$'000	2017 US\$'000
Continuing operations			
Revenue	4	1,171	275
Cost of goods sold		(1,279)	(289)
Gross loss		(108)	(14)
Other income, net		24	163
Administrative expenses		(1,280)	(1,066)
Finance costs		(8)	-
Net impairment losses on financial assets		(27)	-
Loss before tax from continuing operations	5	(1,399)	(917)
Tax expense	7	(2)	(140)
Loss from continuing operations, net of tax		(1,401)	(1,057)
Loss from discontinued operations, net of tax	9	-	(14,789)
Loss for the financial year		(1,401)	(15,846)
Other comprehensive income			
<i>Item that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation, representing other comprehensive income for the financial year, net of tax		24	559
Total comprehensive loss for the financial year		(1,377)	(15,287)
Loss attributable to:			
Equity holders of the Company		(1,381)	(15,495)
Non-controlling interests		(20)	(351)
		(1,401)	(15,846)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,357)	(14,936)
Non-controlling interests		(20)	(351)
		(1,377)	(15,287)
Loss attributable to:			
<i>Equity holders of the Company</i>			
Loss from continuing operations, net of tax		(1,381)	(1,008)
Loss from discontinued operations, net of tax		-	(14,487)
		(1,381)	(15,495)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
<i>Basic and diluted</i>			
From continuing and discontinued operations	8	(0.08)	(0.84)
From continuing operations	8	(0.08)	(0.05)
From discontinued operations	8	-	(0.79)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2018

Note	Group			Company		
	31.12.2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000	31.12.2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Non-current assets						
Property, plant and equipment	10	467	705	21,836	-	-
Intangible assets	11	-	-	170	-	-
Mining properties	12	-	-	6,765	-	-
Deferred tax assets	13	-	-	1,900	-	-
Investment in subsidiaries	14	-	-	-	-	32,311
Trade and other receivables	15	-	-	8,162	-	-
		467	705	38,833	-	32,311
Current assets						
Inventories	16	45	51	235	-	-
Trade and other receivables	15	183	131	5,934	2	11,180
Cash and bank balances		253	322	2,299	70	105
		481	504	8,468	72	11,280
Total assets		948	1,209	47,301	72	43,591
Non-current liabilities						
Trade and other payables	17	-	-	12,512	-	-
Post-employment benefits	18	-	-	1,171	-	-
Finance lease liabilities	19	15	53	258	-	-
Provisions	20	-	-	1,498	-	-
		15	53	15,439	-	-
Current liabilities						
Trade and other payables	17	1,900	748	20,375	1,784	639
Finance lease liabilities	19	56	46	536	-	-
Tax payable		505	513	530	-	-
		2,461	1,307	21,441	1,784	639
Total liabilities		2,476	1,360	36,880	1,784	297
Net (liabilities)/assets		(1,528)	(151)	10,421	(1,712)	43,294
Equity						
Share capital	21	100,480	100,480	100,480	236,508	236,508
Currency translation reserve	22	(800)	(824)	(1,383)	(15,809)	(18,075)
Accumulated losses		(101,015)	(99,634)	(84,139)	(222,411)	(175,139)
Equity attributable to equity holders of the Company		(1,335)	22	14,958	(1,712)	43,294
Non-controlling interests		(193)	(173)	(4,537)	-	-
Total equity		(1,528)	(151)	10,421	(1,712)	43,294

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	← Attributable to equity holders of the Company →					
	Share capital US\$'000	Currency translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group						
At 1.1.2018	100,480	(824)	(99,634)	22	(173)	(151)
Loss for the financial year	–	–	(1,381)	(1,381)	(20)	(1,401)
<i>Other comprehensive income</i>						
Currency translation differences arising on consolidation	–	24	–	24	–	24
Total comprehensive income/(loss) for the financial year	–	24	(1,381)	(1,357)	(20)	(1,377)
At 31.12.2018	100,480	(800)	(101,015)	(1,335)	(193)	(1,528)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	← Attributable to equity holders of the Company →					
	Share capital US\$'000	Currency translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group						
Balance at 1.1.2017	100,480	(1,383)	(84,139)	14,958	(4,537)	10,421
Loss for the financial year	-	-	(15,495)	(15,495)	(351)	(15,846)
<i>Other comprehensive income</i>						
Currency translation differences arising on consolidation	-	559	-	559	-	559
Total comprehensive income/(loss) for the financial year	-	559	(15,495)	(14,936)	(351)	(15,287)
Changes in ownership interest in a subsidiary due to loss of control	-	-	-	-	4,715	4,715
At 31.12.2017	100,480	(824)	(99,634)	22	(173)	(151)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital US\$'000	Currency translation reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company				
At 1.1.2018	236,508	(15,833)	(221,159)	(484)
Loss for the financial year	-	-	(1,252)	(1,252)
<i>Other comprehensive income</i>				
Currency translation differences	-	24	-	24
Total comprehensive income/(loss) for the financial year	-	24	(1,252)	(1,228)
At 31.12.2018	236,508	(15,809)	(222,411)	(1,712)
At 1.1.2017	236,508	(18,075)	(175,139)	43,294
Loss for the financial year	-	-	(46,020)	(46,020)
<i>Other comprehensive income</i>				
Currency translation differences	-	2,242	-	2,242
Total comprehensive income/(loss) for the financial year	-	2,242	(46,020)	(43,778)
At 31.12.2017	236,508	(15,833)	(221,159)	(484)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	US\$'000	US\$'000
Cash flows from operating activities		
Loss before tax from continuing operations	(1,399)	(917)
Loss before tax from discontinued operations	-	(14,456)
Loss before tax, total	(1,399)	(15,373)
Adjustments for:		
Amortisation of intangible assets	-	26
Amortisation of mining properties	-	1,069
Depreciation of property, plant and equipment	238	2,045
Finance costs	8	1,666
Impairment loss on trade receivable	27	-
Interest income	-	(43)
Loss on disposal of property, plant and equipment	-	39
Post-employment benefits	-	214
Provision for mine reclamation and rehabilitation	-	119
Net liabilities of Rinjani derecognised (Note 9)	-	(11,867)
Unrealised foreign currency exchange loss	13	156
Operating cash flows before working capital changes	(1,113)	(21,949)
Inventories	6	(661)
Trade and other receivables	(110)	3,155
Trade and other payables	1,152	18,396
Currency translation adjustments	54	559
Cash used in operations	(11)	(500)
Interest received	-	43
Taxes paid	(10)	(113)
Net cash used in operating activities	(21)	(570)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	468
Additions to mining properties (Note 12)	-	(94)
Purchases of property, plant and equipment (Note 10)	-	(120)
Net cash outflow due to loss of control of subsidiary (Note 9)	-	(1,139)
Net cash used in investing activities	-	(885)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	US\$'000	US\$'000
Cash flows from financing activities		
Interest paid	(8)	(62)
Repayment of finance leases	(40)	(460)
Net cash used in financing activities	(48)	(522)
Net decrease in cash and cash equivalents	(69)	(1,977)
Cash and cash equivalents at beginning of the financial year	322	2,299
Cash and cash equivalents at end of the financial year	253	322

Cash and cash equivalents comprise cash and bank balances as shown on the statement of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 198602949M) is listed on the Singapore Exchange Securities Trading Limited (“SGX”) and incorporated and domiciled in Singapore. The registered office of the Company is at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14.

The ultimate holding company of the Company is Madrone Enterprises Limited, incorporated in British Virgin Islands and is controlled by the ultimate beneficial owner, Gabriel Giovanni Sugiono, the son of Agus Sugiono who is the Executive Chairman and Chief Executive Officer of the Company.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) (“SFRS(I)”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar (“US\$”) and all financial information presented is rounded to the nearest thousand (“US\$’000”) except when otherwise indicated.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, current trade and other receivables, current trade and other payables and finance lease liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council (“ASC”) issued the Singapore Financial Reporting Standards (International) (“SFRS(I)”). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of SGX, the Group has adopted SFRS(I) on 1 January 2018.

These financial statements for the financial year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards (“SFRS”).

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statements of financial position as at 1 January 2017, which is the date of transition to SFRS(I). The application of SFRS(I) 1 does not have material effect on the financial statements.

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 ‘Revenue’, FRS 11 ‘Construction contracts’ and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application.

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 15 does not have any material impact to the financial position and results of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in accumulated losses and other components of equity as at 1 January 2018.

