



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: RH Petrogas Limited

Stock code: T13

Meeting details:

Date: 28 May 2020

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As shown in the Key statistics (page 2 of the annual report), the group produced 4,240 barrels of oil equivalent per day in 2019 (including the share of non-controlling interests) from the Basin and Island production sharing contracts (“PSCs”) in West Papua.

- (i) **Has the group successfully completed the takeover of the operatorship for the Island block when the block enters a new 20-year PSC with effect from 23 April 2020?**

The group’s average cost of production is approximately US\$30-31 per barrel.

- (ii) **Given the current oil price, what adjustments has management made to the production schedule?**
- (iii) **Who are the buyers of the group’s production from the two PSCs?**
- (iv) **Has the group evaluated going into an offtake agreement to better manage the pricing and volume risks?**

With the SK331 PSC, the group has completed the acquisition and processing of the new 2D seismic lines in December 2019. Seismic interpretation and prospect maturation works are currently on-going. The exploration contract ends on 5 June 2020.

- (v) **Is the group likely to apply for an extension from Petronas given the high degree of uncertainty in the sector currently?**

Q2. In the Independent auditor’s report (pages 42 to 45), the independent auditor drew attention to Note 2 of the financial statements, highlighting the material uncertainty related to going concern.

It noted that, as at 31 December 2019, the group’s and the company’s net current liabilities are US\$14.7 million and US\$402,000 respectively, and net liabilities are US\$26.0 million and US\$1.27 million respectively.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the group’s ability to continue as going concern.

The ability of the group to continue as a going concern depends on its ability to generate sufficient cash flow to meet the group’s short-term obligations as and when they fall due, and the financial support from a substantial shareholder to provide adequate funds to the group till 30 June 2021 to meet the group’s working capital needs.

As at 31 December 2019, the net asset value per share is (1.74) cents.

In fact, on 8 May 2020, the company announced its unaudited first quarter financial statements stating that the group's financial conditions, as with most of its peers in the upstream oil industry, will be adversely impacted. It will strive to conserve cash and continue to exercise financial prudence and discipline in its spending by deferring all discretionary and non-essential capital expenditures as well as implementing drastic cost reduction and optimisation programmes across its operations.

However, the gross financial commitment for the firm work programs are US\$61.2 million and US\$36.3 million for the Basin and Island blocks respectively under the new production sharing contracts.

- (i) **Has the board reviewed the financial position of the group and evaluated how it could raise capital efficiently?** Doing so will allow the company to secure long-term capital to fund its business needs that are capital-intensive and long-term in nature.
- (ii) **Can management disclose the non-discretionary capital expenditure that will be required in the next 12-24 months?**

Q3. The attendance of directors at board and board committee meetings is shown in the table on page 17 and reproduced below.

The number of Board and Committee meetings and Company general meeting(s) held in the FY2019 and the attendance by each member is set out as follows:

Meeting of	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
<i>Total held for the FY2019</i>	4	4	1	1	1
Tan Sri Datuk Sir Tiong Hiew King ⁽¹⁾	–	–	–	–	–
Dato' Sri Dr Tiong Ik King ⁽²⁾	4	4	1	1	1
Chang Cheng-Hsing Francis	4	–	–	–	1
Tiong Kiong King ⁽³⁾	3	–	–	–	–
Abbasbhoy Haider Nakhoda ⁽³⁾	4	4	1	1	–
Yeo Yun Seng Bernard	4	4	1	1	1
Lee Hock Lye	4	4	1	1	1
Achmad Lukman Kartanegara	4	4	1	–	1
Kuan Li Li ⁽⁴⁾	1	1	–	–	–

(Source: company annual report)

Note (3) stated that Mr Tiong Kiong King and Mr Abbasbhoy Haider Nakhoda were absent from the AGM held on 26 April 2019 and they sent their apologies for not attending the AGM. Tan Sri Datuk Sir Tiong Hiew King was on medical leave during FY2019 until he retired at the conclusion of AGM held on 26 April 2019.

- (i) **Would the two directors help shareholders understand if there were any extenuating circumstances that led them to miss the AGM?**
- (ii) **How can the company secretary and the directors better schedule the board, board committee and shareholder meetings so that all directors attend the meetings?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)