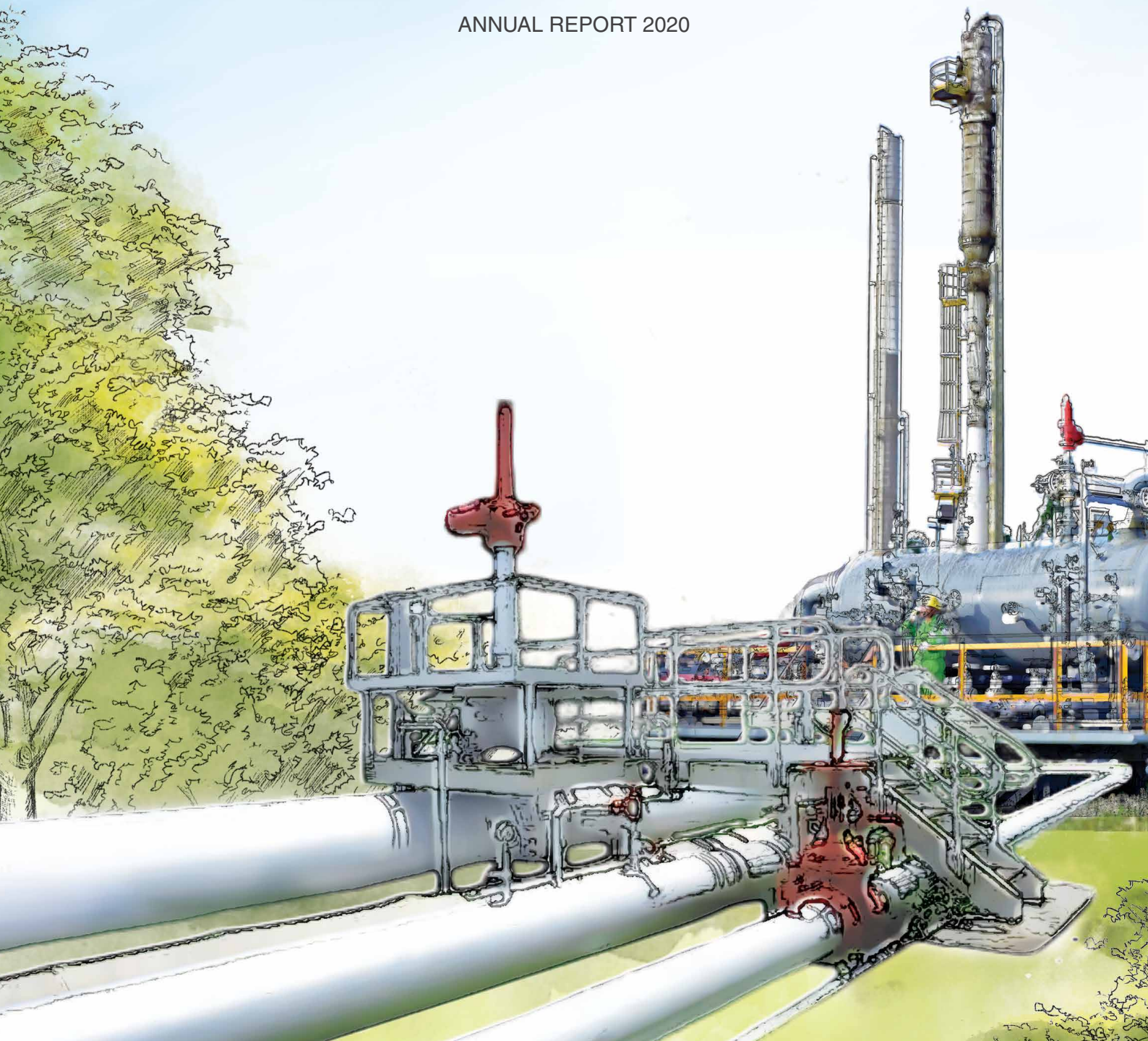


# STAYING RESILIENT AND FOCUSED

ANNUAL REPORT 2020



# CORPORATE OVERVIEW

**RH Petrogas Limited (“RHP”)** is an independent upstream oil and gas company headquartered in Singapore and listed on the mainboard of the Singapore Stock Exchange. RHP operates across the full range of upstream activities covering the exploration, development and production of oil and gas resources. Geographically, RHP is focused in the Asia region. RHP has undertaken a strategic renewal and revamp of its asset portfolio in recent years and currently holds two new producing assets in Indonesia.

RHP aspires to be a leading independent oil and gas company in the Asia region and is actively looking for further growth opportunities in the sector.

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# SUMMARY OF RESERVES AND RESOURCES

## SUMMARY OF OIL AND GAS RESERVES AND RESOURCES AS AT 1 JANUARY 2021

	RESERVES					
	Gross			Effective Working Interest		
	Oil (MMB)	Gas (BCF)	Total (MMBOE)	Oil (MMB)	Gas (BCF)	Total (MMBOE)
INDONESIA						
1P	40.1	32.9	45.6	23.2	19.0	26.4
2P	57.4	32.9	62.8	33.2	19.0	36.4
3P	68.9	32.9	74.3	39.8	19.0	43.0

	CONTINGENT RESOURCES					
	Gross			Effective Working Interest		
	Oil (MMB)	Gas (BCF)	Total (MMBOE)	Oil (MMB)	Gas (BCF)	Total (MMBOE)
INDONESIA						
1C	33.2	292.3	81.9	19.2	169.1	47.4
2C	38.5	428.8	109.9	22.3	248.1	63.6
3C	50.2	606.8	151.4	29.1	351.1	87.6

### Notes:

1P Proved Reserves  
 2P Proved plus Probable Reserves  
 3P Proved plus Probable plus Possible Reserves

MMB Million Barrels  
 BCF Billion Cubic Feet  
 MMBOE Million Barrels of Oil Equivalent

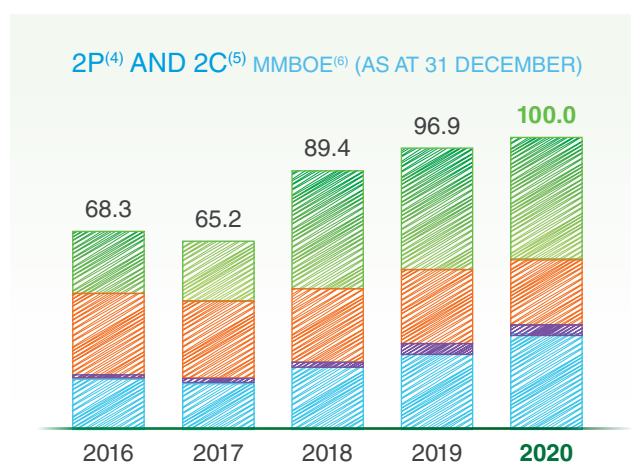
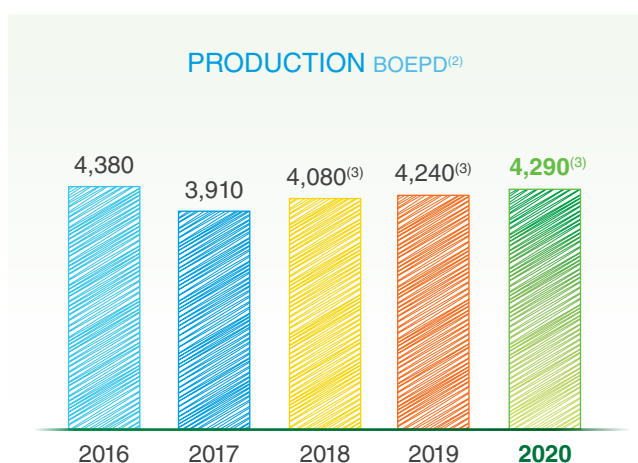
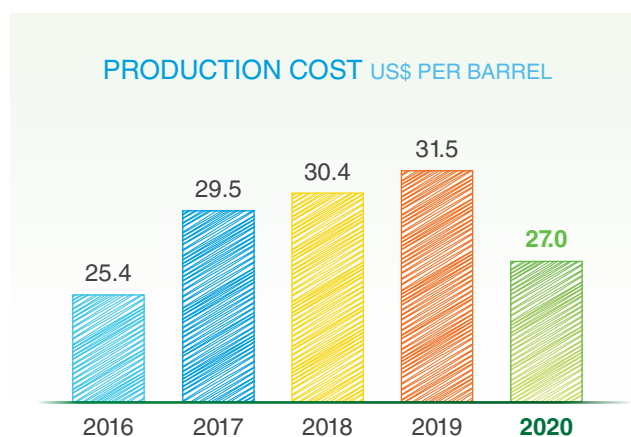
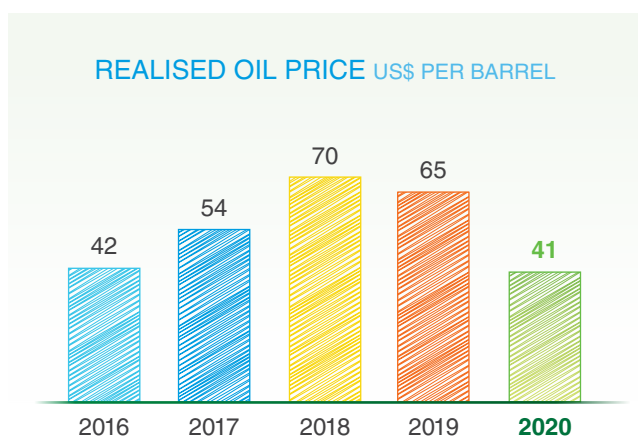
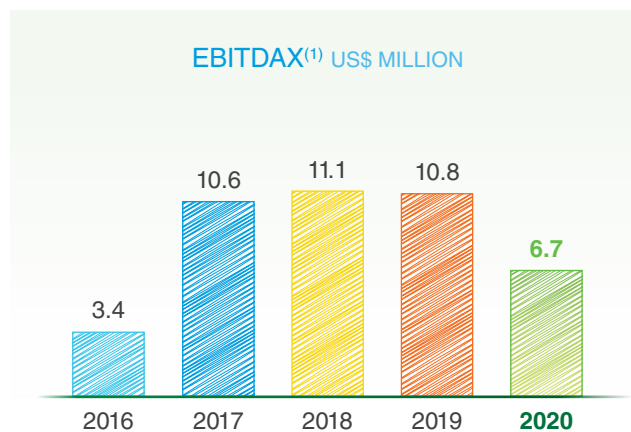
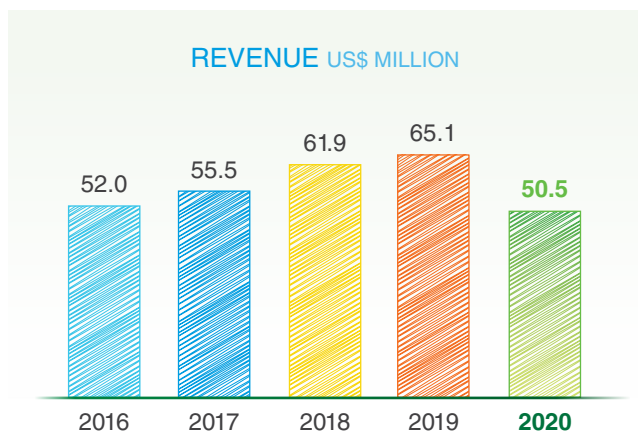
1C Low Estimate of Contingent Resources  
 2C Best Estimate of Contingent Resources  
 3C High Estimate of Contingent Resources

1 barrel of oil equivalent is approximately 6,000 cubic feet of gas



# KEY STATISTICS

## FINANCIAL HIGHLIGHTS



(1) EBITDAX - Earnings before interest, tax, depreciation, amortisation, exploration expenses, impairment and other non-recurring items

(2) BOEPD – Barrels of Oil Equivalent Per Day

(3) Before accounting for the share of non-controlling interest

(4) 2P – Proved plus Probable Reserves

(5) 2C – Best Estimate of Contingent Resources

(6) MMBOE – Million Barrels of Oil Equivalent

# ECONOMIC, ENVIRONMENT, SOCIAL AND GOVERNANCE REVIEW

## EMBRACING SUSTAINABILITY

RH Petrogas strives to uphold sustainable business practices which are central to our mission to be a trusted and responsible energy partner. We aim for excellence and take sustainability issues seriously. Embracing sustainable business practices support us in delivering on our business objectives and help to promote long-term value creation for our shareholders.

## IDENTIFIED MATERIAL FACTORS TO ADDRESS SUSTAINABILITY

### Anti-Corruption

Anti-corruption policy to guide our employees on how to recognize, resolve and prevent corruption and bribery

### Occupational Health and Safety

Strong emphasis in cultivating a robust framework and good safety habits as part of Health, Safety and Environment (HSE) management with the aim of strengthening workplace safety, promoting the importance of good health and well-being and keeping accidents at bay

### Training and Education

Encouraging a life-long learning and skills upgrading culture in our work places which includes enrolling employees for suitable and applicable courses

Promoting a responsible and principled culture as part of good corporate governance and risk management

Creating sustainable value for the Group and our stakeholders

### Economic Performance

Aim to generate economic value for sustaining our business and deliver value to our stakeholders including jobs creation for local communities and local supply chain

### Effluents and Waste

Waste management and oil spillage control to prevent pollution to the surrounding ecosystem and to protect human health

### Environmental Compliance

Committed in complying with the relevant environmental laws and regulations in the countries where we operate

Caring and empowering our employees and supporting local communities

Striving to conduct our operations in an environmentally responsible manner

### Local Communities

Contributing to the local communities through which includes implementing outreach programmes on certain focus areas including education, health assistance and infrastructure development

## AWARDS AND CERTIFICATIONS

**Blue PROPER rating**  
awarded for Arar LPG Plant, Kepala Burung PSC from the Ministry of Environment and Forestry of Indonesia

**OHSAS 18001 Occupational Health and Safety Management Certification**  
for Arar block, Kepala Burung PSC

**ISO 14001 Environmental Management Systems Certification**  
for Arar block, Kepala Burung PSC

**Zero Accident award**  
for 14.1 million man hours of work as of 31 December 2019 without lost time incident for Petrogas (Basin) Ltd presented by the Ministry of Manpower of Indonesia in October 2020

**SMK-3 Accreditation**  
for Occupational Safety Management System based on Government Regulation of the Republic of Indonesia No. 50 Year 2012

**WISCA (World Indonesia Safety Culture Award)**  
for the implementation of a proactive safety culture in Petrogas (Basin) Ltd

**Patra Nirbhaya Karya Utama**  
for 11.74 million man hours of work without lost time for Petrogas (Basin) Ltd awarded by the Ministry of Energy, Minerals and Resources of Indonesia in November 2020

# CHAIRMAN'S MESSAGE



**DATO' SRI DR TIONG IK KING**  
Non-Executive and  
Non-Independent Chairman

## DEAR SHAREHOLDERS,

The global economy suffered unprecedented shock in 2020 due to the onslaught of the Covid-19 pandemic. Global economic activity was severely disrupted as countries around the world sought to stem the spread of the pandemic through lockdowns and travel restrictions, which led to a drastic collapse in oil demand. The untimely price war between heavy-weight oil producers Saudi Arabia and Russia for market share in early March 2020, just as the pandemic was starting to unfold, resulted in unprecedented upheaval in the global oil markets. The benchmark West Texas Intermediate (WTI) crude oil futures plunged into negative territory for the first time in history in April 2020, fueled by the additional supply of crude oil into an already oversupplied marketplace and pressured by global oil storage capabilities that had been pushed to the brim. The continued brinkmanship between the United States and China over trade and other social political issues during the year added further gloom to the oil markets. Thankfully, consensus was reached between Saudi Arabia and Russia, which cooperated through the OPEC+ alliance to implement a historic production cut of up to 9.7 million barrels per day from 1 May 2020 to end-April 2022. This helped to provide crucial support to global oil prices towards late June 2020 and averted a more serious crisis for the oil industry.

Against this backdrop, the Group had taken swift and drastic decision to alter its works plans for the year and to refocus its efforts on cost reduction and cash preservation. All approved well drillings and non-critical capital projects were cancelled or deferred, while operations were further streamlined and reorganised to focus on cost cuttings and improving efficiencies. The efforts paid off and the Group was able to maintain a positive cash flow from operations for the year, despite a significant drop in realised oil prices.

While the Group has maintained the pay of its staff across its operations, to underscore the severity of the situation, senior management of the Group took a remuneration cut of 10% and the Board in consultation with the RC, has recommended a 10% reduction in the Directors' fees to be paid to Directors for FY2020.

With the challenging and volatile environment faced by the oil and gas industry in recent years, the Group had undertaken a strategic review of its business and over the last few years, had successfully revamped its asset portfolio. The Fuyu block in China, where the Group had to contend with high costs and complex geology for the heavy oil development project, was divested in late 2019. The SK331 exploration block in Malaysia was relinquished in the first half of 2020 following the expiration of its exploration period extension. More importantly, amid strong competition from more established industry players, the Group successfully secured two new 20-year term production sharing contracts ("PSC") in Indonesia, which succeeded the Salawati Kepala Burung PSC ("Island PSC") and the Kepala Burung PSC ("Basin PSC") when they expired in 2020. The new Salawati PSC commenced in April 2020 following the expiry of the Island PSC, with the Group holding a higher 70% working interest and taking over as the operator of the producing block. The new Kepala Burung PSC (bearing the same name as the expired Basin PSC that it replaced) commenced in October 2020 following the expiry of the Basin PSC, with the Group similarly taking a higher 70% working interest and retaining operatorship. As operator of the two contiguous blocks, there are good opportunities for the Group to explore and implement operational and cost synergies for better cost management to enhance future profitability. Besides existing production, there remains significant development and exploration potential in the two

# CHAIRMAN'S MESSAGE

blocks, which the Group would be well placed to exploit given the fresh 20-year terms of the new PSCs. Following the strategic renewal, I am pleased to report that the Group is starting off the new decade on a leaner and stronger footing.

With the roll-out of COVID-19 vaccinations around the world gathering speed and barring any new shocks that may be caused by mutations of the coronavirus, the hope is that the pandemic will soon come to pass and global economies will stage a rapid recovery. According to projections<sup>(1)</sup> by major energy agencies, the next few years should see a sustained increase in global energy consumption. This bodes well for the oil and gas industry which accounts for more than 50%<sup>(2)</sup> of the world's energy mix. While many countries are pursuing diversification into alternative and cleaner energy sources to meet their greenhouse emission pledges under the Paris Agreement, the Group believes that the transition out of fossil fuels would likely take several decades as hefty investments will be required to improve the efficiency of the current technologies, provide cost effective energy storage solutions and to build the necessary infrastructure. The Group is cognisant of the fast-changing energy landscape and will continue to review its business strategies and plans to meet the challenges ahead.

## OPERATION REVIEW

The Group's cost cutting measures helped to weather the strong economic headwinds and depressed oil prices faced by the oil industry during 2020. However, the reduced well activities and the deferment of well drillings due to these measures had also led to lower crude oil production in both the Kepala Burung and Salawati blocks. On the other hand, the Group's working interest share of production (before accounting for the share of non-controlling interest) from the two blocks increased slightly from an average of 4,240 barrels of oil equivalent per day ("BOEPD") in 2019 to 4,290 BOEPD in 2020, credited to the Group's higher working interests in the two new PSCs which came into effect during 2020. As of the time of this report, crude oil prices have returned to pre-pandemic levels. If the situation continues to stabilise and improve, the Group will revisit its plans to implement a series of well intervention programmes to stem the natural field production decline and plans to carry out exploration and development drilling in the two blocks.

## FINANCIAL REVIEW

With the depressed oil markets in 2020, the Group's financial results, as with most of its peers in the upstream oil industry,

had been adversely impacted. The average realised oil price for the year decreased by 37% from US\$65 per barrel in FY2019 to US\$41 per barrel in FY2020. This resulted in revenue for the Group decreasing by 22% from US\$65.1 million in FY2019 to US\$50.5 million in FY2020, despite the higher volume of crude oil lifted.

On the other hand, the cost of sales for FY2020 decreased to US\$47.6 million from US\$55.9 million in the preceding year, mainly due to decrease in the cost of production as a result of the cost reduction and optimisation programmes undertaken in light of the COVID-19 pandemic.

The lower revenue which was partially offset by the lower cost of sales resulted in lower gross profit of US\$2.9 million in FY2020, a decrease of 69% from US\$9.3 million in the preceding year.

Other income decreased from US\$6.4 million in FY2019 to US\$1.6 million in FY2020, mainly due to the absence of the gain on disposal of US\$5.6 million from the divestment of the Fuyu block in China<sup>(3)</sup>. Following the divestment which was completed on 31 October 2019, the Group no longer incurred administrative expenses for Kingworld Resources Limited, a subsidiary and the operator of the Fuyu block, which resulted in the administrative expenses for FY2020 decreasing by 34% to US\$3.3 million as compared to FY2019.

Other expenses decreased significantly by 82% from US\$8.2 million in FY2019 to US\$1.5 million in FY2020, mainly due to the absence of accrual of plug and abandonment costs, lower impairment loss on exploration and evaluation assets and lower foreign exchange loss. Finance costs increased from US\$1.3 million in the prior year to US\$1.5 million in FY2020, as a result of the higher interest expense on lease liabilities and the increase in finance charges relating to decommissioning provisions.

As a result of the above, the Group registered a net loss of US\$4.8 million for FY2020 as compared to a net loss of US\$1.3 million recorded for FY2019.

Notwithstanding the above, EBITDAX<sup>(4)</sup> for FY2020 remained positive at US\$6.7 million. The Group generated positive net cash flow from operations of US\$9.0 million in FY2020, with cash and cash equivalent balance of US\$14.9 million (with no outstanding bank loan to serve) as at 31 December 2020. The Group's substantial shareholder continued to provide strong support to the Group by extending a letter of financial support to the Group to meet the Group's working capital requirement until 30 June 2022.

(1) Projections are referenced from EIAs International Energy Outlook 2020 and IEAs World Energy Outlook 2020. Please refer to these documents for more information such as the assumptions and the base case scenarios used to formulate the outlooks.

(2) Based on figures extracted from IEAs "Data and statistics" webpage at <https://www.iea.org/data-and-statistics?country=WORLD&fuel=Energy%20supply&indicator=TPESbySource>

(3) Please refer to SGXNET Announcement No. SG190924OTHR6GHL and SG191031OTHR6CUB9 dated 24 September 2019 and 31 October 2019 respectively for more details.

(4) EBITDAX – Earnings before interest, tax, depreciation, amortisation, exploration expenses, impairment and other non-recurring items

# CHAIRMAN'S MESSAGE

## COVID-19 MEASURES

On 11 March 2020, the World Health Organisation officially declared COVID-19 as a pandemic. In late January 2021, COVID-19 infections worldwide surpassed 100 million cases. Besides causing the deaths of approximately 2.8 million people (as of the time of this report) and bringing untold miseries to their loved ones, the pandemic has also affected people's way of life and the way businesses operate, due to the need for social distancing and from the lockdown implemented by different countries.

The well-being and health of the staff are of top priority to the Group and the Group will continue to stay vigilant to keep its people safe. Systems have been put in place by the Group to detect and control COVID-19 infection among its people. To ensure business continuity and to maintain a safe work environment, the Group took decisive action at the onset of the pandemic and implemented work-from-home for all its staff, with only essential work (production activity) allowed to be carried out at the fields. Essential field staff have been split into groups and operate under rotating shift. All field personnel, including staff and contractors, are required to self-isolate and be subjected to COVID-19 screening before being allowed entry to the Group's field operation areas. The Group will continue to monitor the situation and implement appropriate supplementary measures as may be required.

## GIVING BACK TO THE LOCAL COMMUNITY

At the onset of the COVID-19 pandemic, the Group had reached out to the local authorities and communities within the vicinity of our core operation areas in West Papua, Indonesia, to offer a range of support and assistance. In collaboration with the local authorities, the Group helped to supply and distribute COVID-19 essentials and staple foods to the local communities. These initiatives helped the local authorities in their efforts to contain the spread of COVID-19.

Besides the COVID-19-related community initiatives, the Group has also been supporting social and environment initiatives with the aim of benefiting the local communities and contributing to environmental and biodiversity preservation in the Group's core operating areas in West Papua. More details of these initiatives may be found in the sustainability



update under the Corporate Governance Report section of this Annual Report. The Group will also provide more comprehensive data, progress and accounts of its COVID-19 measures, sustainable initiatives and achievements in the Group's sustainability report for FY2020 to be issued in May 2021. The Group is fully committed to meeting its corporate social responsibilities and will continue to work with the various stakeholders towards a sustainable future.

## NOTE OF APPRECIATION

In closing, on behalf of the Board, I would like to extend my appreciation to the management and staff for their dedication, commitment and hard work in carrying the Company through the very challenging period in the past year. I would also like to thank our shareholders for the continual support, belief and confidence in the Company and the Group. We look forward to making progress in all facets of our business and deliver long-term value to our shareholders.

## DATO' SRI DR TIONG IK KING

Non-Executive and Non-Independent  
Chairman  
30 March 2021



# ASSETS REVIEW

## EXPLORATION & PRODUCTION



### KEPALA BURUNG AND SALAWATI PRODUCTION SHARING CONTRACTS (“PSC”) – WEST PAPUA, INDONESIA

2020 was a year of rejuvenation for the Group, which centered on the commencement of two new production sharing contracts, each on a fresh 20-year term over the Group’s existing producing blocks in Indonesia.

The Salawati Kepala Burung Production Sharing Contract (“**Island PSC**”), in which the Group had an aggregate working interest of 33.2142%, expired in April 2020 and was succeeded by the new Salawati Production Sharing Contract (“**Salawati PSC**”). The Group holds a majority 70% working interest and was appointed operator of the new Salawati PSC, taking over from the previous operator (Joint Operating Body Pertamina-PetroChina Salawati) of the expired Island PSC. This was followed by the commencement of the new Kepala Burung Production Sharing Contract (“**Kepala Burung PSC**”) in October 2020, succeeding the expired Kepala Burung Production Sharing Contract (“**Basin PSC**”) in which the Group had an aggregate working interest of 60%. The Group holds a majority 70% working interest in the new Kepala Burung PSC and remains the operator of the block. Pertamina, Indonesia’s state-owned oil and gas company, is the Group’s partner in both the new PSCs with a 30% non-operating working interest. Under the terms of the new PSCs, a local government entity has the option to participate for up to a 10% working interest in the PSC that falls under its administration, and such participation shall be contributed by all PSC contractors in proportion to their working interests in the respective PSCs.

The Kepala Burung PSC is located onshore in the “Bird’s Head” area of West Papua in eastern Indonesia, covering an expanded area of 1,030 km<sup>2</sup>, as compared to 872 km<sup>2</sup>

previously. The Salawati PSC, located next to the Kepala Burung PSC, covers an area of approximately 1,137 km<sup>2</sup> both onshore and offshore, a slight increase from 1,097 km<sup>2</sup> previously.

The Group holds its working interests in the Kepala Burung PSC and Salawati PSC through its majority-owned subsidiaries Petrogas (Basin) Ltd (“**PBL**”) and Petrogas (Island) Ltd (“**PIL**”) respectively. The Group has a majority shareholding of 82.654% in each of PBL and PIL which gives the Group an effective working interest of 57.8578% in each of the Kepala Burung PSC and the Salawati PSC.

The Kepala Burung block started producing oil since the 1970s and total cumulative oil production to date exceeds 360 million barrels. Production from the block has remained relatively stable in recent years through an ongoing programme of well optimisation and well workovers, supplemented by near field exploration discoveries and infill development drillings. There are currently 18 active oil and gas producing fields in the block, with the biggest being the Walio field, which currently accounts for more than 50% of the block’s oil production. Over the last few years, the block had consistently contributed around 80% of the Group’s annual oil and gas production.

