

**LETTER DATED 11 APRIL 2017**

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued and fully paid ordinary shares in the capital of Resources Prima Group Limited (the “**Company**”), you should immediately forward this Letter to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The ordinary shares of the Company are listed for quotation on the Catalist. Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

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

This Letter has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made, or reports contained in this Letter.

The contact person for the Sponsor is Mr Sebastian Jones, Director, SAC Advisors Private Limited at 1 Robinson Road #21-02, AIA Tower, Singapore 048542, telephone (65) 6532-3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.



**RESOURCES PRIMA GROUP LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198602949M)

**LETTER TO SHAREHOLDERS**

**IN RELATION TO**

- (1) **THE PROPOSED PARTICIPATION BY MR GABRIEL GIOVANI SUGIONO IN THE RESOURCES PRIMA GROUP LIMITED PERFORMANCE SHARE PLAN (THE “RPG PSP”);**
- (2) **THE PROPOSED PARTICIPATION BY MR AGUS SUGIONO IN THE RPG PSP;**
- (3) **THE PROPOSED GRANT OF AN AWARD TO MR GABRIEL GIOVANI SUGIONO UNDER THE RPG PSP; AND**
- (4) **THE PROPOSED GRANT OF AN AWARD TO MR AGUS SUGIONO UNDER THE RPG PSP.**

## DEFINITIONS

For the purpose of this Letter, the following definitions apply throughout unless the context otherwise requires or otherwise stated:-

- “2010 Circular”** : The Sky One Holdings Limited’s (prior to the reverse takeover by Resources Prima Group Limited) circular dated 22 April 2010 and issued to Shareholders to seek approval for, among others, the proposed adoption of the Sky One Holdings Limited Performance Share Plan. Following the completion of the reverse takeover, the Company’s name was changed from Sky One Holdings Limited to Resources Prima Group Limited and accordingly, the name of the performance share plan was changed to Resources Prima Group Limited Performance Share Plan
- “2010 EGM”** : The extraordinary general meeting of the Company held at 105 Cecil Street, The Octagon #11-02, Singapore 069534 on 7 May 2010
- “2017 AGM”** : The forthcoming annual general meeting of the Company, to be held on Wednesday, 26 April 2017 at M Hotel, Shenton Room, Lower Level, 81 Anson Road, Singapore 079908 at 10.00 a.m.
- “AS Award”** : The proposed grant of an award of up to 25,000,000 Shares to Mr Agus Sugiono
- “AGM”** : An annual general meeting of the Company
- “Annual Report”** : The annual report of the Company in respect of the financial year ended 31 December 2016
- “Associate”** : (a) In relation to any Director, Chief Executive Officer of the Company, a Substantial Shareholder or a Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Award”** : A contingent award of fully paid Shares granted under the RPG PSP
- “Award Date”** : In relation to an Award, the date on which the Award is granted
- “Award Shares”** : Shares which are the subject of any Award
- “Board” or “Directors”** : The board of directors of the Company as at the date of this Letter
- “Catalist Rules”** : The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time

