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## NON-BINDING INVESTMENT TERM SHEET

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Shareholders should note that trading in the Company's shares is currently suspended. The proposed Non-Binding Investment Term Sheet is subject to, amongst others, the Company submitting a resumption of trading proposal, through its Sponsor SAC Capital Private Limited, to the SGX-ST, and the clearance of the resumption of trading proposal by the SGX-ST. Shareholders and investors must exercise caution when dealing in the Company's Shares and to refrain from taking any action in respect of their investment in the Company without seeking prior professional advice.

### 1. Introduction

The board of directors (the "**Board**" or "**Directors**") of Resources Prima Group Limited (the "**Company**", and together with its subsidiaries, collectively, the "**Group**") wishes to announce that, the Company had, on 6 June 2018, executed a non-binding investment term sheet (the "**Investment Term Sheet**") with Mr Ang Liang Kim, a substantial shareholder of the Company. The terms of the investment are set out below:

### 2. Convertible Loan

- (a) Mr Ang Liang Kim and/or his nominee (the "**Investor**") agrees to lend to the Company an aggregate amount of S\$0.5 million ("**Convertible Loan**") subject to the execution of definitive documentation ("**Definitive Documentation**") and such funds shall be deposited with Drew & Napier LLC by 31 May 2018 as escrow pending the execution of Definitive Documentation. The Company has received confirmation from Drew & Napier that it is in receipt of the funds S\$0.5 million from the Investor.
- (b) The key terms of the Convertible Loan are as follows:-
  1. Unsecured and not redeemable unless the Company fails to submit the resumption of trading proposal ("**RTP**") within three (3) months of the date of drawdown of the Convertible Loan or such other date to be agreed;
  2. Interest shall only accrue from the drawdown of the loan at 18% per annum if the convertible loan is not approved by the Company's shareholders for conversion to equity;
  3. Mandatory conversion of principal (i.e. S\$0.5 million) only to ordinary shares in the Company at S\$0.001 per share ("**Conversion Price**") ("**Conversion Shares**") upon resumption of trading or soon thereafter;
  4. Company to provide undertaking from entities controlled by the controlling shareholder that they will vote in favour of the conversion at the general meeting of shareholders;
  5. Unless otherwise agreed, proceeds shall be used for working capital and mutually agreed capital expenditure.



6. Usage of the funds prior to conversion shall have the prior consent of the Investor's representative(s) which consent shall not be unreasonably withheld;
7. Subject to applicable laws, the Company shall consult with the Investor on the RTP and resumption of trading process; and
8. Company shall use all reasonable efforts and do all such things that may be necessary for resumption of trading.

Assuming that the entire amount of the Convertible Loan of S\$500,000 is converted into Conversion Shares, the Conversion Shares represent (i) approximately 27.3% of the existing issued and paid-up share capital of the Company as at the date of this announcement and (ii) approximately 21.4% of the enlarged issued and paid-up share capital of the Company after the issue of the Conversion Shares.

Pursuant to Rules 812(1)(a) and 812(1)(c) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), an issue must not be placed to (i) an issuer's substantial shareholders, or (ii) substantial shareholders, related companies (as defined in section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the issuer's substantial shareholders, unless specific shareholders' approval for such a placement has been obtained.

As the Investor is a current substantial shareholder holding 185,434,000 (direct and deemed) shares, representing 10.1% of the existing share capital of the Company, shareholders' approval for the allotment of the Conversion Shares will be sought at an Extraordinary General Meeting ("**EGM**") pursuant to Rule 812(1) of the Catalist Rules.

### **3. Rights Issue**

In addition to the Convertible Loan and as part of the Investment Term Sheet the Company undertakes to offer a 1 for 1 rights issue (the "**Right Shares**") at S\$0.001 per share (the "**Rights Issue**") as soon as possible.

The Rights Issue shall be subject to the Company procuring the controlling shareholder's approval for the Rights Issue and non-subscription to his entitlement of his Right Shares and provided that the Investor shall subscribe and procure Mr Ang Liang Kim to subscribe for his respective share of the Right Shares. Furthermore, the Investor shall have the right but not the obligation to underwrite any unsubscribed Right Shares in respect of this Rights Issue.

As at the date of the announcement, the Company has an issued share capital comprising 1,832,999,998 shares. Taking into consideration of the 500,000,000 Conversion Shares to be issued to the Investor (assuming full conversion pursuant to the drawdown of the Convertible Loan), the Company would have an issued share capital comprising of 2,332,999,998 shares.



Assuming the Rights Issue is fully subscribed on a 1 for 1 basis, 2,332,999,998 Right Shares will be issued by the Company. The Right Shares represent (i) approximately 127.3% of the existing issued and paid-up share capital of the Company as at the date of this announcement and (ii) approximately 50.0% of the enlarged issued and paid-up share capital of the Company after the issue of the Conversion Shares and Right Shares.