As the operator of both the Kepala Burung and Salawati blocks, the Group is now in a stronger position to review and further expand on the facility sharing arrangements, as well as operational and costs synergies between the two contiguous blocks. Such initiatives would help to optimise the utilisation of the crude processing and storage facilities at Kasim Marine Terminal (“**KMT**”) in the Kepala Burung block, and contribute towards costs savings for both the PSCs.

# ASSETS REVIEW

## EXPLORATION & PRODUCTION

The contractors of the respective PSCs are committed to carry out an agreed set of firm work programmes during the first five contract years, which include geological and geophysical studies, seismic acquisition and processing, exploration well drillings and pilot enhanced oil recovery projects. The gross financial commitments for the firm work programmes are US\$61.2 million and US\$36.3 million for the Kepala Burung PSC and Salawati PSC respectively.

Based on an independent third-party audit concluded in early 2021, the combined proved plus probable reserves (“**2P reserves**”) for the Kepala Burung PSC and the Salawati PSC was around 36.7 million barrels of oil equivalent (“**MMBOE**”) as at 1 January 2021 net to the Group’s effective working interests. These reserve numbers include the Indonesian Government’s share of production under the terms of the respective PSCs.

The Group’s working interest share of production (before accounting for the share of non-controlling interest) from the Kepala Burung and Salawati blocks under both the expired and new PSCs averaged around 4,290 barrels of oil equivalent per day (“**BOEPD**”) for 2020.

### BASIN PSC

(Effective Working Interest of 54.0913% under the expired Basin PSC and 57.8578% under the new Kepala Burung PSC, Operator)

In 2020, the Group carried out a total of seven well reactivations and 184 well interventions, the latter comprising of three well workovers and 181 well services in the Kepala Burung block. The reduction in the number of well activities for 2020 as compared to 2019 was due to cost cutting measures undertaken by the Group in view of the economic fallout inflicted by the COVID-19 pandemic. In addition, all approved well drillings and non-essential capital expenditure were curtailed or deferred to conserve cash during the difficult year.

The Group extended its enhanced oil recovery (“**EOR**”) campaign to nine wells in the Walio and Jaya fields in 2020 through the application of the “huff and puff” injection process to enhance oil extraction and recovery from the reservoirs. This campaign was executed in the first half of the year following the success of similar campaigns in the Wakamuk field in 2018 and Walio field in 2019. The initial results were encouraging with preliminary production gains ranging between 8% to 13% above the monthly baseline production of the block. The Group will continue to study the results and fine-tune its future EOR campaigns.



For the financial year ended 31 December 2020 (“**FY2020**”), the total expenditure for well workovers, EOR and other capital items was approximately US\$293,000 net to the Group’s working interest (before accounting for the share of non-controlling interest).

During the year, the Group focused its efforts on reviewing field work performance and processes to improve operational efficiency and reduce cost. In addition, continuing improvements on the electrical power distribution networks were carried out to enhance the reliability of electricity supply and to minimise production outages. Other improvements included the reconfiguration of electrical submersible pumps to achieve better artificial lift, scale inhibitor treatment to reduce the formation of deposits and improve well flow, facility debottlenecking and implementation of measures to extend equipment run-life.

Apart from crude oil, the Kepala Burung block also produces natural gas and liquefied petroleum gas (“**LPG**”). Part of the natural gas produced was used for internal power generation to meet its operational needs, while the rest was sold mainly to a local government-owned entity which supplies gas to Sorong city, the largest city in the West Papua province, to meet the city’s electricity needs. This aligns with the Indonesian government’s “Bright Papua” programme and is part of an ongoing effort to improve the development of the eastern part of Indonesia, especially in the Sorong area.

# ASSETS REVIEW

## EXPLORATION & PRODUCTION

### ISLAND PSC AND SALAWATI PSC

(Effective Working Interest of 29.9702% under the expired Island PSC and 57.8578% under the new Salawati PSC, Operator)

In 2020, the operations in the block were focused on well services to maintain oil production levels. The Group carried out well services for ten wells in the block which mainly involved servicing or replacement of pumps. At the same time, evaluation of the potential in both the onshore and offshore acreages has been progressing to identify areas with potential upside that could be matured and developed in the near future to boost reserves and production for the block.

For FY2020, the total expenditure for well services was approximately US\$269,000 net to the Group's working interest (before accounting for the share of non-controlling interest).

As the new operator of the block under the Salawati PSC, the Group is excited about the potential of the block which holds significant volumes of contingent resources and a large inventory of exploration prospects and leads. Domestic gas demand in the region is expected to rise in the future, with on-going economic development such as the construction of an industrial park in the vicinity of the Group's gas producing area. To participate in this potential upside, the Group has commenced preliminary studies to assess the development feasibility of a discovered gas field in the Salawati block. Besides exploration and development activities, the Group will continue to seek greater operational and cost synergies through the Group's operatorship of both the Salawati block and the adjacent Kepala Burung block.

### SK331 PSC – ONSHORE SARAWAK, MALAYSIA

(Effective Working Interest of 40.8% prior to expiry on 5 June 2020)

The SK331 PSC was awarded to the Group in 2012, with the third extension of the exploration period expired on 5 June 2020. The Group, together with its partner Petronas Carigali Sdn. Bhd., had decided not to seek a further extension of the exploration period and had since relinquished the block. The decision was taken after considering the block's geological risks and the magnitude of additional exploratory works required to further appraise the prospectivity of the block in the face of the challenging business environment (please refer to the Company's announcement (SGXNet Announcement No SGSG200526OTHRYT8T) issued on 26 May 2020).

For FY2020, the Group incurred US\$34,000 (before accounting for the share of non-controlling interest) mainly for remaining payments in relation to environmental monitoring and seismic processing in the SK331 PSC which were completed in 2019.



# BOARD OF DIRECTORS



**DATO' SRI DR TIONG IK KING**  
Non-Executive and  
Non-Independent Chairman



**MR CHANG CHENG-HSING FRANCIS**  
Group CEO and  
Executive Director



**MR TIONG KIONG KING**  
Non-Executive and  
Non-Independent Director



**MR YEO YUN SENG BERNARD**  
Independent Director



**MR LEE HOCK LYE**  
Independent Director



**MR ACHMAD LUKMAN KARTANEGARA**  
Independent Director



**MS KUAN LI LI**  
Independent Director

# BOARD OF DIRECTORS

## DATO' SRI DR TIONG IK KING

Non-Executive and Non-Independent Chairman

DATO' SRI DR TIONG IK KING, who had been a Non-Executive Director since 7 March 1997 and Non-Executive Chairman since 31 March 2005, was re-designated as Executive Director on 13 March 2008. On 2 March 2017, he was re-designated as a Non-Executive and Non-Independent Director and on 29 March 2018, he was appointed as Deputy Chairman. On 26 April 2019, Dato' Sri Dr Tiong was appointed Non-Executive and Non-Independent Chairman of the Company. He graduated with a M.B.B.S Degree from National University of Singapore in 1975 and attained M.R.C.P. from the UK Royal College of Physicians, United Kingdom, in 1977.

Dato' Sri Dr Tiong is the Non-executive Chairman of Media Chinese International Limited, a publicly listed media company in both Hong Kong and Malaysia, which publishes 5 Chinese-language newspapers and over 30 magazines in key cities in North America, Southeast Asia, and China. He also sits on the board of Jaya Tiasa Holdings Berhad, a publicly listed timber and oil palm plantation company in Malaysia.

## MR CHANG CHENG-HSING FRANCIS

Group CEO and Executive Director

MR CHANG CHENG-HSING FRANCIS was appointed as Group CEO and Executive Director effective 1 January 2014. Previously, Mr Chang held the position of Vice President of Exploration & Production of the Group. Prior to RH Petrogas, he also held management and executive positions with GNT International Group, Texas American Resources and Kerr McGee/Anadarko Petroleum. Mr Chang's over 40 years of experience with US based majors and independent oil companies spans many producing basins in five continents.

Mr Chang holds a Bachelor of Science degree in Geology from National Taiwan University. He also attended graduate school at Harvard University majoring in Geophysics. He is a member of American Association of Petroleum Geologists ("AAPG"), Southeast Asia Petroleum Exploration Society ("SEAPEX"), and Indonesian Petroleum Association ("IPA").

## MR TIONG KIONG KING

Non-Executive and Non-Independent Director

MR TIONG KIONG KING was appointed as a Non-Executive and Non-Independent Director of the Company on 15 September 2016. Mr Tiong is a businessman and has over 50 years of managerial experience in the timber industry. His extensive expertise and experience in the timber industry extends over various capacities from the upstream to the downstream segments, and across a number of jurisdictions such as: Africa, Brazil, China, Indonesia, Malaysia, New Zealand, Papua New Guinea, Russia and Solomon Islands.

Mr Tiong is currently Chairman of the Board and member of the Nomination and Remuneration Committees of Subur Tiasa Holdings Berhad, and Vice Chairman of the Board as well as Chairman of the Remuneration Committee and member of the Audit and Nomination Committees of Rimbunan Sawit Berhad, both companies listed in Bursa Malaysia. In addition, he is an Executive Director of the Rimbunan Hijau Group of Companies, a conglomerate with diverse interests in mining, oil & gas, aquaculture, hotel & tourism, insurance and etc.

Mr Tiong also holds key posts in several non-government organisations, including being the Life Honorary President of Sibuan Chinese Chamber of Commerce and Industry, Vice President of World Federation of Fuzhou Association Limited, Life Honorary President of Persekutuan Persatuan-Persatuan Foochow Sarawak, Honorary Chairman of the World Zhang Clan Association Limited and Chairman of Persatuan Klan Zhang Negeri Sarawak.

# BOARD OF DIRECTORS

## MR YEO YUN SENG BERNARD

Independent Director

MR YEO YUN SENG BERNARD was appointed as an Independent Director on 1 November 2001. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Currently, Mr Yeo is the principal partner of HT & BY Financial Management Consultants. He is a director of SHRI Academy Pte Ltd and SHRI Corporation Pte Ltd. He is a fellow of SHRI and a fellow member of the Association of Chartered Certified Accountants and was until 1 March 2011, a council member of SHRI. An accountant by profession, he was the Director of Finance and Strategic Investment at Compaq Computers Asia Pacific Pte Ltd. He was previously an Independent Director of Sin Heng Heavy Machinery Limited, a Singapore listed company.

## MR LEE HOCK LYE

Independent Director

MR LEE HOCK LYE was appointed as an Independent Director on 27 November 2003. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Lee has extensive experience in banking and finance and had held several senior positions with HSBC Group in Singapore, where he spent more than 30 years prior to his retirement. He had also previously served as a Business Advisor to Lombard Odier (Singapore) Ltd.

Mr Lee holds a Bachelor of Social Sciences (Honours) degree in Economics from the University of Singapore and is an Associate of The London Institute of Banking & Finance (formerly known as the Chartered Institute of Bankers, London).

## MR ACHMAD LUKMAN KARTANEGARA

Independent Director

MR ACHMAD LUKMAN KARTANEGARA was appointed as an Independent Director on 22 August 2014. He is a member of the Nominating Committee and the Audit Committee.

Mr Kartanegara has more than 40 years of experience in the upstream oil and gas industry. Since 1976, he had held various management and advisory roles at PT Pertamina (Persero) ("**Pertamina**"), including being the Corporate Senior Advisor to the President Director and CEO of Pertamina for the upstream business. He was also Senior Advisor to Pertamina Board of Commissioners ("**BOC**") Office. During his appointment in Pertamina BOC, he served as a member of the Investment and Business Risk Committee and Risk Management Oversight Committee.

Mr Kartanegara graduated in Geology from the Bandung Institute of Technology in Indonesia in 1976.

## MS KUAN LI LI

Independent Director

MS KUAN LI LI was appointed as an Independent Director on 22 October 2019. She is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Ms Kuan has over 30 years of banking, finance and tax leadership roles gained in banks, engineering, real estate, private equity and the big four accounting firms. She is currently a Non-Executive Independent Director of CapitaLand China Trust (a Singapore listed real estate investment trust) and Salvia Pte Ltd (a large private equity company). She is also a Member of the Valuation Review Board of Singapore, Legal Inquiry Panel of Singapore, the Skills-Future Committee of CPA Australia Ltd, the MNC, Board Services & mentoring Committees of SID as well as an Audit Committee Member of the World Wide Fund for Nature Singapore.

Previously, she was the Country Head and Chief Operating Officer of Barclays Bank PLC's Singapore Branch and Chief Executive Officer of Barclays Merchant Bank (Singapore) Ltd and Barclays Capital Futures (Singapore) Private Limited. She has also served on the boards of Barclays' investment banking and securities subsidiaries in Malaysia, Indonesia and Thailand.

Ms Kuan is a Certified Public Accountant and has been admitted to the Supreme Court of New South Wales as a barrister and a solicitor. She holds a Bachelor of Economics degree and a Bachelor of Laws degree, from the University of Sydney.

# KEY MANAGEMENT

## MR CHANG CHENG-HSING FRANCIS

Group CEO and Executive Director

Please refer to Board of Directors section on page 11.

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## MR SAMUEL CHEONG

Vice President, Commercial

MR SAMUEL CHEONG is Vice President for Commercial. Prior to joining the Company, he was Commercial Director at Orchard Energy Pte Ltd, which was owned by Temasek Holdings before it was acquired by the Company. Mr Cheong started his career with Singapore Petroleum Company Limited and has worked in both its upstream and downstream divisions for over 17 years, serving in various capacities ranging from business development and new venture, upstream commercial, risk management and crude operation. He also led the company's asset team in managing its entire portfolio of upstream exploration and production assets spread across Australia, China, Indonesia and Vietnam.

Mr Cheong has over 25 years of experience in the oil and gas industry and holds a Bachelor of Business Administration degree from the National University of Singapore.

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## MR EDWIN TAN

Vice President, Legal

MR EDWIN TAN is Vice President for Legal. Mr Tan has a number of years of legal experience and practice, encompassing a broad range of matters including the areas of corporate commercial law, corporate regulatory and compliance, company secretarial and oil & gas. Before joining the Company, he was legal counsel at Singapore Petroleum Company Limited ("**SPC**") for over 8 years, where he also managed the group's company secretarial function. Prior to SPC, he was in legal practice in Singapore, at law firms including Shook Lin & Bok and Khattar Wong & Partners where he also headed their corporate secretarial practices.

Mr Tan graduated with a Bachelor of Arts with Honours (Law) degree from the University of Kent at Canterbury, England and was admitted as an Advocate and Solicitor in Singapore.

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## MR THEN GUANG YAW

Vice President, Finance

MR THEN GUANG YAW is Vice President for Finance. He joined the Company in 2006 as Internal Audit Manager and was appointed as the Group Financial Controller in 2007 before assuming his current position in 2013. Mr Then has extensive experience in the areas of management, finance, accounting and audit. Prior to joining the Group, he spent 6 years in South America as the Financial Controller and later as General Manager with a company of the Rimbunan Hijau Group. Mr Then is a Fellow of the Association of Chartered Certified Accountants.

# CORPORATE GOVERNANCE REPORT

RH Petrogas Limited (the “**Company**”) is committed to maintaining high standards of corporate governance. The Company believes that good corporate governance encompasses principled and prudent corporate values, practices, and checks and balances. Good corporate governance involves establishing and maintaining appropriate policies, procedures, practices and customs, upheld by a responsible and principled culture that is led by the Board and embraced by Management and staff. Such a framework and culture will enhance the interests of all stakeholders. This report describes the Company’s corporate governance processes and activities with specific reference to the Code of Corporate Governance 2018 (the “**Code**”). For the financial year ended 31 December 2020 (“**FY2020**”), the Company has complied in all material respects with the principles and provisions as set out in the Code and will continue to review its practices on an ongoing basis. Where the Company may have adopted a variation to and/or may not have fully complied with any provision, a comprehensive and meaningful explanation on how the Company’s practices are consistent with the aim and philosophy of the principle in question has been provided for such matters. Information provided in other sections of this Annual Report may be relevant to corporate governance. Please read this report together with those other sections of this Annual Report.

## BOARD OF DIRECTORS

### Role of the Board of Directors

The Board of Directors (the “**Board**”) is entrusted with the responsibility for the overall management and control of the business and corporate affairs of the Company and its subsidiaries (the “**Group**”). The primary role of the Board is to decide on strategic and material affairs of the Group, oversee the Group’s business and governance framework, set corporate values and standards and maximise long term shareholder value. The Board objectively takes decisions in the interests of the Group. The Board firmly believes in the importance of establishing and maintaining high ethical standards at all levels of the Group. In setting the desired organisational culture, values and ethical standards of conduct, the Board believes in leading by example and in setting the right tone from the top. The Company has various policies to provide support and guidance, including an Office Code of Conduct Policy, a Conflict of Interest Policy and an Insider Trading Policy. In addition to Director’s statutory duties, all Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and the Group. All Directors are to act in good faith and exercise due and reasonable care, skill, diligence and objective judgment in dealing with the business affairs of the Company and the Group. In addition, Directors facing conflicts of interest are to recuse themselves from discussions and decisions involving the issues of conflict.

The Board sets the overall strategy of the Group and focuses on the Group’s key activities and corporate events including the following:

- Providing entrepreneurial leadership, and setting strategic objectives, which include appropriate focus on value creation, innovation and sustainability, as appropriate;
- Reviewing the financial performance of the Group;
- Reviewing and approving the broad policies, strategies and financial objectives of the Company;
- Establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Instilling an ethical corporate culture and ensure that the Company’s values, standards, policies and practices are consistent with the culture;
- Reviewing and approving annual budgets, major funding proposals, potential investment and divestment proposals, including material capital investment;
- Endeavouring to ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- Assuming responsibility for corporate governance;
- Monitoring the performance of Management;



# CORPORATE GOVERNANCE REPORT

- Identifying key stakeholder groups and recognise that their perceptions may affect the Company's reputation; and
- Considering sustainability issues.

The Board works with Management to achieve these objectives and Management remains accountable to the Board. Pursuant to the above oversight and strategic focus of the Board, the Board has adopted internal guidelines setting forth matters that require Board approval. Transactions that require Board approval include investment and divestment proposals, major and significant corporate or strategic projects and actions, annual budgets, and fund-raising proposals. The Board has established and delegated specific responsibilities to three Board Committees to assist the Board in its functions. These are the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”). The key functions and responsibilities of these committees are explained below, in this report. The number of Committee meetings held in the FY2020 is set out below in this report and at the respective Committee meetings, the Directors attend to the matters as set out under the respective Committee's Terms of Reference, which is also set out below in this report.

## Board Composition

The Board currently consists of seven Directors, four of whom are Independent Non-Executive Directors. Independent Non-Executive Directors make up the majority of the Board. The Board is of the view that:

- the current board size is appropriate, taking into account the nature and scope of the Group's operations;
- the objective judgment of the Independent Non-Executive Directors on corporate affairs and their collective experience and contributions are valuable to the Company; and
- there is a strong and independent element on the Board.

The Board recognises and embraces the benefits of Board diversity to support the Company in achieving its strategic objectives and its sustainable development. The Board believes that Board diversity complements and enhances corporate governance and promotes the inclusion of different perspectives, opinions, values and ideas and mitigates against groupthink. Board diversity affords and equips the Board with broader skill sets, expertise and experience and allows for greater creativity and enhanced critical assessment. Board diversity extends beyond the usual core competencies (such as accounting, finance, banking, human resource and legal backgrounds, business and management experience and industry knowledge) to include gender, age, culture, ethnicity, nationality, education and background. The Company's Board Diversity Policy affirms the Board's commitment to maintain a Board comprising of Directors who as a group have the necessary expertise and experience required by the Group, with an appropriate balance and diversity of skills, experience, knowledge, background and core competencies. The policy provides that in reviewing the Board's composition and the progressive renewal of the Board, the NC will not only satisfy itself that Directors as a group provide an appropriate balance and diversity of skills, experience, knowledge, background and core competencies required by the Group, the NC will also consider Board diversity (and its benefits) from a number of aspects. The selection of candidates for Board appointment will be based on merit and contribution that the candidate is able to bring to the Board, with due regard for the benefits of Board diversity. As part of the Board's commitment to promote diversity, and in particular gender diversity, the Board welcomed Ms Kuan Li Li to the Board in October 2019. Ms Kuan was appointed as an Independent Director and currently serves as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. Ms Kuan is eminently qualified and holds a Bachelor of Economics degree and a Bachelor of Laws degree from the University of Sydney. She brings with her a wealth of experience with over 30 years of banking, finance and tax leadership roles gained in banks, engineering, real estate, private equity and the big four accounting firms. She was previously, the Country Head and Chief Operating Officer of Barclays Bank PLC's Singapore Branch and Chief Executive Officer of Barclays Merchant Bank (Singapore) Ltd and Barclays Capital Futures (Singapore) Private Limited.

The Board members comprise businessmen and professionals with accounting and financial background, business and management experience, and industry knowledge, all of whom as a group, provide the Board with the necessary experience and expertise to direct and lead the Group. There is also a balance in the composition of the Board with the presence of Independent Non-Executive Directors of the caliber necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, extensively discussed and examined, and take into account the long-term interests, not only of the shareholders, but also of employees, stakeholders and the many communities in which the Group conducts business. Independent Non-Executive Directors of the Company constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives, and monitor performance. Independent Non-Executive Directors of the RC participate in decisions on the appointment, assessment and remuneration of the Executive Director and key management personnel generally. The Independent Non-Executive Directors meet regularly on their own, without Management being present.

# CORPORATE GOVERNANCE REPORT

The nature of Directors' appointments on the Board and details of their membership on Board Committees in the year 2020 are set out in the table below:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Dato' Sri Dr Tiong Ik King	Non-Executive and Non-Independent Chairman	Member	Member	Member
Chang Cheng-Hsing Francis	Group CEO and Executive Director	–	–	–
Tiong Kiong King	Non-Executive and Non-Independent Director	–	–	–
Abbasbhoy Haider Nakhoda <sup>(1)</sup>	Independent Director	Chairman	Member	Member
Yeo Yun Seng Bernard	Independent Director	Member	Member	Chairman
Lee Hock Lye <sup>(2)</sup>	Independent Director	Chairman	Member	Member
Achmad Lukman Kartanegara	Independent Director	Member	Member	–
Kuan Li Li <sup>(2) (3)</sup>	Independent Director	Member	Chairman	Member

#### Notes:

- (1) Mr Abbasbhoy Haider Nakhoda retired as Director of the Company at the conclusion of the Annual General Meeting (“AGM”) held on 28 May 2020. Upon his retirement, he also ceased to be the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.
- (2) Mr Lee Hock Lye was appointed as Chairman of the Audit Committee and was succeeded by Ms Kuan Li Li as Chairman of Nominating Committee, on 28 May 2020.
- (3) Ms Kuan Li Li was appointed as Chairman of the Nominating Committee and member of the Remuneration Committee on 28 May 2020.

The Board meets on a quarterly basis. Additional meetings are convened when required and as warranted by circumstances. The Company's Constitution provides and allows for meetings to be held by way of telephonic, video conferencing and by other electronic means. Due to the COVID-19 pandemic, most of the Board and Committee meetings in 2020 were held by way of electronic audio-visual teleconferencing. Board and Committee decisions may also be obtained by resolutions in writing which are circulated to Directors with the necessary background and papers for consideration and approval. The Non-Executive Directors constructively participate in developing and setting proposals on business strategies for the Company.

The number of Board and Committee meetings and Company general meeting(s) held in the FY2020 and the attendance by each member is set out as follows:

Meeting of	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
<b>Total held for the FY2020</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>
Dato' Sri Dr Tiong Ik King	4	4	1	1	1
Chang Cheng-Hsing Francis	4	–	–	–	1
Tiong Kiong King	4	–	–	–	1
Abbasbhoy Haider Nakhoda <sup>(1)</sup>	2	2	1	1	1
Yeo Yun Seng Bernard	4	4	1	1	1
Lee Hock Lye <sup>(2)</sup>	4	4	1	1	1
Achmad Lukman Kartanegara	4	4	1	–	1
Kuan Li Li <sup>(2) (3)</sup>	4	4	1	–	1

# CORPORATE GOVERNANCE REPORT

## Notes:

- (1) Mr Abbasbhoy Haider Nakhoda retired as Director of the Company at the conclusion of the AGM held on 28 May 2020. Upon his retirement, he also ceased to be the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.
- (2) Mr Lee Hock Lye was appointed as Chairman of the Audit Committee and was succeeded by Ms Kuan Li Li as Chairman of Nominating Committee on 28 May 2020.
- (3) Ms Kuan Li Li was appointed as Chairman of the Nominating Committee and member of the Remuneration Committee on 28 May 2020.

In addition, the Directors meet informally, as and when necessary, to discuss specific corporate events and actions.

A newly-appointed Director will be provided with a formal letter setting out his/her key duties and responsibilities. Newly appointed Directors are provided a tailored induction and briefed by the Management on the business activities of the Group and its strategic directions, policies and procedures, governance practices as well as key business risks faced by the Group and the regulatory environment in which the Group operates. There are also orientation programmes tailored to familiarise newly appointed Directors with the statutory and fiduciary duties and responsibilities of a Director of a public company in Singapore. First-time Directors are required to undergo training in the roles and responsibilities of a listed company director and are to attend the Listed Company Directors Programme organised by the Singapore Institute of Directors (“**SID**”) with the support of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), as well as the modules relevant to his appointment on the Board. Directors will be provided training and updates in areas such as accounting, legal and industry-specific knowledge as may be appropriate and will have opportunities to develop and maintain their skills and knowledge at the Company’s expense.

All Directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory as well as corporate governance requirements, framework and the business environment through reading relevant literature and attending appropriate seminars and courses conducted by bodies such as the SGX-ST and the SID. Directors are provided with updates on and continuing education in areas such as directors’ duties and responsibilities, corporate governance, revisions to the Listing Manual of the SGX-ST (“**Listing Manual**”), changes in financial reporting standards and the Singapore Companies Act as well as industry-related matters and developments and the Company will arrange and fund the training of Directors as necessary.

To facilitate a better understanding of the Group’s business, the Directors are also given the opportunity to visit the Group’s offices and facilities and meet with the Management.

## Access to Information

To enable the Board to make informed decisions and fulfill its duties and responsibilities, Management provides the Board with quarterly/periodic management and financial reports containing adequate, clear and timely information on an on-going basis. In addition, all relevant information, including background and explanations, on the Group’s annual budgets and forecasts, financial statements, material events and transactions are circulated to Directors as and when required and on a timely basis prior to Board meetings. Directors are entitled to request for such additional information as needed to assist them to make informed decisions.

The Directors have access to the Company’s Management and the advice and services of the Company Secretary. The Directors, whether as a group or individually, may seek and obtain independent professional advice in furtherance of their duties as Directors of the Company, and such expense is borne by the Company.

The Company Secretary (or the representative(s)) attends all Board meetings and assists to ensure that Board procedures are followed. Together with the Management, the Company Secretary assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act and the provisions in the Listing Manual. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

# CORPORATE GOVERNANCE REPORT

## **Non-Executive and Non-Independent Chairman and Chief Executive Officer**

The Non-Executive and Non-Independent Chairman and the Chief Executive Officer (“**CEO**”) are separate persons to ensure appropriate balance of power, authority and clear division of responsibilities for independent decision making. The Non-Executive and Non-Independent Chairman and the CEO are not related and are not immediate family members. Dato’ Sri Dr Tiong Ik King who is the Company’s Non-Executive and Non-Independent Chairman plays an important role in setting and adjusting the strategic direction and facilitating the growth of the business, encouraging constructive relations among the Directors and between the Board and Management, encouraging open and constructive debate at the Board as well as constructive relations within the Board and between the Board and Management and ensures timely flow of information between Management and the Board. The Chairman also facilitates the effective contribution of all Directors; and promotes high standards of corporate governance. The CEO focuses his attention on the day-to-day running of the operations of the Group in accordance with the overall strategies and policies as enumerated and approved by the Board and provides insights to the Board on the Company’s day-to-day operations, as appropriate. The CEO works together with Non-Executive Directors for the long-term success of the Company.