<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Company”</b>	: Resources Prima Group Limited (formerly Sky One Holdings Limited)
<b>“Companies Act”</b>	: The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
<b>“Constitution”</b>	The constitution of the Company, as may be amended, modified or supplemented from time to time
<b>“Control”</b>	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	: As defined in the Catalist Rules, means a person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (unless otherwise determined by the SGX-ST); or</li> <li>(b) in fact exercises Control over the Company</li> </ul>
<b>“GGG Award”</b>	: The proposed grant of an award of up to 15,000,000 Shares to Mr Gabriel Giovanni Sugiono
<b>“Group”</b>	: The Company and its subsidiaries
<b>“FY”</b>	: Financial year ended 31 December
<b>“Latest Practicable Date”</b>	: 10 April 2017, being the latest practicable date prior to the printing of this Letter
<b>“Notice of AGM”</b>	: The notice of the AGM as set out in the Annual Report of the Company
<b>“Participant”</b>	: A person who holds an Award
<b>“Remuneration Committee”</b>	: The remuneration committee of the Company for the time being, which shall administer the RPG PSP pursuant to Rule 10 of the Rules of the RPG PSP
<b>“RPG PSP”</b>	The Resources Prima Group Limited Performance Share Plan (formerly known as the Sky One Holdings Limited Performance Share Plan), as modified or altered from time to time
<b>“Rules of the RPG PSP”</b>	: The rules of the RPG PSP as set out in Appendix II of the 2010 Circular
<b>“Securities Account”</b>	: A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<b>“Securities and Futures Act”</b>	: The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
<b>“Catalist”</b>	: The sponsor-supervised listing platform of the SGX-ST
<b>“SGX-ST”</b>	: The Singapore Exchange Securities Trading Limited
<b>“Shares”</b>	: Ordinary shares in the capital of the Company
<b>“Shareholders”</b>	: Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the

Depositors in the Depository Register maintained by the CDP and whose Securities Accounts are credited with the Shares

- “Substantial Shareholder”** : A person who has an interest or interests in one or more voting Share or Shares and the total votes attached to that Share or those Shares is not less than 5% of the total votes attached to all the voting Shares
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
- “S\$” and “cents”** : Singapore dollars and cents, respectively
- “%” or “per cent.”** : Percentage or per centum

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act and the terms **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, or the Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Letter shall, where applicable, have the same meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Catalist Rules or such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Letter between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures that precede them.

**RESOURCES PRIMA GROUP LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198602949M)

**Directors:**

Agus Sugiono	Executive Chairman and Chief Executive Officer
Gabriel Giovanni Sugiono	Executive Director (Investor and Stakeholder Relations)
Low Yew Shen	Non-Executive Director
Giang Sovann	Lead Independent Director
Russell Joseph Kelly	Independent Director
Rozano Satar	Independent Director

**Registered Office:**

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11 April 2017

To: The Shareholders of Resources Prima Group Limited

**LETTER TO SHAREHOLDERS**

Dear Sir/Madam,

**1. INTRODUCTION**

We refer to the Notice of AGM of the Company dated 11 April 2017 accompanying the Annual Report for the financial year ended 31 December 2016 in relation to the convening of the 2017 AGM of the Company to be held on 26 April 2017. We refer to Ordinary Resolutions 8 and 9 relating to the proposed participation by Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono in the RPG PSP respectively, and Ordinary Resolutions 10 and 11 relating to the proposed grant of the GGS Award and AS Award to Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono respectively, as proposed in the Notice of AGM (collectively, the “**Proposed Resolutions**”).

The purpose of this Letter is to provide Shareholders with relevant information relating to, and the reasons for, the Proposed Resolutions proposed in the abovementioned Notice of AGM.

**Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.**

**2. THE PROPOSED PARTICIPATION IN THE RPG PSP**

**2.1 Background**

The Company adopted the RPG PSP (formerly known as the Sky One Holdings Limited Performance Share Plan) at the 2010 EGM. Details of the RPG PSP (including the terms of the RPG PSP) can be found in the 2010 Circular. As at the Latest Practicable Date, the RPG PSP is administered by members of the Remuneration Committee which comprises Mr Giang Sovann, Mr Russell Joseph Kelly and Mr Rozano Satar, all of whom are independent Directors of the Company.

The objectives of the RPG PSP are to motivate eligible Group employees (including Executive Directors and Non-Executive Directors) to optimise their performance standards and efficiency by meeting specific performance objectives set and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the RPG PSP will motivate employees to work towards pre-determined targets and strive for the Group’s long-term prosperity whilst at the same time fostering an ownership culture within the Group.

Directors who are Controlling Shareholders and Directors who are Associates of Controlling Shareholders should be treated equally as other employees as they are also instrumental to the

development and the success of the Group. As such, they should be equally entitled to take part in and benefit from the Company's fair and equitable system of remuneration.