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows:

(i) *Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following change in classification was made arising from adopting SFRS(I) 9:

Loans and receivables (including trade and other receivables (excluding prepayments and tax recoverable) and cash and bank balances) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(i) *Classification and measurement (cont'd)*

The following summarises the Group and the Company's required or elected reclassifications as at 1 January 2018 upon adoption of SFRS(I) 9:

FRS 39 measurement category	SFRS (I) 9 measurement category			
	Original carrying amount US\$'000	Fair value through profit or loss US\$'000	Amortised cost US\$'000	Fair value through other comprehensive income US\$'000
Group				
<i>Loans and receivables</i>				
Trade and other receivables	38	–	38	–
Cash and bank balances	322	–	322	–
Company				
<i>Loans and receivables</i>				
Cash and bank balances	105	–	105	–

(ii) *Impairment*

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. At the date of initial application, the Group has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as a gain from bargain purchase in profit or loss on the date of acquisition.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific SFRS(I).

(c) Non-controlling interests

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Revenue recognition

Revenue from services - Coal hauling

The Group provides coal hauling services. Such services are recognised as a performance obligation at a point in time when the Group has delivered the coal to the location specified by its customer and the customer has accepted the coal in accordance with the coal hauling contract. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when the coal is delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Payment for coal hauling services is not due from the customer until the services are complete.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal, or restoration is incurred as a consequence of acquiring or using the asset.

Construction in progress included in property, plant and equipment is not depreciated as these assets are not yet available for use.

Land is not depreciated. Depreciation is calculated on a straight line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Buildings	8 - 10
Infrastructure	7 - 8
Vehicles	4 - 5
Machinery	2 - 4
Office equipment	4
Leasehold improvements	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(f) Property, plant and equipment (cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

(g) Intangible assets

Acquired mining business licence is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of license acquired over 12 years, which is the shorter of its useful life between the expected completion of coal mining in the licenced mining area and the termination of the mining business licence.

(h) Deferred exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, determination of technical feasibility and assessment of commercial viability of an identified resource.

Such activities include:

- (i) gathering exploration data through topographical, geochemical and geophysical studies;
- (ii) exploratory drilling, trenching and sampling;
- (iii) determining and examining the volume and grade of the resource; and
- (iv) surveying transportation and infrastructure requirements.

Administration costs that are not directly attributable to a specific exploration area are charged to profit or loss. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised from the commencement of coal mining.

Exploration and evaluation costs (including amortisation of capitalised licence costs) are capitalised as incurred, except in the following circumstances:

- (i) before the legal rights to explore a specific area are obtained;
- (ii) after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable or proven reserves are discovered.

Capitalised exploration and evaluation costs are subsequently measured at cost less any allowance for impairment. Such assets are not depreciated as they are not available for use but monitored for indications of impairment. To the extent that exploration and evaluation costs are not expected to be recovered, these are charged to profit or loss.

When the technical feasibility and commercial viability are determined, exploration and evaluation assets are tested for impairment and reclassified to "Mining Properties".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(i) Mine reclamation and rehabilitation and asset retirement obligations

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation and provision for mine closure are recorded on an incremental basis based on the quantity of coal produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

The obligations are recognised as liabilities when a legal obligation with respect to the retirement of an asset is incurred, with the initial measurement of the obligation at present value. These obligations are accreted to full value over time through charges to the profit or loss. In addition, an asset retirement cost equivalent to the liabilities is capitalised as part of the related asset's carrying value and is subsequently depreciated or depleted over the useful life of infrastructure (included in property, plant and equipment). A liability for an asset retirement obligation is incurred over more than one reporting period. For example, if a facility is permanently closed but the closure plan is developed over more than one reporting period, the cost of the closure of the facility is incurred over the reporting periods when the closure plan is finalised.

For environmental issues that may not involve the retirement of an asset, where the Group is a responsible party and it is determined that a liability exists, and the amount can be quantified, the Group provides for the estimated liability. In determining whether a liability exists in respect of such environmental issues, the Group applies the criteria for liability recognition under applicable accounting standards, as follows:

- (i) there is clear indication that an obligation has been incurred at the financial reporting date resulting from activities which have already been performed; and
- (ii) there is a reasonable basis to calculate the amount of the obligation incurred.

(j) Leases

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance lease is taken to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(j) Leases (cont'd)

When a Group entity is the lessee (cont'd):

Operating leases (cont'd)

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(k) Inventories

Fuel and spare parts are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out method.

(l) Mining properties

Mining properties are stated at cost less accumulated amortisation, and include costs transferred from deferred exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are determined, and subsequent costs to develop the mine to the production phase.

The mining property balance is amortised using the unit-of-production method based on estimated coal reserves from commencement of commercial production and having regard to the term of the mining business licence.

(m) Stripping costs

Stripping costs are the costs of removing overburden from a mine. Stripping costs incurred for the removal of overburden without exposing the coal are deferred and recognised as production costs when the coal has been exposed. Deferred stripping costs are written off during the period in which the coal is determined to be non-existent and/or not economic to be mined.

The initial recognition of the stripping asset (if any) and subsequent amortisation is determined by reference to components of the coal body rather than by reference to the entire operation. The asset is amortised subsequently using the unit-of-production method over the expected useful life of the identified component of the coal body that becomes more accessible as a result of the stripping activity, unless another method is more appropriate, rather than as a charge to operating costs based on an expected stripping ratio.

(n) Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(n) Financial assets (cont'd)

The accounting policy for financial assets before 1 January 2018 are as follows (cont'd):

Classification (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within “trade and other receivables (excluding prepayments and tax recoverable)” and “cash and bank balances” on the statements of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Interest income on financial assets is recognised separately in the profit or loss.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(n) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 onwards are as follows:

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets at amortised cost.

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include trade and other receivables (excluding prepayments and tax recoverable) and cash and bank balances. The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(n) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 onwards are as follows (cont'd):

Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at reporting date. The Group has established a provision matrix based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(o) Financial liabilities

Financial liabilities include trade and other payables (excluding value-added tax payable) and finance lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(p) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(q) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

(r) Cash and cash equivalents in the consolidated statement of cash flows

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and in banks, deposits with financial institutions which are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

(s) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(s) Impairment of non-financial assets (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in the profit or loss.

(t) Post-employment benefits

The post-employment pension benefit obligation is the present value of the defined benefit obligation at end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly recognised in other comprehensive income and reported in accumulated losses.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield at the end of the reporting period of long term government bonds denominated in Indonesian Rupiah in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

The actuarial gain and loss arising from experience adjustments and changes in actuarial assumptions are directly recognised to other comprehensive income and are reported in accumulated losses.

(u) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

(v) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(w) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the “functional currency”). The functional currency of the Company is Singapore dollar. The consolidated financial statements of the Group are presented in United States dollar as the Group’s principal operations will going forward be conducted in Indonesia and the Company believes that transactions are predominately in United States dollar.

Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except for currency translation differences on net investment in foreign operations and borrowings, which are included in the currency translation reserve within equity in the financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities’ financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are taken to the currency translation reserve.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of significant accounting policies (cont'd)

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(y) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

- (i) represents a separate major line of business or geographical area of operations; or
- (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative financial year.

3 Critical accounting judgements and key sources of estimation uncertainty

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt in the preceding paragraphs).

Going concern assumption

During the financial year ended 31 December 2018, the Group incurred a net loss from continuing operations and discontinued operations of US\$1,401,000 (2017: US\$1,057,000) and US\$Nil (2017: US\$14,789,000) respectively and the Company incurred a net loss of US\$1,252,000 (2017: US\$46,020,000). As at 31 December 2018, the Group's and the Company's total liabilities exceeded the total assets by US\$1,528,000 (31.12.2017: US\$151,000) and US\$1,712,000 (31.12.2017: US\$484,000) respectively. These factors and contingent liabilities as disclosed in Note 28 indicate the existence of material uncertainties which may cast doubt about the Group's and the Company's ability to continue as going concerns.

In 2017, the Group's main operating subsidiary, PT Rinjani Kartanegara ("Rinjani"), was adversely affected by the above average rainfall in its operating area and the dewatering issue which arose due to the above average rainfall. This caused a significant reduction in coal production, coal sales quantities, coal sales revenue and cashflows of Rinjani and resulted in Rinjani's inability to pay the waste mining contractor's current waste mining costs on time. The inability of Rinjani to pay the current waste mining costs also triggered a cross default in its agreements with the waste mining contractor as well as the cessation of waste mining operations by the waste mining contractor at Rinjani's mine site with effect from 23 June 2017 and, consequently, the cessation of all coal production from Rinjani.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(a) Critical judgements in applying the Group's accounting policies (cont'd)

Going concern assumption (cont'd)

On 29 August 2017, Rinjani received a letter from the Commercial Court, Jakarta, stating that an application filed by Rinjani's creditors for the suspension of payment of Rinjani, akin to a Scheme of Arrangement under the Singapore Companies Act, had been approved and that the suspension of payment period will be effective for a period of 45 days from 24 August 2017. Since the approval of the suspension of payment on 24 August 2017, the directors and management of Rinjani no longer had sole authority to administer or represent Rinjani or exercise any management or ownership decisions over the assets and operations of Rinjani. It was also no longer entitled to any returns from its investment in Rinjani or able to affect the amount of returns from its investment in Rinjani.