## **Lead Independent Director**

The appointment of a Lead Independent Director has been reviewed by the Board. Taking into consideration matters including the nature and scope of the Group’s current business and operations; the current Board size of seven Directors, four of whom are Independent Directors; the independent judgement, active participation, constructive engagement and objective review by Independent Directors of strategy, business proposals, major funding proposals as well as the Company’s risk management and internal control systems, the Board is of the view that the appointment of a Lead Independent Director is not necessary. The Independent Non-Executive Directors also meet regularly on their own, without the other Directors and Management, to review any matter that might be raised and if necessary, feedback is provided to the Chairman and the Board. Additional meetings are convened as may be warranted by circumstances. The Directors and Management are accessible to the Company’s shareholders, and the Company has always responded to queries raised by its shareholders. Shareholders who have feedback for which contact through the normal channels of the Non-Executive and Non-Independent Chairman the CEO and/or the Vice President, Finance may be inappropriate, may contact and provide such feedback to any of the Independent Non-Executive Directors. The Board will nevertheless, annually review the need for the appointment of a Lead Independent Director.

## **NOMINATING COMMITTEE**

The Nominating Committee (“**NC**”) comprises four Independent Directors and a Non-Executive and Non-Independent Director. The members of the NC are:

- Ms Kuan Li Li (Chairman)
- Mr Yeo Yun Seng Bernard
- Mr Lee Hock Lye
- Mr Achmad Lukman Kartanegara
- Dato’ Sri Dr Tiong Ik King

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process. Its key functions include:

- To review CEO and Board/Director(s) succession plans and renewal including Board composition and progressive renewal of the Board;
- To review and determine the independence of each Director;
- To assess suitable candidates for appointment or election to the Board, based on their requisite qualifications, expertise, experience and character and with due regard for the benefits of Board diversity;
- To conduct a formal assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board, particularly when a Director serves on multiple boards;

# CORPORATE GOVERNANCE REPORT

- To review Board diversity including Board composition (including that Directors as a group provide an appropriate balance and diversity of skills, experience, knowledge, background and core competencies required by the Group) and Board Diversity Policy performance;
- To review the appointment and re-appointment of Directors; and
- To review training and professional development programmes for the Board and Director's competencies.

Under the Company's Constitution, each Director is required to retire at least once in every three years by rotation and all newly appointed Directors would have to retire at the next AGM following their appointment. The retiring Directors are eligible to offer themselves for re-election.

In accordance with the Company's Constitution, Dato' Sri Dr Tiong Ik King, Mr Chang Cheng-Hsing Francis and Mr Lee Hock Lye will be retiring by way of rotation at the forthcoming AGM. The NC, as part of its annual assessment, has assessed the contribution and performance of Directors and recommended the re-appointment and re-election of the following Directors who will be retiring at the forthcoming AGM:

- Dato' Sri Dr Tiong Ik King;
- Mr Chang Cheng-Hsing Francis; and
- Mr Lee Hock Lye.

The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election and re-appointment. The following is a table reflecting the date Directors were initially appointed and last re-elected:

<b>Name<sup>(1)</sup></b>	<b>Date of Initial Appointment</b>	<b>Date of Directors' Last Re-election</b>
Dato' Sri Dr Tiong Ik King <sup>(2)</sup>	7 March 1997	26 April 2019
Mr Chang Cheng-Hsing Francis	1 January 2014	26 April 2018
Mr Tiong Kiong King <sup>(2)</sup>	15 September 2016	26 April 2019
Mr Yeo Yun Seng Bernard	1 November 2001	28 May 2020
Mr Lee Hock Lye	27 November 2003	26 April 2018
Mr Achmad Lukman Kartanegara	22 August 2014	28 May 2020
Ms Kuan Li Li	22 October 2019	28 May 2020

**Notes:**

- (1) Please refer to the Board of Directors section of this Annual Report for information on Directors including details of Directors' current directorships in other listed companies and other principal commitments.
- (2) Dato' Sri Dr Tiong Ik King and Mr Tiong Kiong King are brothers.

In accordance with Rule 720(6) of the Listing Manual, information relating to the retiring Directors who are seeking re-election, as set out in Appendix 7.4.1 of the Listing Manual, can be found under the "Additional Information on Directors Seeking Re-election" section of this Annual Report.

As part of its annual assessment, the NC reviews the composition and balance of the Board and its Board Committees to assess and to satisfy itself that Directors as a group provide an appropriate balance and diversity of skills, experience, core competencies and knowledge required by the Group. For the appointment of new Directors, the NC, in consultation with the Board, will determine the required selection criteria and then identify candidates with the appropriate expertise and experience. The NC may obtain assistance from external consultants or tap on the resources of associations such as the SID to source for potential candidates. The NC will meet with the short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required before nominating the most suitable candidate to the Board for appointment as Director.

# CORPORATE GOVERNANCE REPORT

The NC considers that the multiple board representations presently held by some Directors do not impede their respective performance as these Directors have carried out their duties as required and as they have dedicated sufficient time and attention to the affairs of the Company. Further, the NC is of the view that no Director currently holds a significant number of directorships in other listed company and other principal commitments that impacts on the Director's ability to diligently discharge his or her duties to the Company. The Board has reviewed and determined not to prescribe a maximum number of listed company board representations which any Director may hold and in lieu wishes to review the matter on a case by case basis taking into account the ability, performance and capacity of each Director in his/her performance and discharge of his/her duties and responsibilities.

The independence of each Independent Non-Executive Director is reviewed by the NC on an annual basis, during which each of them will abstain from assessing his/her own independence. The NC adopts the objective and baseline tests of independence under the Listing Manual, the provisions and the overarching principle-based definition of director independence in the Code, the other guidance/tests of director independence under the Practice Guidance of the Code and the guidelines provided in the Audit Committee Guidance Committee Guidebook in respect of the concept of "independence" in relation to an independent director. Provision 2.1 of the Code, provides that an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. None of the Independent Directors (i) was employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee of the Company ("**No Employment Relationship**"). Therefore none of the circumstances under Rule 210(5)(d) of the Listing Manual (i.e. circumstances that deem a director not independent) applies to the Independent Directors (as the Independent Directors had No Employment Relationship with the Group). In this regard, 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. The Board had reviewed the matter and has considered each of them to be independent notwithstanding that they have served on the Board beyond nine years from the date of their respective first appointment after taking into account their active participation and constructive challenge of the Management in terms of its proposal on strategy, performance targets and other business proposals, as well as their critical review of the performance of the Management both during and outside formal Board meetings.

Nevertheless, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from 1 January 2022), a director will no longer be independent if he has been a director for an aggregate period of more than nine years, unless his continued appointment as an Independent Director has been sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the Directors and CEO of the issuer, and associates of such Directors and CEO (the "**Two-Tier Vote**"). In anticipation of Rule 210(5)(d)(iii), that will take effect from 1 January 2022, the Company is seeking to obtain the required approval of the Two-Tier Vote at this AGM for each of their continued appointment as an Independent Director.

In addition, through the Board's reviewed of Director's independence, the Board has noticed that each of the Independent Directors has continued to exercise his/her respective independent judgement in discharging his/her duties as an independent director in the best interests of the Company. The long experience and deep knowledge of the current Independent Directors regarding corporate dealings is a great asset to the Company. In this light, the Board is of the view that the current four Independent Directors are strong and independent, who are able to exercise objective judgement on corporate and business affairs of the Company independently, thereby providing an effective check on the Management.

The Company has no alternate Directors on its Board.

The Board has implemented an annual performance evaluation process to assess the effectiveness of the Board as a whole, its Board Committees and for assessing the contribution of the Chairman and each individual Director. The purpose of the evaluation is to increase the overall effectiveness of the Board, Board Committees and each individual Director. It is also to help ensure that the Board consists of persons who, together, provide the core competencies and skill sets necessary to meet the Company's objectives. The assessments are made against pre-established criteria, which are derived from the Board's charter and responsibilities. The performance criteria for the Board evaluation are in respect of the Board composition and size, Board processes, performance, standards of conduct, accountability and information in relation to the discharge of the Board's responsibilities and functions including the financial reporting to stakeholders. The performance assessment criteria does not change from year to year. The assessment was reviewed and updated in respect of the FY2020 evaluation following the issue of the updated Code of 6 August 2018. No external facilitator has been used for the Board evaluation for the FY2020.

# CORPORATE GOVERNANCE REPORT

To assess Board and Board Committees performance and its overall effectiveness, Directors are requested to complete a Board Evaluation Questionnaire which the Chairman of the NC collates and presents to the NC for review. Areas for improvement of Board effectiveness and performance are deliberated by the NC before presenting to the Board for discussion and decision. To assess the individual Director's performance including the performance of the Chairman and to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Board and to demonstrate commitment to his/her role on the Board, Directors are requested to complete a Self and Peer Assessment Questionnaire covering areas such as interactive skills, knowledge, performance of duties and overall contributions. The Chairman of the NC will collate the results and will present and discuss the final report with the Board, and where necessary the required feedback is provided to the Director with a view to improving the Director's and Board's performance. The results of the evaluations are used constructively by the NC to discuss improvements with the Board.

## REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises of three Independent Directors and a Non-Executive and Non-Independent Director. The members of the RC are:

- Mr Yeo Yun Seng Bernard (Chairman)
- Mr Lee Hock Lye
- Ms Kuan Li Li
- Dato' Sri Dr Tiong Ik King

Dato' Sri Dr Tiong Ik King continues to serve as a RC member, as the Board considers Dato' Sri Dr Tiong's contribution and support to the RC invaluable. In addition, although Dato' Sri Dr Tiong is the Non-Executive and Non-Independent Chairman, he does not receive any salary from the Company and its subsidiaries.

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To recommend to the Board a framework of remuneration for Directors, CEO and key executives that is competitive and sufficient to attract, retain and motivate them to run the Company successfully for the long term; and
- To review and determine the specific remuneration packages and terms of employment for Executive Directors, CEO and senior executives.

The RC oversees remuneration strategy and framework, including Directors' fees, salaries, allowances, bonuses, options and benefits in kind. Each RC member shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his own remuneration package.

The RC has authority to seek expert advice and views on remuneration matters of Directors from both within and outside of the Group when the need arises and as appropriate. The RC draws on a pool of independent consultants and commissioned analysis report(s) in making any recommendations. The RC ensures that existing relationship between the Group and its appointed remuneration consultants does not affect the independence and objectivity of the remuneration consultants.

During the year 2020, the RC had met once to review and recommend to the Board matters related to:

- the Group CEO and Executive Director's remuneration package and service contract;
- the remuneration packages of key management staff;
- the payment of Directors' Fees; and
- the grant of awards under the RHP Share Option Scheme 2011.

# CORPORATE GOVERNANCE REPORT

## **Disclosure on Remuneration**

The Company has a remuneration policy where the Company will take into consideration remuneration and employment conditions within the industry and in comparable companies. The RC has engaged external consultants to provide evaluation on remuneration matters, including the evaluation of Directors' fee structure. The appointment of the external consultants was to ensure the continued relevance and alignment of the Group with market practices and trends. External consultants are independent and not related to the Group or any of its Directors. The RC considers all aspects of remuneration, including termination terms, to ensure that the remuneration packages are fair.

The Board, with the recommendations of the RC, has established a formal and transparent procedure for developing policies on Directors and key executives remuneration, and for fixing the remuneration packages of individual Directors and key management executives. A key objective of the RC is to ensure that the level and structure of remuneration of Directors and key executives is appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company, the Group's relative performance and the performance of individual Directors and key executives (who are not Directors or the CEO).

The Independent Directors and the Non-Executive and Non-Independent Directors are both paid a fixed Directors' fees formula, which is determined by the Board, appropriate to the level of their contribution, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors and the Non-Executive and Non-Independent Directors. In addition, the Board conducts a yearly peer review evaluation exercise for all Directors. The fees are subject to approval by the shareholders at each AGM. Independent Directors are eligible to participate in the RHP Share Option Scheme 2011, Independent Directors do not receive any other remuneration from the Company. For FY2020, the Board after consultation with the RC, has recommended the payment of Directors' fees to Executive Directors, which is considered appropriate to the level of their contribution, taking into account factors such as the effort and time spent and the responsibilities of the Executive Directors. The Board in consultation with the RC, has also recommended a 10% reduction in the Directors' fees to be paid to Directors for FY2020. The CEO is remunerated as a member of Management and does not receive Directors' fees.

Remuneration paid to the CEO and key executives for each financial year varies and is largely governed by the performance of the Group and the extent to which performance targets of the Group are achieved. The Group performance appraisal system is designed to measure individual performance based on a balanced scorecard approach, comprising both financial and non-financial metrics such as business strategy targets, operational and commercial performance and organisation learning. In addition, the executives are assessed on teamwork and cross collaboration across the Group.

The remuneration package of the CEO and the key executives comprises of a base salary, a variable component and staff benefits. The base salary of the key executives is approved by the Board on RC's recommendation annually, taking into account the contribution, experience and sustained long-term performance. The base salary of the CEO is approved by the Board on RC's recommendation for the duration of the service contract. The variable component comprises the performance bonus and will vary according to the actual achievement of the Group and individual objectives. The RC regularly conducts benchmarking analysis of related companies in Singapore to ensure that the remuneration paid is reasonable, competitive and not overly generous. The RC also ensures that performance-related remuneration is aligned to the interest of shareholders and other stakeholders and promotes sustainable long-term growth and success of the Company. The Board in consultation with the RC, has implemented a 10% cut on the gross salaries of the CEO and key executives with effect from August 2020.

The Company has two share plan schemes which were approved by shareholders at a general meeting held on 8 July 2011. The RHP Share Option Scheme 2011 and the RHP Performance Share Plan are structured to promote ownership and retain key talent as a long-term incentive. Both the share plan schemes are administered by the RC. Please refer to pages 37 to 39 and Notes 28 and 29 on pages 94 to 96 of the Notes to the Financial Statements of this Annual Report for details of the schemes.

## **Remuneration of Directors and Key Executives**

Principle 8 of the Code states that: "The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation." Provision 8.1 of the Code requires companies to disclose in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of each individual director and the CEO and at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.



# CORPORATE GOVERNANCE REPORT

The Company understands and agrees with the principle of being transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and believes that providing a reasonably adequate amount of disclosure of such matters aligns with the aim and philosophy of the principle and at the same time reasonably protects the business interests of the Company.

In this respect, the Company wishes to explain that the remuneration of the Independent Directors, the Non-Executive and Non-Independent Directors, the CEO and the key executives (who are not Directors or the CEO) is on an earned basis and the RC ensures that the remuneration is commensurate with their contributions and the performance of the Company, giving due regard to the commercial health and business needs of the Company. There was no termination, retirement and post-employment benefit granted to Directors, the CEO and the top three key executives (who are not Directors or the CEO) for FY2020. The Non-Executive and Non-Independent Chairman does not receive a salary and as with all Independent Directors and Non-Executive Directors and Non-Independent Directors, is paid a fixed Directors' fees, which is determined by the Board, after consultation with the RC. The Non-Executive and Non-Independent Chairman as with all Directors, is required to retire at least once in every three years by rotation and as a retiring Director, he is eligible to offer himself for re-election.

The Company has not disclosed the exact remuneration of each individual Director including the CEO and the total remuneration paid to the top three key management personnel of the Company (who are not Directors or the CEO). The Company believes that full disclosure of the remuneration and contractual terms of each individual Director and the CEO (including retirement benefits granted) on a named basis and the total remuneration paid to key management personnel (who are not Directors or the CEO) are disadvantageous to the business interests of the Company, in view of the shortage of and competition for talented and experienced personnel in the upstream oil and gas industry and is of the view that the disadvantages of disclosure outweigh the benefits. In the interest of privacy, confidentiality and sensitivity of the Company's remuneration matters, the Company has decided to disclose the level and mix of the remuneration of the Directors and CEO and key management personnel of the Company in bands of S\$250,000 and has provided a detailed breakdown in percentage terms of the remuneration components.

A breakdown showing the level and mix of each individual Director's remuneration payable for the FY2020 taking into account the aforementioned explanation, is as follows:

Remuneration Bands	Salary including CPF %	Bonus/ Profit-sharing %	Allowances & Others %	Directors' Fees <sup>(1)</sup> %	Performance Shares %	Total %
<b>S\$750,000 to S\$1,000,000</b>						
Chang Cheng-Hsing Francis	61.20	26.42	12.38	–	–	100
<b>Below S\$250,000</b>						
Dato' Sri Dr Tiong Ik King	–	–	–	100	–	100
Abbasbhoy Haider Nakhoda <sup>(2)</sup>	–	–	–	100	–	100
Yeo Yun Seng Bernard	–	–	–	100	–	100
Lee Hock Lye <sup>(3)</sup>	–	–	–	100	–	100
Achmad Lukman Kartanegara	–	–	–	100	–	100
Tiong Kiong King	–	–	–	100	–	100
Kuan Li Li <sup>(4)</sup>	–	–	–	100	–	100

#### Notes:

- Directors' fees totaling S\$382,973 is to be tabled for shareholders' approval at the forthcoming AGM to be held on 28 April 2021. The total Directors' fees include S\$5,670 being payment for Directors' fees from associate companies.
- Mr Abbasbhoy Haider Nakhoda retired as Director of the Company at the conclusion of the AGM held on 28 May 2020. Upon his retirement, he also ceased to be the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.
- Mr Lee Hock Lye was appointed as Chairman of the Company's Audit Committee on 28 May 2020 (and succeeded Mr Abbasbhoy Haider Nakhoda who retired as Director of the Company at the conclusion of the AGM held on 28 May 2020) and continues to serve as a member of the Company's Remuneration and Nominating Committees.

# CORPORATE GOVERNANCE REPORT

- (4) Ms Kuan Li Li was appointed as Chairman of the Company's Nominating Committee (and succeeded Mr Lee Hock Lye who was appointed Chairman of the Company's Audit Committee on 28 May 2020) and as a member of the Company's Remuneration Committee on 28 May 2020 and continues to serve as a member of the Company's Audit Committee.

A breakdown showing the level and mix of each individual key executive's remuneration payable for the FY2020 is as follows:

Remuneration Bands	Salary including CPF %	Bonus/ Profit-sharing %	Allowances & Others %	Performance Shares %	Total %
<b>S\$250,000 to S\$500,000</b>					
Samuel Cheong	80.24	12.74	7.02	–	100
Edwin Tan	83.66	9.89	6.45	–	100
Then Guang Yaw	79.91	12.16	7.93	–	100

**Note:**

There were only three key executives (who are not Directors or the CEO) in the Company in the FY2020.

There was no employee of the Group who was a substantial shareholder of the Company or an immediate family member of any Director or CEO, and whose remuneration exceeded S\$100,000 during the financial year.

The RC has reviewed and approved the remuneration packages of the Independent Directors, Non-Executive and Non-Independent Directors, the CEO and key executives (who are not Directors or the CEO), having regard to their contributions as well as the financial performance and commercial and business needs of the Group and has ensured that the Directors and key executives are adequately but not excessively remunerated. The RC has the discretion to void unexercised and/or unvested share options that have been awarded, if an executive is involved in misconduct or fraud resulting in financial loss to the Company.

The Board is of the view that notwithstanding deviation from certain aspects of Provision 8.1, the practices adopted by the Company are consistent with the intent of Principle 8 of the Code, in relation to the Company's transparency on remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

## AUDIT COMMITTEE

The Audit Committee ("**AC**") comprises five members, four of whom are Independent Directors. The members of the AC are:

- Mr Lee Hock Lye (Chairman)
- Mr Yeo Yun Seng Bernard
- Mr Achmad Lukman Kartanegara
- Ms Kuan Li Li
- Dato' Sri Dr Tiong Ik King

Dato' Sri Dr Tiong Ik King continues to serve as an AC member, as the Board considers Dato' Sri Dr Tiong's contribution and support to the AC invaluable, having business and finance experience and is familiar with the Group's business and operations. The AC members have accounting and related financial management expertise. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties. None of the AC members has any financial interest in Messrs Ernst & Young LLP, the Company's external auditors and no Director was a partner or director of Messrs Ernst & Young LLP or was appointed as an AC member within a period of two years of his ceasing to be a partner or director of Messrs Ernst & Young LLP.

The AC has explicit authority delegated to it by the Board to investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

# CORPORATE GOVERNANCE REPORT

The key responsibilities of the AC include the following:

- To review annually the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- To review the nature and extent of all non-audit services provided by the external auditors to the Group, in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- To review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance and information technology controls;
- To review the external and internal audit plans, including the nature and scope of the audit before the audit commences, the Internal Auditor's evaluation of the Group's system of internal controls, the external and internal audit reports and management letter issued by the external auditors (if any) and Management's response to the letter;
- To review announcements of the quarterly and full year results prior to their submission to the Board for approval for release to the SGX-ST;
- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;
- To review and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
- To review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- To review the assurance from the CEO and the Vice President, Finance on the financial records and financial statements.

The AC may also examine any other aspects of the Group's affairs, as it deems necessary where such matters relate to exposure or risk of a regulatory or legal nature, and monitor the Group's compliance with its legal, regulatory and contractual obligations.

The AC met four times during the year 2020 to review the Group's financial performance for the year, the audit plan/report, the audit findings, the internal audit activities for the year, and the announcements of the quarterly and full year results before being approved by the Board for release to the SGX-ST. In addition, the AC had met informally with Management and the Auditors on several occasions during the year to discuss the Group's business and financial performance.

The AC continues to meet with the external auditors and Internal Auditor separately, at least once a year, without the presence of the Company's Management, to review any matter that might be raised.

The AC has reviewed the independence and objectivity of the external auditors for the FY2020 including the non-audit services provided by the external auditors, Messrs Ernst & Young LLP as well as the relative size of audit fees and non-audit fees, and is of the opinion that the provision of such services does not affect their independence. The external auditors have also confirmed their independence. The Company complies with Rule 712 and 715 of the Listing Manual. For details and a breakdown of the fees paid in total for audit and non-audit services Messrs Ernst & Young LLP, please refer to Note 6 on page 71 of the Notes to the Financial Statements of this Annual Report. Accordingly, the AC has recommended to the Board the re-appointment of Messrs Ernst & Young LLP as external auditors at the forthcoming AGM.

AC members are provided with updates on changes to accounting standards and issues which have a direct impact on financial statements and attend appropriate seminars and courses.

# CORPORATE GOVERNANCE REPORT

The AC has implemented a whistle blowing policy whereby staff of the Group may, in good faith and in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters. Reporting on serious concerns relating to financial reports, unethical or illegal conduct, are to be reported in writing to the Chairman of the AC. Reporting on employment-related concerns are to be reported to normal channels such as to supervisors, the local General Manager/Operation Manager, or the Human Resources and Administrative Manager. The AC has ensured that arrangements are in place for independent investigations of such matters and for appropriate follow-up action.

## **ACCOUNTABILITY AND AUDIT**

### **ACCOUNTABILITY**

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required). Management currently provides all members of the Board with appropriately detailed management accounts, which present a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis.

### **INTERNAL CONTROLS AND INTERNAL AUDIT**

The Group has a system of internal controls to govern and monitor its operations. The framework is cognisant of the staff, operational size and resources of the Group and the cost benefit relationship of individual controls.

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. To achieve this, annual, periodical as well as ad hoc audit reviews are undertaken by the Internal Auditor and/or by Management. In addition, the Board and Management regularly keep the system of internal controls under review with the objective of ensuring that the internal controls are adequate to provide reasonable assurance that:

- the Group's assets are safeguarded against loss from unauthorised use or disposition;
- business transactions are properly authorised and executed;
- there is ongoing compliance with the financial reporting regulatory framework and environmental regulation; and
- proper and accurate financial records are maintained.

The Company has an in-house internal auditor who is a Chartered Accountant of Singapore. The main role of the Internal Auditor is to provide independent and objective assurance that the Group's risk management, internal control, and governance processes are operating reliably, adequately and effectively and where appropriate to recommend improvements to the Group's operations. The Internal Auditor's primary line of reporting is to the AC Chairman. The hiring and removal of the internal audit function requires AC's approval and the AC members also evaluate and review the compensation of the internal audit function. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. To acquire and maintain professional knowledge and skill at the level required to enable and ensure that the internal audits are effectively performed, the in-house Internal Auditor regularly attends professional courses conducted by external accredited organizations. The AC at least annually, reviews the adequacy and effectiveness of the internal audit function and the AC is satisfied with the adequacy and effectiveness of the Company's internal audit function.

The authority and scope of the internal audit activities and the responsibilities and accountability of the internal audit function are guided by the Internal Audit Charter approved by the AC. The Internal Auditor prepares the annual internal audit plan in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for review and approval prior to the commencement of the internal audit activities. All audit findings and recommendations of the Internal Auditor are reported to the AC. These reports are made available to the external auditors and Management. The Internal Auditor follows up on recommendations the Internal Auditor has made, to ensure that remedial actions if required, are implemented by Management in a timely and appropriate manner and reports the results to the AC every quarter.

When required, the Company will outsource some functions of the internal audit activity to reputable and suitably qualified firms to obtain competent advice and assistance if the Internal Auditor lacks the knowledge, skills, or other competencies needed to perform the engagement.

# CORPORATE GOVERNANCE REPORT

External auditors had attended the quarterly AC meetings and have also had a number of informal meetings with the AC Chairman throughout the year. They have confirmed that in the course of their annual audit, while their audit scope does not address all the financial, operational, compliance and information technology risks that are or could be faced by the Group, nevertheless they are not aware of any reason to indicate that internal controls and risk management systems are not adequate and effective to reveal and/or address and manage financial, operational, compliance and information technology risk which would otherwise warrant highlighting to the Board, AC, and Management.

The Board retains the primary responsibility for the oversight of the Group's risk management responsibilities, internal controls and governance processes delegated to Management and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. During FY2020, the AC assisted the Board to review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Based on the review and oversight guidance by the AC, the Board is satisfied that Management has developed and implemented an appropriate and sound system of risk management and internal controls and governance processes that are designed to govern, monitor and/or reveal financial, operational, compliance and information technology risks as well as safeguard shareholders' investments and the Group's assets. Based on the internal and external audit results and discussions with Management, the Board, with the concurrence of the AC is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology control risks and risk management systems of the Group are adequate and effective as at 31 December 2020 to meet the Group's needs and control objectives and provide reasonable assurance for safeguarding the Group's assets in the current business environment. The Board also notes that no system of internal controls can provide absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

## RISK MANAGEMENT

The Executive Directors and Management regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews significant control policies and procedures and highlights the significant matters to the Board and the AC. During the year, Management reviewed and reported on the top risks faced by the Group to the Board. Key risks were discussed and prioritised.

The COVID-19 pandemic has had a profound impact on human health and societal activities as well as on the global economy. With the depressed oil markets in 2020, the Group's financial conditions, as with most of its peers in the upstream oil industry, had been adversely hit. Given the intensely challenging environment and uncertainties, Management in consultation with the Board, implemented vital and urgent financial prudence and discipline in the second quarter of 2020 by deferring all non-essential capital expenditures for the rest of 2020 and implemented drastic cost reduction and cost optimisation programmes across its operations to conserve cash reserves. The precautionary safe management measures and initiatives by the Group to safeguard the Group's employees, contractor and visitors and to curb the spread of COVID-19, enabled the Group's essential field operations to continue amidst the pandemic. More details can be found in the Sustainability Report Summary section of this report.

The Board has received the relevant assurances from:

- a. the CEO and the Vice President, Finance that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2020 give a true and fair view of the Group's operations and finances; and
- b. the CEO and other key management personnel who are responsible for the Group's risk management and internal control systems that, as at 31 December 2020, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Group's financial risk management objectives and policies are disclosed under Note 31 on pages 96 to 100 of the Notes to the Financial Statements of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS

The Board believes in the importance of treating all shareholders fairly and equitably. The Board is committed to provide timely and fair disclosure of material information. The Board is accountable to the shareholders whereas Management is accountable to the Board.

In line with the continuing disclosure obligations under the Listing Manual, all material information is disclosed and communicated to shareholders in a comprehensive, accurate and timely manner through:

- a. announcements of quarterly and full year financial results and on major developments which are published via the SGXNet and the Company's website [www.rhpetrogas.com](http://www.rhpetrogas.com);
- b.\* annual reports or circulars of the Company that are prepared and published via the SGXNet, are mailed to all shareholders and published on the Company's website;
- c.\* notices of AGMs and Extraordinary General Meetings ("**EGM**") are published in the newspapers and on the Company's website;
- d. corporate presentations and minutes of general meetings are published on the Company's website; and
- e. press releases on major developments of the Group when issued, are published via the SGXNet and the Company's website.

The Company has an Investor Relations Policy which sets out the principles and practices on the provision of material, comprehensive, relevant accurate and timely information on the Group, so as to assist investors to make informed investment decisions and to enable the Company to effectively engage its stakeholders and communicate the Group's financial, environmental, social and governance performance.

The Company's website [www.rhpetrogas.com](http://www.rhpetrogas.com) has a dedicated 'Investor Relations' section which provides investor-related information on the Company and the Group. It contains information such as financial results, annual reports, sustainability reports, notices and results of general meetings, corporate presentations and announcements issued on the SGXNet. Investors are also able to subscribe online for electronic mail alerts; to be updated on the latest announcements and notices released by the Company. The contact details of the Investor Relations team is provided on the Company's website, providing a channel for stakeholders and investors to contact the Company for feedback and/or queries.

Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability. These general meetings are the principal forum for dialogue with shareholders. The Company recognises the value of feedback from shareholders and Company's general meetings are a good platform for a constructive and practical exchange of views with shareholders.

In view of the COVID-19 pandemic and the circuit breaker restrictions imposed by the Government of Singapore, the Company's AGM was held by electronic means on 28 May 2020, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**COVID-19 Temporary Measures Order**"). Shareholders who wished to exercise their voting rights at the AGM had appointed the Chairman of the AGM as their proxy to vote on their behalf at the AGM. Arrangements were made to allow shareholders who had questions relating to the AGM agenda to submit their questions by email before the AGM and questions were addressed by the Chairman of the AGM. Arrangements were also made to enable shareholders who wished to observe the proceedings of the AGM to do so through a live webcast of the AGM. All the Directors and the external auditors attended the live webcast of the AGM by electronic (audio-visual) means. The minutes of the Company's AGM held on 28 May 2020 were published via the SGXNet platform and the Company's website within one month of the AGM.

\* In view of the ongoing COVID-19 pandemic and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company's Annual Report 2020 will not be mailed to shareholders; the Company's notice for the forthcoming AGM will also not be published in the newspaper. The aforementioned documents are available on the SGX website (<https://www.sgx.com/securities/equities/T13#Company%20Announcements>) and on the Company's website (<http://rhpetrogas.listedcompany.com/newsroom.html>).

# CORPORATE GOVERNANCE REPORT

Given the ongoing COVID-19 pandemic, the forthcoming AGM scheduled to be held on 28 April 2021 will again be held via electronic means in accordance with the COVID-19 Temporary Measures Order. For details on the alternative arrangements for the forthcoming AGM, including arrangements on how to access the live webcast (comprising both video (audio-visual) and audio-only feeds), prior submission of questions as well as voting by appointing the Chairman of the meeting as proxy, all of which will be similar to the alternative arrangements for last year's AGM, please refer to the Company's notice of AGM.

If not for the COVID-19 pandemic, under ordinary circumstances, the following would have been the Company's arrangements for its general meetings:

- all Directors and the external auditors endeavor to attend the Company's general meetings and the chairmen of the respective Board Committees would be able to address the relevant questions that shareholders may have;
- the Chairman of the Company's general meeting will provide ample time and opportunities for shareholders to raise their questions relating to each resolution tabled for approval and to air their views and concerns;
- the Company's approach is to have separate resolutions at general meetings on each substantially separate or distinct issue. The Company avoids the "bundling of" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal;
- all resolutions tabled at general meetings will be put to a vote by way of a poll, and procedures for the poll are clearly explained by the scrutineers at such general meetings;
- time will be allocated for shareholders at the general meetings to cast their poll votes and the voting process and results are witnessed and verified by the scrutineers;
- the results of the poll vote on each resolution tabled at the Company's general meetings, including the total number of votes cast for or against each resolution and the respective percentages, are announced at the general meetings and the detailed results of the general meetings are also announced via the SGXNet thereafter; and
- if any shareholder is unable to attend the Company's general meetings, the Constitution of the Company allows shareholders to appoint up to two proxies to attend and vote on his/her behalf at the general meetings through proxy forms sent in advance and pursuant to the Companies (Amendment) Act 2014, intermediaries such as banks and capital markets services licence holders which provide custodial services and are shareholders of the Company may appoint more than two proxies to attend and vote at the Company's general meetings.

The Company Secretary prepares the minutes of the general meetings, which incorporates key discussion points including relevant comments and queries from shareholders and responses from the Board and Management. These meeting minutes are uploaded and published on the Company's website as soon as practicable and are available to shareholders upon their request.

The Company is committed to engaging its shareholders and the investment community. The Company employs various platforms to engage its shareholders and the investment community and explores the participation in events, panel discussions, roadshows and conferences organised by major brokerage houses, regulators, institutions and agencies. Such forums serve as a platform to solicit feedback and gain perspectives and views from shareholders and the investment community and to facilitate a healthy and practical exchange of views that promotes regular, effective and fair communication with shareholders and the investment community. From time to time, the CEO will also conduct media interviews with major publications and provide relevant insights on the Company's prospects to shareholders and investors.

Our stakeholders play an important role in the Company's decisions, actions, objectives and policies. The Board believes in the importance of identifying and engaging with its material stakeholder groups and to manage its relationships with such groups. Our main stakeholders are our shareholders, suppliers, customers, regulators, partners, associates, employees, local communities, investor community and public media. The Company strives to develop an inclusive approach by considering and balancing the needs and interests of the Group's material stakeholders while ensuring that the best interests of the Group are served. The Company makes efforts to engage the stakeholders to understand their views and concerns as part of its strategy to the approach.

# CORPORATE GOVERNANCE REPORT

The Company believes that the business conducts and decisions of the Group's material stakeholders can also have significant impact to the Group's sustainability, operations and reputation; these are the key areas of focus for the Company in managing the Group's material stakeholders. For a fuller understanding of the Company's approach to identifying and engaging the stakeholder groups, please refer to the Company's Sustainability Report to be published on the SGXNet and the Company's website in May 2021.

The Company does not have a fixed dividend policy at present. Key considerations that affect dividend decisions and the level of payouts are: (i) Group's profit growth, (ii) level of cash available, (iii) projected levels of capital expenditure and investment plans and (iv) any other factors as the Board may deem appropriate. No dividend has been proposed by the Board for financial year ended 31 December 2020. The Group is conserving its cash towards funding the work programmes of its assets and to grow its reserve and production base.

## DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing two weeks and one month prior to the announcement of the Group's quarterly and full year results respectively and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

## INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons to comply with the requirements of the Listing Manual of the SGX-ST. All IPTs are subject to review by the AC. The AC reviews the terms of the IPTs with the view that the IPTs should be on normal commercial terms and are not prejudicial to the interests of the Company's minority shareholders. As part of the Company's policy, Directors who are interested in a transaction or proposed transaction with the Company are required to disclose to the Board the nature of his interest as soon as practicable, at a meeting of the Directors of the Company.

The IPTs entered are set out as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) <sup>(2)</sup>		Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		FY2020	FY2019	FY2020	FY2019
		US\$'000	US\$'000	US\$'000	US\$'000
RHP (Mukah) Pte. Ltd. <sup>(1)</sup> - Loans from RH Petrogas Investments Pte. Ltd.	An associate of the Company's Directors and Controlling Shareholders <sup>(1)</sup>	379	2,749	Not applicable	Not applicable



# CORPORATE GOVERNANCE REPORT

## Notes:

- (1) Loans provided by RH Petrogas Investments Pte. Ltd. ("**RHPI**"), a wholly owned subsidiary of the Company, to RHP (Mukah) Pte. Ltd. ("**RHP (Mukah)**") following the completion of the sale by RHPI of 3,184,881 ordinary shares representing 49% of the entire issued share capital of RHP (Mukah), to Tumbuh Tiasa Enterprises Sdn. Bhd. ("**TTE**") on 24 September 2014 (which was announced by the Company on 24 September 2014 under SGXNET Announcement No. SG140924OTHRNNKS), pursuant to the shareholders' agreement between RHPI, TTE and RHP (Mukah), under which RHPI and TTE are to provide the funding required by RHP (Mukah) for the exploration and evaluation activities under the Production Sharing Contract in respect of Block SK331 to RHP (Mukah) in proportion to their equity interest in RHP (Mukah). Tan Sri Datuk Sir Tiong Hiew King, a Controlling Shareholder, Dato' Sri Dr Tiong Ik King, a Director and Controlling Shareholder, Mr Tiong Kiong King, a Director, together with their family members, indirectly own the majority of the issued share capital of TTE.
- (2) As announced on 7 October 2016 (SGXNET Announcement No SG161007OTHR39JX), SGX-ST has granted its approval in a letter dated 4 October 2016, allowing the Company to determine the materiality of interested person transactions for the purposes of Rules 905 and 906 of the SGX-ST Listing Manual based on the Company's market capitalisation as at the previous financial year end, for so long as the Group's latest audited consolidated net tangible assets ("**NTA**") or the Group's latest audited consolidated net asset value ("**NAV**") remains negative. The Group's NTA and NAV are currently negative.

## MATERIAL CONTRACTS

Except for the transactions/agreements disclosed under IPTs above, there was no other material contract(s) entered between the Company or any of its subsidiaries with any Director or controlling shareholder in the FY2020.

# CORPORATE GOVERNANCE REPORT

## SUSTAINABILITY REPORT SUMMARY

### Background

The Group believes that sustainable business practices are part of the fundamental building blocks in its vision to be a leading independent oil and gas company in the region. A strong commitment towards the Group's environmental, social and governance ("ESG") responsibilities will support the Group's mission to be a trusted energy partner and to create long-term value for its shareholders.

The Group understands its responsibilities towards sustainability. As an upstream oil and gas company, its exploration, development and production activities can have an impact on the environment and wellbeing of the local communities in places where it operates. As a responsible upstream oil and gas participant, the Group strives for excellence and takes sustainability issues seriously, endeavouring to deliver on its business objectives and performance in a sustainable manner while meeting the expectations of its stakeholders. Sustainability forms an integral component of the Group's operations. A balanced and commendable performance on the economic, environmental and social aspects of the business is central to the growth of the Group.

The Group will be publishing its sustainability report for FY2020 in May this year. The report, which is in its fourth edition, aims to provide stakeholders with a better understanding of the Group's sustainability practices as well as an update in respect of the Group's ESG performance on issues that are considered material to the Company's stakeholders. The report will outline the sustainable approaches embedded in the Group's business operations and value chain and highlight the Group's sustainability initiatives, best practices and performance in respect of ESG matters. For this upcoming report, the Group will also outline its contributions towards combating the spread of COVID-19 in the local communities, as well as measures taken to strengthen the Group's business continuity framework and to minimise disruptions to its operations.

The full version of the report will be prepared in accordance with the Global Reporting Initiative ("GRI") standards: Core option and with reference to the primary components set out in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rule 711B on a 'comply or explain' basis. In line with paragraph 5.1 in Practice Note 7.6 of the SGX-ST Listing Rules, a summary of the sustainability report, which includes a summary highlight of the Group's key areas of focus and initiatives for FY2020, is provided below.

### COVID-19 Measures

The Group fully supports the various COVID-19 safe distancing and various safe management measures that Governments have recommended and implemented in places where we operate. These measures help to ensure that the Group's employees, contractors and visitors are protected. The Group's head office and its operating subsidiaries have had implemented various precautionary safe management measures and initiatives to Group to safeguard the Group's employees, contractor and visitors and curb the spread of COVID-19. For example, the Group implemented in-house initiatives to communicate and raise awareness of COVID-19 during the initial stages. Work-from-home had been implemented at the onset of the pandemic for all its staff while various measures to prevent the transmission of the virus had been implemented for essential field operations, enabling the Group's businesses and operations to continue amidst the pandemic. Such measures continue to provide employees and contractors with a safe and secure environment to work and help the Group to successful control potential incursions and curb the spread of COVID-19 within its operating premises.

### Environmental and Safety Track Records

Operating in the oil and gas industry naturally means that matters relating to occupational HSE (health, safety and environment) and environmental sustainability are important to the Group. Through the years, the Group has received several occupational HSE and environmental related certifications and awards\*:

- Blue PROPER rating awarded for Arar LPG Plant, Kepala Burung PSC, from the Ministry of Environment and Forestry of Indonesia

\* Petrogas (Island) Ltd ("PIL"), which holds the Group's interest in Salawati PSC, is working towards attaining the relevant certifications following its assumption of operatorship of the Salawati block on 23 April 2020. As of 31 December 2020, PIL had recorded zero workplace accident and had accumulated over 500,000 man hours of work without lost time incident and it is on track to achieve the minimum criteria to be considered for the accident-free awards from the relevant ministries in Indonesia.

# CORPORATE GOVERNANCE REPORT

- OHSAS 18001 Occupational Health and Safety Management Certification for Arar block, Kepala Burung PSC
- ISO 14001 Environmental Management Systems Certification for Arar block, Kepala Burung PSC
- Zero Accident award for 14.1 million man hours of work as of 31 December 2019 without lost time incident for Petrogas (Basin) Ltd presented by the Ministry of Manpower of Indonesia in October 2020
- SMK-3 Accreditation for Occupational Safety Management System based on Government Regulation of the Republic of Indonesia No. 50 Year 2012
- WISCA (World Indonesia Safety Culture Award) for the implementation of a proactive safety culture in Petrogas (Basin) Ltd
- Patra Nirbhaya Karya Utama for 11.74 million man hours of work without lost time for Petrogas (Basin) Ltd awarded by the Ministry of Energy, Minerals and Resources of Indonesia in November 2020

The Group and its operating subsidiaries adopt high occupational HSE standards and industry practices in the daily operations. The Group requires its staff to adhere to its HSE policies. In addition, the Group also actively encourages its contractors to adopt and support the HSE policies and work hand-in-hand to cultivate a strong safety work culture.

## Strategy and Key Focuses

### Environment

The Group believes that conducting its operations in an environmentally responsible manner is integral in operating a successful and sustainable business. The Group is committed to comply with the relevant environmental laws and regulations in the countries where we operate, and envisages to conduct its business in a prudent and responsible manner. Industry best practices are adopted where applicable.

### Social

The Group believes that people are its assets. The Group conducts its business with respect and care for its people. The Group is also committed to hire locals in the places where we operate and strives to empower its employees with essential and valuable skillsets, career advancement opportunities and lifelong learning.

### Governance

The Group believes that good corporate governance is central to the Group's business and values. The Group is confident that by building a company that operates responsibly and ethically, we will enhance the interests of all our stakeholders. The Group has put in place a prudent governance framework that focuses on integrity, responsibility, accountability and discipline in its business and operations.

## Stakeholders and Materiality Assessment

The Group recognises the important roles that its stakeholders have in its sustainability journey. The Group's main stakeholders are its shareholders, suppliers, customers, regulators, partners, associates, employees and local communities. The Group's strategy is to adopt a balanced approach in delivering its performance in a sustainable manner while meeting the expectations of its stakeholders. In addressing sustainability, key areas of focus will be in managing the Group's ESG performance.

# CORPORATE GOVERNANCE REPORT

With the key areas of focus in mind, the Group engages its stakeholders and conducts a materiality assessment to identify material ESG factors which are considered material to the Company's stakeholders. Below is the list of material ESG factors identified and the indicators adopted to measure their performance:

Material Aspects	GRI Standards Disclosure	Description
Economic Performance	GRI 201-1	Direct economic value generated and distributed
Anti-Corruption	GRI 205-2	Communication and training about anti-corruption policies and procedures
Effluents and Waste	GRI 306-3	Significant spills
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations
Occupational Health and Safety	GRI 403-1 to 403-10 <sup>†</sup>	Management approach on occupational health and safety
Training and Education	GRI 404-2	Programmes for upgrading employee skills and transition assistance programs
Local Communities	GRI 413-1	Operations with local community engagement, impact assessments and development programmes

The Group has established sustainability policies to address these material ESG factors. Some of the Group's key initiatives in FY2020 are summarised below:

## Occupational Health and Safety

In FY2020, the Group maintained its target of zero lost time incident due to personnel injury and occupational diseases. The Group continues to implement programmes that are in line with its occupational health and safety strategies, with the objectives to improve the performance and safety standards of the workplaces.

## Local Communities

The Group recognises the need to give back to the local communities and to contribute towards the development of the areas where we operate. The Group also seeks opportunities to enhance community spirit and encourage communal activities.

<sup>†</sup> GRI revised the requirements for its occupational, health and safety standard in 2018 ("**Revised Standard**"). The Revised Standard came into effect for sustainability reports issued in 2021. Accordingly, the Group will address the applicable requirements of the Revised Standard under the occupational, health and safety section of the Group's Sustainability Report 2020.

# CORPORATE GOVERNANCE REPORT

## Educational Support

The Group continues to provide education assistance funding support for students in need to pursue further education. In FY2020, the Group collaborated with the Sorong District Education Office, providing tuition classes and study packages which benefited around 40 local students in the Klawor village, Seget district. The Group also sponsored furniture and books towards the setup of a school library.

## Health Assistance

The Group made efforts to improve the well-being of the local communities in FY2020. The Group organised nutrition workshops as well as food distribution programme for about 100 beneficiaries including mothers and children from the Seget, Aimas and Mayamuk districts. These programmes gained the support of the Health Office and Food Security Office of Sorong Regency.

The Group also collaborated with the Health Office of Sorong Regency and conducted a stunting prevention workshop for villages in the Central Salawati district, where we distributed food packs and vitamins besides from imparting important health and nutrition related knowledge.

In addition, the Group worked closely with Sorong Regency's COVID-19 taskforce, SKK Migas and the local government to combat the spread of COVID-19. COVID-19 essentials and staple food supplies were distributed to the local communities near its operating areas. Together with Sorong Regency's COVID-19 taskforce, the Group also conducted COVID-19 prevention workshops for villages in the Central Salawati district.

## Economic Development

The small and medium enterprises ("**SME**") assistance programme was set up in 2018 to support business sustainability and economic development in the local community. The programme has gained traction among local fishermen from the Arar village. Through the Group's facilitation, a supply agreement was entered between the Group's caterer and the local fishermen, leading to the procurement of fish supplies from the local fishermen to meet the consumption needs of the Group's employees at its Arar and Kasim Marine Terminal facilities since 2019.

As the new operator for the Salawati block, the Group has also commenced the SME programme in the South Salawati district. During the year, around 50 participants participated in the business and agricultural related workshops, as part of the SME programme implemented by the Group. The Group intends to contribute to the success in the development of sustainable local businesses near its operating areas in the long run.

## Infrastructure Development

The Group continues to contribute to the infrastructure development in the areas where we operate. In FY2020, the Group completed the construction of a library facility for an elementary school in the Klawor village.

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of RH Petrogas Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

## Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are:

Dato' Sri Dr Tiong Ik King  
Chang Cheng-Hsing Francis  
Tiong Kiong King  
Yeo Yun Seng Bernard  
Lee Hock Lye  
Achmad Lukman Kartanegara  
Kuan Li Li

## Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company as stated below:

Name of Director	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of the financial year	At the beginning of financial year or date of appointment	At the end of the financial year
<b>Ordinary shares of the Company</b>				
Dato' Sri Dr Tiong Ik King	–	–	212,073,086	212,073,086
<b>Share options of the Company</b>				
Chang Cheng-Hsing Francis	5,000,000	5,000,000	–	–
Yeo Yun Seng Bernard	100,000	–	–	–
Lee Hock Lye	100,000	–	–	–
Achmad Lukman Kartanegara	50,000	–	–	–

# DIRECTORS' STATEMENT

## Directors' interests in shares and debentures (continued)

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Dato' Sri Dr Tiong Ik King is deemed to have interest in the Company and its subsidiaries. Dato' Sri Dr Tiong Ik King's deemed interest comprised of 212,073,086 shares held by Surreyville Pte Ltd ("**Surreyville**"), which arises from his shareholding in Woodsville International Limited, the holding company of Surreyville.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## Options and performance share plan

The RHP Share Option Scheme 2011 (the "**Scheme**") and RHP Performance Share Plan (the "**Share Plan**") were approved by shareholders at the Company's Extraordinary General Meeting held on 8 July 2011.

The Scheme and the Share Plan are administered by the Remuneration Committee ("**RC**"), which comprises the following directors, with such discretion, powers and duties as are conferred on it by the Board of Directors:

Yeo Yun Seng Bernard (Chairman)  
Lee Hock Lye  
Dato' Sri Dr Tiong Ik King  
Kuan Li Li

The Scheme and the Share Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution passed at a general meeting and of any relevant authorities which may then be required.

## Options

Under the Scheme, options to subscribe for ordinary shares in the capital of the Company are granted to selected employees and directors of the Company, its subsidiaries and associated companies.

During the financial year, the Company had granted 2,560,000 share options under the Scheme. These options expire on 6 March 2025 and are exercisable if the eligible participant remains in service for two years from the date of grant.

# DIRECTORS' STATEMENT

## Options (continued)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 December 2020 are as follows:

Date of grant of options	Expiry date	Exercise period	Exercise Price (S\$)	Number of options				Balance as at 31.12.20
				Balance as at 01.01.20	Granted during the financial year	Exercised during the financial year	Cancelled/lapsed during the financial year	
06.03.2015	06.03.2020	07.03.2017 to 05.03.2020	0.275	2,540,000	–	–	(2,540,000)	–
06.03.2017	06.03.2022	07.03.2019 to 05.03.2022	0.084	1,400,000	–	–	–	1,400,000
06.03.2018	06.03.2023	07.03.2020 to 05.03.2023	0.074	1,970,000	–	–	–	1,970,000
05.03.2019	05.03.2024	06.03.2021 to 04.03.2024	0.044	3,060,000	–	–	–	3,060,000
06.03.2020	06.03.2025	07.03.2022 to 05.03.2025	0.023	–	2,560,000	–	–	2,560,000
				8,970,000	2,560,000	–	(2,540,000)	8,990,000

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Scheme are as follows:

Name of director	Aggregate options granted since commencement of the Scheme to beginning of financial year	Options granted during financial year	Aggregate options exercised since commencement of the Scheme to end of financial year	Aggregate options cancelled/lapsed since commencement of the Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Chang Cheng-Hsing Francis	5,000,000	1,500,000 <sup>(1)</sup>	–	(1,500,000)	5,000,000
Abbasbhoj Haider Nakhoda <sup>(2)</sup>	100,000	–	–	(100,000)	–
Yeo Yun Seng Bernard	100,000	–	–	(100,000)	–
Lee Hock Lye	100,000	–	–	(100,000)	–
Achmad Lukman Kartanegara	50,000	–	–	(50,000)	–
Total	5,350,000	1,500,000	–	(1,850,000)	5,000,000

### Notes:

- (1) These options are exercisable between the periods from 7 March 2022 to 5 March 2025 at the exercise price of S\$0.023 if the vesting conditions are met.
- (2) Retired as Director of the Company on 28 May 2020.



## Options (continued)

Since the commencement of the Scheme till the end of the financial year:

- (a) No options have been granted to the controlling shareholders of the Company and their associates;
- (b) No participant other than one director mentioned above and one director who retired on 31 December 2013 has received 5% or more of the total options available under the Scheme;
- (c) No options have been granted to directors and employees of the holding company and its subsidiaries;
- (d) No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted;
- (e) There were 2,560,000, 3,060,000, 2,000,000, 1,450,000 and 2,950,000 options granted respectively during the financial years of 2020, 2019, 2018, 2017 and 2015 at a discount of 17.86%, 20.0%, 19.6%, 19.2% and 19.6% respectively from the average of the closing prices of the Company's shares on the last three consecutive trading days before the date of grant. The 2,950,000 options granted in 2015 lapsed on 6 March 2020; and
- (f) No options have been granted to any participants at a discount of 10% or less.

## Performance share plan

Under the Share Plan, fully-paid ordinary shares in the capital of the Company, their equivalent cash value or combinations thereof will be granted, free from payment, to selected employees of the Company and/or its subsidiaries including directors of the Company, and other selected participants according to the extent to which they complete time-based service conditions or achieve their performance targets over set performance periods.

There were no shares awarded for the financial year ended 31 December 2020 pursuant to the Performance Share Plan.

Since the commencement of the Share Plan till the end of the financial year:

- (a) No share awards were granted to the controlling shareholders of the Company and their associates;
- (b) No participant other than one director who retired on 31 December 2013 has received 5% or more of the total shares or awards available under the Share Plan;
- (c) No directors and employees of the holding company and its subsidiaries had received 5% or more of the total number of shares or awards available under the Share Plan; and
- (d) No shares have been awarded to directors and employees of the holding company and its subsidiaries.

## Audit committee

The Audit Committee (“AC”) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans and reports of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Group and the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed adequacy and effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management via reviews and results of the audits carried out by the internal auditor and external professional consultants and discussion with senior management;

# DIRECTORS' STATEMENT

## **Audit committee (continued)**

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with external and internal auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## **Auditor**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Chang Cheng-Hsing Francis  
Director

Dato' Sri Dr Tiong Ik King  
Director

Singapore  
30 March 2021

# INDEPENDENT AUDITOR'S REPORT

To The Members of RH Petrogas Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of RH Petrogas Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements. As at 31 December 2020, the Group’s net current liabilities and the Company’s net current assets are US\$14,536,000 and US\$3,736,000 respectively, and net liabilities are US\$30,758,000 and US\$2,815,000 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 2022 to meet the Group’s working capital needs.

If the Group is unable to continue operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor’s responsibilities for the Audit of the Financial Statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

To The Members of RH Petrogas Limited

## **Impairment Assessment of Right-of-Use Assets and Other Non-Current Assets**

The Group's financial performance for the year was significantly impacted by the decline in crude oil prices which contributed to impairment indicators of the Group's right-of-use assets and other non-current assets. At 31 December 2020, the Group has right-of-use assets and other non-current assets of US\$16,733,000 and US\$2,689,000 which represent approximately 38.0% of total assets of the Group's balance sheet.

Management is required to exercise judgment in making an estimate of the recoverable amount of these assets against which to compare their carrying values. The estimation of the recoverable amount of these assets are based on management's views of variables such as long-term oil prices (considering outlook in oil prices and adjusting for discounts and/or premiums), discount rates, inflation rates, operating costs, future capital requirements, decommissioning costs and future expected production volumes (based on the estimation of its oil and gas reserves).

Our audit procedures included amongst others, evaluating the appropriateness of management's defined cash generating units ("CGUs"). We examined the Group's process for identifying impairment indicators, analysed management's assessment of impairment indicators and whether a formal estimate of recoverable amount was required for each of these CGUs.

Our audit work in assessing the reasonableness of management's estimations of the recoverable amount of those CGUs subject to impairment test included the following procedures:

- corroborated oil price assumptions to analysts' forecasts and that pricing differentials were reasonable;
- recalculation and benchmarking of discount rates and inflation rates applied against third party data;
- agreement of operating expenditure profiles and capital costs to approved operator budgets and decommissioning cost estimates to information provided by third parties;
- reconciled proved and probable reserves to third party reserve reports and assessed the objectivity, competency and capability of these external experts who are responsible for reserves estimation; and
- checked the mathematical accuracy of management's value-in-use calculations using cash flow projections from the production forecasts covering periods until the end of the production sharing contracts.

## **Other Information**

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

To The Members of RH Petrogas Limited

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

To The Members of RH Petrogas Limited

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Po Hsiong Jonathan.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

30 March 2021

# CONSOLIDATED INCOME STATEMENT

For The Financial Year Ended 31 December 2020

	Note	2020 US\$'000	2019 US\$'000
<b>Revenue</b>	5	50,500	65,144
Cost of sales		(47,634)	(55,852)
<b>Gross profit</b>		2,866	9,292
Other income		1,553	6,405
Administrative expenses		(3,283)	(4,976)
Other expenses		(1,549)	(8,189)
Finance costs		(1,450)	(1,326)
<b>(Loss)/Profit before tax</b>	6	(1,863)	1,206
Income tax expense	7	(2,962)	(2,492)
<b>Loss for the financial year</b>		(4,825)	(1,286)
<b>Attributable to:</b>			
Owners of the Company		(3,726)	2,117
Non-controlling interests		(1,099)	(3,403)
		(4,825)	(1,286)
<b>(Loss)/Earnings per share (cents per share)</b>			
Basic	8	(0.51)	0.29
Diluted	8	(0.51)	0.29

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020

	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Loss for the financial year</b>	(4,825)	(1,286)
<b>Other comprehensive income:</b>		
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>		
Foreign currency translation	–	989
Realisation of foreign currency translation reserve upon disposal of foreign operation	–	(2,773)
Other comprehensive income for the financial year, net of tax	–	(1,784)
<b>Total comprehensive income for the financial year</b>	<b>(4,825)</b>	<b>(3,070)</b>
<b>Attributable to:</b>		
Owners of the Company	(3,726)	333
Non-controlling interests	(1,099)	(3,403)
	<b>(4,825)</b>	<b>(3,070)</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



# BALANCE SHEETS

As at 31 December 2020

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Non-current assets</b>					
Oil and gas properties	9	19	7,291	–	–
Other plant and equipment	10	19	29	17	26
Deferred tax assets	24	694	–	–	–
Right-of-use assets	11	16,733	3,734	317	217
Exploration and evaluation assets	12	–	–	–	–
Cash and bank balances	19	3,187	2,560	–	–
Amounts due from subsidiaries	18	–	–	3,933	6,740
Other non-current assets	13	2,689	2,741	–	–
Investment in subsidiaries	14	–	–	–	–
		<u>23,341</u>	<u>16,355</u>	<u>4,267</u>	<u>6,983</u>
<b>Current assets</b>					
Inventories	16	–	745	–	–
Other current assets	17	74	76	27	28
Trade and other receivables	18	12,813	15,369	593	578
Cash and bank balances	19	14,913	9,511	3,962	536
		<u>27,800</u>	<u>25,701</u>	<u>4,582</u>	<u>1,142</u>
<b>Current liabilities</b>					
Income tax payable		4,497	2,443	–	–
Provisions	23	–	171	–	–
Lease liabilities	21	7,375	4,043	116	123
Trade and other payables	20	30,349	33,226	615	939
Loans and borrowings	22	115	482	115	482
Other liabilities	25	–	–	–	–
		<u>42,336</u>	<u>40,365</u>	<u>846</u>	<u>1,544</u>
<b>Net current (liabilities)/assets</b>		<u>(14,536)</u>	<u>(14,664)</u>	<u>3,736</u>	<u>(402)</u>
<b>Non-current liabilities</b>					
Provisions	23	595	725	28	27
Loan from non-controlling interest	20	13,696	15,825	–	–
Deferred tax liabilities	24	–	774	–	–
Lease liabilities	21	12,272	228	205	91
Loans and borrowings	22	13,000	10,145	10,585	7,731
		<u>39,563</u>	<u>27,697</u>	<u>10,818</u>	<u>7,849</u>
<b>Net liabilities</b>		<u>(30,758)</u>	<u>(26,006)</u>	<u>(2,815)</u>	<u>(1,268)</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	26	258,160	258,160	258,160	258,160
Reserves	27	(274,599)	(270,946)	(260,975)	(259,428)
		<u>(16,439)</u>	<u>(12,786)</u>	<u>(2,815)</u>	<u>(1,268)</u>
Non-controlling interests		(14,319)	(13,220)	–	–
<b>Total deficit</b>		<u>(30,758)</u>	<u>(26,006)</u>	<u>(2,815)</u>	<u>(1,268)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

Group	Attributable to owners of the Company								
	Share capital US\$'000	Capital reduction reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Equity reserve US\$'000	Employee share option reserve US\$'000	Total reserves US\$'000	Non- controlling interests US\$'000	Total deficit US\$'000
<b>Opening balance at 1 January 2019</b>	258,160	2,886	1,694	(278,315)	1,764	596	(271,375)	(9,817)	(23,032)
Profit/(loss) for the financial year	-	-	-	2,117	-	-	2,117	(3,403)	(1,286)
Other comprehensive income for the financial year	-	-	989	-	-	-	989	-	989
Realisation of foreign currency translation upon disposal of foreign operation	-	-	(2,773)	-	-	-	(2,773)	-	(2,773)
Total comprehensive income for the financial year	-	-	(1,784)	2,117	-	-	333	(3,403)	(3,070)
<u>Contributions by and distributions to owners</u>									
Share-based payments (Note 28)									
- Grant of equity-settled share options	-	-	-	-	-	96	96	-	96
- Expiry of employee share options	-	-	-	133	-	(133)	-	-	-
<b>At 31 December 2019 and 1 January 2020</b>	258,160	2,886	(90)	(276,065)	1,764	559	(270,946)	(13,220)	(26,006)
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	(3,726)	-	-	(3,726)	(1,099)	(4,825)
<u>Contributions by and distributions to owners</u>									
Share-based payments (Note 28)									
- Grant of equity-settled share options	-	-	-	-	-	73	73	-	73
- Expiry of employee share options	-	-	-	357	-	(357)	-	-	-
<b>At 31 December 2020</b>	258,160	2,886	(90)	(279,434)	1,764	275	(274,599)	(14,319)	(30,758)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

Company	Share capital US\$'000	Capital reduction reserve US\$'000	Accumulated losses US\$'000	Employee share option reserve US\$'000	Total reserves US\$'000	Total Equity/ (Deficit) US\$'000
<b>At 1 January 2019</b>	258,160	2,886	(261,455)	596	(257,973)	187
Loss for the financial year, representing total comprehensive income for the financial year	–	–	(1,551)	–	(1,551)	(1,551)
<u>Contributions by and distributions to owners</u>						
Share-based payments (Note 28)						
- Grant of equity-settled share options	–	–	–	96	96	96
- Expiry of employee share options	–	–	133	(133)	–	–
<b>At 31 December 2019 and 1 January 2020</b>	258,160	2,886	(262,873)	559	(259,428)	(1,268)
Loss for the financial year, representing total comprehensive income for the financial year	–	–	(1,620)	–	(1,620)	(1,620)
<u>Contributions by and distributions to owners</u>						
Share-based payments (Note 28)						
- Grant of equity-settled share options	–	–	–	73	73	73
- Expiry of employee share options	–	–	357	(357)	–	–
<b>At 31 December 2020</b>	258,160	2,886	(264,136)	275	(260,975)	(2,815)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2020

	Note	2020 US\$'000	2019 US\$'000
<b>Operating activities</b>			
(Loss)/Profit before tax		(1,863)	1,206
Adjustments for:			
- Allowance for/(Write back of) doubtful trade receivables	18	302	(875)
- Amortisation of signature bonus and upfront fees	6	52	–
- Depletion and amortisation of oil and gas properties	9	7,028	7,938
- Depreciation of other plant and equipment	10	12	19
- Depreciation of right-of-use assets	11	3,489	4,328
- Gain on disposal of subsidiaries	6	–	(5,601)
- Impairment loss on exploration and evaluation assets	12	34	6,508
- Interest expense on lease liabilities	21	729	667
- Interest income on bank deposits	6	(49)	(152)
- Net gain on early lease termination	6	(201)	–
- Provision for plug and abandonment costs	6	–	1,993
- Share-based payments	28	73	96
- Unrealised foreign exchange loss		360	294
- Unwinding of discount on decommissioning provisions	23	721	659
- Write back of exploration and evaluation payables	6	–	(2,550)
- Write off of oil and gas properties	9	537	–
<b>Operating cash flows before changes in working capital</b>		<b>11,224</b>	<b>14,530</b>
<u>Changes in working capital</u>			
Decrease in inventories		745	281
Decrease/(Increase) in trade and other receivables		2,255	(1,748)
(Decrease)/Increase in trade and other payables		(2,876)	4,748
<b>Cash flows from operations</b>		<b>11,348</b>	<b>17,811</b>
Income tax paid		(2,376)	(2,711)
Interest received		49	152
<b>Net cash flows from operating activities</b>		<b>9,021</b>	<b>15,252</b>
<b>Investing activities</b>			
Additions to exploration and evaluation assets	12	(34)	(5,987)
Additions to oil and gas properties	9	(293)	(3,629)
Cash call contributions for termination liabilities and decommissioning provisions	23	(1,023)	(2,824)
Proceeds from disposal of subsidiaries		–	160
Purchase of other plant and equipment	10	(2)	(25)
<b>Net cash flows used in investing activities</b>		<b>(1,352)</b>	<b>(12,305)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2020

	Note	2020 US\$'000	2019 US\$'000
<b>Financing activities</b>			
Decrease/(Increase) in deposits pledged	19	4,373	(1,252)
(Repayment to)/Loan from non-controlling interest		(2,129)	3,101
Payment of lease liabilities	21	(1,640)	(4,431)
Loan from/(Repayment of advances to) related parties	22	2,129	(3,273)
<b>Net cash flows from/(used) in financing activities</b>		2,733	(5,855)
<b>Net increase/(decrease) in cash and cash equivalents</b>		10,402	(2,908)
Effect of exchange rate changes on cash and cash equivalents		–	(1)
Cash and cash equivalents at beginning of the financial year		4,511	7,420
<b>Cash and cash equivalents at end of the financial year</b>	19	14,913	4,511

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 1. Corporate information

RH Petrogas Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The registered office and principal place of business of the Company is located at 20 Harbour Drive, #06-03, Singapore 117612.

The principal activities of the Company were those of a trading company, investment holding, and exploration and production of oil and gas. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

## 2. Fundamental accounting concept

For the financial year ended 31 December 2020, whilst the Group generated positive operating cash flow of US\$9,021,000 (2019: US\$15,252,000), the Group recorded a net loss of US\$4,825,000 (2019: US\$1,286,000).

As at 31 December 2020, the Group’s net current liabilities and the Company’s net current assets are US\$14,536,000 (2019: US\$14,664,000) and US\$3,736,000 (2019: net current liabilities of US\$402,000) respectively, and net liabilities are US\$30,758,000 (2019: US\$26,006,000), and US\$2,815,000 (2019: US\$1,268,000) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as going concern.

Notwithstanding the above, the consolidated financial statements are prepared on a going concern basis as the Group believes that its business operations would be able to generate sufficient cash flow to meet its short-term obligations as and when they fall due. In addition, the Group has received a letter of financial support from a substantial shareholder to provide continuing financial support to the Group till 30 June 2022 to meet the Group’s working capital needs.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

## 3. Summary of significant accounting policies

### 3.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (“**USD**” or “**US\$**”) and all values are rounded to the nearest thousand (“**\$’000**”) except when otherwise indicated.

### 3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS (I) 16: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standard above will have no material impact on the financial statements in the period of the initial application.

### 3.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interest and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.4 Basis of consolidation and business combinations (continued)

#### (b) Business combinations and goodwill (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates.

### 3.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

### 3.6 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.6 Foreign currency (continued)

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

### 3.7 Oil and gas properties, and other plant and equipment

All items of oil and gas properties and other plant and equipment are initially recorded at cost. Subsequent to recognition, oil and gas properties and other plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within plant and equipment.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

#### **Depreciation/amortisation**

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives which are as follows:

Plant, machinery and equipment	-	3 to 5 years
Furniture, fittings and office equipment	-	3 to 5 years
Motor vehicles	-	3 to 5 years

Assets under construction included in oil and gas properties are not depreciated as these assets are not yet available for use.

The carrying values of oil and gas properties, and other plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of oil and gas properties and other plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.8 Oil and gas exploration, evaluation and development expenditure

Oil and gas exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

#### Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

#### Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised within intangible assets. Licence costs paid in connection with a right to explore in an existing exploration are capitalised and amortised over the term of the permit. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

#### Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, cost directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is completed and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with the appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review at least once a year. An assessment for indicators of impairment is also performed annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss.

When proved reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

#### Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development on the delineation wells, is capitalised within oil and gas properties.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.9 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### 3.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 3.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 3.12 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.12 *Joint arrangements (continued)*

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

#### **Joint operations**

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

### 3.13 *Financial instruments*

#### (a) **Financial assets**

##### **Initial recognition and measurement**

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### **Subsequent measurement**

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

###### (i) *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.13 Financial instruments (continued)

#### (a) Financial assets (continued)

##### Subsequent measurement (continued)

Investments in debt instruments (continued)

#### (ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

##### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

The measurement of financial liabilities depends on their classifications as follows:

#### (i) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

#### (ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.13 *Financial instruments (continued)*

#### (b) **Financial liabilities (continued)**

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 3.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand.

### 3.16 *Inventories*

Inventories comprise raw materials and well supplies and are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.17 Provisions

#### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Decommissioning liability

The Group recognises a decommissioning liability when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of crude oil and/or gas are expensed as incurred.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with FRS 36. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance cost.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability, nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.18 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 3.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

### 3.20 Employee benefits

#### Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme.

Production Sharing Contract (“PSC”) in Indonesia is required, under the guidance of Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (“SKKMIGAS”), which replaced Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (“BPMIGAS”) pursuant to a presidential decree No. 9/2013 issued on 10 January 2013, referred to as “Tabel Besar” or the “Big Table”, to provide for future pension liability, which is payable upon employee retirement, or severance payment, which is payable upon termination, whichever is applicable. A Big Table scheme is a form of defined benefit plan whereby an employee is given a certain number of months’ pay based on years of service. Operators of Kepala Burung PSC and Salawati PSC have opted to manage their pension plans by funding the pension obligation with bank time deposits and Pension Fund Financial Institution.

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.20 Employee benefits (continued)

#### Employee share option plans and performance share plan

Certain employees of the Company, including directors, receive remuneration in the form of share options and/or shares of the Company as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees for awards granted is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

### 3.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office and warehouse	–	2 to 5 years
Plant and machinery	–	2 to 3 years
Motor vehicles	–	2 to 5 years
Other equipment	–	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 3.10.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.21 Leases (continued)

*As lessee (continued)*

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### 3.22 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (i) Sales of natural gas:

Revenue from the sale of natural gas is recognised when the product is physically transferred into a vessel, pipe or by other delivery mechanism.

#### (ii) Production of oil:

Revenue from the production of oil is recognised based on its actual sales to customers in that period. No adjustments should be recorded in revenue to account for any variance between the actual share of production volumes sold to date and the share of production which the party has been entitled to sell to date, based on the Group's working interest and the terms of the relevant production sharing contracts. Entities may then adjust production costs to align to the volumes sold.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.22 Revenue (continued)

#### (ii) Production of oil: (continued)

Under/Over-lifted hydrocarbons refer to the shortfall/excess in the amount of production that the Group has taken during the period over the Group's ownership share of the production from Basin/Kepala Burung and Island/Salawati PSCs. An over-lift participant should accrue for future expenses that are not matched by corresponding future revenues. Conversely, an under-lift participant should defer expenses and match them against future catch-up production.

The settlement of prior periods' under-lifting would be recognised as other income, rather than revenue from contracts with customers under SFRS(I) 15. Conversely, the settlement of prior periods' over-lifting would be recognised as other expense.

### 3.23 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.23 Taxes (continued)

#### (b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) Royalties, resource rent tax and revenue-based taxes

In addition to corporate income taxes, the Group's financial statements also recognise other taxes on income which are calculated based on oil and gas production.

Royalties, resource rent taxes and revenue-based taxes are accounted for under SFRS(I) 1-12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income - rather than based on physical quantities produced or as a percentage of revenue - after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales.

#### (d) Production-sharing arrangements

According to the production-sharing contract, the share of the profit oil to which the government is entitled in any calendar year is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. This amount will be paid directly by the government on behalf of the Group to the appropriate tax authorities. This portion of income tax and revenue are presented net in profit or loss.

#### (e) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 3. Summary of significant accounting policies (continued)

### 3.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 3.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 3.26 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.27 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

## 4. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 4.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### (a) Hydrocarbon reserve and resource estimates

Oil and gas production properties are depreciated on units of production basis at a rate calculated by reference to total proved developed and undeveloped reserves determined in accordance with Society of Petroleum Engineers rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future oil prices. Future development costs are estimated using assumptions as to number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas development and production assets at 31 December 2020 is shown in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 4. Significant accounting judgments and estimates (continued)

### 4.1 Judgments made in applying accounting policies (continued)

#### (a) Hydrocarbon reserve and resource estimates (continued)

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets, oil and gas properties, other plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change; and
- Provisions for decommissioning may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

#### (b) Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economical viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

#### (c) Units of production depreciation of oil and gas assets

Oil and gas properties are depreciated using the units of production method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the units of production rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved developed and undeveloped reserves, or future capital expenditure estimates change. Changes to proved reserves could arise due to changes in factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions; or
- Unforeseen operational issues.

Changes are accounted for prospectively.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 4. Significant accounting judgments and estimates (continued)

### 4.1 Judgments made in applying accounting policies (continued)

#### (d) Recoverability of oil and gas assets

The Group assesses each asset or cash generating unit (“CGU”) (excluding goodwill, which is assessed annually regardless of indicators) at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices (taking into account current and historical prices, price trends and related factors), discount rates, production and sales volumes, operating costs, future capital requirements, decommissioning costs and exploration potential. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances may result in deviation from these projections, which may in turn impact on the recoverable amount of the assets and/or CGUs.

The cash flows for the Kepala Burung Block and Salawati Block CGUs were projected up 2040.

#### (e) Joint arrangements

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity’s joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 3.12.

#### (f) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 4. Significant accounting judgments and estimates (continued)

### 4.2 Key sources of estimation uncertainty (continued)

#### (b) Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

#### (c) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax assets as at 31 December 2020 was US\$4,497,000 (2019: US\$2,443,000) and US\$694,000 (2019: deferred tax liabilities US\$774,000) respectively.

For items (b) and (c), these estimates, assumptions and judgments are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

## 5. Revenue

	Group	
	2020	2019
	US\$'000	US\$'000
Production of oil	43,864	59,227
Sales of natural gas	6,636	5,917
Total revenue from contracts with customers	50,500	65,144
<b>Timing of transfer of goods</b>		
At a point in time	50,500	65,144



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 6. Loss before tax

This is stated after (crediting)/charging:

	Note	Group	
		2020 US\$'000	2019 US\$'000
<b>Cost of sales:</b>			
Amortisation of signature bonus and upfront fees	13	52	–
Depletion and amortisation of oil and gas properties	9	7,028	7,938
Depreciation of right-of-use assets	11	3,360	4,197
Net gain on early lease termination	21	(201)	–
Production costs		36,858	41,894
Termination indemnity	23	–	1,823
Write off of oil and gas properties	9	537	–
<b>Other income:</b>			
Interest income on bank deposits		(49)	(152)
Management fees		(456)	(574)
Underlift income		(886)	–
Government grant		(142)	–
Gain on disposal of subsidiaries		–	(5,601)
<b>Administrative expenses:</b>			
Audit fees:			
- Auditors of the Company		142	159
- Other auditors		130	112
Non-audit fees:			
- Auditors of the Company		13	65
- Other auditors		25	23
Total audit and non-audit fees		310	359
Depreciation of other plant and equipment	10	12	19
Depreciation of right-of-use assets	11	129	131
Employee benefits expense	28	2,177	2,494
Overseas traveling expenses		4	38
Professional fees		455	340
<b>Other expenses:</b>			
Allowance for/(Write back of) doubtful trade receivables	18	302	(875)
Directors' fees		319	333
Foreign exchange loss, net		996	1,327
Impairment loss on exploration and evaluation assets	12	34	6,508
Overlift expense		–	1,246
Provision for plug and abandonment costs	20	–	1,993
Write back of exploration and evaluation payables		–	(2,550)
<b>Finance costs:</b>			
Interest expense on lease liabilities	21	729	667
Unwinding of discount on decommissioning provisions	23	721	659

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 7. Income tax

### (a) Major components of income tax

The major components of income tax for the financial years ended 31 December are:

	Group	
	2020	2019
	US\$'000	US\$'000
<b>Current income tax:</b>		
- Current income taxation	4,430	3,690
<b>Deferred income tax:</b>		
- Origination and reversal of temporary differences	(3,552)	(2,326)
- Under provision in respect of previous years	2,084	1,128
	(1,468)	(1,198)
Income tax expense recognised in profit or loss	2,962	2,492

### (b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December are as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
(Loss)/Profit before tax	(1,863)	1,206
Tax at 17%	(317)	205
Adjustments:		
Effect of difference between tax rates applicable to profits in the countries where the Group operates and the statutory tax rate	90	573
Non-deductible expenses	3,111	2,160
Income not subject to taxation	(1,933)	(1,504)
Benefits from previously unrecognised tax losses	(89)	(89)
Under provision in respect of previous years	2,084	1,128
Others	16	19
Income tax expense recognised in profit or loss	2,962	2,492

## 8. (Loss)/Earnings per share

Basic (loss)/earnings per share is calculated by dividing (loss)/earnings, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share is calculated by dividing (loss)/earnings, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 8. (Loss)/Earnings per share (continued)

The following tables reflect the earnings and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2020 US\$'000	2019 US\$'000
(Loss)/Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share	(3,726)	2,117
	Group	
	2020 No. of Shares	2019 No. of shares
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	734,277,400	734,277,400
Effects of dilution:		
- Share options	*	*
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	734,277,400	734,277,400

\* The share options granted to employees under the existing employee share option plans are anti-dilutive as their conversion to ordinary shares would decrease loss per share.

On 5 March 2021, the Company granted 2,000,000 share options to selected employees and a director under the RHP Share Option Scheme 2011. These share options are exercisable between the periods from 6 March 2023 to 4 March 2026 at the exercise price of S\$0.024 if vesting conditions are met. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## 9. Oil and gas properties

	Group	
	2020 US\$'000	2019 US\$'000
<b>Cost:</b>		
At 1 January	144,471	138,547
Transfer from exploration and evaluation assets (Note 12)	–	2,536
Additions	293	3,388
Written off (Note 6)	(537)	–
At 31 December	144,227	144,471
<b>Accumulated depletion and impairment:</b>		
At 1 January	137,180	129,242
Charge for the financial year (Note 6)	7,028	7,938
At 31 December	144,208	137,180
<b>Net carrying amount:</b>		
At 31 December	19	7,291

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 9. Oil and gas properties (continued)

The net book value at 31 December 2020 includes development assets under construction of US\$19,000 (2019: US\$2,011,000) which are not being depreciated.

Cash outflow for the development of oil and gas properties was US\$293,000 (2019: US\$3,629,000). There is no (2018: US\$241,000) cash outflow for accruals made in prior years for unbilled costs for the wells in Basin PSC. Following the expiry of the Basin PSC, the oil and gas properties that are not placed into service were written off.

### Impairment of assets

During the financial year, certain subsidiaries of the Group carried out a review of recoverable amount of its oil and gas properties. There was no impairment loss recognised for the financial years ended 31 December 2020 and 2019. The recoverable amount of the oil and gas properties was determined by management based on its value in use and the pre-tax discount rate used was 12.5% (2019: 11.0%).

The recoverable amount of the assets is determined based on value in use calculations using cash flow projections from the production forecasts approved by management, covering periods until the end of the production sharing contract. The calculations of the value in use of the assets are most sensitive to the following assumptions:

(i) *Production volume*

The production volumes are estimated based on the 2021 resource evaluation report appraised by independent qualified valuer and the development and production plans of the Operator for the contract area. The resources are categorised as proved and probable reserves, and contingent resources. When necessary, risk factors are applied to the extraction of contingent resources which are forecasted to be extracted during the current term of the New PSCs.

(ii) *Crude oil price and production cost*

The future oil price for 2021 is forecasted based on data obtained from external pricing data providers as well as management's view for crude oil. The production cost is estimated based on the actual production cost incurred in 2020 where applicable, the forecast from the Operator and the independent qualified valuer, and adjusted for forecasted inflation.

(iii) *Discount rate*

Discount rate represents the current market assessment of the risks specific to the assets, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the assets and derived from weighted average cost of capital ("**WACC**"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. The future cash flows are discounted to their present value using a pre-tax discount rate.

### Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 10. Other plant and equipment

	<b>Furniture, fittings and office equipment US\$'000</b>
<b>Group</b>	
<b>Cost:</b>	
At 1 January 2019	597
Additions	25
Written off	(3)
	<hr/>
At 31 December 2019 and 1 January 2020	619
Additions	2
Written off	(31)
	<hr/>
At 31 December 2020	590
	<hr/>
<b>Accumulated depreciation and impairment loss:</b>	
At 1 January 2019	573
Charge for the financial year (Note 6)	19
Written off	(3)
Exchange realignment	1
	<hr/>
At 31 December 2019 and 1 January 2020	590
Charge for the financial year (Note 6)	12
Written off	(31)
	<hr/>
At 31 December 2020	571
	<hr/>
<b>Net carrying amount:</b>	
At 31 December 2019	<hr/> <hr/> 29
At 31 December 2020	<hr/> <hr/> 19

Cash outflow for the purchase of other plant and equipment was US\$2,000 (2019: US\$25,000).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 10. Other plant and equipment (continued)

	<b>Furniture, fittings and office equipment US\$'000</b>
<b>Company</b>	
<b>Cost:</b>	
At 1 January 2019	285
Additions	25
Written off	(3)
At 31 December 2019 and 1 January 2020	<u>307</u>
Additions	2
Written off	(11)
At 31 December 2020	<u>298</u>
<b>Accumulated depreciation and impairment loss:</b>	
At 1 January 2019	277
Charge for the financial year	7
Written off	(3)
At 31 December 2019 and 1 January 2020	<u>281</u>
Charge for the financial year	11
Written off	(11)
At 31 December 2020	<u>281</u>
<b>Net carrying amount:</b>	
At 31 December 2019	<u>26</u>
At 31 December 2020	<u>17</u>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 11. Right-of-use assets

	Office and warehouse US\$'000	Plant and machinery US\$'000	Motor vehicles US\$'000	Other equipment US\$'000	Total US\$'000
<b>Group</b>					
<b>Cost:</b>					
At 1 January 2019	1,042	2,069	2,436	1,318	6,865
Additions	–	460	737	–	1,197
At 31 December 2019 and 1 January 2020	1,042	2,529	3,173	1,318	8,062
Additions	1,087	7,503	6,923	2,355	17,868
Early termination	–	(2,529)	(3,030)	(1,257)	(6,816)
At 31 December 2020	2,129	7,503	7,066	2,416	19,114
<b>Accumulated depreciation:</b>					
At 1 January 2019	–	–	–	–	–
Charge for the financial year (Note 6)	433	1,400	1,793	702	4,328
At 31 December 2019 and 1 January 2020	433	1,400	1,793	702	4,328
Charge for the financial year (Note 6)	575	1,238	1,352	324	3,489
Early termination	–	(1,960)	(2,642)	(834)	(5,436)
At 31 December 2020	1,008	678	503	192	2,381
<b>Net carrying amount:</b>					
At 31 December 2019	609	1,129	1,380	616	3,734
At 31 December 2020	1,121	6,825	6,563	2,224	16,733

Out of the total depreciation charge for the year, US\$3,360,000 (2019: US\$4,197,000) and US\$129,000 (2019: US\$131,000) of depreciation of right-of-use assets are included in cost of sales and administrative expenses respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 11. Right-of-use assets (continued)

	Office US\$'000
<b>Company</b>	
<b>Cost:</b>	
At 1 January 2020	348
Additions	229
At 31 December 2020	<u>577</u>
<b>Accumulated depreciation:</b>	
At 1 January 2020	131
Charge for the financial year	129
At 31 December 2020	<u>260</u>
<b>Net carrying amount:</b>	
At 31 December 2019	<u>217</u>
At 31 December 2020	<u>317</u>

The right-of-use assets relate to lease contracts for office and warehouse, plant and machinery, motor vehicles and other equipment used in its operations. Leases of office and warehouse generally have lease terms between 2 to 5 years, while plant and machinery, motor vehicles and other equipment generally have lease terms of 2 to 3 years.