The Company has decided that the allotment of the Conversion Shares, the Right Shares and Additional Conversion Shares (as defined below) will not rely on a general share issue mandate and will seek shareholders' approval for the issuance of the Conversion Shares and the Rights Issue and the Additional Conversion Shares, for purposes under Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules.

Pursuant to Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting. As the subscription by the Investor for the Conversion Shares, Right Shares and Additional Conversion Shares (in the event that the Additional Support is drawdown at the Company's sole and absolute discretion) may result in a possible transfer of controlling interest in the Company to the Investor, accordingly shareholders' approval will be sought at the EGM.

#### **4. Whitewash Waiver**

Under Rule 14.1 of the Singapore Code on Takeovers and Mergers (the "**Code**"), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in the company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% voting rights, such person is required to make a mandatory general offer for all the shares in the company which he does not already own or control ("**Mandatory Offer**").

As at the date of this announcement, the Investor is a substantial shareholder. The fulfilment by the Investor of its obligations pursuant to the Investment Term Sheet may result in the Investor holding more than 30% of the enlarged share capital of the Company, thereby triggering a requirement for the Investor and parties acting in concert with him to make a Mandatory Offer, unless independent shareholders (shareholders other than the Investor and parties acting in concert with it) approve at a general meeting a resolution to waive their rights to receive a Mandatory Offer from the Investor and parties acting in concert with him. Accordingly, if required, the Investor and parties acting in concert with him will be making an application to Securities Industry Council for a waiver of its obligations and the parties acting in concert with him to make the Mandatory Offer as a result of its obligations under the Investment Term Sheet.

#### **5. Additional Support**

In the event that the funds from the Convertible Loan and Rights Issue are insufficient for the Company's purposes, the Investor agrees to grant to the Company a S\$1.5 million facility ("**Additional Support**") convertible into ordinary shares at the Conversion

## RESOURCES PRIMA GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198602949M)



Price (with the requisite approval of shareholders) and on such other terms to be agreed (“**Additional Conversion Shares**”). This facility shall be drawdown at the sole and absolute discretion of the Company.

### 6. Application for Listing and Quotation

An application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in due course for the Conversion Shares, Rights and Additional Conversion Shares (if applicable) to be admitted to Catalist and be listed for quotation on the SGX-ST. The Listing and Quotation Notice, if given, shall not be construed as an indication of the merits of the Company’s shares, the Convertible Loan, the Additional Support, Rights Issue or the Company, its subsidiaries and their securities.

### 7. Interested Person Transaction (“IPT”)

The Convertible Loan Agreement does not constitute an IPT as the Investor does not fall under the definition of an Interested Person as defined in Chapter 9 of the Listing Manual.

Save as disclosed in this announcement, none of the directors or substantial shareholders of the Company and their respective associates have any interest, direct or indirect, in the Investment Term Sheet, other than through their respective shareholdings (if any) in the Company.

### 8. Compliance

Parties agree to amend and vary any terms of the Investment Term Sheet or the Definitive Documentation if so required to ensure compliance with all applicable laws and regulations, Take-Over Code, SGX Listing Manual, Code of Corporate Governance and Company Constitution; and such directives, instructions, views as may be given by the Securities Industry Council or the SGX-ST.

### 9. Definitive Documentation

The Company and the Investor shall negotiate in good faith and enter into Definitive Documentation for the transactions contemplated in the Investment Term Sheet by 31 May 2018 or soon thereafter.

The Definitive Documentation shall contain such terms as may be customary for transactions of this nature.

### 10. Exclusivity & Due Diligence

The Investor shall have an exclusive period until 15 June 2018 during which the Company may not enter into discussions with any other party with respect to the transactions contemplated in the Investment Term Sheet.

The Company shall permit the Investor to carry out such due diligence on the Company and its subsidiaries as may be required by the Investor.



## **11. Legal Effect**

The Investment Term Sheet is not legally binding save for the terms, “Definitive Documentation”, “Exclusivity” and “Governing Law” which shall be legally binding.

## **12. Governing Law & Jurisdiction**

The Investment Term Sheet shall be governed by Singapore law and the Company and Investor submit to the exclusive jurisdiction of the courts of Singapore for the resolution of any disputes arising therefrom.

## **13. Rationale for the Investment Term Sheet**

The Company is of the view that the transactions contemplated in the Investment Term Sheet are beneficial to the Company and the Group due to the availability of the financing contemplated under the Investment Term Sheet which will strengthen significantly the current financial position of the Company and of the Group and allow the shareholders to participate in the recovery of the Company if they so elect to do so. The support from its shareholders, in particular the Investor, during this period is important to the continuity of the Company. The Company will use the available financing from the transactions contemplated in the Investment Term Sheet as working capital and may also use such available financing to expand the coal hauling business of the Group, or pursue other related businesses, provided such businesses are commercially viable, to ensure the sustainability and profitability of the Group thereby enabling the Company to seek a resumption of trading which will benefit all shareholders.