Subsequently, on 9 October 2017, the Composition Plan presented by Rinjani in accordance with the suspension of payment process, was rejected and Rinjani entered into bankruptcy with effect from that date and the Commercial Court of Jakarta appointed 2 curators to administer the bankruptcy estate and a supervisory judge to supervise the bankruptcy process.

Subsequent to the loss of control of Rinjani on 24 August 2017, the remaining active subsidiary of the Group is PT Energy Indonesia Resources which carries out coal hauling activities, an ancillary part of the Group's business rather than its primary business. In November 2017, PT Energy Indonesia Resources entered into a coal hauling service agreement with a third party, PT Coalindo Adhi Nusantara ("CAN"). However, the average quantity of coal hauled is significantly less than the 100,000 tonnes per month as stipulated under the agreement with CAN due to ongoing heavy rainfall and poor condition of the coal hauling road.

As a result of the Rinjani situation (including without limitation the loss of control of Rinjani), the Group has been operating under severe cashflow constraints as there was no operating cashflow for the period from July 2017 to October 2017 and the severe underperformance of the coal hauling agreement with CAN as set out above added more uncertainty to the cash flows that can be generated by the Group.

Given the current cashflow constraints, the directors and management of the Company have been focusing their efforts on generating revenue and rebuilding the Group's business, as well as continuing to evaluate various options (including but not limited to obtaining financial support from the current shareholders and introduction of new investors to the Company). Further to these efforts, the Company had, on 6 August 2018, 4 September 2018, 28 September 2018 and 31 March 2019, announced the entry of an investment agreement ("Ang Investment Agreement") whereby the investor, Mr Ang Liang Kim (currently a substantial shareholder of the Company), 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 rights issue, with the funds to be used for general working capital (excluding salary and fees of directors and management) and where necessary, capital expenditures (including but not limited to potential business opportunities). The key terms of the Ang Investment Agreement included: (1) The submission of a trading resumption proposal by 31 March 2020; and (2) To convene a general meeting by 31 March 2020 to seek shareholders' approval for listing of the conversion shares to convert the full amount of the drawn down convertible loan of up to S\$2 million into up to 2 billion ordinary shares of the Company.

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. The purposes of the convertible loan are extended to the Company for, inter alia business operations and projects undertaken by the Company with Mr Yadi's express approval. The key terms of the Yadi Investment Agreement is for the Company to convene a general meeting by 31 December 2019 to seek shareholders' approval for listing of the conversion shares to convert the full amount of the drawn down convertible loan of up to US\$2 million into ordinary shares of the Company at the conversion price of S\$0.001 per share based on the currency exchange rate of US\$1 to S\$1.3525.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(a) Critical judgements in applying the Group's accounting policies (cont'd)

Going concern assumption (cont'd)

In view of the funds received/receivable from the execution of the Ang Investment Agreement, Yadi Investment Agreement and the transactions contemplated therein, management has updated the Group's and the Company's cashflow analysis and based on the analysis, there is now more certainty on the cashflows the Group and the Company will be able to pay their debts as and when they fall due for the 12-month period from 31 December 2018 (the reporting date).

In addition, the Company had, on 31 March 2019 announced that it had, through its wholly-owned subsidiary, RPG Logistics Pte Ltd ("**RPG Logistics**") which was incorporated on 25 March 2019, a company incorporated in Indonesia, entered into a joint operation agreement (the "**JOA**") with PT Prima Dharma Karsa ("**PT Prima**") a company incorporated in Indonesia, to provide logistical support, in respect of but not limited to the transportation of nickel to a loading port, the supervision of mining operations as well as provision of mining equipment and mining services to PT Prima in relation to a mining area in Indonesia. In return, PT Prima will pay the RPG Logistics an amount equivalent to 60% of the profit per tonne of nickel sold from the mining area by PT Prima, provided always that the amount shall not be less than US\$5 per tonne.

In view of the above, the Group has updated its profitability and cashflow analysis for the 12-month period from the reporting date up to 31 December 2019 and the analysis confirms that the Group and the Company are able to meet all of its debts and obligations during the forecast period.

The directors are therefore satisfied that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2018 is appropriate.

If the Group and the Company are unable to continue in operational existence in the foreseeable future or if the Group and the Company are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation and assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of subsidiary's property, plant and equipment

As at each reporting date, the Group assesses whether there is any objective evidence that property, plant and equipment is impaired. An impairment loss exists when the carrying value of the property, plant and equipment exceeds their recoverable amount. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These calculations require the use of judgements and estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

Impairment of subsidiary's property, plant and equipment (cont'd)

The recoverable amounts of the subsidiary's property, plant and equipment are determined from value-in-use calculations. The key assumptions and inputs for the value-in-use calculations are those regarding the sales volume, gross profit margin and discount rates. The sales volume and gross profit margin are based on past performances and expectations developments in the market. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to their industry.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management. The pre-tax rate used to discount the forecast cash flows is 30%.

Based on management's assessment, no allowance for impairment loss on the subsidiary's property, plant and equipment is necessary at the end of the reporting period. The carrying amounts of the subsidiary's property, plant and equipment are disclosed in Note 10 respectively.

Impairment of trade and other receivables

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Note 24(b).

4 Revenue

	Group	
	2018 US\$'000	2017 US\$'000
Revenue from coal hauling	1,171	275

Revenue are predominantly attributable from Indonesia. Revenue is recognised at a point in time when the Group has delivered the coal to the location specified by its customer and the customer has accepted the coal in accordance with the coal hauling contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 Loss before tax from continuing operations

	Group	
	2018 US\$'000	2017 US\$'000
This is arrived at after charging:		
Depreciation of property, plant and equipment	238	503
Audit fees paid/payable to:		
- auditor of the Company	58	58
- other auditor *	4	8
Fees for non-audit services paid/payable to:		
- auditor of the Company	4	2
- other auditor *	-	-
Impairment loss on trade receivable	27	-
Other professional fees	42	101
Repair and maintenance	203	30
Staff costs (Note 6)	1,365	486

* Includes independent member firms of the Baker Tilly International network

6 Staff costs

	Group	
	2018 US\$'000	2017 US\$'000
Salaries and related costs	1,364	482
Defined contribution plans	1	4
	1,365	486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7 Tax expense

	Group	
	2018 US\$'000	2017 US\$'000
Tax expense attributable to loss is made up of:		
<u>From continuing operations</u>		
Current income tax provision		
- Current income tax	-	52
- Underprovision in respect of previous financial years	2	-
Deferred income tax (Note 13)	-	88
	<u>2</u>	<u>140</u>
<u>From discontinued operations</u>		
Current income tax provision		
- Current income tax	-	43
- Overprovision in respect of previous financial years	-	(17)
Deferred income tax (Note 13)	-	307
	<u>-</u>	<u>333</u>
	<u>2</u>	<u>473</u>

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable in the countries where the Group entities operates due to the following factors:

	Group	
	2018 US\$'000	2017 US\$'000
Loss before tax from:		
Continuing operations	(1,399)	(917)
Discontinued operations	-	(14,456)
	<u>(1,399)</u>	<u>(15,373)</u>
Tax calculated at domestic rates applicable to loss in the countries in which the Group entities operates	(261)	(1,842)
Expenses not deductible for tax purposes	233	5,168
Deferred tax asset not recognised	35	263
Income not subject to tax	(8)	(3,181)
Singapore statutory step exemptions	-	(5)
Under/(over)provision in respect of previous years	2	(17)
Others	1	87
	<u>2</u>	<u>473</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7 Tax expense (cont'd)

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The corporate income tax rate applicable to the entities in Singapore is 17% (2017: 17%). The corporate income tax rate applicable to the subsidiaries in Indonesia is 25% (2017: 25%).

Deferred tax assets are recognised for unabsorbed tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unabsorbed tax losses and other deductible temporary differences of approximately US\$519,000 (2017: US\$449,000) and US\$527,000 (2017: US\$456,000) respectively at the reporting date which will expire progressively over the next 5 years up till 2023, subject to the conditions imposed by the Indonesian tax authorities. No deferred tax assets have been recognised in the financial statements as it is not probable that the future taxable income will be sufficient to allow the related tax benefits to be realised in the foreseeable future.