The Group also has leases of machinery with lease terms of 12 months or less and leases of office equipment that are low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The related lease liabilities are disclosed in Note 21.

Right-of-use assets denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar (SGD)	317	217	317	217
Indonesian Rupiah (IDR)	11,721	2,702	–	–

## 12. Exploration and evaluation assets

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	–	2,536
Additions	34	6,508
Transfer to oil and gas properties (Note 9)	–	(2,536)
Impairment loss on exploration and evaluation assets (Note 6)	(34)	(6,508)
At 31 December	<u>–</u>	<u>–</u>

Cash outflows for additions of exploration and evaluation assets during the financial year ended 31 December 2020 was US\$34,000 (2019: US\$5,987,000). There was no (2019: US\$521,000) accruals made for unpaid costs for the exploration and evaluation expenses in SK331 PSC.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 12. Exploration and evaluation assets (continued)

### Impairment of exploration and evaluation assets

During the financial year, certain subsidiaries of the Group carried out a review of recoverable amount of its exploration and evaluation assets. An impairment loss of US\$34,000 (2019: US\$6,508,000), representing the write down of these exploration and evaluation assets to the recoverable amount was recognised in "Other expenses" (Note 6) line item of profit or loss for the financial year ended 31 December 2020.

## 13. Other non-current assets

	Group	
	2020 US\$'000	2019 US\$'000
Signature bonuses	1,371	1,400
Upfront fees	1,318	1,341
	2,689	2,741

The movement in amortisation of signature bonus and upfront fees 31 December are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	–	–
Amortise for the financial year (Note 6)	52	–
At 31 December	52	–

Other non-current assets of US\$2,689,000 (2019: US\$2,741,000) comprised of signature bonuses and upfront fees paid for the issuance of performance bonds in relation to the signing of new 20-year PSCs for the Basin and Island blocks beyond their current contract expiry in 2020. The signature bonus and upfront fees are amortised over the 20-year period from the commencement date of the new PSCs and the Group recorded amortisation expense of US\$52,000 (2019: nil) for the year.

## 14. Investment in subsidiaries

	Company	
	2020 US\$'000	2019 US\$'000
Unquoted shares, at cost	303	303
Impairment losses	(303)	(303)
	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 14. Investment in subsidiaries (continued)

Details of subsidiaries are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
		2020 US\$'000	2019 US\$'000	2020 %	2019 %
<i>Held by the Company</i>					
RH Petrogas Investments Pte. Ltd. <sup>(1)</sup> (Singapore)	Investment holding (Singapore)	273	273	100	100
Tri-M Technologies Inc. <sup>(4)</sup> (United States of America)	Dormant (United States of America)	30	30	100	100
		303	303		

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		2020 %	2019 %
<i>Held by subsidiaries</i>			
Mastique Investments Limited <sup>(5)</sup> (British Virgin Islands)	Investment holding (British Virgin Islands)	—	—
Kingworld Resources Limited <sup>(5)</sup> (British Virgin Islands)	Oil and gas exploration and production (China)	—	—
Great Prime Investments Limited <sup>(4)</sup> (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
RH Petrogas Singapore Pte. Ltd. <sup>(1)</sup> (Singapore)	Investment holding (Singapore)	100	100
RH Petrogas Holdings Pte. Ltd. <sup>(1)</sup> (Singapore)	Investment holding (Singapore)	100	100
RH Petrogas Global Ventures Limited <sup>(4)</sup> (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
RH Petrogas Indonesia Holding Limited <sup>(4)</sup> (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
Orchard Energy (West Belida) Limited <sup>(4)</sup> (British Virgin Islands)	Oil and gas exploration and production (Indonesia)	100	100
RHP (Mukah) Pte. Ltd. <sup>(1)</sup> (Singapore)	Oil and gas exploration and production (Malaysia)	51	51
RHP Salawati Holdings BV <sup>(3)</sup> (The Netherlands)	Investment holding (The Netherlands)	100	100
Petrogas Basin Holding BV <sup>(3)</sup> (The Netherlands)	Investment holding (The Netherlands)	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 14. Investment in subsidiaries (continued)

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		2020 %	2019 %
<i>Held by subsidiaries (continued)</i>			
Petrogas Island Holding BV <sup>(3)</sup> (The Netherlands)	Investment holding (The Netherlands)	100	100
RHP Salawati Basin BV <sup>(2)</sup> (The Netherlands)	Oil and gas exploration and production (Indonesia)	100	100
RHP Salawati Island BV <sup>(3)</sup> (The Netherlands)	Oil and gas exploration and production (Indonesia)	100	100
Petrogas (Basin) Ltd <sup>(3)</sup> (British Virgin Islands)	Oil and gas exploration and production (Indonesia)	82.65	82.65
Petrogas (Island) Ltd <sup>(3)</sup> (British Virgin Islands)	Oil and gas exploration and production (Indonesia)	82.65	82.65

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of Ernst & Young Global in the respective countries.

(3) Not required to be audited by law in its country of incorporation. These entities are audited by member firms of Ernst & Young Global for group reporting purposes.

(4) Not required to be audited by law in its country of incorporation. These entities are not material to the Group and are not required to be disclosed under SGX Listing Rule 717.

(5) These entities ceased to be the members of the Group following the completion of the disposal on 31 October 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 15. Interests in joint operations

Contract area (Date of expiry)	Held by (Place of operation)	Description	Company's effective working interest	
			2020 %	2019 %
Fuyu 1 Block <sup>(1)</sup>	Kingworld Resources Limited (Jilin Province, People's Republic of China)	Oil and gas exploration and production	— <sup>(1)</sup>	— <sup>(1)</sup>
West Belida Block (4 May 2015) <sup>(2)</sup>	Orchard Energy (West Belida) Limited (Jambi, Indonesia)	Oil and gas exploration	— <sup>(2)</sup>	— <sup>(2)</sup>
Basin Block (14 October 2020) <sup>(3)</sup>	RHP Salawati Basin BV and Petrogas (Basin) Ltd (West Papua, Indonesia)	Oil and gas exploration and production	— <sup>(4)</sup>	54.09 <sup>(4)</sup>
Island Block (22 April 2020) <sup>(5)</sup>	RHP Salawati Island BV and Petrogas (Island) Ltd (West Papua, Indonesia)	Oil and gas exploration and production	— <sup>(6)</sup>	29.97 <sup>(6)</sup>
SK331 Block (5 June 2020) <sup>(7)</sup>	RHP (Mukah) Pte. Ltd. (Sarawak, Malaysia)	Oil and gas exploration	— <sup>(8)</sup>	40.8 <sup>(8)</sup>
Salawati Block (22 April 2040) <sup>(9)</sup>	Petrogas (Island) Ltd (West Papua, Indonesia)	Oil and gas exploration and production	57.86 <sup>(10)</sup>	—
Kepala Burung Block (14 October 2040) <sup>(11)</sup>	Petrogas (Basin) Ltd (West Papua, Indonesia)	Oil and gas exploration and production	57.86 <sup>(12)</sup>	—

(1) The Group ceased to hold any working interest ("WI") in the Fuyu 1 PSC after completion of the disposal of Mastique Investments Limited and its only subsidiary Kingworld Resources Limited (both indirect wholly owned subsidiaries of the Company) on 31 October 2019.

(2) The West Belida PSC exploration period has expired on 4 May 2015. The Ministry of Energy and Mineral Resources of the Republic of Indonesia has approved the relinquishment of the West Belida Block on 31 December 2018 and follow up works are in progress as at 31 December 2020.

(3) The Basin PSC has expired on 14 October 2020.

(4) Petrogas (Basin) Ltd ("PBL") and RHP Salawati Basin BV ("RHPSB") hold an aggregate of 60% WI in the Basin PSC. PBL is a 82.65% subsidiary of the Group which holds a 34.06% WI, and RHPSB is a wholly-owned subsidiary of the Group which holds a 25.94% WI. The other 17.35% shareholder of PBL is PT Citra Wahana Abadi ("CWA"). Hence, the Group's effective WI in the Basin PSC is 54.09%.

(5) The Island PSC has expired on 22 April 2020.

(6) Petrogas (Island) Ltd ("PIL") and RHP Salawati Island BV ("RHPSI") hold an aggregate of 33.21% WI in the Island PSC. PIL is a 82.65% subsidiary of the Group which holds a 18.70% WI, and RHPSI is a wholly-owned subsidiary of the Group which holds a 14.51% WI. The other 17.35% shareholder of PIL is CWA. Hence, the Group's effective WI in the Island PSC is 29.97%.

(7) The initial three-year exploration period of the SK331 PSC expired on 5 December 2015 and this was followed by three consecutive extensions up to 5 June 2020. The Group, together with its partner Petronas Carigali Sdn. Bhd., decided not to seek further extension of the exploration period and had since relinquished the block.

(8) RHP (Mukah) Pte. Ltd. holds an 80% WI in SK331 PSC. The Company holds a 51% equity interest in RHP (Mukah) Pte. Ltd. through its wholly owned subsidiary RH Petrogas Investments Pte. Ltd., with the remaining 49% equity interest held by Tumbuh Tiasa Enterprises Sdn. Bhd.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 15. Interests in joint operations (continued)

- (9) The Salawati PSC commenced on 23 April 2020 for a 20-year term expiring on 22 April 2040.
- (10) PIL holds 70% WI in the Salawati PSC. PIL is a 82.65% subsidiary of the Group with the other 17.35% shareholding held by CWA. Hence, the Group's effective WI in the Salawati PSC is 57.86%.
- (11) The Kepala Burung PSC commenced on 15 October 2020 for a 20-year term expiring on 14 October 2040.
- (12) PBL holds 70% WI in the Kepala Burung PSC. PBL is a 82.65% subsidiary of the Group with the other 17.35% shareholding held by CWA. Hence, the Group's effective WI in the Kepala Burung PSC is 57.86%.

### ***Fuyu 1 Block***

On 12 November 2007, Kingworld Resources Limited ("**KRL**"), a wholly-owned subsidiary, entered into a petroleum production sharing contract ("**PSC**") with China National Petroleum Corporation ("**CNPC**") relating to the joint development and production of hydrocarbon resources in Fuyu 1 Block which was duly approved by the Ministry of Commerce of the People's Republic of China ("**PRC**") on 10 January 2008. The immediate holding company of KRL is Mastique Investments Limited ("**MIL**") which owns all the issued shares of KRL.

On 24 September 2019, the Group entered into a share purchase agreement to sell 100% of the issued shares in MIL to Jilin Chengyang Energy Development Technology Service Co., Ltd. The disposal of MIL was completed on 31 October 2019, following which MIL and its only subsidiary KRL have ceased to be members of the Group.

### ***West Belida Block***

Orchard Energy (West Belida) Limited ("**OE West Belida**"), together with its joint venture partner, P.T. BEL West Belida, were awarded a production sharing contract ("**PSC**") in relation to the exploration and production of petroleum in West Belida Block, Jambi, South Sumatra, Indonesia in May 2009. OE West Belida was the operator of the block with a 94% working interest. The PSC had expired on 4 May 2015, and the Ministry of Energy and Mineral Resources of the Republic of Indonesia has approved the relinquishment of West Belida Block on 31 December 2018 and follow up works are in progress as at 31 December 2020. All the firm work commitments under the exploration phase of the PSC have been fulfilled.

### ***Basin PSC and Island PSC***

The Basin PSC and Island PSC are two contiguous PSCs located in the "Birds Head" area of West Papua, Indonesia. The Basin PSC covers an onshore area of 872 km<sup>2</sup>, while the Island PSC covers an area of 1,097 km<sup>2</sup> including both onshore and offshore areas.

The Island PSC had expired on 22 April 2020 and was succeeded by the Salawati PSC over the same block. The Basin PSC had expired on 14 October 2020 and was succeeded by the Kepala Burung PSC over the same block. Both the blocks are currently in production. Details of the Salawati PSC and Kepala Burung PSC are explained in the sections below.

### ***Kepala Burung PSC and Salawati PSC***

On 11 July 2018, the Group signed two new 20-year production sharing contracts – namely the Kepala Burung PSC and the Salawati PSC – which will come into effect upon the expiry of the Basin and Island PSCs in 2020 over essentially the same acreages. The Kepala Burung PSC and the Salawati PSC (collectively the "**New PSCs**") were executed by the Company's subsidiaries Petrogas (Basin) Ltd. and Petrogas (Island) Ltd. respectively with Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("**SKKMIGAS**"). Pursuant to the share subscription and shareholders' agreements signed on 6 July 2018, the Group has an equity interest of 82.65% in each of Petrogas (Basin) Ltd. and Petrogas (Island) Ltd., with PT Citra Wahana Abadi holding the remaining 17.35% equity in the two companies.

The Group has been awarded a 70% working interest in each of the Kepala Burung PSC and the Salawati PSC, with the remaining 30% working interest awarded to Pertamina, the national oil company of Indonesia. Under the New PSCs, a local company owned by the Regional Government in the area where the blocks are located has an option to become a partner (with up to a maximum of 10% working interest) in each of the blocks and the participants of each block must accommodate such participation in proportion to their respective working interests.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 15. Interests in joint operations (continued)

### ***Kepala Burung PSC and Salawati PSC (continued)***

Under the New PSCs, contractors are committed to carry out an agreed set of firm work programs during the first five contract years which include geological and geophysical studies, seismic acquisition and processing, exploration well drillings and pilot enhanced oil recovery projects. The gross financial commitment for the firm work programs are US\$61.2 million and US\$36.3 million for the Kepala Burung and Salawati blocks respectively.

#### Duration of the PSCs

The Kepala Burung PSC and the Salawati PSC are for a 20-year term, expiring on 14 October 2040 and 22 April 2040 respectively.

#### Production and reserve

The assets are primarily oil-weighted with production from the two PSCs averaging around 4,290 barrels of oil equivalent per day (“**boepd**”) net to the Group’s working interests (before accounting for the share of non-controlling interest) in 2020 (2019: 4,240 boepd).

Based on an independent assessment performed by an international energy consultant specialising in petroleum reservoir evaluation and economic analysis, the proved plus probable (“**2P**”) reserves as of 1 January 2021 for the Kepala Burung PSC and the Salawati PSC combined was around 36.7 million barrels of oil equivalent net to the Group based on its effective working interests of 57.86% in the respective PSCs. The above 2P reserve numbers include the Indonesian Government’s share of production under the terms of the PSCs.

### ***SK331 Block Onshore Sarawak***

On 6 December 2012, the Group through its then wholly owned subsidiary, RHP (Mukah) Pte. Ltd. (“**RHP (Mukah)**”), entered into a Petroleum Production Sharing Contract (“**PSC**”) with Petroliaam Nasional Berhad (“**PETRONAS**”) for SK331 Block onshore Sarawak, which covers an area of approximately 8,963 km<sup>2</sup> following a partial relinquishment in 2018. The Group operates the SK331 Block with an 80% participating interest, with the remaining 20% held by Petronas Carigali Sdn. Bhd., the exploration and production subsidiary of PETRONAS. In 2014, the Company divested 49% of its shareholding interest in RHP (Mukah) to Tumbuh Tiasa Enterprises Sdn. Bhd. The divestment was completed on 24 September 2014 with the Group effective working interest in the PSC being reduced from 80% to 40.8%.

#### PSC Relinquishment

Under the PSC, the Group is committed to a three-year exploration work program which includes seismic reprocessing, new seismic acquisition, exploration drilling and specialised geological and geophysical studies.

The initial 3-year exploration period of the PSC ended on 5 December 2015 and PETRONAS has since approved three consecutive extensions of the exploration period, with the last extension – being the Third Exploration Period Extension – having expired on 5 June 2020. For the Third Exploration Period Extension, PETRONAS has also approved the outstanding work commitment to drill one wildcat well to be replaced with the acquisition and processing of 200 line-kilometres of new 2D full fold seismic lines (“**2D Seismic Work Program**”), with the corresponding financial commitment being reduced from US\$10 million to US\$5 million. With the completion of the 2D Seismic Work Program in the fourth quarter of 2019, the Group has fulfilled all firm work commitments under the SK331 PSC.

The Group and its partner Petronas Carigali Sdn. Bhd. had decided not to seek further extension of the exploration period and had since relinquished the block.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 16. Inventories

	Group	
	2020 US\$'000	2019 US\$'000
<b>Balance sheet:</b>		
Well supplies	–	745
<b>Income statement:</b>		
Inventories recognised as an expense in cost of sales	1,490	2,051

Inventories denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Indonesian Rupiah (IDR)	–	745	–	–

## 17. Other current assets

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Prepaid operating expenses	74	76	27	28

Other current assets denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Malaysian Ringgit (MYR)	8	10	–	–
Euro (EUR)	38	37	–	–
Singapore Dollar (SGD)	26	28	26	28

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 18. Trade and other receivables

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Trade receivables	6,551	11,345	–	–
Share of joint venture receivables	3,842	2,302	–	–
Refundable deposits	404	404	399	399
Under-lift assets	1,387	669	–	–
Sundry receivables	629	649	194	179
Total trade and other receivables	12,813	15,369	593	578
Add:				
Amounts due from subsidiaries	–	–	3,933	6,740
Cash and bank balances (Note 19)	18,100	12,071	3,962	536
Less:				
Value added tax receivables	(2,672)	(336)	–	–
Under-lift assets	(1,387)	(669)	–	–
Total financial assets at amortised cost	26,854	26,435	8,488	7,854

Trade receivables are non-interest bearing and are generally on 15 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in share of joint venture receivables are value added tax receivables of US\$2,672,000 (2019: US\$336,000), after allowances of US\$1,406,000 (2019: US\$1,108,000).

Under-lift assets refer to the shortfall in the amount of production that the Group has taken during the period over the Group's ownership share of the production from Basin/Kepala Burung and Island/Salawati PSCs. Under-lift assets are measured at fair value through profit or loss using a valuation technique with market observable inputs (Level-2 fair value hierarchy).

### Amounts due from subsidiaries

These amounts are non-trade related, unsecured, non-interest bearing and are to be settled in cash. These amounts are stated after allowances of US\$199,205,000 (2019: US\$199,205,000).

### Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Movements in allowance accounts:		
At 1 January	(4,178)	(5,053)
(Charge)/Write back during the financial year (Note 6)	(302)	875
At 31 December	(4,480)	(4,178)



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 18. Trade and other receivables (continued)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Malaysian Ringgit (MYR)	4	4	–	–
Indonesian Rupiah (IDR)	3,119	2,399	–	–
Singapore Dollar (SGD)	61	49	61	47

## 19. Cash and bank balances

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Cash at banks and on hand	14,913	4,511	3,962	536
Short-term deposits pledged	–	5,000	–	–
	14,913	9,511	3,962	536
Long-term deposits pledged	3,187	2,560	–	–
	18,100	12,071	3,962	536

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash at banks and on hand and pledged deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Hong Kong Dollar (HKD)	2	4	2	4
Malaysian Ringgit (MYR)	7	2	–	–
Indonesian Rupiah (IDR)	–	2	–	–
Singapore Dollar (SGD)	68	218	59	210

The short-term deposits pledged of US\$5,000,000 for the SK331 PSC had been withdrawn in March 2020 after the collateral requirement had been fulfilled and the bank guarantee was fully discharged by PETRONAS.

The Group has long-term deposits pledged of US\$3,187,000 (2019: US\$2,560,000) for cash collateral requirement placed with the issuing bank of the performance bonds in relation to the new 20-year PSCs for the Basin and Island blocks.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 19. Cash and bank balances (continued)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2020 US\$'000	2019 US\$'000
Cash and bank balances	18,100	12,071
Less:		
Short-term deposits pledged	–	(5,000)
Long-term deposit pledged	(3,187)	(2,560)
Cash and cash equivalents	<u>14,913</u>	<u>4,511</u>

## 20. Trade and other payables

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Trade payables	5,396	3,974	–	–
Accrued operating expenses	10,274	14,100	595	937
Accruals for potential cost recovery claims	7,764	7,764	–	–
Proportionate share of joint venture's other payables	4,602	4,219	–	–
Accrued plug and abandonment costs	1,993	1,993	–	–
Payable relating to exploration and evaluation expenditures	–	697	–	–
Sundry payables	320	479	20	2
Total trade and other payables	<u>30,349</u>	<u>33,226</u>	<u>615</u>	<u>939</u>
Add:				
Lease liabilities (Note 21)	19,647	4,271	321	214
Loans and borrowings (Note 22)	13,115	10,627	10,700	8,213
Loan from non-controlling interest	13,696	15,825	–	–
Total financial liabilities carried at amortised cost	<u>73,807</u>	<u>63,949</u>	<u>11,636</u>	<u>9,366</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Accruals for potential cost recovery claims arose from net working capital adjustments on the acquisition of RHP Salawati Basin BV, Petrogas (Basin) Ltd, RHP Salawati Island BV and Petrogas (Island) Ltd in 2010. These amounts relate to the vendors' share of potential claims by Indonesia Government subject to the audit of certain cost recovery claims in both the Basin and Island PSCs.

The loan from non-controlling interest represents the funds contributed by Tumbuh Tiasa Enterprises Sdn. Bhd. for cash calls for SK331 block.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 20. Trade and other payables (continued)

Trade and other payables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Malaysian Ringgit (MYR)	10	448	–	–
Indonesian Rupiah (IDR)	5,893	4,197	–	–
Singapore Dollar (SGD)	641	965	615	939

## 21. Lease liabilities

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Lease liabilities – current	7,375	4,043	116	123
Lease liabilities – non-current	12,272	228	205	91
	19,647	4,271	321	214

The movement for the lease liabilities during the year are as follows:

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January	4,271	6,838	214	321
Addition	17,868	1,197	228	–
Early termination	(1,581)	–	–	–
Accretion of interest (Note 6)	729	667	15	23
Payment	(1,640)	(4,431)	(136)	(130)
As at 31 December	19,647	4,271	321	214

The Group discounted lease payments using incremental borrowing rates from 7.00% - 13.52% (2019: 6.17% - 12.80%). The maturity analysis of lease liabilities are disclosed in Note 31(b).

The following are the amounts recognised in profit or loss:

	Group	
	2020	2019
	US\$'000	US\$'000
Depreciation of right-of-use assets (Note 11)	3,489	4,328
Interest expense on lease liabilities (Note 6)	729	667
Expense relating to short-term and low-value assets	2,974	2,189
As at 31 December	7,192	7,184

Out of the total lease expenses relating to short-term and low-value assets, US\$2,945,000 (2019:US\$2,161,000) and US\$29,000 (2019:US\$28,000) are included in cost of sales and administrative expenses respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 21. Lease liabilities (continued)

Lease liabilities denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar (SGD)	321	213	321	213
Indonesian Rupiah (IDR)	14,184	16,988	–	–

## 22. Loans and borrowings

	Maturity	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Current</b>					
Loans from related parties	2020	115	482	115	482
		115	482	115	482
<b>Non-current</b>					
Loans from related parties		13,000	10,145	10,585	7,731
		13,000	10,145	10,585	7,731
Total loans and borrowings		13,115	10,627	10,700	8,213

### Loans from related parties

During the financial year, the Group has received a net advances of US\$2,129,000 (2019: net repayment of advances of US\$3,273,000) to its related party which a director has a substantial interest.

During the financial year, there were no interest free loans (2019: US\$1,000,000) from related parties classified as current liabilities.

Loan from related parties denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar (SGD)	9,385	6,531	9,385	6,531
Renminbi (RMB)	2,415	2,415	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 22. Loans and borrowings (continued)

A reconciliation of liabilities arising from financing activities is as follows:

	2019 US\$'000	Cash flows US\$'000	Non-cash changes		2020 US\$'000
			Foreign exchange movement US\$'000	Others US\$'000	
Loans from related parties					
- current	482	(365)	(2)	–	115
- non-current	10,145	2,494	361	–	13,000
	10,627	2,129	359	–	13,115

	2018 US\$'000	Cash flows US\$'000	Non-cash changes		2019 US\$'000
			Foreign exchange movement US\$'000	Others US\$'000	
Loans from related parties					
- current	2,500	(3,270)	252	1,000	482
- non-current	11,368	(3)	(220)	(1,000)	10,145
	13,868	(3,273)	32	–	10,627

The 'others' column relates to reclassification of US\$1,000,000 from non-current to current liabilities.

## 23. Provisions

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Termination liabilities	569	4,068	–	–
Decommissioning provision	11,373	10,652	–	–
Provision for reinstatement cost	28	27	28	27
	11,970	14,747	28	27
Less: Cash calls contributed for				
- Termination liabilities	(569)	(3,897)	–	–
- Decommissioning provision	(10,806)	(9,954)	–	–
	(11,375)	(13,851)	–	–
	595	896	28	27
Current	–	171	–	–
Non-current	595	725	28	27

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 23. Provisions (continued)

### Termination liabilities

The Basin PSC and Island PSC have defined termination and repatriation indemnities plans covering all national employees who meet eligibility requirements in accordance with Indonesian laws. Cash calls were made by the PSCs to satisfy this obligation and are specifically set aside in United States Dollar time deposit accounts to cover this liability. The fund set aside cannot be used for other purposes.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January	4,068	2,824
Utilisation	(3,499)	(579)
Charge for the financial year (Note 6)	–	1,823
At 31 December	569	4,068

The total cash call contributed for termination liabilities during the year was US\$171,000 (2019: US\$1,823,000).

### Decommissioning provision

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines on a discounted basis on the installation of those facilities.

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties and exploration and evaluation assets, which are expected to be incurred up to 2020 for Basin PSC and Island PSC. These provisions have been created based on the Operator and Group's internal estimates.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. The discount rate used in the calculation of the provision as at 31 December 2020 was 10% (2019: 5% to 10%).

The total cash call contributed for decommissioning provision during the year was US\$852,000 (2019: US\$1,001,000).

For Basin and Island PSCs, funds are specifically set aside in United States Dollar time deposit accounts for the future costs related to assets retirement obligations. The funds set aside cannot be used for other purposes. If any area or field was taken over prior to its abandonment, the existing PSC contractors shall be released from its obligations to remove the equipment and installations and perform the necessary site restoration activities of the fields in the area. In such event, all the accumulated funds reserved for the removal and restoration operations shall be transferred to the new PSC contractors.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January	10,652	10,392
Unwinding of discount (Note 6)	721	659
Disposal of subsidiaries	–	(399)
At 31 December	11,373	10,652

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 24. Deferred tax

Deferred tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<i>Deferred tax liabilities:</i>				
Differences in depreciation for tax purposes	–	7,102	(7,102)	(3,572)
Fair value adjustments on acquisition of subsidiaries	–	3,240	(3,240)	(565)
Impairment of oil and gas properties	–	(9,568)	9,568	2,939
	–	774		
<i>Deferred tax assets:</i>				
Differences in depreciation for tax purposes:	(694)	–	(694)	–
	(694)	–		
Deferred tax credit			(1,468)	(1,198)

### Unrecognised tax losses

At the end of the reporting period, the Group and the Company have tax losses of approximately US\$32,495,000 (2019: US\$32,947,000) and US\$32,495,000 (2019: US\$32,947,000) respectively, that are available for offset against future taxable profits of the companies in which the losses arose. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

## 25. Other liabilities

As part of the purchase agreement with the previous owner of RHP Salawati Island BV (“**RHPSIBV**”), a contingent consideration has been agreed on. Additional cash payments shall be due to the previous owner of RHPSIBV upon the appraisal and final approval of the plan of the development for a new oil field located within the offshore area of the Island PSC. The payment amount is determined based on the field’s proved and probable reserves. The fair value of the contingent consideration was assessed at US\$1,301,000 at the date of acquisition. This fair value was calculated with reference to RHPSIBV’s net share of the estimated proved and probable reserves under the said plan of development.

