RESOURCES GLOBAL DEVELOPMENT LIMITED
(Company Registration No. 201841763M)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors (the "**Board**") of Resources Global Development Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions raised by SIAS in respect of the annual report of the Company for the financial year ended 31 December 2021 ("**FY2021**") ("**FY2021 Annual Report**"). The Company wishes to provide its responses to the questions from SIAS as follows:

Question 1

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?*

Company's response:

The Group's crew onboard the 50,000 deadweight tonnage (dwt) bulk carrier ("**MV Pacific Bulk**"), and the operations team were the main beneficiaries of the voyage to China. Prior to this, MV Pacific Bulk was only deployed in local Indonesia waters. As such, much preparation was made to ensure that MV Pacific Bulk and the crew onboard had obtained proper permits, licenses and documentation to sail in international waters. The management of the Group had also equipped the crew with the necessities to enable sailing into temperate weather ports and to be prepared for longer voyages as well.

Other than a one-time bunker changeover, MV Pacific Bulk was very much ready for the voyage, and the Group faced minimal challenges from its 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?*

Company's response:

Taking into account the Group's ownership of a single bulk carrier and the existing domestic business obligations, the growth plan for regional shipping is expected to remain a very gradual and measured one.

However, the Group will continue to closely monitor the shipping market and look out for opportunities, both domestically and internationally to ensure that appropriate action can be taken as and when opportunities arise.

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?*

Company's response:

The general shipping market is characterized by the lack of supply in shipping, currently and in the foreseeable future. Given the Group's well-maintained vessel, the Board believes that it has good opportunities in getting the vessel employed.

(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?*

Company's response:

The Group's fleet of vessels comprising 10 tugboats and 1 bulk carrier had a utilization rate of about 99% in FY2021, which falls within the Group's expectations.

Question 2

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"?*

Company's response:

The Group proactively engages its customers to obtain a good understanding of the customers' consumption patterns.

The Group will negotiate with the coal supplier ahead of a potential sale to confirm the purchase price of coal and minimize trading risks by securing the purchase after the sales order is confirmed. Furthermore, the Group does not hold any coal stockpiles as it is typically based on a back-to-back sales and purchase arrangements where coal is delivered from the relevant mine site directly to the customers' appointed vessel.

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

Company's response:

The Group actively analyses the supply and demand situation of the market, both domestically and internationally, to identify discerning trends.

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?*

Company's response:

The Group closely monitors the ageing report to pro-actively follow up on any late payments from customers. The Group has also established a good working relationship with its customers to enable it to promptly resolve any issues that may lead to the delay of payments.

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

Company's response:

The Group has set prepayment and payment terms for each individual counterparty and closely monitors repayment track records to minimize credit risks.

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

Company's response:

The outstanding trade receivable balance from the single customer as at 31 December 2021 has been fully collected by the Company as at the date of this announcement.

Question 3

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?*

Company's response:

The Group's materiality assessment was conducted based on internal and external stakeholder concerns and with the procedures as disclosed on page 22 of the FY2021 Annual Report. The material topics under each focus area has been placed in a prioritized sequence, from the most important to the least important topics, in the table as disclosed on page 22 of the FY2021 Annual Report.

The use of the materiality matrix is no longer included in the latest GRI 3 Standards and the Singapore Exchange Securities Trading Limited Listing Manual (Section B: Rules of Catalist) Practice Note 7.6, and the Sustainability Reporting Guide no longer includes the materiality matrix table. As such, a materiality matrix was not included in the Company's Sustainability Report for FY2021.

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.

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

Company's response:

The Group has already started exploring and seeking business opportunities beyond its traditional coal shipping and trading businesses. The Company will make the necessary announcement(s) as and when there are material developments on the aforementioned business opportunities.

By Order of the Board

FRANCIS LEE
Executive Director and Chief Executive Officer
28 April 2022

*This announcement has been prepared by Resources Global Development Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the 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 Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.