8 Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
Net loss attributable to equity holders of the Company (US\$'000)	(1,381)	(1,008)	-	(14,487)	(1,381)	(15,495)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share (in million)	1,833	1,833	-	1,833	1,833	1,833
Basic and diluted loss per share (cents per share)	(0.08)	(0.05)	-	(0.79)	(0.08)	(0.84)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 Discontinued operations

As a result of the Group's loss of control over Rinjani [Note 3(a)] and the suspension of operations of RPG Trading Pte. Ltd. ("RPG Trading") and PT Energy Indonesia Resources ("EIR") due to the cessation of coal production from Rinjani during the financial year ended 31 December 2017, the Group presented the financial results of Rinjani, and RPG Trading's and EIR's support of Rinjani's operations as discontinued operations in accordance with 'FRS 105 - Non-Current Assets Held for Sale and Discontinued Operations'. EIR's financial results from coal hauling services provided to third party from 3 October 2017 to 31 December 2017 were presented under continuing operations.

An analysis of the results of discontinued operations, and the financial results recognised on the remeasurement of disposal group was as follows:

	Group 2017 US\$'000
Revenue	22,219
Other income	400
Expenses	(48,942)
Loss before tax from discontinued operations	(26,323)
Tax expense	(333)
Loss from discontinued operations, net of tax	(26,656)
Net liabilities of Rinjani derecognised	11,867
Total loss from discontinued operations	(14,789)
Loss attributable to non-controlling interest	302
Loss attributable to equity holders of the Company	(14,487)

The impact of the discontinued operations on the cash flows of the Group were as follows:

	Group 2017 US\$'000
Operating cash flows	3,846
Investing cash flows	(210)
Financing cash flows	(3,264)
Total cash flows	372

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 Discontinued operations (cont'd)

The assets and liabilities of Rinjani upon loss of control were as follows:

	2017 US\$'000
Assets:	
Property, plant and equipment	18,699
Intangible assets	144
Mining properties	5,790
Deferred tax assets	1,505
Inventories	845
Trade and other receivables	10,825
Cash and bank balances	1,139
	<u>38,947</u>
Liabilities:	
Finance lease liabilities	235
Provisions	1,625
Trade and other payables	51,920
	<u>53,780</u>
Net liabilities	14,833
Less: Non-controlling interest	(2,966)
Net liabilities derecognised	<u>11,867</u>
Net cash outflow due to loss of control of subsidiary	<u>(1,139)</u>

Loss before tax from discontinued operations is stated after charging:

	Group 2017 US\$'000
This is arrived at after charging:	
Amortisation of intangible assets	26
Amortisation of mining properties	1,069
Depreciation of property, plant and equipment	1,542
Audit fees paid/payable to:	
- auditor of the Company	4
- other auditor	2
Fees for non-audit services paid/payable to:	
- auditor of the Company	1
Operating lease expenses	324
Other professional fees	788
Production royalty	1,213
Repair and maintenance	754
Provision for mine reclamation and rehabilitation	119
Staff costs	2,959
Post-employment benefits	214
Finance costs	<u>1,666</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 Property, plant and equipment

Group	Land US\$'000	Buildings US\$'000	Infrastructure US\$'000	Vehicles US\$'000	Machinery US\$'000	Office equipment US\$'000	Leasehold improvements US\$'000	Construction in progress US\$'000	Total US\$'000
Cost									
Balance at 1.1.2017	12,076	1,612	8,618	5,239	2,054	448	153	627	30,827
Additions	-	-	16	47	14	11	-	32	120
Disposals	-	-	-	(2,872)	(1)	(6)	-	-	(2,879)
Disposal due to loss of control (Note 9)	(11,826)	(1,612)	(8,634)	(752)	(2,061)	(431)	(153)	(659)	(26,128)
Balance at 31.12.2017 and 31.12.2018	250	-	-	1,662	6	22	-	-	1,940
Accumulated depreciation									
Balance at 1.1.2017	-	347	3,561	3,540	1,101	290	152	-	8,991
Depreciation charge	-	107	773	766	344	55	-	-	2,045
Disposals	-	-	-	(2,367)	-	(5)	-	-	(2,372)
Disposal due to loss of control (Note 9)	-	(454)	(4,334)	(724)	(1,443)	(322)	(152)	-	(7,429)
Balance at 31.12.2017	-	-	-	1,215	2	18	-	-	1,235
Depreciation charge	-	-	-	235	2	1	-	-	238
Balance at 31.12.2018	-	-	-	1,450	4	19	-	-	1,473
Net carrying value									
At 31.12.2017	250	-	-	447	4	4	-	-	705
At 31.12.2018	250	-	-	212	2	3	-	-	467

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 Property, plant and equipment (cont'd)

The net carrying value of property, plant and equipment of the Group held under finance lease arrangements at 31 December 2018 was US\$114,000 (2017: US\$182,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 19).

11 Intangible assets

	Group	
	2018 US\$'000	2017 US\$'000
Mining business licence		
Cost		
At beginning of the financial year	-	481
Disposal due to loss of control (Note 9)	-	(481)
At end of the financial year	-	-
Accumulated amortisation		
At beginning of the financial year	-	311
Amortisation charge	-	26
Disposal due to loss of control (Note 9)	-	(337)
At end of the financial year	-	-
Net carrying value at end of the financial year	-	-

12 Mining properties

	Group	
	2018 US\$'000	2017 US\$'000
Cost		
At beginning of the financial year	-	14,877
Additions	-	94
Disposal due to loss of control (Note 9)	-	(14,971)
At end of the financial year	-	-
Accumulated amortisation		
At beginning of the financial year	-	8,112
Amortisation charge	-	1,069
Disposal due to loss of control (Note 9)	-	(9,181)
At end of the financial year	-	-
Net carrying value at end of the financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 Deferred tax assets

The movements in the deferred tax assets are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
At beginning of the financial year	–	1,900
Charge to profit or loss (Note 7)	–	(395)
Disposal due to loss of control (Note 9)	–	(1,505)
At end of the financial year	–	–

14 Investment in subsidiaries

	Company	
	31.12.2018 US\$'000	31.12.2017 US\$'000
Unquoted equity shares, at cost	193,177	193,177
Less: Allowance for impairment loss	(193,177)	(193,177)
	–	–

Movements in allowance for impairment loss are as follows:

	Company	
	2018 US\$'000	2017 US\$'000
At beginning of financial year	193,177	146,213
Impairment loss recognised during the financial year	–	34,051
Currency translation differences	–	12,913
At end of the financial year	193,177	193,177

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries:

Name of subsidiaries (Country of incorporation)	Principal activities	Group's effective equity interest	
		31.12.2018 %	31.12.2017 %
<i>Held by the Company</i>			
Energy Prima Pte. Ltd. ⁽¹⁾ (Singapore)	Investment holding	100	100
PT Energy Indonesia Resources ⁽²⁾ (Indonesia)	Mining support activities consisting of management of a stockpile facility, jetty and loading conveyor; transportation of coal; and other logistical support activities	100	100
RPG Trading Pte. Ltd. (Singapore) ⁽¹⁾	Trading and marketing of coal	100	100
<i>Held by Energy Prima Pte. Ltd.</i>			
PT Pilar Mas Utama Perkasa ⁽²⁾ (Indonesia) ("Pilar Mas")	Trading (import) of goods	80	80
<i>Held by Pilar Mas</i>			
PT Rinjani Kartanegara (Indonesia) ("Rinjani")	Coal mining, including production, construction, processing, refining and sale	*79.8	*79.8

⁽¹⁾ Audited by Baker Tilly TFW LLP, Singapore.

⁽²⁾ Audited by Johan Malonda Mustika & Rekan, Indonesia, an independent member firm of Baker Tilly International network.

* Subsidiary is not consolidated due to the loss of control over the subsidiary as disclosed in Note 9.

(b) Company level - Impairment review of investment in subsidiaries

The Company's subsidiary, Energy Prima Pte. Ltd., is the intermediate holding company of Rinjani which holds the Group's mining licences. During the previous financial year, an impairment loss of US\$34,051,000 was recognised in the Company's profit or loss to write down the investment in this subsidiary to its recoverable amount of US\$Nil.

The impairment loss resulted from the loss of control over Rinjani on 24 August 2017 and the decision of the Commercial Court Jakarta which ruled that the suspension of payment (akin to scheme of arrangement in Singapore) period had ended and Rinjani will enter bankruptcy with effect from 9 October 2017. The Commercial Court Jakarta also has appointed two curators, to administer the bankruptcy estate and a supervisory judge to supervise the bankruptcy process. As of 9 October 2017, the Board of Directors of Rinjani has no authority to administer or represent Rinjani.