As at 31 December 2019, the fair value of the contingent liabilities is Nil, as the Group does not expect to develop the field due to a sustained low crude oil price environment. The period for the contingent consideration lapsed on 22 April 2020 upon the expiry of the Island PSC.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 26. Share capital

	Group and Company			
	2020		2019	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
<b>Issued and fully paid:</b>				
At beginning and end of the reporting year	734,277	258,160	734,277	258,160

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has a share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees and directors of the Group.

## 27. Reserves

### (a) Capital reduction reserve

The capital reduction reserve relates to excess on reduction in capital, arising from the reduction in par value of shares from S\$0.30 to S\$0.08 each, over the amount of accumulated losses as at 30 September 2005.

### (b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### (c) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to selected directors and employees (Note 28). The reserve is made up the cumulative value of services received from directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

### (d) Equity reserve

Equity reserve represents the difference paid by minority interests over its proportionate share of assets/liabilities acquired.

## 28. Employee benefits

	Group	
	2020 US\$'000	2019 US\$'000
<b>Employee benefits expense (including directors):</b>		
Salaries and bonus	1,749	1,991
Central Provident Fund contributions	121	145
Share-based payments:		
- Employee share-option plan	73	96
Other short-term benefits	234	262
	<u>2,177</u>	<u>2,494</u>



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 28. Employee benefits (continued)

### Employee share option plan

Under the RHP Share Option Scheme 2011, share options are granted to selected employees and directors of the Company, its subsidiaries and associated companies. The exercise price of the options is set at a discount of no more than 20% to the average of the last dealt prices for a share, as determined by reference to the daily official list published by the SGX-ST for a period of 3 consecutive market days immediately prior to the relevant date of grant of the option. Eligible participants must remain in service for a period of two years from the date of the grant. The contractual life of the options is five years. There are no cash settlement except for general offer in the event of a take-over being made for the Company's shares. The Group does not have a past practice of cash settlement of these awards.

There has been no cancellation or modification of the share option plan during both year 2020 and 2019.

### Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2020		2019	
	Number	WAEP S\$	Number	WAEP S\$
Outstanding at 1 January	8,970,000	0.122	6,460,000	0.185
- Granted	2,560,000	0.023	3,060,000	0.044
- Expired	(2,540,000)	0.275	(550,000)	0.420
Outstanding at 31 December	8,990,000	0.420	8,970,000	0.1220
Exercisable at 31 December	3,370,000	0.078	3,940,000	0.207

The weighted average fair value of the option granted during the financial year was S\$0.023 (2019: S\$0.042). The range of exercise prices for options outstanding at the end of the financial year was S\$0.023 to S\$0.275 (2019: S\$0.044 to S\$0.275). The weighted average remaining contractual life for these options is 2.94 years (2019: 2.17 years).

### Fair value of share options granted

The fair value of the share options granted under the RHP Share Option Scheme 2011 is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the option pricing model for the financial year ended 31 December 2020 and 2019:

	2020	2019
Dividend yield (%)	–	–
Expected volatility (%)	160.20	105.00
Risk-free interest rate (% p.a.)	1.02	2.05
Expected life of option (years)	5.00	5.00
Share price (S\$)	0.025	0.054
Exercise price (S\$)	0.023	0.044

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 29. Related party transactions

### Compensation of key management personnel

	Group	
	2020 US\$'000	2019 US\$'000
Short-term employee benefits	1,570	1,546
Central Provident Fund contributions	38	38
Other short-term benefits	136	184
Share-based payments	49	84
Total compensation paid to key management personnel	1,793	1,852
Comprise amounts paid to:		
- Directors of the Company	1,040	1,039
- Other key management personnel	753	813
	1,793	1,852

### Directors' interests in employee share option plan

At the end of the reporting period, the number of outstanding share options granted to the Company's directors under the RHP Share Option Scheme 2011 was 5,000,000 options (2019: 5,350,000 options).

## 30. Commitments

### Capital commitments

	Group	
	2020 US\$'000	2019 US\$'000
Share of contractual commitments in respect of evaluation and exploration expenditures	56,411	56,411

The contractual commitments represent the Group's net working interest of the evaluation and exploration expenditure for the Kepala Burung and Salawati blocks respectively. The total gross contractual commitments for both Petrogas (Basin) Ltd and Petrogas (Island) Ltd is US\$68,250,000 which the Group held an equity interest of 82.65% in each subsidiary.

## 31. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key risks include credit risk, liquidity risk, foreign currency risk and commodity price risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives shall be undertaken, except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 31. Financial risk management objectives and policies (continued)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's lifetime expected credit losses for all trade receivables is minimal, as they are secured by letters of credit and are generally collected within 30 days and there has been no history of default.

The Company assessed the latest performance and financial position of the subsidiaries, adjusted for the future outlook of the industry in which the subsidiaries operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month expected credit loss (ECL) and determined that the ECL is insignificant.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by contract area on an on-going basis. At the end of the reporting period, the Group's trade receivables are mainly from Kepala Burung and Salawati PSCs as the other contract areas are still in exploration and development stage.

82% (2019: 89%) of the Group's trade receivables were due from one major customer (2019: one major customer) who is in the oil and gas industry located in Indonesia (2019: Indonesia). The Group's revenue is mainly contributed by this one customer (2019: one customer).

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's current funding is mainly from interest free loans from related parties.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 31. Financial risk management objectives and policies (continued)

### (b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group			Total US\$'000
	1 year or less US\$'000	1 to 5 years US\$'000	More than 5 years US\$'000	
<b>2020</b>				
<b>Financial assets:</b>				
Trade and other receivables	10,141	–	–	10,141
Cash and bank balances	14,913	3,187	–	18,100
Total undiscounted financial assets	25,054	3,187	–	28,241
<b>Financial liabilities:</b>				
Trade and other payables	30,349	–	–	30,349
Loans and borrowings	115	13,000	–	13,115
Lease liabilities	7,247	14,123	–	21,370
Loan from non-controlling interest	–	13,696	–	13,696
Total undiscounted financial liabilities	37,711	40,819	–	78,530
Net undiscounted financial liabilities	62,765	44,006	–	106,771
<b>2019</b>				
<b>Financial assets:</b>				
Trade and other receivables	15,033	–	–	15,033
Cash and bank balances	9,511	2,560	–	12,071
Total undiscounted financial assets	24,544	2,560	–	27,104
<b>Financial liabilities:</b>				
Trade and other payables	33,226	–	–	33,226
Loans and borrowings	482	10,145	–	10,627
Lease liabilities	4,159	229	–	4,388
Loan from non-controlling interest	–	15,825	–	15,825
Total undiscounted financial liabilities	37,867	26,199	–	64,066
Net undiscounted financial liabilities	(13,323)	(23,639)	–	(36,962)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 31. Financial risk management objectives and policies (continued)

### (b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Company			Total US\$'000
	1 year or less US\$'000	1 to 5 years US\$'000	More than 5 years US\$'000	
<b>2020</b>				
<b>Financial assets:</b>				
Trade and other receivables	593	–	–	593
Amounts due from subsidiaries	–	–	3,933	3,933
Cash and bank balances	3,962	–	–	3,962
Total undiscounted financial assets	4,555	–	3,933	8,488
<b>Financial liabilities:</b>				
Trade and other payables	615	–	–	615
Loans and borrowings	115	10,585	–	10,700
Lease liabilities	116	205	–	321
Total undiscounted financial liabilities	846	10,790	–	11,636
Net undiscounted financial assets/(liabilities)	3,709	(10,790)	3,933	(3,148)
<b>2019</b>				
<b>Financial assets:</b>				
Trade and other receivables	578	–	–	578
Amounts due from subsidiaries	–	–	6,740	6,740
Cash and bank balances	536	–	–	536
Total undiscounted financial assets	1,114	–	6,740	7,854
<b>Financial liabilities:</b>				
Trade and other payables	939	–	–	939
Loans and borrowings	482	7,731	–	8,213
Lease liabilities	135	93	–	228
Total undiscounted financial liabilities	1,556	7,824	–	9,380
Net undiscounted financial (liabilities)/assets	(442)	(7,824)	6,740	(1,526)

### (c) Foreign currency risk

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD, Malaysian Ringgit (“MYR”) and Indonesian Rupiah (“IDR”) (2019: USD, MYR, IDR and RMB). The foreign currencies in which these transactions are denominated are mainly in SGD and IDR (2019: SGD and RMB). The Group’s trade receivables are denominated in USD. The Group’s and the Company’s exposure to foreign currency denominated trade payables at the end of the reporting period is disclosed in Note 20.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 31. Financial risk management objectives and policies (continued)

### (c) Foreign currency risk (continued)

The Group and the Company also hold cash denominated in foreign currencies for working capital purposes. Details of such foreign currency balances are set out in Note 19.

The Group does not enter into forward foreign exchange contracts to hedge against its foreign exchange risk resulting from sale and purchase transactions denominated in foreign currencies.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss (2019: profit) before tax to a reasonably possible change in the SGD exchange rates against USD, with all other variables held constant.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>Increase / (decrease)</b>	<b>Increase / (decrease)</b>
	<b>Loss before tax</b>	<b>Profit before tax</b>
USD / IDR - strengthened 3% (2019: 3%)	(157)	482
- weakened 3% (2019: 3%)	157	(482)
USD / SGD - strengthened 3% (2019: 3%)	(300)	230
- weakened 3% (2019: 3%)	300	(230)

### (d) Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil and gas products it produces. The Group's policy is to manage these risks through the use of contract-based prices with customers. In both 2020 and 2019, the Group did not enter into derivative commodity contracts to hedge against its commodity price risk arising from the sale of oil and gas products.

## 32. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or to obtain loans from related parties. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 32. Capital management (continued)

	Group	
	2020 US\$'000	2019 US\$'000
Loans and borrowings (Note 22)	13,115	10,627
Lease liabilities (Note 21)	19,647	4,271
Trade and other payables (Note 20)	30,349	33,226
Less: Cash and bank balances (Note 19)	(18,100)	(12,071)
<i>Net debt</i>	<u>45,011</u>	<u>36,053</u>
Equity attributable to the owners of the Company, representing total capital	(16,439)	(12,786)
Capital and net debt	<u>N.M.</u>	<u>N.M.</u>
Gearing ratio	<u>N.M.</u>	<u>N.M.</u>

N.M.: not meaningful

## 33. Segment information

For management purposes, the Group is organised into business units based on their products and services and has only one reportable segment which is exploration and production of oil and gas (oil and gas business).

No operating segments have been aggregated to form the above reportable operating segment.

(US\$'000)	Oil and gas		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2020	2019	2020	2019		2020	2019
<b>Revenue</b>	50,500	65,144	–	–		50,500	65,144
<b>Results:</b>							
Depreciation and amortisation	(7,040)	(7,957)	–	–		(7,040)	(7,957)
Depreciation of right-of-use assets	(3,489)	(4,328)	–	–		(3,489)	(4,328)
Finance costs	(1,450)	(1,326)	–	–		(1,450)	(1,326)
Gain on disposal of subsidiaries	–	5,601	–	–		–	5,601
Impairment loss on exploration and evaluation assets	(34)	(6,508)	–	–		(34)	(6,508)
Interest income	49	152	–	–		49	152
Provision for plug and abandonment costs	–	(1,993)	–	–		–	(1,993)
Segment (loss)/profit before tax	(1,863)	1,206	–	–		(1,863)	1,206
Share-based payments	(73)	(96)	–	–		(73)	(96)
(Allowance for)/Write back of doubtful trade receivables	(302)	875	–	–		(302)	875
Write back of exploration and evaluation payables	–	2,550	–	–		–	2,550
<b>Assets</b>							
Total capital expenditure	329	9,921	–	–	A	329	9,921
Segment assets	51,141	42,056	694	–	B	51,835	42,056
<b>Segment liabilities</b>	77,402	64,845	4,497	3,217	B	81,899	68,062

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 33. Segment information (continued)

(A) Total capital expenditure is consisted of the following additions:

	Group	
	2020	2019
	US\$'000	US\$'000
Additions in:		
- Oil and gas properties	293	3,388
- Exploration and evaluation assets	34	6,508
- Other plant and equipment	2	25
	329	9,921
	329	9,921

(B) The following items are added to the segment assets and liabilities to arrive at total assets and liabilities reported in the consolidated balance sheet:

	2020	2019
	US\$'000	US\$'000
<u>Segment assets</u>		
Deferred tax assets	694	-
	694	-
<u>Segment liabilities</u>		
Income tax payable	4,497	2,443
Deferred tax liabilities	-	774
	4,497	3,217
	4,497	3,217

### Geographical information

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods. Total assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Total assets		Total capital expenditure		Depletion and depreciation	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>(US\$'000)</b>								
<b>By geographical market</b>								
Indonesia	50,500	65,019	45,225	35,527	293	3,388	10,389	12,135
People's Republic of China	-	125	-	-	-	-	-	-
Singapore	-	-	5,886	1,386	2	25	139	137
Malaysia	-	-	30	5,143	34	6,508	1	13
	50,500	65,144	51,141	42,056	329	9,921	10,529	12,285
	50,500	65,144	51,141	42,056	329	9,921	10,529	12,285



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 33. Segment information (continued)

### Information about major customer

The Group derives revenue from one major customer (2019: one major customer) as follows:

	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Customer A	43,864	58,470

## 34. Events occurring after the reporting period

COVID-19 remains a global concern. The safe management measures and well-being of our staff and contractors are our top priority and are of concern to us. The Group and its operating subsidiaries will continue to diligently adhere to and implement the various COVID-19 health and safe management measures issued by the relevant government and health authorities at places where we operate. Systems have been put in place by the Group to detect and control COVID-19 infection among our people and we continue to monitor the situation and implement appropriate supplementary measures as may be required.

## 35. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 30 March 2021.

# SUMMARY OF RESERVES AND RESOURCES

Name of Asset/Country: Indonesia

Asset Name	Issuer's Effective Working Interest	Development Status	Licence Expiry Date	Licence Area	Type of mineral, oil or gas deposit
Kepala Burung PSC	57.86%	Production	14 October 2040	1,030 km <sup>2</sup>	Oil and Gas
Salawati PSC	57.86%	Production	22 April 2040	1,137 km <sup>2</sup>	Oil and Gas

Category	Gross Attributable to Licence (MMbbl/Bcf) <sup>(1)(4)</sup>	Net Attributable to Issuer <sup>(2)</sup>		Risk Factors <sup>(5)</sup>	Remarks
		(MMbbl/Bcf) <sup>(1)(4)</sup>	Change from previous update (%) <sup>(3)</sup>		
<b>Reserves</b>					
Oil Reserves					
1P	40.1	23.2	2%		
2P	57.4	33.2	27% <sup>(6)</sup>		
3P	68.9	39.8	36% <sup>(6)</sup>		
Natural Gas Reserves					
1P	32.9	19.0	-7% <sup>(7)</sup>		
2P	32.9	19.0	-7% <sup>(7)</sup>		
3P	32.9	19.0	-7% <sup>(7)</sup>		
Natural Gas Liquids Reserves					
1P	N/A	N/A	N/A		
2P	N/A	N/A	N/A		
3P	N/A	N/A	N/A		
<b>Contingent Resources</b>					
Oil					
1C	33.2	19.2	0%	70%	
2C	38.5	22.3	-14% <sup>(8)</sup>	70%	
3C	50.2	29.1	-14% <sup>(8)</sup>	70%	
Natural Gas					
1C	292.3	169.1	-3%	70%	
2C	428.8	248.1	0%	70%	
3C	606.8	351.1	-2%	70%	
Natural Gas Liquids					
1C	N/A	N/A	N/A		
2C	N/A	N/A	N/A		
3C	N/A	N/A	N/A		
<b>Prospective Resources</b>					
Oil					
Low Estimate	N/A	N/A	N/A		
Best Estimate	N/A	N/A	N/A		
High Estimate	N/A	N/A	N/A		
Natural Gas					
Low Estimate	N/A	N/A	N/A		
Best Estimate	N/A	N/A	N/A		
High Estimate	N/A	N/A	N/A		

# SUMMARY OF RESERVES AND RESOURCES

## Notes:

N/A - Not applicable

- (1) The volumes reported under these columns are as of 1 January 2021.
- (2) Net Attributable to Issuer means the Company's effective working interest share under the respective PSCs. The Company is entitled to a share of these volumes after considering the Indonesian Government's share pursuant to the terms of the PSCs.
- (3) Previous evaluation was conducted by RPS Energy Consultants Limited with an effective date of 1 January 2020.
- (4) The volumes presented in this report have been estimated using the 2018 Petroleum Resources Management System ("PRMS") sponsored by the SPE/WPC/SEG/AAPG/EAGE/SPEE/SPWLA as the standard for classification and reporting.
- (5) Applicable to Resources. "Risk Factor" for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted.
- (6) The increases in Oil Reserves from the previous update are due to a) Reserves upgrades based on latest production performance, b) updates to the field development plan with an increased number of workover and well services jobs planned as the Group became the operator over the 2 new blocks, and c) reclassification of a portion of the Contingent Resource volumes due to reduced unit Opex and hence improved economics of the Salawati PSC.
- (7) The decreases in Gas Reserves to the assumed end of the gas supply agreement in 2030 are mainly due to the removal of 2020 gas sales volume from the year-end 2019 reported volume.
- (8) The decreases in Contingent Oil Resources from the previous update are due mainly to reclassification of Contingent Resources to Reserves due to improved economics.

1P : Proved  
2P : Proved + Probable  
3P : Proved + Probable + Possible  
1C : Low Estimate Contingent Resource  
2C : Best Estimate Contingent Resource  
3C : High Estimate Contingent Resource

MMbbl : Million barrels  
Bcf : Billion cubic feet

**Name of Qualified Person** : **Gordon Taylor of RPS Energy Consultants Limited**

**Date** : **22<sup>th</sup> Feb 2021**

**Professional Society Affiliation/  
Membership** : **Fellow, Geological Society, Chartered Geologist (C. Geol)  
Member, Institute Materials, Minerals & Mining, Chartered Engineer ( C.Eng)**

# STATISTICS OF SHAREHOLDINGS

As at 15 March 2021

Issued and fully paid share capital	:	321,987,379.61
Total number of shares in issue	:	734,277,400
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

There are no treasury shares held in the issued share capital of the Company.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 35.52% of the issued ordinary shares of the Company were held in the hands of the public as at 15 March 2021 and therefore Rule 723 of the Listing Manual is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.10	183	0.00
100 - 1,000	609	20.21	593,694	0.08
1,001 - 10,000	912	30.27	5,970,923	0.81
10,001 - 1,000,000	1,456	48.32	115,685,279	15.76
1,000,001 AND ABOVE	33	1.10	612,027,321	83.35
<b>TOTAL</b>	<b>3,013</b>	<b>100.00</b>	<b>734,277,400</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SURREYVILLE PTE LTD	212,073,086	28.88
2	SHARPTONE INVESTMENTS LIMITED	132,825,203	18.09
3	RH CAPITAL LIMITED	110,347,154	15.03
4	PHILLIP SECURITIES PTE LTD	53,321,095	7.26
5	CITIBANK NOMINEES SINGAPORE PTE LTD	16,467,623	2.24
6	UOB KAY HIAN PRIVATE LIMITED	8,598,060	1.17
7	HSBC (SINGAPORE) NOMINEES PTE LTD	8,518,000	1.16
8	OCBC SECURITIES PRIVATE LIMITED	6,939,900	0.95
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,554,400	0.89
10	TING SIE TECK	5,173,000	0.70
11	RAFFLES NOMINEES (PTE.) LIMITED	5,140,700	0.70
12	DBS NOMINEES (PRIVATE) LIMITED	5,061,500	0.69
13	TAN YEW CHYE	4,950,000	0.67
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,423,500	0.60
15	WONG YIING NGIHK	4,293,000	0.58
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,015,000	0.41
17	TAN YEW SENG	2,500,000	0.34
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,323,400	0.32
19	CHEW EU HOCK	1,870,000	0.25
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,850,000	0.25
	<b>TOTAL</b>	<b>596,244,621</b>	<b>81.18</b>

# STATISTICS OF SHAREHOLDINGS

As at 15 March 2021

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Tan Sri Datuk Sir Tiong Hiew King <sup>(1)</sup>	580,000	0.08	472,845,443	64.40
Dato' Sri Dr Tiong Ik King <sup>(2)</sup>	0	0	212,073,086	28.88
The Estate of Tiong Kiu King, Deceased <sup>(3)</sup>	0	0	132,825,203	18.09
Sharptone Investments Limited <sup>(1),(3)</sup>	132,825,203	18.09	0	0
Surreyville Pte Ltd <sup>(1),(2)</sup>	212,073,086	28.88	0	0
Woodsville International Limited <sup>(1),(2)</sup>	0	0	212,073,086	28.88
RH Capital Limited <sup>(1)</sup>	110,347,154	15.03	0	0

### Notes:

1. Tan Sri Datuk Sir Tiong Hiew King's aggregate deemed interest of 472,845,443 shares comprised of (i) 212,073,086 shares held by Surreyville Pte Ltd ("**Surreyville**"), which arises from his shareholding in Woodsville International Limited, the holding company of Surreyville; (ii) 132,825,203 shares held by Sharptone Investments Limited ("**Sharptone**"), which arises from his shareholding in Sharptone; (iii) 110,347,154 shares held/owned by RH Capital Limited which arises from his shareholding in RH Capital Limited; and (iv) 17,600,000 shares held by Subur Tiasa Holdings Berhad ("**Subur Tiasa**"), which arises from his substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd., which are shareholders/substantial shareholders of Subur Tiasa.
2. Dato' Sri Dr Tiong Ik King's deemed interest arises from his shareholding in Woodsville International Limited, the holding company of Surreyville.
3. The Estate of Tiong Kiu King Deceased's deemed interest arises from its shareholding in Sharptone.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## Additional information on Directors seeking re-election pursuant to Rule 720(6) of the SGX-ST Listing Manual

Dato' Sri Dr Tiong Ik King, Mr Chang Cheng-Hsing Francis and Mr Lee Hock Lye are the retiring Directors who are seeking re-election at the forthcoming Annual General Meeting ("AGM") of the Company. Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information relating to the retiring Directors, in accordance to Appendix 7.4.1 of the SGX-ST Listing Manual, is set out below:

<b>Name of Director</b>	Dato' Sri Dr Tiong Ik King	Chang Cheng-Hsing Francis	Lee Hock Lye
<b>Date of Appointment</b>	7 March 1997	1 January 2014	27 November 2003
<b>Date of Last Re-Appointment</b>	26 April 2019	26 April 2018	26 April 2018
<b>Age</b>	70	68	73
<b>Country of principal residence</b>	Singapore	Singapore	Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	Upon the recommendation of the Nominating Committee, which had reviewed the credentials, qualification, knowledge, contributions and experience of Dato' Sri Dr Tiong Ik King, the Board of Directors approved his re-appointment as Non-Executive and Non-Independent Chairman of the Company.	Upon the recommendation of the Nominating Committee, which had reviewed the qualification and experience of Mr Chang Cheng-Hsing Francis, the Board of Directors approved his re-appointment as an Executive Director of the Company and the Chief Executive Officer of the Company and its subsidiaries (the "Group").	Upon the recommendation of the Nominating Committee, which had reviewed the independence, qualification and experience of Mr Lee Hock Lye, the Board of Directors approved his re-appointment as an Independent Director of the Company.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Non-Executive	Executive, overall management of the Company and the Group	Non-Executive
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Non-Executive and Non-Independent Chairman and Member of the Audit, Nominating and Remuneration Committees	Group Chief Executive Officer and Executive Director	Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees
<b>Professional qualifications</b>	Bachelor of Medicine, Bachelor of Surgery, National University of Singapore;  Member of the Royal Colleges of Physicians, United Kingdom.	Bachelor of Science degree in Geology, National Taiwan University, Taiwan (R.O.C);  Graduate study programme in Geophysics at Harvard University;  Member of American Association of Petroleum Geologists;  Member of Southeast Asia Petroleum Exploration Society;  Member of Indonesian Petroleum Association.	Bachelor of Social Sciences (Honours) degree in Economics, University of Singapore, Singapore;  Associate, The London Institute of Banking & Finance (formerly known as the Chartered Institute of Bankers, London).

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dato' Sri Dr Tiong Ik King	Chang Cheng-Hsing Francis	Lee Hock Lye
<b>Working experience and occupation(s) during the past 10 years</b>	<p>Mar 1995 – Present, Non-Independent Non-Executive Director, Jaya Tiasa Holdings Berhad;</p> <p>Oct 1995 – Mar 2017, Executive Director, Media Chinese International Limited;</p> <p>Apr 2017 – Mar 2018, Non-Executive Director, Media Chinese International Limited;</p> <p>Apr 2018 – Present, Non-Executive Director and Chairman (Non-Independent), Media Chinese International Limited;</p> <p>Mar 2008 – Mar 2017, Executive Director, RH Petrogas Limited;</p> <p>Mar 2017- Mar 2018, Non-Executive and Non-Independent Director, RH Petrogas Limited;</p> <p>Mar 2018 – April 2019, Deputy Chairman, Non-Executive and Non-Independent Director, RH Petrogas Limited;</p> <p>April 2019 – Present, Non-Executive and Non-Independent Chairman, RH Petrogas Limited.</p>	<p>Jun 2010 – Dec 2013, Vice President-Exploration and Production, RH Petrogas Limited;</p> <p>Jan 2014 – Present, Group Chief Executive Officer and Executive Director, RH Petrogas Limited.</p>	<p>Aug 2003 – Apr 2013, Independent Director, Kingsmen Creative Ltd;</p> <p>Sep 2009 – Jan 2021, Business Advisor, Lombard Odier (Singapore) Ltd;</p> <p>Nov 2003 – Present, Independent Director, RH Petrogas Limited.</p>
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	Yes	No	No
<b>Shareholding Details</b>	Deemed interest of 212,073,086 ordinary shares of RH Petrogas Limited, arising from his shareholding in Woodsville International Limited, the holding company of Surreyville Pte. Ltd., which is the registered member holding 212,073,086 ordinary shares of RH Petrogas Limited.	Not Applicable	Not Applicable
<b>Any relationship (including immediate family relationships) with any existing director, existing executive Officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</b>	Brother of Tan Sri Datuk Sir Tiong Hiew King, substantial shareholder of the Company and Tiong Kiong King, Non-Executive and Non-Independent Director of the Company.	Nil	Nil

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dato' Sri Dr Tiong Ik King	Chang Cheng-Hsing Francis	Lee Hock Lye
<b>Conflict of interest (including any competing business)</b>	Nil	Nil	Nil
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</b>	Yes	Yes	Yes
<b>Other Principal Commitments* Including Directorships# for the last 5 years</b>	Director, Kingworld Resources Limited	Director, Kingworld Resources Limited	Business Advisor, Lombard Odier (Singapore) Ltd
<b>Other Present Principal Commitments* Including Directorships#</b>	<ol style="list-style-type: none"> <li>1. Director, Surreyville Pte. Ltd;</li> <li>2. Director, Woodsville International Ltd;</li> <li>3. Non-executive Director and Chairman (Non-independent), Media Chinese International Ltd;</li> <li>4. Non-Independent Non-Executive Director, Jaya Tiasa Holdings Bhd;</li> <li>5. Director, Habacus Trading Co. Pte. Ltd;</li> <li>6. Director, Petrogas (Island) Ltd;</li> <li>7. Director, Petrogas (Basin) Ltd;</li> <li>8. Director, RH Petrogas Investments Pte. Ltd;</li> <li>9. Director, RH Petrogas Indonesia Holding Ltd;</li> <li>10. Director, RH Petrogas Global Ventures Ltd;</li> <li>11. Director, Orchard Energy (West Belida) Ltd;</li> <li>12. Director, RH Petrogas Singapore Pte. Ltd;</li> <li>13. Director, RH Petrogas Holdings Pte. Ltd;</li> <li>14. Director, RHP (Mukah) Pte. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Director, Orchard Energy (West Belida) Ltd;</li> <li>2. Director, Petrogas (Basin) Ltd;</li> <li>3. Director, Petrogas (Island) Ltd;</li> <li>4. Director, Petrogas Basin Holding BV;</li> <li>5. Director, Petrogas Island Holding BV;</li> <li>6. Director, RHP (Mukah) Pte. Ltd;</li> <li>7. Director, RH Petrogas Global Ventures Ltd;</li> <li>8. Director, RH Petrogas Holdings Pte. Ltd;</li> <li>9. Director, RH Petrogas Indonesia Holding Ltd;</li> <li>10. Director, RH Petrogas Investments Pte. Ltd;</li> <li>11. Director, RH Petrogas Singapore Pte. Ltd;</li> <li>12. Director, RHP Salawati Basin BV;</li> <li>13. Director, RHP Salawati Island BV;</li> <li>14. Director, RHP Salawati Holdings BV</li> </ol>	<ol style="list-style-type: none"> <li>1. Director, Petrogas (Basin) Ltd;</li> <li>2. Director, Petrogas (Island) Ltd</li> </ol>

\* "Principal Commitments" has the same meaning as defined in the Code.

# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).



# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dato' Sri Dr Tiong Ik King	Chang Cheng-Hsing Francis	Lee Hock Lye
<b>Information required</b>			
<b>Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.</b>			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?		No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?		No
(c)	Whether there is any unsatisfied judgment against him?		No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?		No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?		No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?		No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		No
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or		No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No

# NOTICE OF ANNUAL GENERAL MEETING

## **RH PETROGAS LIMITED**

(Company Registration Number 198701138Z)  
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of **RH PETROGAS LIMITED** (the “**Company**”) will be held by way of electronic means on Wednesday, 28 April 2021 at 10.00 a.m., to transact the following business:

### **AS ORDINARY BUSINESS:**

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 December 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$382,973 for the financial year ended 31 December 2020. (2019: S\$448,633) **(Resolution 2)**
3. To re-elect Dato’ Sri Dr Tiong Ik King as a Director of the Company, retiring by rotation under Regulation 106 of the Company’s Constitution and who being eligible, offers himself for re-election. (see explanatory notes 1 and 2) **(Resolution 3)**
4. To re-elect Mr Chang Cheng-Hsing (Francis) as a Director of the Company, retiring by rotation under Regulation 106 of the Company’s Constitution and who being eligible, offers himself for re-election. (see explanatory notes 1 and 3) **(Resolution 4)**
5. To re-elect Mr Lee Hock Lye as a Director of the Company, retiring by rotation under Regulation 106 of the Company’s Constitution and who being eligible, offers himself for re-election. (see explanatory notes 1 and 4) **(Resolution 5)**
6. Contingent upon the passing of Ordinary Resolution 5 above, shareholders of the Company to approve Mr Lee Hock Lye’s continued appointment as an Independent Director of the Company from the date of this AGM until the conclusion of the third AGM following the passing of this Resolution, in accordance with Rule 210(5)(d)(iii)(A) of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (which will take effect from 1 January 2022). (see explanatory notes 5 and 6) **(Resolution 6)**
7. Contingent upon the passing of Ordinary Resolution 5 above, shareholders of the Company (excluding the Directors and the Chief Executive Office (“**CEO**”) of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)) to approve Mr Lee Hock Lye’s continued appointment as an Independent Director of the Company from the date of this AGM until the conclusion of the third AGM following the passing of this Resolution, in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). (see explanatory notes 5, 6 and 8) **(Resolution 7)**
8. Shareholders of the Company to approve Mr Yeo Yun Seng Bernard’s continued appointment as an Independent Director of the Company from the date of this AGM until the conclusion of the third AGM following the passing of this Resolution, in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). (see explanatory notes 5 and 7) **(Resolution 8)**
9. Shareholders of the Company (excluding the Directors and the CEO of the Company, and their respective associates) to approve Mr Yeo Yun Seng Bernard’s continued appointment as an Independent Director of the Company from the date of this AGM until the conclusion of the third AGM following the passing of this Resolution, in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). (see explanatory notes 5, 7 and 8) **(Resolution 9)**
10. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution, with or without any modifications:

### 11. Authority to Allot and Issue Shares (Resolution 11)

“That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

- (a) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (b) make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares (collectively, “**Instruments**”),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

- (i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution and including Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares shall be calculated and based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:
  - (I) new Shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;
  - (II) new Shares arising from the exercise of share options or the vesting of share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution and provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (III) any subsequent bonus issue, consolidation or subdivision of Shares;
- (iii) in exercising the authority granted by this Resolution, the Company shall comply with the provisions of Companies Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

# NOTICE OF ANNUAL GENERAL MEETING

- (iv) (unless revoked or varied by the Company in a general meeting), such authority granted under this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

(see explanatory note 9)

## 12. **The Proposed Extension of and Continued Implementation of the RHP Share Option Scheme 2011** **(Resolution 12)**

That:

- (a) pursuant to Rule 17.1 of the rules of the RHP Share Option Scheme 2011 (the “**Scheme**”), the extension of the duration of the Scheme for a period of 10 years from 28 April 2021 up to 28 April 2031 (both dates inclusive) be and is hereby approved;
- (b) the proposed updates and amendment of the rules of the Scheme, the particulars of which are set out in the Letter to the shareholders of the Company dated 13 April 2021 (the “**Letter**”), be approved and adopted in substitution for, and to the exclusion of, the existing rules of the Scheme;
- (c) The Directors of the Company be hereby authorised:
- (i) to continue to administer the Scheme under which options (“**Options**”) to subscribe for ordinary shares in the capital of the Company (“**Shares**”) will be granted to selected employees and directors of the Company, its subsidiaries and associated companies;
- (ii) to modify and/or amend the Scheme from time to time, provided that such modifications and amendments are effected in accordance with the Scheme and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Scheme;
- (iii) to offer and grant Options in accordance with the provisions of the Scheme and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options, provided that the aggregate number of New Shares to be allotted and issued pursuant to the Scheme shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time;
- (d) That subject to and contingent upon Ordinary Resolutions 12(a), (b) (d) and (e) above being approved, authority be and is hereby given to the Directors to allot and issue up to such number of Shares (which together with the Shares to be issued and allotted under the proposed extension of, and alterations to Share Plan referred to in Ordinary Resolution 16) shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. (see explanatory note 10)

## 13. **Grant of Options for the Subscription of Shares at A Discount** **(Resolution 13)**

That (subject to and contingent upon the passing of Ordinary Resolution 12 being approved):

Approval be given for Options to be granted under the Scheme for the subscription of Shares at subscription prices which may, at the discretion of the committee administering the Scheme (the “**Committee**”), be subject to a discount to the market price for the Shares prevailing at the date of grant of the respective Options (such market price to be determined in accordance with the rules of the Scheme), provided that the maximum discount which may be given shall not exceed 20% of the relevant market price for the Shares applicable to that Option. (see explanatory note 10)

# NOTICE OF ANNUAL GENERAL MEETING

14. **Proposed Participation by Dato' Sri Dr Tiong Ik King in the Scheme** (Resolution 14)

That subject to and contingent upon the passing of Ordinary Resolution 12, the participation of Dato' Sri Dr Tiong Ik King, who is a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, in the Scheme be and is hereby approved. (see explanatory note 10)

15. **Proposed Participation by Tiong Kiong King in the Scheme** (Resolution 15)

That subject to and contingent upon the passing of Ordinary Resolution 12, the participation of Tiong Kiong King, who is an Associate of Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, in the Scheme be and is hereby approved. (see explanatory note 10)

16. **Proposed Extension of and Continued Implementation of the RHP Performance Share Plan** (Resolution 16)

That:

- (a) pursuant to Rule 16.1 of the rules of the RHP Performance Share Plan (the "**Share Plan**"), the extension of the duration of the Share Plan for a period of 10 years from 28 April 2021 up to 28 April 2031 (both dates inclusive) be and is hereby approved;
- (b) the proposed updates and amendment of the Share Plan, the particulars of which are set out in the Letter, be approved and adopted in substitution for, and to the exclusion of, the existing rules of the Share Plan;
- (c) the Directors of the Company be and are hereby authorised:
  - (i) to establish and administer the Share Plan under which awards ("**Awards**") of fully paid-up ordinary shares in the capital of the Company (the "**Shares**"), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees of the Company and/or its subsidiaries, including the Directors of the Company, and other selected participants, details of which are set out in the Letter; and
  - (ii) to modify and/or alter the Share Plan from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the Share Plan and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Share Plan; and
  - (iii) subject to the same being allowed by law, to apply any share purchased under any share buyback mandate towards the satisfaction of Awards granted under the Share Plan; and
- (d) the Directors of the Company be and are hereby authorised to grant Awards in accordance with the provisions of the Share Plan and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of Awards under the Share Plan, provided that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan (which together with the Shares to be issued and allotted under the Scheme referred to in Ordinary Resolution 12) shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. (see explanatory note 10)

# NOTICE OF ANNUAL GENERAL MEETING

17. **Proposed Participation by Dato' Sri Dr Tiong Ik King in the Share Plan** (Resolution 17)

That subject to and contingent upon the passing of Ordinary Resolution 16, the participation of Dato' Sri Dr Tiong Ik King, who is a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, in the Share Plan be and is hereby approved. (see explanatory note 10)

18. **Proposed Participation by Tiong Kiong King in the Share Plan** (Resolution 18)

That subject to and contingent upon the passing of Ordinary Resolution 16, the participation of Tiong Kiong King, who is an Associate of Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, in the Share Plan be and is hereby approved. (see explanatory note 10)

19. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

**Wee Woon Hong**

Company Secretary  
Singapore

13 April 2021

**EXPLANATORY NOTES:**

1. Information regarding Directors and the details of the current directorships in other listed companies and other principal commitments of Directors is appended to this Notice under the section titled "Additional Information on Directors Seeking Re-election" (the "**Additional Information Section**"); and further details can also be found in the Board of Directors and the Corporate Governance Report sections of the Company's Annual Report 2020 ("**Annual Report**"). The Annual Report is available on the SGX website (<https://www.sgx.com/securities/annual-reports-related-documents>) and on the Company's website (<http://rhpetrogas.listedcompany.com/ar.html>).
2. Dato' Sri Dr Tiong Ik King will, upon re-election as a Director of the Company, continue to serve as Non-Executive and Non-Independent Chairman of the Company and a member of the Company's Audit, Nominating and Remuneration Committees. Dato' Sri Dr Tiong is considered by the Board to be non-independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the Additional Information Section for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
3. Mr Chang Cheng-Hsing (Francis) will, upon re-election as a Director of the Company, continue to serve as Group Chief Executive Officer and Executive Director of the Company. Please refer to the Additional Information Section for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
4. Mr Lee Hock Lye will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Company's Audit Committee and as a member of the Company's Nominating and Remuneration Committees. Mr Lee is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the Additional Information Section for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
5. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from 1 January 2022), a director will no longer be independent if he has been a director for an aggregate period of more than nine years, unless his continued appointment as an Independent Director has been sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the Directors and CEO of the issuer, and associates of such Directors and CEO (the "**Two-Tier Vote**"). Mr Lee Hock Lye and Mr Yeo Yun Seng Bernard have each served as a Director of the Company for more than nine years. The Company is seeking to obtain the required approval of the Two-Tier Vote at this AGM for each of their continued appointment as an Independent Director.

# NOTICE OF ANNUAL GENERAL MEETING

6. If the Ordinary Resolutions 6 and 7 are passed (i.e. the Two-Tier Vote is approved) for Mr Lee Hock Lye to continue his appointment as an Independent Director (unless his appointment is changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018, this approval will remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Resolution 7 is conditional upon Resolution 6 being duly approved. If any of the Ordinary Resolutions 6 and 7 is not passed (i.e. the Two-Tier Vote is not approved), the last/final date that the Board can consider Mr Lee Hock Lye to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST is 31 December 2021 and in relation thereto the Board will re-examine Board composition and Board renewal including Mr Lee Hock Lye's tenure on the Board and his re-designate as a Non-Independent Non-Executive Director.
7. If the Ordinary Resolutions 8 and 9 are passed (i.e. the Two-Tier Vote is approved) for Mr Yeo Yun Seng Bernard to continue his appointment as an Independent Director (unless his appointment is changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018, this approval will remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Resolution 9 is conditional upon Resolution 8 being duly approved. If any of the Ordinary Resolutions 8 and 9 is not passed (i.e. the Two-Tier Vote is not approved), the last/final date that the Board can consider Mr Yeo Yun Seng Bernard to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST is 31 December 2021 and in relation thereto the Board will re-examine Board composition and Board renewal including Mr Yeo Yun Seng Bernard's tenure on the Board and his re-designate as a Non-Independent Non-Executive Director.
8. In compliance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the Directors and the CEO, and their respective associates (as defined in the Listing Manual of the SGX-ST), shall abstain from voting on Ordinary Resolutions 7 and 9. The Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.
9. The Ordinary Resolution 11, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.
10. Please refer to the Letter to Shareholders dated 13 April 2021 (the "**Letter to Shareholders**") which provides shareholders of the Company with information relating to, and to explain the rationale for, the proposals set out in Ordinary Resolutions 12 to 18 be tabled at the AGM, and to seek shareholders' approval for such proposals at the AGM. The Letter to Shareholders is published on the SGX website (<https://www.sgx.com/securities/equities/T13#Company%20Announcements>) and is also made available on the Company's website (<http://rhpetrogas.listedcompany.com/newsroom.html>).

## Notes on the alternative arrangements for the forthcoming AGM:

- (i) This forthcoming AGM is convened and is to be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.3) Order 2020. This Notice is published on the SGX website (<https://www.sgx.com/securities/equities/T13#Company%20Announcements>) and is also made available on the Company's website (<http://rhpetrogas.listedcompany.com/newsroom.html>). **Printed copies of this Notice, Company's Annual Report 2020 and the Letter to Shareholders dated 13 April 2021 will not be mailed to members (i.e. shareholders) of the Company.**
- (ii) In view of the COVID-19 restrictions imposed by the Government of Singapore, **members will not be able to attend the forthcoming AGM in person.** A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions.
- (iii) A member who wishes to watch and observe the proceedings of the AGM through a live webcast (comprising both video (audio-visual) and audio-only feeds) via their mobile phones, tablets or computers are to submit their request by email, with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/CPF/SRS/Script-based), email address and contact number (to enable the Company and/or its agents and service providers to authenticate their status as member) to the Company by **10.00 a.m. on 26 April 2021** (i.e. not less than 48 hours before the time appointed for holding the above AGM), to [info@rhpetrogas.com](mailto:info@rhpetrogas.com).

Upon successful authentication, each such member will receive an email reply by **3.00 p.m. on 27 April 2021**. The email reply will contain instructions to access the live webcast of the AGM proceedings. Only authenticated members are permitted to access and attend the AGM proceedings. Members who have pre-registered by the deadline of 10.00 a.m. on 26 April 2021 but have not received an email reply by 3.00 p.m. on 27 April 2021 are to contact the Company for assistance by phone (at (65) 6216 3988) or by email (at [info@rhpetrogas.com](mailto:info@rhpetrogas.com)) as soon as practicable.

# NOTICE OF ANNUAL GENERAL MEETING

On the day of the AGM, before an authenticated and pre-registered member may access the live webcast and attend the AGM (by electronic means), the member's identity is required to be verified by the Company's Share Registrar. Members are encouraged to log in (to access to the live webcast of the AGM proceedings) early to avoid possible bottlenecks and potential delays. We seek your kind understanding and cooperation. Members may log in from **9.00 a.m. on Wednesday, 28 April 2021**.

- (iv) Members will not be allowed to ask questions during the live webcast of the AGM. Members who may have questions relating to each resolution to be tabled for approval at the AGM are to submit their questions by email, together with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/CPF/SRS/Script-based), email address, and contact number (to enable the Company and/or its agents and service providers to authenticate their status as members) to the Company by **10.00 a.m. on Sunday, 25 April 2021** (that is not less than 72 hours before the time fixed for holding the forthcoming AGM) to [info@rhpetrogas.com](mailto:info@rhpetrogas.com). The Company will endeavour to address all relevant and substantial questions (as may be determined by the Company in its sole discretion) received.
- (v) CPF and SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks, SRS Operators or relevant intermediaries to submit their votes and/or questions relating to each resolution to be tabled for approval at the AGM, by **5.00 p.m. on Friday, 16 April 2021**. As a recap, only the chairman of the forthcoming AGM may be appointed as proxy.
- (vi) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (vii) The instrument appointing a proxy must either be deposited at the Registered Office of the Company at 20 Harbour Drive, #06-03, Singapore 117612, or submitted to the Company by email to [info@rhpetrogas.com](mailto:info@rhpetrogas.com), by **10.00 a.m. on 26 April 2021** (that is, not less than 48 hours before the time appointed for holding the above AGM). Members are strongly encouraged to submit the completed and signed PDF copies of their proxy forms to the Company via email.
- (viii) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the forthcoming AGM in order for the Depositor to be entitled to access the live webcast and attend and vote by appointing the Chairman of the AGM as proxy at the forthcoming AGM.
- (ix) The Company will publish the minutes of the AGM via the SGXNet platform and the Company's website within one month after the date of AGM.
- (x) As the COVID-19 situation continues to evolve, members are advised to read the Government of Singapore's "COVID-19: Advisories for Various Sectors" (<https://www.gov.sg/article/covid-19-sector-specific-advisories>) including the health advisories issued by the Ministry of Health ("MOH"). The Company will monitor the situation and reserves the right to take further measures as appropriate in order to comply with the various government and regulatory advisories. Any changes to the manner of conduct of the forthcoming AGM will be announced by the Company on the SGXNet platform.

## Summary of Key dates and times

Dates and times (Deadlines/Opening Time)	Actions
<b>By Monday, 19 April 2021, 5.00 p.m.</b>	For CPF and SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy to approach their respective CPF Agent Bank, SRS Operators or relevant intermediaries to submit their votes and/or questions relating to each resolution to be tabled for approval at the AGM.
<b>By Sunday, 25 April 2021, 10.00 a.m.</b>	For Members who have questions relating to the business of the AGM to email their questions to <a href="mailto:info@rhpetrogas.com">info@rhpetrogas.com</a> .
<b>By Monday, 26 April 2021, 10.00 a.m.</b>	For Members to: <ul style="list-style-type: none"> <li>(a) submit the necessary information required for authentication by email to <a href="mailto:info@rhpetrogas.com">info@rhpetrogas.com</a> should they wish to access the live webcast and attend the AGM; and/or</li> <li>(b) deposit/email the completed and signed proxy forms either (i) at the Registered Office of the Company at 20 Harbour Drive, #06-03, Singapore 117612, or (ii) to the Company to <a href="mailto:info@rhpetrogas.com">info@rhpetrogas.com</a>.</li> </ul> <p>In view of the COVID-19 situation, members are strongly encouraged to submit their completed and signed PDF copies of their proxy forms electronically via email to <a href="mailto:info@rhpetrogas.com">info@rhpetrogas.com</a>.</p>



# NOTICE OF ANNUAL GENERAL MEETING

Dates and times (Deadlines/Opening Time)	Actions
<b>By Tuesday, 27 April 2021, 3.00 p.m.</b>	For members who have been successfully authenticated to receive an email reply with instructions to access the live webcast of the AGM (" <b>Confirmation Email</b> "); and for members who have pre-registered but have not received any Confirmation Email by this time to contact the Company for assistance by phone (at (65) 6216 3988) or by email (at <a href="mailto:info@rhpetrogas.com">info@rhpetrogas.com</a> ) as soon as practicable.
<b>Wednesday, 28 April 2021, 9.00 a.m.</b>	When pre-registered members may log in for the Share Registrar to verify their identity and access to the live webcast to the AGM (that is scheduled to commence at 10.00 a.m. on Wednesday, 28 April 2021), using the instructions received in the Confirmation Email.

### Personal Data Privacy:

By attending, speaking, proposing, seconding and/or voting at the AGM and/or by a member of the Company submitting questions and/or an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and/or vote at the AGM and/or any adjournment thereof, the person/member (i) understands and accepts that photographs, images, audio and/or video recordings, webcasts and transcripts of the AGM may be taken and/or made by the Company (and/or its agents and service providers), (ii) consents to the collection, use and disclosure of the person's/member's and its proxy(ies)'s or representative(s)'s personal data by the Company (and/or its agents and service providers) for legal, regulatory, compliance, corporate policies, procedures and administration, corporate actions, corporate communications and investor relations purposes and for the purposes of the processing, administration and record keeping by the Company (and/or its agents and service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation, compilation, recording, keeping of the attendance lists, transcripts, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents and service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and for publication and/or use in the Company's Annual Report, corporate brochures, newsletters, publications, materials and/or corporate website by the Company (and/or its agents and service providers) (collectively, the "**Purposes**"), (iii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents and service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# RH PETROGAS LIMITED

(Company Registration Number 198701138Z)  
(Incorporated in the Republic of Singapore)

## PROXY FORM ANNUAL GENERAL MEETING

### Important:

1. The AGM is convened and is to be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.3) Order 2020.
2. The Notice of the AGM and this proxy form are published on and can be downloaded from both the SGX website (<https://www.sgx.com/securities/equities/T13#Company%20Announcements>) and the Company's website (<http://rhpetrogas.listedcompany.com/newsroom.html>). Printed copies of the Notice of the AGM and this proxy form will not be mailed to members (i.e. shareholders).
3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live webcast (comprising both video (audio-visual) and audio-only feeds)), submission of questions to the Chairman of the AGM in advance of the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of the AGM.
4. **In view of the COVID-19 restrictions imposed by the Government of Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions.**
5. CPF/SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy, should approach their respective Agent Banks/SRS Operators or relevant intermediaries to submit their votes by 5.00 p.m. on Monday, 19 April 2021.
6. By submitting an instrument appointing the Chairman of the AGM as proxy, a member deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of the AGM dated 13 April 2021.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to vote on his/her/its behalf at the AGM.

I/We\* \_\_\_\_\_ (Name) NRIC/Passport /Company Registration No.\* \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a shareholder/shareholders\* of RH PETROGAS LIMITED (the "Company") hereby appoint, the Chairman of the Annual General Meeting ("AGM") of the Company as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 28 April 2021 at 10.00 a.m. and at any adjournment thereof.

I/We\* direct the Chairman to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution(s) will be treated as invalid.**

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions relating to:	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
	<b>Ordinary Business</b>			
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2.	Approval of Directors' fees amounting to S\$382,973			
3.	Re-election of Dato' Sri Dr Tiong Ik King as a Director			
4.	Re-election of Mr Chang Cheng-Hsing (Francis) as a Director			
5.	Re-election of Mr Lee Hock Lye as a Director			
6.	Approval of Mr Lee Hock Lye's continued appointment as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			



No.	Resolutions relating to:	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
7.	Approval of Mr Lee Hock Lye's continued appointment as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
8.	Approval of Mr Yeo Yun Seng Bernard's continued appointment as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
9.	Approval of Mr Yeo Yun Seng Bernard's continued appointment as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
10.	Re-appointment of Messrs Ernst & Young LLP as Auditors			
	<b>Special Business</b>			
11.	Authority to allot and issue new shares in the Company and make/grant/offer Instruments			
12.	The Proposed Extension of and Continued Implementation of the RHP Share Option Scheme 2011			
13.	Grant of Options for the Subscription of Shares at A Discount			
14.	Proposed Participation by Dato' Sri Dr Tiong Ik King in the Scheme			
15.	Proposed Participation by Tiong Kiong King in the Scheme			
16.	Proposed Extension of and Continued Implementation of the RHP Performance Share Plan			
17.	Proposed Participation by Dato' Sri Dr Tiong Ik King in the Share Plan			
18.	Proposed Participation by Tiong Kiong King in the Share Plan			

\* Delete accordingly

\*\* If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM**

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. In view of the COVID-19 restrictions imposed by the Government of Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. This proxy form is made available on the SGX website (<https://www.sgx.com/securities/equities/T13#Company%20Announcements>) and also on the Company's website (<http://rhpetrogas.listedcompany.com/newsroom.html>). Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting (for or against), or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. CPF/SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy should approach their respective Agent Banks/SRS Operators or relevant intermediaries to submit their votes by **5.00 p.m. on Friday, 16 April 2021**.
4. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. A member who wishes to submit an instrument of proxy appointing the Chairman of the AGM as proxy must download, complete, sign and submit the proxy form, either by:
  - (i) depositing the signed proxy form at the Registered Office of the Company at 20 Harbour Drive, #06-03, Singapore 117612; or
  - (ii) scanning and emailing a copy of the signed proxy form to the Company to [info@rhpetrogas.com](mailto:info@rhpetrogas.com); andin either case, by **10.00 a.m. on 26 April 2021** (that is, not less than 48 hours before the time appointed for the AGM). **Members are strongly encouraged to submit their completed and signed PDF copies of their proxy forms to the Company via email (at [info@rhpetrogas.com](mailto:info@rhpetrogas.com)).**
6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) either be:
  - (i) lodged/deposited with the instrument of proxy (if submitted by post); or
  - (ii) scanned and submitted electronically with the instrument of proxy (if submitted via email),failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Any alteration made in this instrument appointing the Chairman of the AGM as proxy, must be initialled by the member/person who signs it.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of AGM dated 13 April 2021.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dato' Sri Dr Tiong Ik King  
*(Non-Executive and Non-Independent Chairman)*  
Chang Cheng-Hsing Francis  
*(Group CEO and Executive Director)*  
Tiong Kiong King  
*(Non-Executive and Non-Independent Director)*  
Yeo Yun Seng Bernard  
*(Independent Director)*  
Lee Hock Lye  
*(Independent Director)*  
Achmad Lukman Kartanegara  
*(Independent Director)*  
Kuan Li Li  
*(Independent Director)*

## AUDIT COMMITTEE

Lee Hock Lye  
*(Chairman)*  
Yeo Yun Seng Bernard  
Achmad Lukman Kartanegara  
Kuan Li Li  
Dato' Sri Dr Tiong Ik King

## REMUNERATION COMMITTEE

Yeo Yun Seng Bernard  
*(Chairman)*  
Lee Hock Lye  
Kuan Li Li  
Dato' Sri Dr Tiong Ik King

## NOMINATING COMMITTEE

Kuan Li Li  
*(Chairman)*  
Yeo Yun Seng Bernard  
Lee Hock Lye  
Achmad Lukman Kartanegara  
Dato' Sri Dr Tiong Ik King

## SECRETARY

Wee Woon Hong

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## SHARE REGISTRAR

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Audit Partner-in-charge:  
Tan Po Hsiong Jonathan

Date of appointment:  
Since financial year ended  
31 December 2018



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