Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: RH PETROGAS LIMITED

Stock code: T13

Meeting details:
Date: 27 April 2023
Time: 10.00 a.m.
Venue: Nautical Room, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887

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Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

(i) **Realised oil price:** The group achieved a realised oil price of US$95 per barrel in 2022, representing an increase from US$70 per barrel in 2021. **Has management implemented any strategies to optimise the realised oil price, and if so, what are they?** Furthermore, the group did not engage in any derivative commodity contracts to hedge against its commodity price risk in both 2021 and 2022 (as stated on page 97). **Does the group enter into any forward sales to manage its commodity price risk? What guidance has the board given to management in this aspect?**

(ii) **Natural production decline:** With increased field activities, the group's cost of production increased to US$33.40 per barrel in 2022 as compared to US$27.30 per barrel in 2021. **Is the natural production decline of the mature fields in line with management's projections? Is there a risk that production optimisation techniques may yield diminishing marginal returns?**

(iii) **Natural gas:** The group is carrying out exploration work at Kepala Burung PSC and Salawati PSC to source for gas to supply to Sorong and its surrounding areas. Sorong will house a proposed new nickel processing park and the group can play a supporting part in the Sorong SEZ and the industrial development of the Sorong District of West Papua. **Has the board carried out a risk assessment of the proposed investment? Will the success of the investment be heavily reliant on the growth of the nickel industry in Sorong, or are there other factors that could drive demand for gas in the region?**

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Q2. Based on SGX's website, the company has not paid any dividends in over two decades, with the last dividend in 1999 (and followed by a rights issue in 2002).



Filter by Security Name

RH PETROGAS LIMITED

Security Name	Type	Ex-date	Record date	Payment date	Particulars
RH PETROGAS LIMITED	RIGHTS	11 Dec 2002	13 Dec 2002	-	OFFER OF 3 FOR 10 @ SG...
RH PETROGAS LIMITED	DIVIDEND	21 Sep 1999	27 Sep 1999	15 Oct 1999	2% LESS TAX
RH PETROGAS LIMITED	DIVIDEND	29 Jul 1994	04 Aug 1994	08 Sep 1994	10% LESS TAX

(Source: https://www.sgx.com/securities/corporate-actions?value=RH%20PETROGAS%20LIMITED)

As at 31 December 2022, the company is in a net cash position of US$19.3 million (page 98; Note 30 Capital management). Cash and cash equivalents at the end of the financial year amounted to US$57.3 million (page 52; Consolidated cash flow statement).

The company does not have a fixed dividend policy. The group is currently focused on conserving its cash to fund exploration and development work programs that are critical to its strategy of organic reserve and production growth over the next few years. As per the new Kepala Burung PSC and Salawati PSC agreements, which began in 2020, the group has committed to conducting an agreed set of exploration work programs in the two blocks during the first five contract years, with a firm financial obligation of approximately US$68.2 million net to the group's working interests. The group plans to drill three exploration wells and one development well in 2023, subject to any unforeseen circumstances.

(i) **Considering that the group has not paid a dividend in 24 years, what deliberations did the board have over the payment of dividends in 2022 as the group has turned a net cash position?**

(ii) **Can the board provide an update on how it plans to strike a balance between investing in the group's growth (through funding exploration and development work programs) and generating returns for shareholders in the form of steady dividends?**

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Q3. As noted in the corporate governance report, Mr Yeo Yun Seng Bernard and Mr Lee Hock Lye have each served on the board for an aggregate of more than nine years since their first appointment as directors of the company.

Mr Yeo Yun Seng Bernard and Mr Lee Hock Lye were first appointed on 1 November 2001 and 27 November 2003 respectively. The directors would have served on the board for over 21 years and over 19 years respectively.

In addition, Mr Achmad Lukman Kartanegara would also reach the nine-year limit on 22 August 2023.

The transition arrangement would allow Mr Yeo Yun Seng Bernard and Mr Lee Hock Lye to continue serving on the board as independent directors until the company's AGM for the financial year ending on 31 December 2023.

The nominating committee (NC) has been reviewing and undertaking the progressive renewal of the board, including the nine-year limit on the tenure of independent directors in its succession planning. The committee has made preparations for a phased and progressive renewal of the board, and as part of this effort, Mr Khoo Kar Khoon was appointed as an independent director of the company on 8 February 2023.

(i) **Would the board, particularly the NC, elaborate further on the selection criteria, board diversity considerations and the search and nomination process, that led to the appointment of Mr Khoo Kar Khoon, as required in the SGX template?**

Additional Details

Date Of Appointment
08/02/2023

Name Of Person
Khoo Kar Khoon

Age
58

Country Of Principal Residence
Malaysia

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
Upon the recommendation of the Nominating Committee, which had reviewed the qualification and experience of Mr Khoo Kar Khoon, the Board of Directors approved his appointment as an Independent Director of the Company.

Whether appointment is executive, and if so, the area of responsibility
Non-Executive

(Source: company announcement)

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In January 2023, when announcing the new rules on the tenure of independent independents, Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

(ii) **Has the NC reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

(iii) **Can the NC elaborate further on the search and nomination process for directors, especially independent directors? Will the NC be using a third-party search firm and/or professional body to cast its net wider for potential candidates?**

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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