The recoverable amount of the investment in Energy Prima Pte. Ltd. has been determined based on the above events.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15 Trade and other receivables

	Group		Company	
	31.12.2018 US\$'000	31.12.2017 US\$'000	31.12.2018 US\$'000	31.12.2017 US\$'000
Current				
Trade receivables	170	37	-	-
Less: expected credit loss	(27)	-	-	-
	143	37	-	-
Other receivables				
- third parties	36	-	-	-
- subsidiaries	-	-	11,135	11,135
Less: expected credit loss	-	-	(11,135)	(11,135)
	36	-	-	-
Tax recoverable	-	15	-	-
Prepayments	3	78	2	50
Deposits	1	1	-	-
	183	131	2	50

The amounts due from subsidiaries are interest-free, non-trade in nature, unsecured and repayable on demand.

16 Inventories

	Group	
	31.12.2018 US\$'000	31.12.2017 US\$'000
Fuel and spare parts	45	51

The cost of inventories recognised as an expense and included in 'cost of goods sold' amounted to US\$530,000 (2017: US\$32,000) during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 Trade and other payables

	Group		Company	
	31.12.2018 US\$'000	31.12.2017 US\$'000	31.12.2018 US\$'000	31.12.2017 US\$'000
Trade payables				
- third parties	36	65	-	-
Accrued other operating expenses	133	437	81	223
Other payables				
- third parties	577	147	202	-
- related parties (i)	-	-	-	317
- subsidiaries (i)	-	-	347	-
- former director (ii)	44	-	44	-
- directors (ii)	561	99	561	99
- key management personnel (ii)	549	-	549	-
	1,900	748	1,784	639

(i) The amounts due to related parties and subsidiaries are interest-free, non-trade in nature, unsecured and repayable on demand.

(ii) The amounts due to former director, directors and key management personnel are interest-free, non-trade in nature, unsecured and repayable as and when there is more clarity on the Group's cashflow position.

18 Post-employment benefits

Movements in the account are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
At beginning of the financial year	-	1,171
Post-employment benefits expense	-	214
Provision utilised	-	(1,385)
At end of the financial year	-	-

The following table summarises the components of post-employment benefits expense recognised in discontinued operations:

	Group	
	2018 US\$'000	2017 US\$'000
Current service cost	-	214

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 Finance lease liabilities

	Group			
	31.12.2018		31.12.2017	
	Minimum lease payments US\$'000	Present value of lease payments US\$'000	Minimum lease payments US\$'000	Present value of lease payments US\$'000
Not later than 1 year	63	56	56	46
Later than 1 year but not later than 5 years	15	15	78	53
Total minimum lease payments	78	71	134	99
Less: future finance charges	(7)	-	(35)	-
Present value of finance lease liabilities	71	71	99	99

	Group	
	31.12.2018 US\$'000	31.12.2017 US\$'000
Representing finance lease liabilities:		
Current	56	46
Non-current	15	53
	71	99

At 31 December 2018, the finance leases bear effective interest rate at 12% (2017: ranging from 8% to 9%) per annum.

The net carrying value of property, plant and equipment acquired under finance lease arrangements are disclosed in Note 10.

Reconciliation movement of liabilities to cash flows arising from financing activities:

	Obligations under finance lease	
	2018 US\$'000	2017 US\$'000
Balance at 1 January	99	794
Changes from financing cash flows:		
- Repayments	(40)	(460)
- Interest paid	(8)	(62)
Non-cash changes:		
- Interest expenses	8	62
Currency differences	12	-
Disposal due to loss of control (Note 9)	-	(235)
Balance at 31 December	71	99

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Provisions

(a) Movements in provision for mine reclamation and rehabilitation are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
At beginning of the financial year	-	1,225
Provision for the financial year		
- charged to profit or loss	-	119
Currency translation differences	-	(14)
Disposal due to loss of control (Note 9)	-	(1,330)
At end of the financial year	-	-

(b) Movements in provision for assets retirement obligations are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
At beginning of the financial year	-	273
Interest accretion charged to profit or loss	-	20
Currency translation differences	-	2
Disposal due to loss of control (Note 9)	-	(295)
At end of the financial year	-	-

21 Share capital

	Group		Company	
	Number of shares '000	US\$'000	Number of shares '000	US\$'000
Issued and fully paid:				
At 1 January 2017, 31 December 2017 and 31 December 2018	1,833,000	100,480	1,833,000	236,508

The ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21 Share capital (cont'd)

At an Extraordinary General Meeting held on 7 May 2010, shareholders of the Company approved the Employee Share Option Scheme (the "Scheme") for the granting of non-transferable options that are settled by issuance or transfer of the ordinary shares of the Company, in the name of the Central Depository (Pte) Limited ("CDP"), for credit to the securities account of participants or that participant's securities sub-account with a Depository Agent.

The shareholders also approved the Performance Share Plan (the "Plan") for the granting of shares that are settled by allotment or transfer of the ordinary shares of the Company on the release of an award to a participant to be issued in the name of, or transferred to, CDP to the credit of either, the securities account of that participant maintained with CDP; or the securities sub-account of that participant maintained with a Depository Agent, or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

The Remuneration Committee ("RC") is responsible for administering the Scheme and the Plan. At the date of this statement, the members of the RC are Khoo Song Koon (Chairman) and Chow Wai San.

Performance Share Plan

Under the Plan, the RC may, at its discretion, award shares of the Company to eligible participants, after taking into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service, potential for future development, extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period. The principal terms of the Plan are as follows:

- (i) The maximum number of shares in respect of which options may be granted under the Plan must not, in aggregate, exceed 15% of the issued share capital of the Company on the day preceding the award date, and which must not in aggregate (including all outstanding options granted and yet to be exercised under any other share option scheme of the Company) exceed 15% of the shares of the Company in issue from time to time.
- (ii) The Plan expires in ten (10) years commencing on the date the Plan was adopted by the Company or such earlier date as may be determined by the Remuneration Committee.

In respect of the Plan, further details of which are noted in the directors' statement, 147,000,000 share awards were granted during FY2017. As at 31 December 2018, a total of 22,500,000 share awards remain outstanding following the resignation and/or termination of employees and directors who were granted the share awards and the lapse of awards as the performance target for FY2018 was not met.

Any unreleased or unvested share awards in respect of any Performance Period shall lapse and be of no value after the period of 1 month from the date of the annual general meeting of the Company at which Shareholders have received and adopted the audited financial statements of the Company relating to that performance period as stated in the Letter to Shareholders dated 11 April 2017.

Employee Share Option Scheme

Under the Scheme, the RC may, at its discretion, invite eligible participants to take up options to subscribe for shares of the Company. The principal terms of the Scheme are as follows:

- (i) The maximum number of shares in respect of which options may be granted under the Scheme must not, in aggregate, exceed 15% of the issued share capital of the Company, and which must not in aggregate (including all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company) exceed 15% of the shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21 Share capital (cont'd)

Employee Share Option Scheme (cont'd)

- (ii) The exercise price is determined by the RC in its absolute discretion by reference to:
- (a) a price equal to the average of the last dealt price(s) for a share, as determined by reference to the official list or any other publication by the SGX, for the last five (5) market days immediately preceding the offering date of that option (the "Market Price"); or
 - (b) a price which is set at a discount to the Market Price, provided that: (i) the maximum discount shall not exceed 20% of the Market Price; (ii) the discount must have been approved by the shareholders in a separate resolution; and
 - (c) a price which is set at a premium to the Market Price.
- (iii) An option may be accepted by a proposed grantee within 30 days from the date of the offer of grant of the option. The minimum period for which an option must be held before it can be exercised is one year except for in the case of an exercise price set at a discount, which is two years. An option may be exercised at any time thereafter prior to its expiry.
- (iv) Upon acceptance of the option, the grantee shall pay S\$1 to the Company by way of consideration for the grant of the option.
- (v) The Scheme expires in ten (10) years commencing on the date the Scheme was adopted by the Company or such earlier date as may be determined by the Remuneration Committee.

No share options were granted or released or vested pursuant to the Scheme for FY2018 and FY2017 and no options were outstanding at 31 December 2018 and 31 December 2017.

22 Currency translation reserve

Currency translation reserve arises from the translation of the financial statements of the entities whose functional currencies are different from the Group's presentation currency.

23 Significant related party transactions

Key management personnel compensation is as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Directors' fee	160	157
Salaries and related costs	835	233
Defined contribution plans	1	4
	996	394

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts as at reporting date are as follows:

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<i>Financial assets</i>				
Loans and receivables	–	360	–	105
Financial assets at amortised cost	433	–	70	–
	433	360	70	105
<i>Financial liabilities</i>				
At amortised cost	1,758	731	1,784	639

(b) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group and the Company's exposure to these financial risks or the manner in which the Group and the Company manages and measures financial risk.

Foreign currency risk

Foreign currency risk arises on certain transactions that are denominated in currencies other than the functional currency of the entities in the Group. The foreign currencies in which the Group's and the Company's currency risk arises are mainly United States dollar ("USD"), Singapore dollar ("SGD") and Indonesian Rupiah ("IDR").

