Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Resources Global Development Limited

Stock code: QSD

Meeting details:
Date: 29 April 2022
Time: 2.00 p.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.

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Q1. The group has two segments, namely coal trading business and coal shipping services, details of which can be found on page 2 of the annual report.

To support the coal shipping business, the group, through PT Deli Pratama Angkutan Laut ("PT DPAL") owns a fleet of eleven Indonesian-flagged vessels, comprising ten tugboats (and including ten accompanying barges) as well as one bulk carrier, with an aggregate estimated carrying capacity of 132,000 deadweight tonnage.

The group has ambitions to expand its shipping routes to cover China and the region. The 50,000 dwt bulk carrier was also deployed to China for the first time in FY2021.

(i) **What experience did the group gain and what were the challenges from the bulk carrier's maiden deployment to China?**

(ii) **For the benefit of shareholders, can the board/management elaborate further on its growth plans to cover China and the region?**

It has been widely reported that 65% of all Chinese coal imports in 2021 came from Indonesia. In fact, in the first 11 months of 2021, China imported 178 million tonnes of Indonesia coal, mostly thermal coal.

(iii) **What is the group's competitive advantage in its planned expansion to China when there are already other shipping companies serving the Indonesia-China coal route?**

(iv) **What were the utilisation rates for the group's tugboats and the bulk carrier in FY2021? Had the rates met the group's expectations?**

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Q2. On the trading side, the company disclosed that the operating subsidiary, PT Deli Niaga Sejahtera ("PT DNS") does not engage in coal futures or derivatives trading and does not maintain any coal stockpiles. It minimises trading risks by sourcing for coal only after securing confirmed sales contracts, i.e. it will typically enter into back-to-back coal sale and purchase contracts with its customers and suppliers respectively.

Revenue grew by 90.0% to $113.2 million due to higher average selling prices. Gross profit for the segment more than tripled to $15.9 million while gross profit margin rose 5.5% to 14.2%.

As disclosed in the CEO statement, the significant improvement in profitability was attributed to the group's flexibility in switching to spot purchase as well as its ability to purchase coal ahead of the rising price trend.

(i) **Can management help shareholders understand if the group is taking on trading risks by "purchasing coal ahead of the rising price trend"?**

(ii) **How does the group identify "rising price trend"?**

From Note 14 (page 101 – Trade and other receivables), it can be seen that trade receivables as at 31 December 2021 decreased to $6.0 million from $10.8 million a year ago despite the significant increase in revenue. Although it is also noted that 94% of the outstanding trade receivables is due from a single customer.

(iii) **How did the group significantly improve its collection of trade receivables?**

(iv) **What are the limits set by the board/management on the maximum aggregate (credit) risk of any individual counterparty?**

(v) **Is the outstanding trade receivable from the single customer past due?**

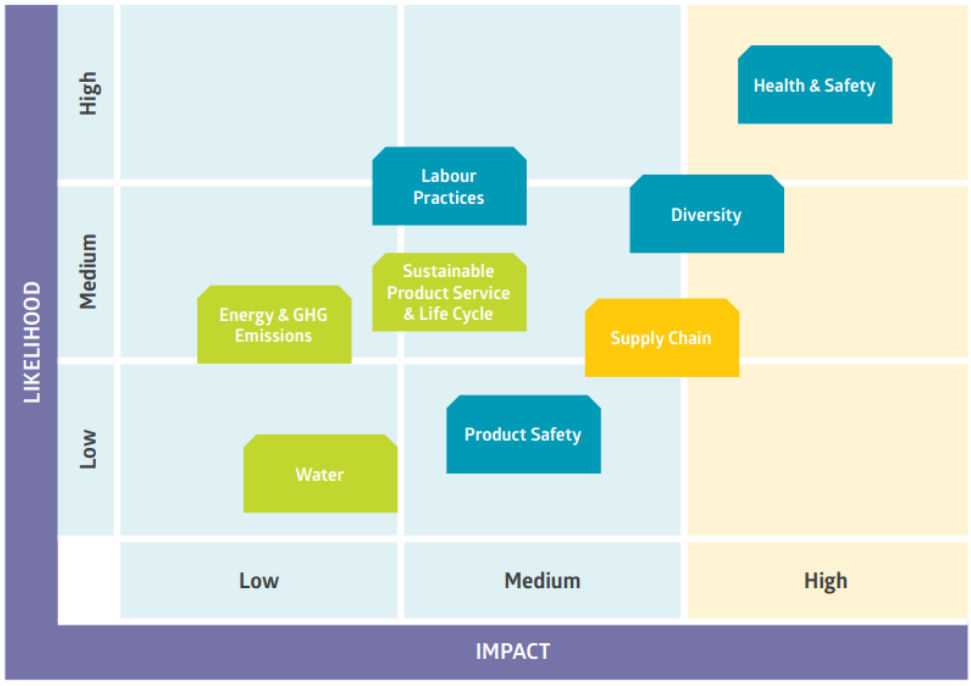
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Q3. The group's sustainability report can be found on pages 17 to 33 of the annual report. The list of material topics can be found on page 22, with the details of the material topics on pages 23 to 29.

(i) **Has the board further analysed the material topics and prioritised them according to their importance to external stakeholders and to internal stakeholders in a materiality matrix?**

An example based on SGX's resources on sustainability reporting is shown below:

Template 3: Material factors matrix



Source: KPMG

(Source: Sustainability Reporting Guide dated 22 Feb 2018)

In addition, coal is commonly regarded as the most carbon intensive fossil fuel and phasing it out is a key step to achieve the emissions reductions needed to limit global warming to 1.5°C, as enshrined in the Paris Agreement.

Thermal coal is often viewed as easily replaceable as the technologies that can replace coal are readily accessible. Some research shows coal needs to be phased out globally by 2040 to meet the commitments made in the Paris Agreement.

(ii) **How would the board future-proof its coal-dependent core business with the global shift from coal dependency to decarbonisation?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)