Under the Rules of the RPG PSP, Directors who are Controlling Shareholders and Directors who are Associates of Controlling Shareholders who meet the eligibility criteria for the RPG PSP are eligible to participate in the RPG PSP. Pursuant to Rule 852 of the Catalist Rules, the Company will seek Shareholders' approval for the participation by Directors who are Controlling Shareholders or Directors who are Associates of Controlling Shareholders in the RPG PSP.

As such, the participation of Mr. Gabriel Giovanni Sugiono, an Executive Director of the Company and Mr Agus Sugiono, the Executive Chairman and Chief Executive Officer of the Group, who are both deemed interested in the shares of the Company held by Madrone Enterprises Limited in the RPG PSP must be approved by independent Shareholders. Madrone Enterprises Limited is a Controlling Shareholder of the Company.

In determining the quantum of the grant to each Director who is a Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include the rank, scope of responsibilities, performance, years of service and potential for future development and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the respective performance periods (as defined below).

## 2.2 Rationale and justification for the proposed participation of Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono in the RPG PSP

Mr Gabriel Giovanni Sugiono is an Executive Director (Investor and Stakeholder Relations) of the Company. He is responsible for creating and presenting a consistently applied investment message to the stakeholders and investment community on behalf of the Company and presenting to management the opinions of the stakeholders and the investment community regarding the performance of the Company, thereby increasing shareholder value. Besides his role in the Company, Mr Gabriel Giovanni Sugiono is also a director of RPG Trading Pte. Ltd. (a wholly-owned subsidiary of the Company) which engages in the trading and marketing of coal. As director of RPG Trading Pte. Ltd., his responsibilities include overseeing shipping and logistics for the trading and marketing of coal, arranging trade finance, as well as the sale and marketing of steam coal.

Mr Agus Sugiono is the Executive Chairman of the Board and Chief Executive Officer of the Group. As Executive Chairman of the Board, Mr Agus Sugiono leads the Board and will bear responsibility for the working of the Board. As Chief Executive Officer of the Group, he is responsible for the executive responsibilities for the Group's performance. His responsibilities include charting and reviewing of corporate direction and strategy, covering the areas of marketing and strategic alliances. He is responsible for providing the Company with strong leadership and vision to spearhead the expansion and growth of the Group.

The Directors believe that both Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono have made, and will continue to make, invaluable contributions to the Group. The Directors also believe that the leadership of Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono will be critical as the Group embarks on its next phase of growth including further exploration and development of the mining concession area following the receipt of the second "borrow-use" permit by PT Rinjani Kartanegara (a subsidiary of the Company). For these reasons, the Directors consider their experience in and contribution towards the growth of the Group to be invaluable.

For the financial period 1 January 2016 to 31 December 2016, Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono received remuneration for their services to the Group as follows:

	Base/ Fixed Salary	Bonus	Provident Fund Contribution	Directors' Fee	Allowances and Other Benefits	Total
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Mr Gabriel Giovani Sugiono	144	-	-	-	-	144
Mr Agus Sugiono	412	-	-	-	53	464

The remuneration includes fixed salary, bonus, provident fund contribution, benefits-in-kind and deferred compensation accrued in the financial year under review and payable at a later date.

The Company engaged an international independent remuneration consulting firm to review the remuneration package for Mr Gabriel Giovanni Sugiono. The remuneration package for Mr Agus Sugiono was negotiated as part of a 3-year service agreement, during the reverse takeover of Sky One Holdings Limited in November 2014. The Directors are of the view that the remuneration package of Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono are fair given their contributions to the Group and that the extension of the RPG PSP to Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Group. Furthermore, the Directors believe that the RPG PSP will incentivise them to further optimise their performance standards and efficiency and reward them for their significant contributions. The extension of the RPG PSP to Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono will further align their interests with those of Shareholders and enhance their long-term commitment to the Group. For the above reasons, the Directors believe that Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono should be allowed to participate in the RPG PSP.