The Group's and the Company's overall risk management strategy seek to minimise adverse effects from these financial risks on the Group and the Company's financial performance. The Group and the Company may use derivatives such as forward currency contracts to hedge certain financial risk exposures but the Group and the Company do not hold derivative financial instruments as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The Group's foreign currency exposures based on the information provided by key management are as follows:

	USD US\$'000	SGD US\$'000
2018		
Group		
<i>Financial assets</i>		
Cash and bank balances	46	–
<i>Financial liabilities</i>		
Trade and other payables	(916)	(510)
Net financial liabilities, representing net exposure	(870)	(510)
Company		
<i>Financial assets</i>		
Cash and bank balances	33	–
<i>Financial liabilities</i>		
Trade and other payables	(916)	–
Net financial liabilities, representing net exposure	(883)	–
	SGD US\$'000	IDR US\$'000
2017		
Group		
<i>Financial assets</i>		
Trade and other receivables	–	37
Cash and bank balances	22	178
	22	215
<i>Financial liabilities</i>		
Trade and other payables	(171)	(140)
Finance lease liabilities	–	(99)
	(171)	(239)
Net financial liabilities, representing net exposure	(149)	(24)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

	USD US\$'000
2017	
Company	
<i>Financial assets</i>	
Cash and bank balances	3
<i>Financial liabilities</i>	
Trade and other payables	(128)
Net financial liabilities, representing net exposure	<u>(125)</u>

If the USD, SGD and IDR changes against the respective functional currencies of the Group's entities by 5% with all other variables including tax rate being held constant, the effects arising from the net financial liabilities denominated in foreign currencies are as follows:

	(Increase)/decrease in loss after tax	
	2018 US\$'000	2017 US\$'000
Group		
SGD against USD		
- strengthened	-	(6)
- weakened	-	6
IDR against USD		
- strengthened	-	(1)
- weakened	-	1
USD against SGD		
- strengthened	(37)	-
- weakened	37	-
SGD against IDR		
- strengthened	(19)	-
- weakened	19	-
Company		
USD against SGD		
- strengthened	(37)	(5)
- weakened	37	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Group and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the finance lease liabilities and certain trade and other payables. The Group's and the Company's exposure to interest rate risk as at the end of the reporting period is not significant.

Credit risk

The Group's and the Company's exposure to credit risk arises from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. The Group manages this risk by monitoring credit periods and limiting the aggregate financial exposure to any individual counterparty. For trade receivables, the Group adopts the policy of dealing only with creditworthy customers.

The Group and the Company place cash with the established banks and financial institutions in Singapore.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, and reminders and warning letters issued for debts due for more than 12 months	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the borrower has a strong capacity to meet its contractual cashflow obligations in the near term; and adverse changes in economic and business condition in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cashflow obligation.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's trade receivables comprise 1 debtor (2017: 1 debtor) that represents 100% (2017: 100%) of the trade receivables.

At the end of the reporting period, the Group and the Company's maximum exposure to credit risk is the carrying amount of each class of financial assets recognised in the statements of financial position.

Movement in credit loss allowance are as follows:

	Trade receivables US\$'000
Group	
Balance at 1 January 2018, under FRS 39 and SFRS(I) 9	-
Loss allowance measured:	
12 months ECL	27
Balance at 31 December 2018	<u>27</u>

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables.

The Group categorises its trade debt balance into different groupings based on its revenue billing type as historical credit loss experience shows different loss patterns for different revenue billing type. Each grouping of debt balance is further categorised by the debt's past due status. The Group estimates the expected credit loss rates for each grouping of the trade debt balance based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and warning letters issued for debts due for more than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)*Trade receivables (cont'd)*

The Group's summarised credit risk exposure in relation to trade receivables under SFRS(l) 9 as at 31 December 2018 are set out in the provision matrix below:

Group

	Not past due	Within 1 month	Past due			More than 4 months	Total
			1-2 months	2-3 months	3-4 months		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Expected loss rate	–	–	–	30%	50%	100%	
Gross receivables	29	48	44	9	31	9	170
Loss allowance	–	–	–	(3)	(15)	(9)	(27)
Net carrying amount	29	48	44	6	16	–	143

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and cash and bank balances.

The table below details the credit quality of the Group's and the Company's financial assets (other than trade receivables):

	12-month or lifetime ECL US\$'000	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Group				
Other receivables and deposits	N.A - Exposure limited	37	–	37
Cash and bank balances	N.A - Exposure limited	253	–	253
Company				
Other receivables	Lifetime ECL - credit-impaired	11,335	(11,335)	–
Cash and bank balances	N.A - Exposure limited	70	–	70

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

	Other receivables US\$'000
Company	
Balance as at 1 January 2018, under FRS 39 and SFRS(l) 9 [Note 2(a)]	11,335
Loss allowance measured:	
- Lifetime ECL (significant increase in credit risk)	-
Balance at 31 December 2018	<u>11,335</u>

Previous accounting policy for impairment of financial asset

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are from creditworthy debtors with an acceptable payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions.

Financial assets that are either past due and/or impaired

There is no other class of financial assets that is either past due and/or impaired except for trade receivables.

The table below is an ageing analysis of trade receivables that are past due but not impaired:

	Group 2017 US\$'000
Past due < 3 months but not impaired	<u>37</u>

Trade receivables determined to be impaired at the reporting date relates to a debtor that has defaulted on payments. The receivable is not secured by any collateral or credit enhancements.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their obligations as they fall due. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company monitor their liquidity risk and maintain a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

In view of the Group's liquidity position and the liquidity risk management approach as described in Note 3(a), directors of the Company have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's non-derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	Total US\$'000
Group			
2018			
Trade and other payables	1,687	–	1,687
Finance lease liabilities	63	15	78
	1,750	15	1,765
2017			
Trade and other payables	632	–	632
Finance lease liabilities	56	78	134
	688	78	766
Company			
2018			
Trade and other payables	1,784	–	1,784
2017			
Trade and other payables	639	–	639

25 Fair values of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25 Fair values of assets and liabilities (cont'd)

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

	Group	Fair value measurement at reporting date Level 3
	Carrying amount US\$'000	US\$'000
2018		
Finance lease liabilities	71	71
2017		
Finance lease liabilities	99	95

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair value due to their short-term nature and where the effect of discounting is immaterial or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The carrying value of finance lease liabilities approximate its fair value at reporting date.

Determination of fair values

The fair values are determined from discounted cash flow analysis using a discount rate based upon the market borrowing rates of an equivalent instrument or market lending rate for similar types of lending arrangement which the directors expect would be available to the Group at the reporting date as follows:

	Group	
	2018	2017
	%	%
Finance lease liabilities	6.75	6.75

26 Segment information

Geographical information

The Group has only one reportable segment, which is coal hauling services. All of its non-current assets are in Indonesia.

	Sales to external customer for continuing operations	
	2018	2017
	US\$'000	US\$'000
Indonesia	1,171	275

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 Segment information (cont'd)*Information about major customers*

The following are customers who individually contributed 10% or more of Group's revenue in 2018 and 2017 respectively:

	Group	
	2018 US\$'000	2017 US\$'000
Customer 1	1,171	275

27 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's overall strategies remains unchanged from 2017.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group	
	2018 US\$'000	2017 US\$'000
Net debt	1,718	525
Total equity	(1,528)	(151)
Total capital	190	374
Gearing ratio	904%	140%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 Contingent liabilities

Rinjani - Legal claim

On 11 February 2015, a claim was made by H. Adji Mohamad Salehoeddin a.k.a Adji Pangeran Adipati Praboe Anoem Soerya Adiningrat and H. Adji Azuar Poeger bin Adji Anuar a.k.a Adji Pangeran Hario Kesuma Poeger bin Adji Moh Parikesit (the "Claimant") against a subsidiary, Rinjani for compensation totaling IDR399,300,000,000 (equivalent to US\$30,518,000). The claim relates to the total land area of 1,933 ha of the subsidiary covered by Coal Mining Production licence, 308.4 ha of which is covered by a Borrow-to-Use Permit for Forestry Areas.

In the petition submitted to the State Court of Tenggara (the "Court"), the Claimant asserts that such total area of 1,933 ha was crown land of Kesultanan Kutai, which now belongs to the Claimant through grant or "hibah" and inheritance. The directors of the Company and the subsidiary consider the claim to have no legal standing since the total area of 1,933 ha is located in an active forest area controlled and owned by the Forestry and Environment Ministry of the Republic of Indonesia, and the subsidiary holds valid permits including Coal Mining Production licence and Borrow-to-Use Permit for Forest Areas.

Based on court decision from the Court dated 5 November 2015, the Court has rejected all claims submitted by the Claimant.

