

OTHER SCHEME OF ARRANGEMENT::FAQS AND PRESENTATION SLIDES IN RELATION TO THE SCHEME

Issuer & Securities

Issuer/ Manager

SP CORPORATION LIMITED

Securities

SP CORPORATION LIMITED - SG1AJ0000007 - AWE

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No

Announcement Details

Announcement Title

Other Scheme of Arrangement

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Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below-Refer to the Online help for the format)

Please refer to the following attachments:

- (a) Scheme FAQs
- (b) Presentation slides on the Scheme

Attachments

[24931866_Scheme.FAQ.pdf](#)[24931857_Scheme.Presentation.pdf](#)

Total size =1291K MB

Frequently Asked Questions (“FAQ”) in respect of the Scheme of Arrangement of SP Corporation Limited (the “Company”)

The information contained herein should be read in conjunction with, and in the context of, (i) the Scheme Document released by the Company on 3 November 2022; and (ii) the further documents disseminated by the Company on 11 November 2022 (the “Further Documents”). Scheme Shareholders are reminded to consider each of the Scheme Document and the Further Documents in their entirety. As each Scheme Shareholder would have different investment objectives and profiles, any individual Scheme Shareholder who may require advice in the context of his/her/its specific investment objectives or portfolio should consult his/her/its stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Unless otherwise stated, terms and references used but not defined in this FAQ shall have the same meaning as that set out in the Scheme Document.

1. Why is the Offeror proposing the Scheme?

The Offeror believes that there is minimal benefit for the Company to maintain its listing on the SGX-ST as the Company has not carried out any fund-raising exercise on the SGX-ST in recent years. The Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future. The Offeror is also of the view that the Acquisition allows the Offeror to reduce the duplication of compliance and associated costs in maintaining the listing status of both the Offeror and the Company and privatising the Company will allow the Offeror and the management of the Company to consolidate the business of the Company and to optimise the use of its management and capital resources.

2. How much is the Scheme Consideration?

If the Scheme is approved, each Scheme Shareholder as at the Books Closure Date will be entitled to receive for each Scheme Share held as at the Books Closure Date **S\$1.59 in cash**.

For illustration purposes, a Scheme Shareholder holding 1,000 shares will receive S\$1,590 in cash.

If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution.

3. Will there be a higher Competing Offer?

The Offeror holds 28,146,319 SP Shares which represent more than 50 per cent. of the total SP Shares.

No other Competing Offer will be capable of turning unconditional or succeeding without the Offeror’s support, and after prior consultation with the SIC. Should the Scheme fail, the Offeror is not permitted under the Code to announce another offer or possible offer for the Company for 12 months following the lapse of the Scheme, except with the SIC’s consent.

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4. How does the Scheme Consideration compare to the historical trading prices and historical trading liquidity of the SP Shares?

- The Scheme Consideration is at a premium over the one (1)-month, three (3)-month, six (6)-month and 12-month volume weighted average prices (“VWAP”) of the SP Shares prior to and including the last full trading day immediately before the Joint Announcement Date (the “Last Trading Day”).

Description	Benchmark price of the SP Shares ⁽¹⁾	Premium to the benchmark price of the SP Shares ⁽²⁾⁽³⁾
	(S\$)	
VWAP for the 12-month period prior to and including the Last Trading Day	0.661	140.54%
VWAP for the six (6)-month period prior to and including the Last Trading Day	0.619	156.87%
VWAP for the three (3)-month period prior to and including the Last Trading Day	0.605	162.81%
VWAP for the one (1)-month period prior to and including the Last Trading Day	0.603	163.68%
Last transacted price per SP Share as quoted on the SGX-ST on the Last Trading Day	0.590	169.49%

Notes:

- (1) The VWAP is calculated based on the VWAP turnover divided by VWAP volume of the SP Shares for the relevant periods as extracted from Bloomberg.
- (2) Computed based on the benchmark prices which were rounded to the nearest three (3) decimal places.
- (3) Percentages rounded to the nearest two (2) decimal places.

- The Scheme Consideration also exceeds the highest closing price of the SP Shares in over 10 years preceding the Last Trading Day.
- The trading volume of the SP Shares has been low, with an average daily trading volume of approximately 5,191 SP Shares, 5,694 SP Shares, 4,876 SP Shares and 4,354 SP Shares during the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including the Last Trading Day. These represent 0.015 per cent., 0.016 per cent., 0.014 per cent. and 0.012 per cent. of the total number of issued SP Shares for the aforementioned relevant periods, respectively. The Scheme therefore provides Scheme Shareholders an option to exit their entire investment for cash without incurring brokerage and other trading costs, which may otherwise be difficult to do so due to the low trading liquidity of the SP Shares.

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5. Is the Scheme Consideration at a discount or premium to the net asset value (“NAV”) per SP share?

The Scheme Consideration of S\$1.59 per SP Share is equivalent (and not at a discount) to the NAV per SP Share as at 30 June 2022.

6. What is the opinion of the IFA on the Scheme?

Scheme Shareholders are reminded to consider the entirety of the IFA letter addressed to the Independent Directors which is in Appendix 1 of the Scheme Document and the IFA Confirmation Letter (as defined in the Further Documents).

The IFA is of the opinion that the financial terms of the Scheme are, on balance, **fair and reasonable**, and taking the factors that they have considered on balance, the IFA advised the Independent Directors to recommend that Scheme Shareholders **vote in favour of the Scheme**.

7. What is the recommendation of the Independent Directors to the Scheme Shareholders?

The Independent Directors, having carefully considered the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors unanimously recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Court Meeting.

Having carefully considered the Profit Guidance Announcement (as defined in the Further Documents), the Auditors Report (as defined in the Further Documents) and the IFA Confirmation Letter, the Independent Directors continue to recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Court Meeting.

8. What approvals are required for the Scheme to succeed?

The Scheme will require, *inter alia*, the following approvals:

- (a) the approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting, such majority holding not less than three-fourths in value of the Scheme Shares voted at the Court Meeting; and
- (b) the sanction of the Scheme by the Court.

9. What happens should the Scheme Shareholders vote down the Scheme?

Should the Scheme not be approved by the requisite majority of Scheme Shareholders at the Court Meeting, the Company will continue to be listed on the Main Board of the SGX-ST, subject to the Company’s continued compliance with the SGX-ST Listing Manual. The Offeror will not be permitted under the Code to announce another offer or possible offer for the Company for 12 months following the lapse of the Scheme, except with the SIC’s consent.

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10. Who can vote on the Scheme and how does the Board of the Company manage potential conflict of interests given that there are common substantial shareholders and directors of the Offeror and the Company?

All Shareholders, other than the Offeror and persons acting or presumed to be acting in concert with the Offeror in connection with the Scheme (the “**Offeror Concert Party Group**”), can vote on the Scheme.

As disclosed in the Letter from the Offeror to Scheme Shareholders in Appendix 2 to the Scheme Document, as at the Latest Practicable Date, the Offeror Concert Party Group owns, controls or has agreed to acquire an aggregate of 28,893,719 SP Shares, representing approximately 82.32% of the total number of SP Shares (this includes the 28,146,319 SP Shares held by the Offeror). The Offeror Concert Party Group will be required to abstain from voting its SP Shares at the Court Meeting.

The Independent Directors are being advised by a separate legal adviser and the Independent Financial Adviser in respect of the Scheme.

Mr Cheng Hong Kok and Mr William Nursalim alias William Liem, both of whom are Directors who are also directors of the Offeror, have abstained from making a recommendation on the Scheme to the Scheme Shareholders.

11. How to vote on the Scheme?

The Court Meeting will be held by way of electronic means. Accordingly, Scheme Shareholders will not be able to attend the Court Meeting in person.

Scheme Shareholders (whether individual or corporate) who wish to (i) attend and vote (in real time) at the Court Meeting via electronic means or (ii) appoint a proxy(ies) to attend and vote (in real time) at the Court Meeting via electronic means must pre-register online at the Company’s pre-registration website at the URL <https://conveneagm.sg/SPCorporation> from now till 10.00 a.m. on 22 November 2022 to provide the requisite details of the shareholder and proxy(ies) (if applicable) for verification purposes.

Following the verification, authenticated Scheme Shareholders will receive an email, which will contain instructions on how to access the live audio-visual webcast and the live audio-only stream of the Court Meeting proceedings, by 5.00 p.m. on 23 November 2022. Scheme Shareholders, CPFIS Investors and SRS Investors who do not receive an email by 5.00 p.m. on 23 November 2022 but have registered by the deadline on 22 November 2022 should contact the Share Registrar, B.A.C.S. Private Limited, at +65 6593 4848 (during office hours) or email main@zicoholdings.com.

