



UPDATE ON THE APPLICATION FOR NEXT SUBSEQUENT FURTHER EXTENSION OF TIME TO (I) SUBMIT THE GROUP'S RESUMPTION OF TRADING PROPOSAL AND (II) TO COMPLY WITH CATALIST RULE 704(7)

Unless otherwise defined, capitalised terms shall have the same meaning as ascribed to them in the Company's announcements dated 1 June 2018, 5 July 2018, 27 August 2018, 12 November 2018, 29 April 2019 and 27 September 2019.

The board of directors (the "**Board**" or "**Directors**") of Resources Prima Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), refers to its announcement dated 27 September 2019, in which it was announced that the Company will be writing, through its sponsor, to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to seek a further 6 months extension of time for the Company to (i) submit its resumption of trading proposal; and (ii) to fill the vacancy in its Audit and Risk Management Committee ("**ARMC**"). The Company had through its sponsor, SAC Capital Private Limited ("**Sponsor**") made the relevant submission on 27 September 2019.

1. GRANT OF EXTENSION OF TIME ("WAIVER")

The Company wishes to announce that SGX-ST has, on 17 October 2019, through its Sponsor, informed the Company that based on the information provided, SGX-ST, has no objection to granting the Company the following:

- a. a further 6-month extension till 28 March 2020 to comply with Catalist Rule 1304(1) to submit a resumption proposal ("**Resumption Proposal**") ("**Next Subsequent Further Resumption Proposal Extension**"); and
- b. a further 6-month extension till 28 March 2020 to comply with Catalist Rule 704(7) to fill the vacancy in the ARMC ("**ARMC**") ("**Next Subsequent Further ARMC Extension**").

The Waiver is subject to:

- a. the Company announcing the Waiver granted, disclosing the reasons for seeking the Waiver, the conditions as required under Catalist Rule 106 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- b. providing regular updates to SGX-ST and the investors via SGXNET on the Company's progress in meeting key milestones for the purposes of the resumption proposal submission to SGX-ST.

2. REASONS FOR THE NEXT SUBSEQUENT FURTHER RESUMPTION PROPOSAL EXTENSION

A recap and update on the reasons for the subsequent further resumption proposal extension in the Company's 29 April 2019 announcement are set out below in paragraphs 2.1 to 2.4:

2.1. Company's strong commitment to restructure the Company

Since the suspension of trading on 29 June 2017, the Company has taken a number of concrete steps to restructure and turn around the Company. These steps include *inter alia*:

RESOURCES PRIMA GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198602949M)



- a. the appointment of the current independent directors who have extensive experience in restructuring to guide the Company through this critical period;
- b. dealing with the aftermath from the loss of control of its principal subsidiary, PT Rinjani Kartanegara ("**Rinjani**"); and
- c. addressing the urgent and pressing needs of stabilizing the Company and the Group by generating cashflow for the Group through its remaining assets, i.e. the coal hauling assets till the recent termination in May 2019.

2.2. Company complied with deadlines imposed

Further, in spite of the above circumstances, the Company was committed and has complied with the tight deadlines imposed on them with the limited resources at its disposal, including, *inter alia*:

- a. announcement of the Group's unaudited financial statements for the third quarter ended 30 September 2017 by 15 December 2017;
- b. announcement of the Group's unaudited financial statements for FY2017 by 7 June 2018;
- c. announcement of the Group's unaudited financial statements for the first quarter ended 31 March 2018 by 31 July 2018;
- d. holding of the Company's FY2017 AGM by 30 September 2018; and
- e. holding of the Company's FY2018 AGM by 30 June 2019.

2.3. Additional funding for the Company's operating expenses through investment agreement with a substantial shareholder

- a. The securing of additional funds for the Company by the entry into an investment agreement with Mr Ang Liang Kim ("**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 by way of convertible loan and rights issue ("**Ang Investment Agreement**"). The entry of the Ang Investment Agreement addressed the immediate financial issue and accordingly widened the opportunities and also improved the Company's negotiating position.
- b. A first drawdown of funds was made in January 2019 to meet the minimum working capital requirements of the Company as well as to cover the necessary expenditures as the Independent Directors pursue businesses/assets in mining or related businesses in Indonesia, assets relating to the China's Belt and Road Initiative as well as other opportunities. Subsequently, a second drawdown of funds was partially received in May 2019, July 2019 and August 2019. As at the date of this announcement, approximately S\$730,000 has been drawn down under the Ang Investment Agreement.

2.4. Additional funding for the Company through the Yadi Investment Agreement (as defined below) and execution of a joint operations agreement between the Company and PT Prima Dharma Karsa ("**PT Prima**") ("**PT Prima JOA**")

- a. The Company and an investor, Mr Xu Shun Cheng @ Perman Yadi ("**Mr Yadi**") executed another investment agreement ("**Yadi Investment Agreement**") as announced by the Company on 31 March 2019. The Yadi Investment Agreement comprises a loan for USD 2 million by way of a convertible loan. The convertible loan extended by Mr Yadi to the

RESOURCES PRIMA GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198602949M)



Company is mainly for the Company to undertake business operations and projects that are approved by Mr Yadi. The PT Prima JOA is the first project approved by Mr Yadi.

- b. The entry of the PT Prima JOA was announced on 31 March 2019 by the Company. RPG Logistics Pte Ltd (“**RPGL**”), a wholly-owned subsidiary of the Company, was to provide, *inter alia*, transportation of nickel, supervision of mining operations and provision of mining equipment and services to PT Prima under the PT Prima JOA. In return for these services, PT Prima shall pay a royalty to RPGL for each tonne of nickel sold by PT Prima from the mining areas.
- c. The entry into the PT Prima JOA is a means to improve the business viability of the Group as it will generate revenue and cashflow for the Group, and potentially provide a viable and sustainable business which will strengthen the current financial position of the Group.

3. COMPANY’S CONTINUAL COMMITMENT TO RESTRUCTURE THE COMPANY

In addition to the above, the Company continues and is committed to step-up restructuring and governance efforts:

3.1 Follow up on dispute on coal hauling service agreement between PT Energy Indonesia Resources (“**EIR**”) and PT Coalindo Adhi Nusantara (“**CAN**”)

- a. While the negotiations are ongoing for the disputed amount, CAN continued to make partial and intermittent payments to EIR. The outstanding receivables due from CAN was USD 115,800 as at the date of this announcement for work done prior to termination of the Contract (as defined below), a decrease from USD154,300 as at 30 June 2019 due to collections.
- b. Under the coal hauling contract with CAN (“**Contract**”), the monthly shortfalls of coal hauled arising from CAN’s failure to provide a minimum of 100,000 tonnes per month to EIR (“**Shortfall**”) for the period from November 2017 to May 2019 is estimated at some USD 2.7 million. In addition, claim for damages due to breach of Contract by CAN for early termination of the Contract, as set out in the Company announcement dated 15 May 2019, is estimated at USD 460,000. In total, EIR can claim about USD 3.3 million from CAN.
- c. As advised by its Indonesian Legal Counsel, EIR has taken various actions to protect and enforce its rights under the Contract, including, *inter alia* sending sets of notification letters in accordance to Indonesian Laws prior to any legal proceedings and is contemplating the issuance of a letter of demand and as well as commencing legal action against CAN.

3.2 Follow up with curators of Rinjani

- a. The Company having sought professional advice from its Indonesian legal counsel, has instructed its Indonesian legal counsel to write as well as wrote letter to the curators in respect of the development and sought information on *inter alia*, the selection criteria for coal contractors, terms with the selected coal contractor, repayment arrangement between Rinjani and the coal contractor, the progress of mining operations, the expected/forecast profitability by the appointed mine contractor and the repayment and distribution arrangement to the creditors of Rinjani.
- b. The Company continues to pursue its rights as a creditor of Rinjani and will take any action, if deemed necessary, to protect its interests in the debt owing by Rinjani in accordance to Indonesian Law to safeguard the interests of the Group and its shareholders.



3.3 Appointment of new Chief Financial Officer (“CFO”)

With the replacement of the CFO by Mr Thng Tien Lung on 11 February 2019, the Company has been up to date on complying with the reporting requirements and has only sought one extension for the AGM for FY2018. The Company believes that the backlog of the reporting requirements has been caught up and is not expected to fall behind again.

3.4 Appointment of Internal Auditor

- a. Notwithstanding that the decision by the then Board and/or ARMC to suspend the internal audit review following the loss of control of Rinjani, the current Board is mindful of the recent changes to the Catalist Rules, in particular Rule 719(3). Accordingly, to continue to strengthen the corporate governance in the Group, the Company has appointed BDO LLP as the Internal Auditor for the Group.
- b. The Internal Auditor has commenced its internal audit review for the financial year ending 31 December 2019 and is in the progress of following up with the management on its findings.

4. **REVERSE TAKEOVER (“RTO”) OPPORTUNITIES TO PROVIDE SUSTAINABLE FINANCIAL AND BUSINESS VIABILITY FOR THE COMPANY**

4.1. The Directors, management and stakeholders of the Company relentlessly continue to look out for and evaluate other potential deals that will generate revenue and provide a viable business for the Group while the Group continues to work on a RTO and eventually a resumption of trading. Since the last extension, the Company has explored RTO possibility with various parties in the fields of *inter alia*, mineral, oil and gas, education, food and beverage, financial services and property development.

- a. The Company and its management as well as Directors spent a lot of time and efforts to explore these opportunities during the last 6 months despite its limited resources. Some of these opportunities were dropped eventually due to *inter alia* lack of information, readiness of the assets, quality of the assets, business viability and sustainability of the assets and the commercial terms proposed by the counterparties.
- b. After prudent deliberating and exploration of the various opportunities, the Board considered the coal mine to be the most advantageous to the Company. Accordingly, as announced on 27 September 2019, the Company entered into a sales and purchase agreement to acquire 100% of Kitty Hawk Natural Resources Pte. Ltd. (“**Target**”) (a holding company incorporated in Singapore) which operates a coal mine in Indonesia through the Target’s 95%-owned subsidiary, PT Rizky Barito Timur (“**Target Subsidiary**”), from Trilax Multi Investments Ltd and Anant Finance Corporation (each a “**Vendor**” and together the “**Vendors**”) (“**Proposed Acquisition**”).

Please refer to the Company’s announcement dated 27 September 2019 for details.

- c. The Company entered into a third investment agreement with a Mr Chaw Chong Foo (“**Mr Chaw**”) (“**Chaw Investment Agreement**”). Pursuant to the Chaw Investment Agreement, Mr Chaw will grant the Company a convertible loan with a principal of S\$1.35 million. The purposes of the convertible loan are extended to the Company for, *inter alia*, costs and expenses in relation to the Proposed Acquisition of the Target. Mr Chaw may also extend an additional loan amount in excess of S\$1.35 million to accommodate any working capital requirements set out in the Catalist Rules.

Please refer to the Company’s announcement dated 27 September 2019 for details.



4.2. The Board considers the RTO opportunity with the Target (based on the information provided by the Target and Vendors) to be advantageous due to:

- a. Target Subsidiary is sub-divided into 2 blocks, the Sirau Block in the west and the Mantarah Block in the east. The JORC report only includes the Sirau Block, which covers about 40% of the total Mining Concession. There are evidences of coal identified in a number of locations in the Mantarah Block which comprises the remaining 60% of the Mining Concession and is currently unexplored. This unexplored Mining Concession area will allow the Target to further increase its capacity for its subsequent business growth.
- b. Target Subsidiary has a ready list of established local clients and some are affiliated to large Indonesian conglomerates from Jakarta and Surabaya, Indonesia. Target Subsidiary is also exploring export opportunities for its growth.
- c. The commercial terms that are put forth by owners of the Target are more reasonable as compared to other RTO opportunities especially on the agreed valuation of the Company.
- d. The Target is in a business that the Company is familiar with and that the Target will generate revenue and provide a viable business for the Group, thereby addressing the viability and sustainability of the Group.

4.3. In the interest of time, the Target has appointed certain qualified person under the Catalyst Rules on 18 September 2019 to refresh the JORC report and the qualified person had since commenced work on 23 September 2019.

4.4. Further, the Company is arranging for a site visit shortly to the Mining Concession.

4.5. As a result of the various steps taken and various matters to address as set out in paragraph 2 and 3 above, as well as the time taken to assess the various RTO proposals introduced to the Company and to subsequently negotiate the sales and purchase agreement in relation to the Proposed Acquisition of the Target and the Chaw Investment Agreement, the Company did not have the requisite manpower and time to conduct a full scope of due diligence on the Target before 28 September 2019.

5. REASONS FOR THE NEXT SUBSEQUENT FURTHER ARMC EXTENSION

The reasons for the Next Subsequent Further ARMC Extension some of which are a repeat of those noted in the Company's previous ARMC extension approval announcements dated 27 August 2018, 12 November 2018 and 29 April 2019 are as follows:

5.1. Trading in the shares of the Company have been suspended since 29 June 2017 as the Board was of the view that the Company could not continue as a going concern nor could the Group's financial position be reasonably assessed due mainly to the Group's main operating subsidiary, Rinjani, having forecasted negative results for the 3-month period ended 30 June 2017. The negative results forecast resulted from the above average rainfall and related dewatering issues as well as cessation of waste mining operations and consequently cessation of coal production from Rinjani's mine site as Rinjani had failed to settle outstanding debts owed to its waste mining contractor. Since the trading suspension, Rinjani was declared bankrupt as of 9 October 2017 and the board of directors of Rinjani and the Company no longer have control over Rinjani.

RESOURCES PRIMA GROUP LIMITED

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(Company Registration No. 198602949M)



- 5.2. The remaining active subsidiary of the Group then is EIR which carries out coal hauling activities. EIR had entered into a coal hauling service agreement with CAN and recommenced coal hauling operations in October 2017 (briefly stopped its operation on 1 January 2019 and recommenced on 25 February 2019). 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, poor condition of the coal hauling road and operational disruptions experienced by CAN. In addition, as the Company announcement dated 15 May 2019, CAN had early terminated the coal hauling contract with EIR.
- 5.3. 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 and early termination of coal hauling contract with CAN, as set out in the Company announcement dated 15 May 2019 has added more uncertainty to the cash flows that can be generated by the Group.
- 5.4. Given the current cashflow constraints, the Directors and Management of the Company have been focusing its 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, 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, the chief operating officer and the former 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 to act as an additional independent director on the same basis.
- 5.5. Although the Company had, on 6 August 2018, announced the entry of the Ang Investment Agreement whereby Mr Ang (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, 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). While Mr Ang has given a one-time approval of the payment of the Director fees of the two independent Directors for FY2018 as announced on 13 August 2019, there is no certainty at this juncture that Mr Ang will continue to approve the Director fees of the independent directors. The difficulties in attracting suitable candidates to be appointed to the Board, Board Committees and in particular, the ARMC therefore still remain. With the profits and cashflow to be generated from inter alia the PT Prima JOA and/or the submission of a Trading Resumption Proposal that is agreeable to by SGX-ST for a viable business and/or injection of cash generating assets, the Board believes that the Company will be in a better position to attract suitable candidates. In this regard, the Company is seeking for a further extension of time till 28 March 2020.
- 5.6. Notwithstanding the absence of a third member, the ARMC of the Company is able to function effectively and as such we submit this Next Subsequent Further ARMC Extension Application.

6. CONFIRMATIONS BY THE COMPANY

The Company confirms that the Waiver granted does not contravene any laws and regulations governing the Company and the constitution of the Company (or equivalent in the Company's country of incorporation) arising from the Waiver. The Company will make an immediate disclosure via SGXNET if such contravention arises.

RESOURCES PRIMA GROUP LIMITED

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BY ORDER OF THE BOARD

Agus Sugiono
Executive Chairman and Chief Executive Officer
18 October 2019

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

This announcement 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 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 Lee Khai Yinn, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.