Due to court decision, the Claimant then appealed to the Higher Court of Samarinda which issued a decision in the favour of the subsidiary based on decision No. 11/DPT/2016/PT.SMR dated 22 February 2016.

As of 22 February 2016, in its court decision, the Higher Court of Samarinda rejected all claims submitted by the Claimant. Further to the Higher Court decision, the Claimant submitted an appeal to the Supreme Court along with the "Memori Kasasi". On 13 May 2016, the subsidiary sent the response for Memori Kasasi to the Supreme Court. As of 9 October 2017, such appeal is under review by the judges of the Supreme Court.

As disclosed in Note 3(a), with the loss of control of Rinjani, the Company and its Board has no authority to administer or represent Rinjani. All litigation matters and decisions will be handled by the curators appointed by the Commercial Court of Jakarta.

Rinjani - Royalty claims

On 19 August 2015, a claim was submitted by a farmers group "Bentuhung" to the District Court of Tenggara against Mr. Nordiansyah Nasrie (director of Rinjani) for a total royalty claim of IDR90,720,000,000 (equivalent to US\$6,720,000). Bentuhung claimed that on 27 October 2008, an agreement was entered between the subsidiary (Rinjani) and Mr. Erhamsyah, Head of Bentuhung, in which the subsidiary (Rinjani) agreed to provide Bentuhung with a royalty fee in the amount of US\$1/MT of the subsidiary's coal production in return for Bentuhung providing the subsidiary (Rinjani) with assistance in its field operations. Bentuhung claimed that they have provided assistance to the subsidiary (Rinjani) in accordance with the agreement and therefore they have the right to claim the royalty fee.

Based on court decision from District Court dated 20 April 2016 and Appeal Court dated on 23 November 2016, both the claim and appeal of Bentuhung were rejected by the respective courts.

As a follow-up to the above rejections, Bentuhung then made final legal request to the Supreme Court on 13 March 2017. As of 9 October 2017, the status of the claim is ongoing in the Supreme Court and the subsidiary (Rinjani) is in the midst of sourcing alternative legal counsel to represent it in the Supreme Court.

As disclosed in Note 3(a), with the loss of control of Rinjani, the Company and its Board has no authority to administer or represent Rinjani. All litigation matters and decisions will be handled by the curators appointed by the Commercial Court Jakarta.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 Contingent liabilities (cont'd)

Rinjani - Legal proceedings commenced by Mr Tan Kim Sing ("TKS")

On 14 November 2016, the subsidiary, Rinjani was formally served with a writ of summons and statement of claim. The plaintiff of the claim is Tan Kim Sing (the "Plaintiff"). The legal proceedings against the subsidiary commenced in the High Court of the Republic of Singapore by way of Suit No. 1211 of 2016. According to the statement of claim, the Plaintiff claims against the subsidiary for the payment of approximately S\$16.1 million, representing fees and expenses allegedly owed in respect of fund raising and other services rendered to the subsidiary pursuant to an agreement entered into between the subsidiary and Newbreed Capital Limited in or around March 2011 (the "Fund Raising Agreement"), or alternatively damages for breaches of the Fund Raising Agreement. The Plaintiff alleges that he is the current assignee of all the benefits under the Fund Raising Agreement.

As of 9 October 2017, legal proceedings were ongoing in the High Court of the Republic of Singapore.

As disclosed in Note 3(a), with the loss of control of Rinjani, the Company and its Board has no authority to administer or represent Rinjani. All litigation matters and decisions will be handled by the curators appointed by the Commercial Court of Jakarta.

Rinjani - Matters concerning Agus Sugiono - Arbitration proceedings

Further to the arbitration proceedings commenced by TKS in November 2016 against Agus Sugiono, Executive Chairman and Chief Executive Officer of the Company, in May 2017 TKS served an application to include the Group's subsidiary, Rinjani, as a party to the arbitration proceedings and pursuant thereto to claim against Rinjani. TKS's claim against Rinjani under the arbitration proceedings is for payment of S\$8.5 million, representing fees and expenses allegedly owed in respect of fund raising and other services rendered to the Group pursuant to an agreement allegedly entered into with Rinjani. The claim of S\$8.5 million against Rinjani is additional to the claim of S\$16.1 million against Rinjani as noted above.

The Company has since been advised and has received a copy of the order of the tribunal dated 9 April 2018, wherein the tribunal orders pursuant to Rule 32.10 of the Rules and Articles 30 and 32 of the UNCITRAL Model Law on International Commercial Arbitration that the Arbitration be terminated (the "**Order**"). The Order, which also terminates the joinder application served on Rinjani came into force and effect following the payment of the outstanding costs of SIAC Arbitration No 283 of 2016.

All legal and arbitration costs and fees are to be borne by Agus Sugiono and/or TKS.

Pilar Mas - Statement of Claim

The Group's subsidiary, Pilar Mas, received a notice dated 24 January 2018 from the State Court of West Jakarta, Indonesia (the "**Notice**") in relation to a statement of claim filed by a former shareholder of Rinjani, being Ruznie Oms., S.H. M.Hum ("**Ruznie**"). The statement of claim is filed against, Pilar Mas, Agus Sugiono, the Group's Executive Chairman and Chief Executive Officer ("**Defendant II**"), Rinjani ("**Defendant III**"), Nordiansyah Nasrie, the Group's Chief Operating Officer ("**Defendant IV**") and other third parties (collectively, the "**Defendants**").

The statement of claim against the Defendants, claims, inter alia, losses arising from events and transactions pertaining to the sale and purchase of Rinjani's shares from its original shareholders prior to the reverse takeover back in 2014, one of which being Ruznie. The amount being claimed of Rp665 billion (approximately US\$50 million), represents, amongst others, Ruznie's loss of rights from the sale of Rinjani's shares and loss of opportunity to profit from the sale of Rinjani coal.

Following a decision of the West Jakarta District Court to exclude Rinjani from the mediation process due to its bankruptcy and unwillingness to participate, the mediation process recommenced with the first mediation hearing scheduled on 3 July 2018. The mediation hearing was before a panel of 3 judges and included Ruznie, Pilar Mas, and Defendants II and IV amongst others.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 Contingent liabilities (cont'd)

Pilar Mas - Statement of Claim (cont'd)

Following completion of the mediation and hearing process and the presentation of witnesses the panel of judges shall then decide either in favour of Ruznie or Pilar Mas and Defendants II and IV.

At 11 December 2018, the panel of judges decided in favour of Pilar Mas and Defendants II and IV. The formal decision of the Court has been received and Ruznie has appealed against the decision to the Higher Court. No further actions are required by Pilar Mas, and Defendants II and IV while the higher court considers Ruznie's appeal. The Company will continue to defend its position and does not expect to incur any costs arising from the appeal process.

29 Subsequent events

On 15 May 2019, the Company announced that EIR has received a letter of termination from PT Coalindo Adhi Nusantara ("CAN") terminating the coal hauling service agreement. The Company is currently seeking legal advice on the matter and in particular on the validity of the letter of termination from CAN and any possible recourse for the Company in accordance with the terms of the coal hauling service agreement. Further, EIR is also exploring alternative coal hauling contracts with other mine owners.

The Company will continue to update shareholders via SGXNET in respect of the above matters on any material development.

30 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company were authorised for issue in accordance with a resolution of the directors dated 4 June 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MAY 2019

SHARE CAPITAL INFORMATION

Issued and fully paid-up capital	:	S\$307,306,455
Number of issued shares	:	1,832,999,998
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

There are no treasury shares and subsidiary holdings held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholdings
1 – 99	9	0.51	321	0.00
100 – 1,000	237	13.35	109,277	0.01
1,001 – 10,000	468	26.37	2,219,228	0.12
10,001 – 1,000,000	955	53.80	153,280,246	8.36
1,000,001 AND ABOVE	106	5.97	1,677,390,926	91.51
TOTAL	1,775	100.00	1,832,999,998	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	MADRONE ENTERPRISES LIMITED	650,000,000	35.46
2	ANG LIANG KIM	113,250,000	6.18
3	BLUE ENERGY HOLDINGS LIMITED	93,750,000	5.11
4	HO WEN YAN	75,800,000	4.14
5	LEONG ANN JONG	62,648,000	3.42
6	L.K. ANG CORPORATE PTE LTD	62,146,000	3.39
7	RAFFLES NOMINEES (PTE.) LIMITED	51,364,257	2.80
8	UOB KAY HIAN PRIVATE LIMITED	43,953,880	2.40
9	DBS NOMINEES (PRIVATE) LIMITED	43,785,650	2.39
10	SUEN YIU CHUNG DICKY	39,326,692	2.15
11	OCBC SECURITIES PRIVATE LIMITED	22,676,450	1.24
12	PHILLIP SECURITIES PTE LTD	20,371,993	1.11
13	QUEK YIANG HANG	17,265,000	0.94
14	TIEW LEONG HENG	17,138,900	0.94
15	CITIBANK NOMINEES SINGAPORE PTE LTD	16,938,810	0.92
16	QUAN HENG SWEE JACOB (GUAN XINGRUI JACOB)	15,000,000	0.82
17	LYE INVESTMENTS LIMITED	14,433,750	0.79
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,222,900	0.78
19	GOH CHENG SENG	13,619,600	0.74
20	RHB SECURITIES SINGAPORE PTE. LTD.	12,964,000	0.71
	TOTAL	1,400,655,882	76.43

