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GST Reg No: M90367530Y

**Issuer:** Resources Prima Group Limited (formerly Sky One Holdings Limited)

**Security:** Resources Prima Group Limited

**Meeting details:**

Date: 28 September 2018

Time: 10.00 a.m.

Venue: TKP Conference Center, 137 Cecil Street, Hengda Building, #03-01, Tokyo 2 Room, Singapore 069537

**Company Description**

NA

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5MM](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5MM))

1. On 5 July 2018, the company announced that the SGX-ST was agreeable to grant the company a 3-month extension till 28 September 2018 to submit its resumption proposal.

**(i) Can the company provide shareholders with an update on the progress made in the preparation of the resumption proposal?**

It was also highlighted that the company must adequately address both the financial and operational viability issues and the resumption proposal must be supported by binding agreements. As noted in the company's update pursuant to Rule 704(22) of the Catalist rules dated 13 September 2018, the company's wholly PT Energy Indonesia Resources (EIR) still faces operational issues and has yet to resolve it with the customer (PT Coalindo Adhi Nusantara (CAN)).

**(ii) What are the efforts by the board and the management to resolve the operational issues at EIR before 28 September 2018 so that the company can demonstrate its viability in its resumption proposal submission?**

**(iii) Has management estimated the volume needed to be hauled by EIR to breakeven?**

**(iv) With regard to PT Rinjani Kartanegara (Rinjani), has the company exhausted all its option to challenge the bankruptcy order of Rinjani? Can shareholders understand how the group had prepared its Composition Plan which was presented by Rinjani to its creditors?**

**(v) What is the role played by the independent directors to guide and oversee the group as management tries to resolve the operational matters (with Rinjani, CAN and EIR)?**

On 6 August 2018, the company announced an Investment Agreement with Mr Ang Liang Kim, for the investor to grant the company a convertible loan of up to \$2 million with a conversion price of \$0.001 per share. The conversion price represents a 96% discount to the last traded price prior to the suspension of the company's shares.

**(vi) Even if the convertible loan and the proposed rights issue are successfully carried out, the group's remaining operations at EIR does not appear to be scalable. Has the board evaluated other options with regard to the group's long term strategic future?**

**(vii) Has the board, especially the independent directors, evaluated the proposed investment agreement? Was there an unanimous decision by the directors to approve the proposed investment?**

**(viii) How did the board ensure that the proposed investment agreement was not unduly dilutive to existing shareholders, especially minority shareholders?**

2. On 13 September 2018, the company announced that its independent auditor has issued a qualified opinion and indicated the existence of material uncertainties related to going concern on audited financial statements for the financial year ended 31 December 2017.

The basis for qualified opinion was due to the loss of control over Rinjani on 24 August 2017. As a result, management represented that the group was unable to obtain the audited financial statements of Rinjani for the financial period from 1 January 2017 to 24 August 2017. Accordingly, the unaudited management accounts of Rinjani as at 31 August 2017 were used to prepare the consolidated financial statements of the group for the financial year ended 31 December 2017.

The loss from discontinued operations (net of tax) amounted to US\$14,789,000.

The independent auditors have also stated the following:

*We are unable to obtain sufficient information to enable us to form an opinion as to whether the unaudited management accounts of Rinjani used in the preparation of the consolidated financial statements of the Group, were prepared in accordance with Financial Reporting Standards in Singapore and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group, in particular, the determination of the respective line items in the analysis of the loss from discontinued operations of the Group.*

Despite the qualified opinion, the directors have made the following declaration in the Directors' Statement:

The directors present their statement to the members together with the audited consolidated financial statements of Resources Prima Group Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

#### **Opinion of the directors**

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 57 to 112 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and
- (ii) at the date of this statement, after considering the matters as described in Note 3(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

(Source: Company annual report)

**Given that the company's independent auditor has issued a qualified opinion (as detailed above), can the directors of the company justify how, in their opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 57 to**

**112 [of the annual report] are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore?**

3. On 12 February 2018, the company announced the cessation of Mr Low Yen Shen who was a member of the company's Audit and Risk Management Committee (ARMC).

Following the resignation of Mr Low, the company was unable to meet the minimum requirement under Catalist Rule 704(7) which states the follow:

*In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.*

The situation was exacerbated by the resignation of Mr. Giang Sovann, who was the chairman of the company's ARMC, on 13 February 2018.

On 11 May 2018, the company announced changes to the composition of the board and board committees, including the appointment of Mr Chow Wai San as chairman of the ARMC and Mr Khoo Song Koon as lead independent director and member of the ARMC.

The company also disclosed that *"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"*.

As such, the company has found it difficult to fill the vacant position to meet the minimum number of members (not less than three) under Catalist Rule 704(7) in respect of the ARMC.

- (i) Would the company elaborate further on its efforts to appoint additional independent directors to the board (and ARMC) so as to meet the minimum number of members in the ARMC, required under Catalist Rule 704(7)?**
- (ii) Would the board confirm if the directors and key executives are all not receiving fees or remuneration? What is the typical "nominal salary" under this interim arrangement?**
- (iii) What is the company's search and nomination process for new directors, especially independent directors? Is the company still sourcing for independent directors with the requisite skills-sets, expertise and professional experience that can help the group?**