



UPDATE PURSUANT TO RULE 704(22) OF THE CATALIST RULES

*Unless otherwise defined herein, capitalised terms have the same meanings as defined in the Company's announcements dated, inter alia, 13 September 2018, 31 October 2018, 12 November 2018, 14 November 2018, 30 November 2018 and 31 December 2018 (collectively, the "**Previous Announcements**").*

The board of directors (the "**Board**" or "**Directors**") of Resources Prima Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), refers to the Previous Announcements and wishes to provide the following update pursuant to Catalist Rule 704(22).

(A) Group's future direction and other material developments that may have a significant impact on the Group's financial situation

Ongoing Operations:

As previously announced, PT Energy Indonesia Resources ("**EIR**") recommenced coal hauling operations in October 2017, prior to the contracted start date of 1 November 2017, under a coal hauling service agreement ("**Coal Hauling Agreement**") with PT Coalindo Adhi Nusantara ("**CAN**"). Commencement of coal hauling operations prior to the contracted start date was at the request of CAN.

As announced on 31 December 2018, the operations of EIR during November 2018 were negatively affected by CAN being unable to sell its coal inventory resulting in a full stockpile such that coal hauling for November 2018 amounted to only 23,031 tonnes. Coal hauling during the month of December 2018 continued to be disrupted for the same reasons as November 2018 such that the coal hauled for December amounted to 16,683 tonnes, resulting in an average quantity of 31,988 tonnes per month for the 14-months November 2017 through December 2018 which continues to be significantly lesser than the 100,000 tonnes per month as set out in the Company's announcement dated 6 October 2017.

Following a number of discussions with CAN including *inter alia* possible recourse resulting from the ongoing disruptions, the various claims/outstanding receivables from CAN are set out below:

- a. Accounts receivable outstanding of approximately Rp1.835 billion (approximately US\$126,550 based on an exchange rate of US\$1.00 equivalent to Rupiah14,500).
The outstanding accounts receivables comprises:
 1. Accounts receivables for the work done (coal hauled) for November to December 2018 amounting to US\$76,600.
 2. Overpayment claim made by CAN amounting to US\$30,766 as set out in our announcements dated 14 November 2018 and 31 December 2018 which was unilaterally deducted by CAN against the accounts receivables payable to EIR in spite of EIR disputing the overpayment claim. Although CAN advised they were reviewing EIR's submission to dispute the overpayment claim, EIR

have been informed that CAN's position with regard to the deduction remains unchanged and as at the date of this announcement no formal response has yet been received by EIR.; and

3. An amount of US\$19,184 for the months of September 2018 and October 2018 relating to the rise and fall portion ("**Rise and Fall**") (i.e. part of the pricing formula for the coal hauling services). CAN has unilaterally excluded this portion from its payment for the accounts receivables due to EIR for the relevant period although EIR has informed of its disagreement with CAN in respect of the Rise and Fall adjustment. However, CAN's position remains unchanged.

EIR considers the actions of CAN for items (2) and (3) above to be in breach of the coal hauling contract.

b. Compensation for disruptions in September 2018

Although discussions in regards to the standby claim for September's operational disruptions and shortfall in coal hauled have stalled, EIR continues its attempts to formally re-engage with CAN in order to negotiate and agree on appropriate compensation.

c. Temporary suspension of coal hauling activities

As announced on 31 December 2018, CAN's coal hauling activities were temporarily suspended with effect from 1 January 2019 until further notice thereby adversely affecting EIR's operations.

This temporary suspension is due to the work programme and budget ("**WP&B**") for CAN's coal mining operations in respect of the financial year commencing 1 January 2019 not being approved by the East Kalimantan Provincial Office of the Ministry of Energy and Mineral Resources prior to 31 December 2018. EIR has received a letter dated 1 February 2019 from CAN advising that coal hauling is scheduled to re-start on 13 -14 February 2019.

The management is in further discussions with CAN on the ramifications and possible recourse of this temporary suspension of operations.

In addition and as a result of the matters noted above EIR has sought professional legal advice with regard to further actions available to EIR as well as alternative options for EIR and will update the shareholders in due course.

The Company will continue to update shareholders via SGXNET in respect of the above and other matters concerning the Group through its monthly update pursuant to Rule 704(22) of the Catalist Rules.

Cashflow analysis and resumption of trading:

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 to October 2017. The severe underperformance of the coal hauling agreement with CAN as set out above added more uncertainty to the cashflows that can be generated by the Group. The Board also announced on 28 June 2017 that the Board is of the view that the Company is currently unable to demonstrate its ability to continue as a going concern or reasonably assess its financial position. As such the Board recommended that in the best interests of the Company, the trading halt of the Company's shares be converted to a trading suspension of the shares with immediate effect. Since 29 June 2017, the Board and Management have been concurrently working towards submitting a trading resumption

proposal to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on or before 28 June 2018.

On 5 July 2018, the Company announced that it was informed by the SGX-ST that, having considered the financial position of the Company, SGX-ST, is of the view that a time extension will be in the interest of shareholders and in this regard SGX-ST has agreed to grant the Company a 3-month extension till 28 September 2018 for the Company to submit its resumption proposal.

Having regard of the deadline imposed by the SGX-ST, the Company announced on 6 August 2018, the entry of an investment agreement (“Investment Agreement”) with Mr Ang Liang Kim (“Investor”), a substantial shareholder of the Company. The Investor has, pursuant to the Investment Agreement, committed not less than S\$4 million of investment in the Company by way of a convertible loan (of up to S\$2 million) and a rights issue. These funds are for the purpose of general working capital (excluding salary and fees of Management and Directors) and where necessary, capital expenditures (including but not limited to potential business opportunities). As such, and as announced on 6 April 2018, the Management and Directors will continue, as an interim measure, not to take any fees or remuneration or to take only nominal salaries until there is more clarity on the Group’s cashflow situation. The first drawdown of funds notice under the convertible loan of S\$250,000 was issued on 10 December 2018 with funds amounting to S\$246,495.88 being subsequently received by the Company for working capital purposes in compliance with the terms of the Investment Agreement. The Company will be holding a general meeting to seek shareholders’ approval for the convertible loan in due course.

Following the ongoing efforts in seeking the injection of a sustainable business, the Company, on 1 October 2018 announced entry into a memorandum of understanding (“MOU”) with Hing Chung Group (International) Limited in relation to the proposed acquisition of 100% equity interest in ChongQing HuangYang Property Development Limited by the Company. As a result of entry into the MOU, the Company, through its sponsor has on 5 October 2018, made an application for (i) a further 6-month extension of time to 28 March 2019 to submit its resumption of trading proposal and (ii) a further 6-month extension to 28 March 2019 to fill the vacancy in its Audit and Risk Management Committee (the “Further Extensions”). On 12 November, the Company announced that SGX-ST has, on 9 November 2018, informed the Company that based on the information provided, SGX-ST, has no objection to granting the Company the following:

- a. a 6-month extension till 28 March 2019 to submit a resumption proposal; and
- b. a 6-month extension till 28 March 2019 to fill the vacancy in the Audit and Risk Management Committee.

(B) Bankruptcy proceedings – PT Rinjani Kartanegara (“Rinjani”)

There have been no further updates since the Company’s announcement dated 31 October 2018, except that the Company has appointed legal counsel to represent the Company and the Group in all further matters pertaining to the Rinjani matters.

(C) State of negotiations between the Company and its principal bankers or trustee

The Company currently has no credit lines or facilities with its bankers or trustee.

(D) Litigation

The Company refers to its announcement dated 9 February 2018 and advises that the Group’s subsidiary, PT Pilar Mas Utama Perkasa (“**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 PT Rinjani Kartanegara (“**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 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.

At the 3 July 2018 mediation hearing, no agreement was reached between the parties and as such an initial hearing was set for 10 July 2018 during which Pilar Mas and Defendants II and IV submitted their response to Ruznie’s statement of claim. Following a number of hearings, the latest of which was held on 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.

Other than as set out above, the Company has not been or is not a party in any other legal proceedings.

As previously announced, with effect from 9 October 2017, all litigation matters and decisions with respect to the legal proceedings against Rinjani will be handled by the curators appointed by the Commercial Court Jakarta.

(E) Board and board committee changes

Further to the changes and appointments to the Company’s Board and Board Committees noted in the Company’s announcement dated 11 May 2018, the Company will still be unable to meet the minimum number of members under Catalist Rule 704(7) in respect of the ARMC.

Although the Company endeavoured to fill the vacant position within the 3 months from 13 February 2018, the Company makes reference to the announcement dated 6 April 2018, wherein it advised that due to the Group’s financial position, the independent directors, the executive chairman cum chief executive officer, the executive director, the chief operating officer and the chief financial officer 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 and an appointment of an additional independent director could potentially stretch the Group’s financial resources.

Having regard to the above the Company refers to its announcements dated:

- 1 June 2018 wherein it was announced that SGX-ST had no objection to granting a 3-month extension till 10 August 2018 to appoint the additional (third) committee member of the ARMC, and
- 27 August 2018 wherein it was announced that based on the information provided by the Company, the SGX-ST has no objection to granting the Company a further 1.5-month extension, till 28 September 2018, to fill the vacancy in the ARMC.

As noted above under item (A), the Company announced that SGX-ST has informed the Company that they have no objection to granting the Company a 6-month extension till 28 March 2019 to fill the vacancy in the Audit and Risk Management Committee.

(F) Investment Agreement

The Company refers to its announcements dated 6 August 2018 and 28 September 2018 in relation to the investment agreement entered into with a substantial shareholder of the Company ("**Investment Agreement**") and wishes to provide an update on certain key terms of the Investment Agreement.

The Board wishes to announce that the Parties have agreed to an extension of time until 30 June 2019 for the completion of the key terms, including, *inter alia*, (i) the submission of a trading resumption proposal; and (ii) to convene a general meeting to seek shareholders' approval for the Convertible Loan, issuance of shares pursuant to the Conversion, Rights Issue and the whitewash waiver.

(G) Trading resumption

Please refer to item (A) above for details.

The Company will continue to update shareholders via SGXNET when there are material developments in respect of any matters concerning the Group pursuant to Rule 704(7) of the Catalist Rules.

The Board is of the opinion that all material disclosures have been provided by the Company.

BY ORDER OF THE BOARD

Agus Sugiono
Executive Chairman and Chief Executive Officer
7 February 2019

*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.

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