STATISTICS OF SHAREHOLDINGS

AS AT 16 MAY 2019

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Indirect Interest		Total %
	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings	
Gabriel Giovanni Sugiono	–	–	742,384,980 ⁽¹⁾	40.5	40.5
Joyful Sky Limited	–	–	742,384,980 ⁽¹⁾	40.5	40.5
Agus Sugiono	–	–	742,384,980 ⁽²⁾	40.5	40.5
Madrone Enterprises Limited	742,384,980	40.5	–	–	40.5
Blue Energy Holdings Limited	93,750,000	5.11	–	–	5.11
Xie Ping & Qing Guangmei	–	–	93,750,000 ⁽³⁾	5.11	5.11
Ang Liang Kim	123,288,000	6.73	62,146,000 ⁽⁴⁾	3.39	10.12

Notes:

- (1) Joyful Sky Limited (the sole shareholder of Madrone Enterprises Limited) is a nominee of Gabriel Giovanni Sugiono who is the ultimate beneficial owner of the shares in Madrone Enterprises Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. Gabriel Giovanni Sugiono is therefore deemed to be interested in the shares of the Company held by Madrone Enterprises Limited.

Madrone Enterprises Limited holds 650,000,000 shares in the Company through shares certificates held in its own name as well as 1,758,123 shares via UOB Kay Hian Private Limited. The balance of 90,626,857 shares held by Madrone Enterprises Limited was pledged as collateral in respect a private loan borrowed by Madrone Enterprises Limited.

- (2) Agus Sugiono is the father of Gabriel Giovanni Sugiono, who is the ultimate beneficial owner of the shares in Madrone Enterprises Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. Agus Sugiono is deemed to be interested in the shares of the Company held by Madrone Enterprises Limited.
- (3) Xie Ping and Qing Guangmei are husband and wife, and they are deemed to be interested in the shares of the Company held by Blue Energy Holdings Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.
- (4) Ang Liang Kim is deemed to be interested in the shares held by LK Ang Corporate Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. The direct and deemed shareholdings of Ang Liang Kim are based on his notification to the Company. 10,038,000 shares are kept with Hong Leong Finance Nominees Pte Ltd.

PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 16 May 2019, approximately 44.27% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**”) of the Company will be held at Tanglin 1, Level 1, RELC International Hotel, 30 Orange Grove Road, Singapore 258352, on Friday, 28 June 2019 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors’ Statement and Auditors’ Report thereon. **(Resolution 1)**
2. To re-appoint Mr Agus Sugiono as Director of the Company. **[Explanatory Note I] (Resolution 2)**
3. To approve the payment of Directors’ fees totalling S\$216,000 for the financial year ending 31 December 2019 to be paid quarterly in arrears (2018: S\$216,000). **(Resolution 3)**
4. To re-appoint Baker Tilly TFW LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

6. AUTHORITY TO ALLOT AND ISSUE SHARES

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), authority be and is hereby given to the Directors of the Company at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, provided that:
- (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), and for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for;
- (1) new Shares arising from the conversion or exercise of any convertible securities;
- (2) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time this resolution is passed, provided the options or awards were granted in compliance with the Catalist Rules; and
- (3) any subsequent bonus issue, consolidation or subdivision of Shares;
- (ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above.”

[Explanatory Note II]

(Resolution 5)

7. **AUTHORITY TO GRANT SHARE OPTIONS AND ALLOT AND ISSUE SHARES UNDER THE RPG EMPLOYEE SHARE OPTION SCHEME**

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant share options in accordance with the provisions of the RPG Employee Share Option Scheme (“**RPG ESOS**”) and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the share options granted under the RPG ESOS, provided always that the aggregate number of Shares to be issued pursuant to the RPG ESOS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the RPG ESOS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[Explanatory Note III]

(Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

8. AUTHORITY TO GRANT SHARE AWARDS AND ALLOT AND ISSUE SHARES UNDER THE RPG PERFORMANCE SHARE PLAN

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant share awards in accordance with the provisions of the RPG Performance Share Plan (“**RPG PSP**”) and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards granted under the RPG PSP, provided always that the aggregate number of Shares to be issued pursuant to the RPG PSP, when aggregated together with the Shares issued and/or issuable in respect of all share awards granted under the RPG PSP, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[Explanatory Note IV]

(Resolution 7)

By Order of the Board

Raymond Lam Kuo Wei
Tan Ching Ching
Company Secretaries

Singapore,
10 June 2019

Explanatory Notes:-

- I. Mr Agus Sugiono will, upon re-appointment as a Director of the Company pursuant to Rule 720(4) of the amended Catalyst Rules, remain as the Executive Chairman and Chief Executive Officer of the Company.
- II. The ordinary resolution in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the total number of Shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time this resolution is passed, for such purposes as they consider would be in the interests of the Company.

Rule 806(2)(a) of the Catalyst Rules currently provides that for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed (after adjusting for new Shares arising from the conversion of convertible securities or exercise of share options or vesting of share awards outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares).
- III. The ordinary resolution in item 7 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant share options under the RPG ESOS and to issue Shares pursuant to the exercise of such share options in accordance with the RPG ESOS.

NOTICE OF ANNUAL GENERAL MEETING

- IV The ordinary resolution in item 8 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant share awards under the RPG PSP and to issue Shares pursuant to the vesting of such share awards in accordance with the RPG PSP.

NOTES:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If not such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy as an alternative to the first named.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50. A member (other than a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting.

3. A proxy need not be a member of the Company.
4. If the appointer is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at the Company's registered office at 10 Collyer Quay #10-01 Ocean Financial Centre, Singapore 049315 not later than 48 hours before the time appointed for the meeting.
6. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.
7. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.
8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) contents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.*

The contact person for the Sponsor is Ms Tay Sim Yee of 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 telephone (65) 6232 3210.

PROXY FORM

RESOURCES PRIMA GROUP LIMITED

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

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies to buy RESOURCES PRIMA GROUP LIMITED's shares, this Report is forwarded to them at the request of their CPF Approved Nominees.
This proxy form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (full name in capital letters)

NRIC No./Passport No./Company No. _____

of _____ (full address)

being a member/members of **RESOURCES PRIMA GROUP LIMITED** (the "Company"), hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held on Friday, 28 June 2019, at 10.00 a.m. at Tanglin 1, Level 1, RELC International Hotel, 30 Orange Grove Road, Singapore 258352 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the Annual General Meeting ("AGM") as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matters arising at the AGM and at any adjournment thereof.

Resolution No.	ORDINARY RESOLUTIONS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors' Statement and Report of Auditors thereon.		
Resolution 2	To re-appoint Mr Agus Sugiono as Director of the Company.		
Resolution 3	To approve payment of Directors' fees for the financial year ending 31 December 2019 to be paid quarterly in arrears.		
Resolution 4	To re-appoint Baker Tilly TFW LLP as Auditors of the Company and to authorise Directors to fix their remuneration.		
	SPECIAL BUSINESS		
Resolution 5	To authorise the Directors of the Company to allot and issue shares and/or instruments.		
Resolution 6	To authorise the Directors of the Company to grant share options, allot and issue shares under the RPG Employee Share Option Scheme.		
Resolution 7	To authorise the Directors of the Company to grant share awards, allot and issue shares under the RPG Performance Share Plan.		

All resolutions would be put to vote by poll in accordance with listing rule of the Singapore Exchange Securities Limited.

Please tick (✓) or indicate the number of votes within the box provided. A tick would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this _____ day of _____ 2019

Total Number of Shares held in:	
CDP Register	
Register of Members	

Signature(s) of Member(s)/Common Seal



IMPORTANT: PLEASE READ THE NOTES BEFORE COMPLETING THE PROXY FORM.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting (“AGM”). Where such member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If not such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy as an alternative to the first named.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the “Companies Act”)
3. A proxy need not be a member of the Company.
4. An investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the meeting.
6. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where, the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. A corporation, which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 10 Collyer Quay #10-01, Ocean Financial Centre, Singapore 049315 not later than 48 hours before the time set for the AGM.
9. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register maintained by the Central Depository (Pte) Limited, he should insert the number of shares if the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
11. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time set for the AGM.
12. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM.