

GENERAL ANNOUNCEMENT::RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING HELD ON 21 APRIL 2022

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Submitted By (Co./ Ind. Name)

Lee Pih Peng

Designation

Group Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attached.

Attachments

[SPC Announcement Response to Shareholders Questions.pdf](#)

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SP CORPORATION LIMITED

(Company Registration No. 195200115K)

RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING ON 21 APRIL 2022

The Board of Directors (the “**Board**”) of SP Corporation Limited (the “**Company**”) refers to the announcement dated 6 April 2022 in relation to the Notice of Annual General Meeting to be held by electronic means on Thursday, 21 April 2022, at 11.30 a.m. (“**AGM**”).

The Company would like to express its appreciation to its shareholders for submitting their questions in advance of the AGM. The Company would also like to inform shareholders that the substantial and relevant questions received by the Company by the deadline, i.e. 11.30 a.m. on 14 April 2022, have been responded to and are published in this announcement. Please refer to the Appendix A of this announcement for details of the questions and responses of the Company.

BY ORDER OF THE BOARD

Lee Pih Peng
Group Company Secretary
16 April 2022

APPENDIX A

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

Question 1:

In relation to the loss allowance of \$1,493,000 for trade receivables due from related parties on page 101 of the Annual Report, please disclose/explain the following:

- (a) Who are these related parties and how are they related to the Company?
- (b) On what basis does the Company deem that a provision for loss allowance is necessary?
- (c) What safeguards are in place to ensure that minority shareholders' interests are protected, and the possible interest waiver are not at the expense of the minority shareholders?

Company's Response:

Please refer to the Company's announcement dated 14 April 2022 where the Company has responded to certain queries from the SGX-ST RegCo which overlap with the queries above.

The Group has safeguards in place to ensure that minority shareholders' interests are protected with regards to interested person transactions ("IPTs"). IPTs of \$100,000 or more require the approval of (a) a Review Committee tasked by the Board of Directors (the "**Board**") with the review and approval of such transactions or (b) the Audit and Risk Committee (the "**ARC**"). Majority of the members of the Board or the ARC are independent directors, in-line with the Code of Corporate Governance 2018.

Question 2:

In relation to the cash and cash equivalents of the Group of approximately \$49.6 million as at 31 December 2021:

- (a) Please justify the reason(s) for having so much cash sitting idle on the balance sheet and not used to generate returns for the Group.
- (b) If the Group has no such use of cash in the next one or two years, please justify why the Group insisted on keeping such cash instead of returning the cash back to the shareholders.
- (c) Would the Board consider declaring a special dividend to the shareholders (since no dividend has been declared for many years)?

Company's Response:

The Group maintains the view that it is important to conserve cash for investment opportunities or future expansion plans that can enhance shareholder value in the long term. The Company also had accumulated losses as at 31 December 2021, and hence, it is not in an adequate position to declare dividends.

The recent conflict in Ukraine, and prior thereto the global COVID-19 pandemic, has caused massive supply chain disruptions and shortages, including in the commodities trading markets, and the investment and operating environment will be uncertain at least in the short to medium term, which the management and the Board would have to take into account in relation to their considerations of possible options for the deployment of cash and cash equivalents of the Group. Going forward, all options are on the table, and shareholders will be informed when the Board reaches a decision.

For clarity, the Group did not make any loan to related parties since FY2019. The last loan was to Nuri Investments (S) Pte. Ltd. in 2018, and principal and interest have been repaid in full in 2020.

Question 3:

It seems that the Company currently does not have any active revenue generating business upon the termination of the coal allocation agreement as announced on 5 January 2022. Please disclose the revenue earned from 1 January 2022 to 31 March 2022 and the source of revenue.

Please also confirm that the Company is in compliance with Chapter 10 - 1018 Cash Companies of the SGX Rulebook.

Company's Response:

As disclosed in the 2021 Annual Report, the Company will be announcing its financial results for the first half of the financial year ending 31 December 2022 ("**1H2022**") on or around 5 August 2022, where *inter alia*, the Company will be reporting its revenue for 1H2022.

The Company is currently not a cash company as defined under Chapter 10 - 1018 Cash Companies of the SGX Rulebook. Despite the termination of the coal allocation agreement, the Group continues to pursue trading opportunities in coal on an ad hoc basis as well as in other commodities. The Company is aware of the requirements under Rule 1018 of the SGX-ST Listing Manual, and will update shareholders should such provision be applicable to the Company.

Question 4:

Please elaborate on the future prospects of the Company, especially when a long-serving and Independent Board member has just resigned (over disagreement with the Board) and there is no full-time CEO since the demise of the last CEO in February 2020 (2 years ago)? When will a full-time CEO be appointed to lead the company towards a better future especially in the uncertain times ahead?

Company's Response:

This transitional period for the Group is particularly challenging in light of the ongoing Covid-19 pandemic. Notwithstanding these challenges, the Board and management are aware of the imperative to achieve long term sustainable business performance and to enhance shareholders' value. Despite the termination of its coal allocation agreement, the Group will continue to engage in coal trading on an ad hoc basis and pursue commodities trading business by leveraging on established business relationships. The Group will also continue to explore other business opportunities to diversify from commodities trading segment. However, each opportunity must be evaluated based on its viability and merits. It is an ongoing process. Any changes to the management team will have to be considered, *inter alia*, in conjunction with the review and consideration of such opportunities. The Board will release information if there are major developments in accordance with SGX-ST listing rules. However, the Group is unable to disclose information on any corporate exercise until it has been confirmed.

Question 5:

Please explain and justify the reason(s) for the increase in Directors' fees from S\$179,862 in FY2020 to S\$204,608 in FY2021.

Company's Response:

There was an increase in Directors' fees in FY2021 compared to FY2020 mainly due to Directors' fees payable to a Non-Executive Director who became entitled to director's fee from 7 August 2021 to 31 December 2021 and for fees payable to certain Directors for additional meetings attended apart from the regular meetings of the Board and the Board Committees. The Board has in FY2021 established an ad hoc committee, further details of which are set out in the Company's 2021 Annual Report.

Question 6:

Would the Board consider appointing a top management consulting firm (McKinsey, Accenture, etc) to restructure and transform the company for its future growth and success?

Company's Response:

The Board will take this into consideration when evaluating the strategic options for the Group.

Question 7:

Can the Company manage its business efficaciously and achieve profits and growth with its limited number of staff?

Company's Response:

The Group's current staff strength is commensurate with its existing business operations, and the Company will consider changes to its staffing requirements, if required, *inter alia*, in conjunction with the Company's exploration of possible business opportunities as and when they arise.