Further, the Directors are of the opinion that the transactions contemplated in the Investment Term Sheet, together with the current bank facilities as well as cash and bank balances of the Group will be sufficient to meet the Company’s and Group’s working capital requirements for the 12-month period from the Company’s reporting date of 31 December 2017.

## **14. Financial Effects of the Transactions Contemplated in the Investment Term Sheet**

It is not possible to determine precisely the financial effects the transactions contemplated in the Investment Term Sheet would have on the Company until *inter alia* the Convertible Loan has been fully drawn and/or converted into Conversion Shares, the actual subscription of the Right Shares by the shareholders of the Company, the exercise of the right of the Investor to subscribe for the unsubscribed Rights or the drawdown of the Additional Support (at the sole and absolute discretion of the Company) and/or converted into Additional Conversion Shares, as applicable.

However, solely for the purposes of illustration, the Company has set out the financial effects of the Convertible Loan, the Rights Issue and Additional Support on the Company’s share capital, earnings per share, net tangible assets per share and gearing, based on the latest consolidated financial results for the financial year ended 31 December 2017 (“FY2017”). The financial effects set out below are on the following bases and assumptions:



**Scenario 1 (No drawdown of Additional Support):**

- (a) the full conversion of the Convertible Loan into 500,000,000 Conversion Shares;
- (b) the Rights Issue is fully subscribed;
- (c) the financial effect on the consolidated earnings per share is computed based on the assumption that the Convertible Loan was fully disbursed and fully converted and the Rights Issue fully subscribed at the beginning of FY2017; and
- (d) the financial effect on the consolidated net tangible assets per share is computed based on the assumption that the Convertible Loan was fully disbursed and fully converted and the Rights Issue fully subscribed at the end of FY2017.

**Scenario 2 (Drawdown of Additional Support):**

- (a) the full conversion of the Convertible Loan into 500,000,000 Conversion Shares;
- (b) the Rights Issue is fully subscribed;
- (c) Additional Support fully drawn down at the sole and absolute discretion of the Company and fully converted into the Additional Conversion Shares;
- (d) the financial effect on the consolidated earnings per share is computed based on the assumption that the Convertible Loan was fully disbursed and fully converted, the Rights Issue fully subscribed and the full drawdown of the Additional Support and full conversion to Additional Conversion Shares at the beginning of FY2017; and
- (e) the financial effect on the consolidated net tangible assets per share is computed based on the assumption that the Convertible Loan was fully disbursed and fully converted, the Rights Issue fully subscribed and the full drawdown of the Additional Support and full conversion to Additional Conversion Shares at the end of FY2017.

<b>Share Capital</b>	<b>FY2017</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Issued and paid-up share capital (US\$)	100,480,000	102,599,557	103,721,808
Total number of Issued Shares	1,832,999,998	4,665,999,996	6,165,999,996
<b>Earnings per share</b>			
	<b>FY2017</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Net loss for the year as at FY2017 (US\$)	(619,000)	(619,000)	(619,000)
Number of issued shares	1,832,999,998	4,665,999,996	6,165,999,996
Loss per share (US\$ cents)	(0.03)	(0.01)	(0.01)



<b>Net tangible assets (“NTA”) per share</b>	<b>FY2017</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
NTA (US\$)	(50,000)	2,069,557	3,191,808
Number of issued shares	1,832,999,998	4,665,999,996	6,165,999,996
NTA per share (US\$ cents)	(0.003)	0.044	0.052
<b>Gearing</b>			
<b>Gearing</b>	<b>FY2017</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Total Borrowings (US\$)	99,000	99,000	99,000
Shareholders’ Equity (US\$)	(50,000)	2,069,557	3,191,808
Gearing Ratio	-198.0%	4.8%	3.1%

Unless as otherwise stated, all currency translations in this announcement shall be based on the exchange rate of USD1.00: S\$1.3366 as at 31 December 2017.

#### **15. Approval For the Transactions Contemplated in the Investment Term Sheet**

The Company shall convene an EGM to seek specific Shareholders’ approval for

- a) the issuance of Conversion Shares,
  - b) Rights issue; and
  - c) The issuance of the Additional Conversion Shares
- and the corresponding Circular containing the notice of the EGM shall be dispatched to Shareholders in due course.

#### **16. Documents Available For Inspection**

Copies of the Investment Term Sheet and Definitive Documentation (when signed) are/will be available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company’s registered office at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721.



## 17. Directors' Responsibility Statement

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

BY ORDER OF THE BOARD

Agus Sugiono  
Executive Chairman and Chief Executive Officer  
7 June 2018

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

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

*The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829.*

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