As at the Latest Practicable Date, Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono each have a deemed interest in 742,384,980 Shares, representing approximately 40.5% of the total number of issued Shares. 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 of a private loan borrowed by Madrone Enterprises Limited. Joyful Sky Limited (the sole shareholder of Madrone Enterprises Limited) is a nominee of Mr Gabriel Giovanni Sugiono who is the ultimate beneficial owner of the shares in Madrone Enterprises Limited. Mr Gabriel Giovanni Sugiono is therefore deemed to be interested in the Shares held by Madrone Enterprises Limited. Mr Agus Sugiono is the father of Mr Gabriel Giovanni Sugiono and is deemed interested in the Shares held by Madrone Enterprises Limited.

## **2.3 Safeguards**

As a safeguard, all members of the Board (and not just members of the Remuneration Committee) who are Controlling Shareholders or Associates of Controlling Shareholders will not be involved in the deliberations in respect of Awards to be granted to Controlling Shareholders and their Associates and the terms and conditions including the performance targets and vesting periods attached to such Awards. Specific approval of independent Shareholders pursuant to Rule 852 of the Catalist Rules is required for the participation in the RPG PSP of Controlling Shareholders and their Associates as well as for the actual number of and terms of such Awards. The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and their Associates in the RPG PSP.

## **3. THE PROPOSED GRANT OF AWARDS UNDER THE RPG PSP**

### **3.1 Proposed grant of the GGS Award to Mr Gabriel Giovanni Sugiono**

The Company proposes the grant of the GGS Award to Mr Gabriel Giovanni Sugiono, subject to the approval by independent Shareholders, on the following terms:

Aggregate number : Up to 15,000,000 Shares  
of Shares

Proposed date of : At the discretion of the Remuneration Committee pursuant to the  
grant Rules of the RPG PSP

Market price of the : To be announced later, on the date of grant  
Shares on date of  
grant of Award

- Release and vesting of the Award
- : (a) 3,750,000 Award Shares in respect of the performance period commencing on 1 January 2017 and ending on 31 December 2017;
  - (b) 3,750,000 Award Shares in respect of the performance period commencing on 1 January 2018 and ending on 31 December 2018 plus such number of Award Shares that the Remuneration Committee shall decide, up to a maximum limit of 3,750,000 Award Shares, but less such Award Shares that have been released under the GGS Award;
  - (c) 3,750,000 Award Shares in respect of the performance period commencing on 1 January 2019 and ending on 31 December 2019 plus such number of Award Shares that the Remuneration Committee shall decide, up to a maximum limit of 7,500,000 Award Shares, but less such Award Shares that have been released under the GGS Award; and
  - (d) 3,750,000 Award Shares in respect of the performance period commencing on 1 January 2020 and ending on 31 December 2020 plus such number of Award Shares that the Remuneration Committee shall decide, up to a maximum limit of 11,250,000 Award Shares, but less such Award Shares that have been released under the GGS Award.

The number of Award Shares that may be released under the GGS Award shall be awarded based on the achievement of performance conditions as determined by the Remuneration Committee and subject to adjustments made by the Remuneration Committee or otherwise in accordance with the Rules of the RPG PSP provided always that the aggregate number of Award Shares that may be released over the four performance periods set out above shall not exceed 15,000,000 Award Shares and the cost of the aggregate number of Award Shares that may be released in respect of each performance period shall not exceed 25% of the Group's latest audited net profit after tax at the time of the release.

The release and vesting of the Award Shares in respect of each of the above performance periods shall be within 1 month of 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.

The aggregate number of Shares available under the GGS Award has been determined after taking into consideration, among others, Mr Gabriel Giovani Sugiono's rank, job performance, leadership and management capabilities, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance conditions within the respective performance periods.

Awards granted under the RPG PSP are principally performance-based with performance conditions to be set over a performance period. Performance conditions set are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance conditions have been determined according to the specific roles of each Participant, and may differ from Participant to Participant. Nonetheless, all eligible Participants (including Mr Gabriel Giovani Sugiono) will be treated equally and all deserving and eligible participants are equally entitled to take part in and benefit from what the Directors believe is a fair and equitable system of remuneration. The performance conditions are targets aimed at sustaining long-term growth. These targets will be tied in with the Company's corporate key performance indicators.



The performance conditions for Mr Gabriel Giovani Sugiono will be based on, among others, achieving a Group net profits after tax of at least S\$5,000,000 for each of the financial years from FY2017 to FY2020 as well as various qualitative non-financial performance conditions.

As soon as reasonably practicable after the end of the relevant performance period, the Remuneration Committee will review the performance conditions and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Mr Gabriel Giovani Sugiono has continued to be in the employment of the Group, will release to Mr Gabriel Giovani Sugiono all or part (as determined by the Remuneration Committee at its discretion in the case where the Remuneration Committee has determined that there has been partial satisfaction of the performance conditions) of the Award Shares.

Any unreleased or unvested GGS 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.

### **3.2 Proposed grant of the AS Award to Mr Agus Sugiono**

The Company proposes the grant of the AS Award to Mr Agus Sugiono, subject to the approval by independent Shareholders, on the following terms:

- |  |   |   |
|--|---|---|
| Aggregate number of Shares                           | : | Up to 25,000,000 Shares   |
| Proposed date of grant                               | : | At the discretion of the Remuneration Committee pursuant to the Rules of the RPG PSP  |
| Market price of the Shares on date of grant of Award | : | To be announced later, on the date of grant   |
| Release and vesting of the Award                     | : | (a) 6,250,000 Award Shares in respect of the performance period commencing on 1 January 2017 and ending on 31 December 2017;  |
|  |   | (b) 6,250,000 Award Shares in respect of the performance period commencing on 1 January 2018 and ending on 31 December 2018 plus such number of Award Shares that the Remuneration Committee shall decide, up to a maximum limit of 6,250,000 Award Shares, but less such Award Shares that have been released under the AS Award;      |
|  |   | (c) 6,250,000 Award Shares in respect of the performance period commencing on 1 January 2019 and ending on 31 December 2019 plus such number of Award Shares that the Remuneration Committee shall decide, up to a maximum limit of 12,500,000 Award Shares, but less such Award Shares that have been released under the AS Award; and |
|  |   | (d) 6,250,000 Award Shares in respect of the performance period commencing on 1 January 2020 and ending on 31 December 2020 plus such number of Award Shares that the Remuneration Committee shall decide, up to a maximum limit of 18,750,000 Award Shares, but less such Award Shares that have been released under the AS Award.     |

The number of Award Shares that may be released under the AS Award shall be awarded based on the achievement of performance conditions as determined by the Remuneration Committee

and subject to adjustments made by the Remuneration Committee or otherwise in accordance with the Rules of the RPG PSP provided always that the aggregate number of Award Shares that may be released over the four performance periods set out above shall not exceed 25,000,000 Award Shares and the cost of the aggregate number of Award Shares that may be released in respect of each performance period shall not exceed 25% of the Group's latest audited net profit after tax at the time of the release.

The release and vesting of the Award Shares in respect of each of the above performance periods shall be within 1 month of 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.

The aggregate number of Shares under the AS Award has been determined after taking into consideration, among others, Mr Agus Sugiono's rank, job performance, leadership and management capabilities, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance conditions within the respective performance periods.

Awards granted under the RPG PSP are principally performance-based with performance conditions to be set over a performance period. Performance conditions set are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance conditions have been determined according to the specific roles of each Participant, and may differ from Participant to Participant. Nonetheless, all eligible Participants (including Mr Agus Sugiono) will be treated equally and all deserving and eligible participants are equally entitled to take part in and benefit from what the Directors believe is a fair and equitable system of remuneration. The performance conditions are targets aimed at sustaining long-term growth. These targets will be tied in with the Company's corporate key performance indicators.

The performance conditions for Mr Agus Sugiono will be based on, among others, achieving a Group net profits after tax of at least S\$5,000,000 for each of the financial years from FY2017 to FY2020, as well as various qualitative non-financial performance conditions.

As soon as reasonably practicable after the end of the relevant performance period, the Remuneration Committee will review the performance conditions and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Mr Agus Sugiono has continued to be in the employment of the Group, will release to Mr Agus Sugiono all or part (as determined by the Remuneration Committee at its discretion in the case where the Remuneration Committee has determined that there has been partial satisfaction of the performance conditions) of the Award Shares.

Any unreleased or unvested AS 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.

### **3.3 Size of the Award Grant**

The aggregate number of Shares which may be available pursuant to Awards granted under the RPG PSP on any date, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferrable in respect of all Awards granted under the RPG PSP, the RPG Employee Share Option Scheme and any other share scheme which the Company may implement from time to time, will not exceed 15% of the total issued Shares in the capital of the Company (excluding treasury shares) on the day preceding the Award Date.

The following additional limits must not be exceeded:

- (a) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the RPG PSP; and

- (b) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the RPG PSP.

As at the Latest Practicable Date, the total number of issued Shares is 1,832,999,998 Shares.

The Company has no treasury shares and there are currently no outstanding options granted under the RPG Employee Share Option Scheme.

The Company has however previously issued a total of 7,200,000 Shares pursuant to the exercise of options granted under the RPG Employee Share Option Scheme in June 2013 and June 2014.

The Company has also, on 10 April 2017 granted Award Shares under the RPG PSP amounting to 107,000,000 Shares to other employees and Directors (excluding Controlling Shareholders and their Associates).

Currently, no Awards have been released and no Shares have been issued under the RPG PSP.

The Company has not implemented any other share schemes apart from the RPG PSP and the RPG Employee Share Option Scheme.

Pursuant thereto and as at the Latest Practicable Date, after taking into account all Shares previously issued and/or issuable and/or existing Shares transferred and/or transferrable in respect of all Awards granted under the RPG PSP and the RPG Employee Share Option Scheme:

- (a) the maximum number of Awards that can be granted under the RPG PSP is 160,749,999<sup>1</sup> Award Shares;
- (b) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 61,537,499<sup>2</sup> Award Shares; and
- (c) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 27,494,999 Award Shares. As Mr. Gabriel Giovani Sugiono and Mr. Agus Sugiono have not been previously granted any options or Awards under the RPG Employee Share Option Scheme and RPG PSP, the number of Shares available to each of Mr. Gabriel Giovani Sugiono and Mr. Agus Sugiono will be 27,494,999 Award Shares.

Following the grant of the AS Award and the GGS Award, the number of awards or options that can be granted pursuant to the RPG PSP and the RPG Employee Share Option Scheme will be 120,749,999.

**Notes:**

- (1) The computations have taken into account the 7,200,000 Shares previously granted pursuant to the RPG Employee Share Option Scheme and the 107,000,000 Award Shares granted pursuant to the RPG PSP.
- (2) The computations have taken into account the 7,200,000 Shares previously granted to Controlling Shareholders pursuant to the RPG Employee Share Option Scheme.

### **3.4 Financial effects of the RPG PSP**

The accounting rules in the Singapore Financial Reporting Standards are effective for financial periods beginning on or after 1 January 2005. It requires the fair value of employee services received in exchange for the grant of Shares to be recognised as an expense. For equity settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Share granted at the grant date and the number of Shares vested by the vesting date, with a corresponding increase in a reserve account.

At the grant date the fair value of each Share granted is determined by the market price on the date the Shares are granted. The cost is amortised over the performance period to profit or loss with a corresponding credit to a reserve account. The performance target attached to the Share will not be linked to "market condition". As the performance target is not a market condition, the

probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Shares would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Share do not ultimately vest.

The financial effects of the RPG PSP are as follows:

- (a) When new Shares are issued to Participants, the share capital of the Company will increase. If existing Shares are purchased or treasury shares are used, as opposed to new Shares issued, for delivery to Participants, the RPG PSP will have no impact on the Company's share capital.
- (b) The consolidated net tangible assets of the Company will decrease by the amount of expenses charged to the income statement if existing Shares are purchased. If new Shares are issued, there would be no effect on the consolidated net tangible assets due to the offsetting effect of expenses recognised and increased share capital.
- (c) During the vesting period, the consolidated earnings per Share would be reduced by both the expense recognised and the potential ordinary Shares to be issued under the RPG PSP.

### 3.5 Rights of Shares

The new Shares issued and existing Shares procured by the Company for delivery, shall, upon the vesting of an Award, be subject to all the provisions of the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to the Shares, including those arising from a liquidation of the Company), shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

## 4. TAKE-OVER CODE IMPLICATIONS FROM THE PROPOSED GRANT OF AWARDS

Pursuant to Rule 14 of the Take-over Code ("**Rule 14**"), a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than one per cent (1%) in any period of six (6) months.

Persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, there are particular classes and groups of persons and companies who will be presumed to be acting in concert under the Take-over Code.

Based on the foregoing, Mr Agus Sugiono, Mr Gabriel Giovani Sugiono, Joyful Sky Limited and Madrone Enterprises Limited (collectively the "**Concert Group**") may incur an obligation or liability to make a mandatory general offer for the Shares not owned or controlled by the Concert Group and their concert parties under the Take-over Code as a result of the Awards granted to the Concert Group, as:-

- (i) the Concert Group's collective shareholdings of 742,384,980 Shares would represent approximately 40.5% of the total number of issued Shares before the grant of Awards, assuming there is no change to the total number of issued Shares;
- (ii) based on the Concert Group's collective shareholding as of the Latest Practicable Date, assuming that there are no changes to the total number of issued Shares from the Latest

Practicable Date, save for the vesting of the GGS Award and the AS Award, the Concert Group's collective shareholding and voting rights would increase to 782,384,980 Shares or approximately 41.8% based on the enlarged share capital of the Company; and

- (iii) pursuant to Note 4 of Rule 14.1 of the Take-over Code, an increase of 1% in the collective shareholding of the Concert Group in any 6-months period would require the Concert Group to make a mandatory general offer.

In the event the vesting of any Awards results in the Concert Group incurring an obligation or liability to make a mandatory general offer for the Shares not owned or controlled by the Concert Group and their concert parties under the Take-over Code, Mr Agus Sugiono and Mr Gabriel Giovanni Sugiono are entitled to decline such vesting of Shares as a result of the Awards.

## 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and substantial Shareholders of the Company as at the Latest Practicable Date are set out below:-

	Number of Shares			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>
<b>Directors</b>				
Gabriel Giovanni Sugiono	-	-	742,384,980 <sup>(2)</sup>	40.5
Agus Sugiono	-	-	742,384,980 <sup>(3)</sup>	40.5
Giang Sovann	1,000,000	0.05%	-	-
<b>Substantial Shareholders</b>				
(other than Directors)	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>
Joyful Sky Limited	-	-	742,384,980 <sup>(2)</sup>	40.5
Madrone Enterprises Limited	742,384,980	40.5	-	-
Blue Energy Holdings Limited	93,750,000	5.11		
Xie Ping	-	-	93,750,000 <sup>(4)</sup>	5.11
Qing Guangmei	-	-	93,750,000 <sup>(4)</sup>	5.11
Ang Liang Kim	123,288,000 <sup>(5)</sup>	6.73	62,146,000	3.39

### Notes:

- (1) As a percentage of the existing issued Share capital.
- (2) Joyful Sky Limited (the sole shareholder of Madrone Enterprises Limited) is a nominee of Mr 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. Mr Gabriel Giovanni Sugiono is therefore deemed to be interested in the shares of the Company held by Madrone Enterprises Limited.
- (3) Mr Agus Sugiono is the father of Mr 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. Mr Agus Sugiono is deemed to be interested in the shares of the Company held by Madrone Enterprises Limited.
- (4) Mr Xie Ping and Ms 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.
- (5) Mr Ang Liang Kim is deemed to be interested in the shares held by L.K. Ang Corporate Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. The direct and deemed shareholdings of Mr Ang Liang Kim are based on his notification to the Company. A portion of his shares are kept with Hong Leong Finance Nominees Pte Ltd.

The interests of the Directors and substantial Shareholders of the Company in other securities of the Company as at the Latest Practicable Date are set out below:-

	Number of Awards <sup>(1)</sup>	Number of employee share options
<b>Directors</b>		
Low Yew Shen	10,000,000	-
Giang Sovann	6,000,000	-
Rozano Satar	5,000,000	-
Russell Joseph Kelly	5,000,000	-

**Notes:**

- (1) On 10 April 2017, the Company granted a total of 107,000,000 Share Awards to its employees and Directors of the Company, who are not Controlling Shareholders of the Company or their Associates, out of which, a total of 26,000,000 Award Shares were granted to all Directors, except for Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono.

Save as disclosed above, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect in the Shares of the Company as at the Latest Practicable Date.

## 6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 not later than 48 hours before the time appointed for the AGM. The completion and return of a proxy form by a Shareholder does not prevent him from attending and voting in person at the AGM in place of his proxy if he so wishes.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the AGM.

## 7. DIRECTORS' RECOMMENDATION

After having considered, *inter alia*, the terms and rationale of the proposed participation and grant of Awards to Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono, the Directors (except for Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono, with respect to the proposed grant of Awards to themselves) are of the view that:-

- (i) the proposed participation of Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono in the RPG PSP; and
- (ii) the proposed grant of Awards to Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono under the RPG PSP,

are in the interests of the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions relating to the proposed participation of and grant of Awards under the RPG PSP to Mr Gabriel Giovanni Sugiono and Mr Agus Sugiono.

## 8. ABSTENTION FROM VOTING

Pursuant to Rule 858 of the Catalist Rules, Shareholders who are eligible to participate in the RPG PSP must abstain from voting on any resolution relating to the RPG PSP.

Ordinary Resolutions 8 and 9 relate to the proposed participation of Mr Gabriel Giovani Sugiono and Mr Agus Sugiono in the RPG PSP respectively, and Ordinary Resolutions 10 and 11 relate to the proposed grant of Awards to Mr Gabriel Giovani Sugiono and Mr Agus Sugiono respectively. Accordingly, Mr Gabriel Giovani Sugiono and Mr Agus Sugiono shall abstain from making any recommendations in respect of Ordinary Resolutions 8, 9, 10 and 11 to be proposed at the AGM.

Mr Gabriel Giovani Sugiono and Mr Agus Sugiono and their Associates shall also abstain from voting in respect of Ordinary Resolutions 8, 9, 10 and 11 to be proposed at the AGM. They shall also decline to accept appointment as proxies for any Shareholder to vote in respect of each of the said Resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to cast in respect of such Resolutions.

#### **9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

#### **10. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 during normal business hours from the date of this Letter up to and including the date of the AGM:

- (a) the 2010 Circular;
- (b) the Constitution of the Company;
- (c) the Annual Report of the Company for the financial year ended 31 December 2016; and
- (d) the Rules of the RPG PSP.

Yours faithfully  
for and on behalf of  
the Board of Directors

Agus Sugiono  
Executive Chairman and Chief Executive Officer