For the avoidance of doubt, pre-registration is not required if a Scheme Shareholder only intends to appoint the Chairman of the Court Meeting as his/her/its proxy and does not intend to attend the Court Meeting.

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12. What is the expected timetable for the transaction?

Save for the last date and time for the lodgement of the Proxy Form and the date and time of the Court Meeting, the below dates are indicative only and may be subject to change. Please refer to future announcement(s) by the Company on SGXNET for the exact dates of these events

Latest date and time for lodgement of the Proxy Form for the Court Meeting	: 22 November 2022, 10.00 a.m.
Date and time of the Court Meeting	: 25 November 2022, 10.00 a.m.
Place of the Court Meeting	: The Court Meeting will be held by way of electronic means
Expected date of the Court hearing the application to approve the Scheme	: On or around 5 December 2022
Expected last day of trading of the SP Shares on the SGX-ST	: On or around 7 December 2022
Expected Books Closure Date	: On or around 9 December 2022
Expected Effective Date	: On or around 12 December 2022
Expected date for the payment of the Scheme Consideration	: On or around 21 December 2022
Expected date for delisting of the SP Shares from the SGX-ST	: On or around 23 December 2022

13. SGX-ST Listing Manual: Rule 1018 (Cash Companies)

In the Company’s response to questions from Shareholders for its annual general meeting on 21 April 2022, the Company had stated that it is not a cash company as defined under Rule 1018 of the SGX-ST Listing Manual. Despite the termination of the coal allocation agreement (as announced by the Company on 5 January 2022), the Company noted in its response that the Company and its subsidiaries continue to pursue trading opportunities in coal on an ad hoc basis as well as in other commodities.

As announced by the Company in its announcement dated 11 November 2022, the Company and its subsidiaries (the “Group”) did not record any revenue in the trial balance of the Group for the nine (9)-month period from 1 January 2022 to 30 September 2022, and the financial results forecasted by management of the Group as at 4 November 2022 for the financial year ending 31 December 2022 is expected to be reported as a loss.

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The Company is aware of the requirements under Rule 1018 of the SGX-ST Listing Manual (an extract of which is set out below) and will update Shareholders should such provision be applicable to the Company. Capitalised terms used in the extract below shall have the same meaning as that set out in the SGX-ST Listing Manual.

“1018 Cash Companies

(1) *If the assets of an issuer consist wholly or substantially of cash or short-dated securities, its securities will normally be suspended. The suspension will remain in force until the issuer has a business which is able to satisfy the Exchange's requirements for a new listing, and all relevant information has been announced. Upon completion of the disposal of its operations and/or assets, the issuer must:—*

(a) *Place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the issuer) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the Exchange's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders; and*

(b) *Provide monthly valuation of its assets and utilization of cash, and quarterly updates of milestones in obtaining a new business to the market via SGXNET.*

Taking the above compliance into account, the Exchange may allow continued trading in a cash company's securities on a case-by-case basis, subject to:—

(c) *Contractual undertakings from the issuer's directors, controlling shareholders, chief executive officer and their associates to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the securities of the issuer; and*

(d) *The period of the moratorium must commence from the date shareholders approve the disposal of business, up to and including the completion date of the acquisition of a business which is able to satisfy the Exchange's requirements for a new listing.*

(2) *The Exchange will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the Exchange for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension is subject to the issuer providing information to investors on its*

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progress in meeting key milestones in the transaction. In the event the issuer is unable to meet its milestones or complete the relevant acquisition despite the time extension granted, no further extension will be granted and the issuer will be removed from the Official List and a cash exit offer in accordance with Rule 1309 should be made to the issuers' shareholders within 6 months.”

RESPONSIBILITY STATEMENT

Company

The Directors (including any who may have delegated detailed supervision of the preparation of this FAQ) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this FAQ which relate to the Company (excluding information relating to the Offeror or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to the Company have been omitted from this FAQ, the omission of which would make any statement in this FAQ misleading, and the Directors jointly and severally accept responsibility accordingly.

Where any information which relates to the Company has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this FAQ. The Directors do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

Offeror

The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this FAQ) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this FAQ (excluding information relating to the Company or any opinion expressed by the Company) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this FAQ, the omission of which would make any statement in this FAQ misleading, and the directors of the Offeror jointly and severally accept responsibility accordingly.

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