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THIS SCHEME DOCUMENT IS ISSUED BY SP CORPORATION LIMITED (THE "COMPANY"). THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued ordinary shares in the capital of the Company, you should immediately forward this Scheme Document and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Scheme Document.



SP Corporation Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 195200115K)

PROPOSED ACQUISITION BY TUAN SING HOLDINGS LIMITED OF ALL THE SHARES IN THE ISSUED SHARE CAPITAL OF SP CORPORATION LIMITED (OTHER THAN THE SHARES HELD BY TUAN SING HOLDINGS LIMITED) BY WAY OF A SCHEME OF ARRANGEMENT

Offeror Financial Adviser



Independent Financial Adviser to the Independent Directors

Ernst & Young Corporate Finance Pte Ltd

(Incorporated in the Republic of Singapore)
(Company Registration No. 199702967E)



IMPORTANT

Last date and time for lodgement of Proxy Form for the Court Meeting : **22 November 2022 at 10.00 a.m.**

Date and time of the Court Meeting : **25 November 2022 at 10.00 a.m.**

Place of the Court Meeting : Held via electronic means.

The action to be taken by you is set out on pages 37 to 39 of this Scheme Document.

The important dates, times and place relating to the Court Meeting and the expected timetable are set out on page 10 of this Scheme Document. Your attention is also drawn to the notes under the expected timetable.

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DEFINITIONS

In this Scheme Document, the following definitions apply throughout except where the context otherwise requires:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore.
“Acquisition”	:	The proposed acquisition by the Offeror to acquire all the SP Shares held by the Scheme Shareholders.
“Application”	:	The application made by the Offeror to the SIC to seek certain rulings in relation to the Scheme.
“Balance Sheet Date”	:	30 June 2022.
“Board”	:	The board of directors of the Company.
“Books Closure Date”	:	The books closure date to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme.
“Business Day”	:	A day (other than Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore.
“CDP”	:	The Central Depository (Pte) Limited.
“Code”	:	The Singapore Code on Take-overs and Mergers promulgated by the SIC as the same may be modified, amended, supplemented or replaced from time to time.
“Claim”	:	Any notice, demand, assessment, letter or other document issued or action taken by the Taxation authority or other statutory or governmental authority, body or official whosoever whereby a SP Group Company is placed under a liability to make a payment on any Taxation or deprived of any relief, allowance, credit or repayment otherwise available for Taxation purposes.
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time.
“Company” or “SP”	:	SP Corporation Limited.
“Company Secretary”	:	The company secretary of SP.
“Company Securities”	:	(i) SP Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options or derivatives in respect of such SP Shares or securities which carry voting rights in the Company.

DEFINITIONS

“Competing Offer”	:	Any expression of interest, offer or proposal by any person other than the Offeror involving (i) a sale, transfer or other disposal of any direct or indirect interest in substantially all of the assets, business and/or undertakings of SP (whether held directly by SP or indirectly through one or more SP Group Companies); (ii) a general offer (including partial offer) for the SP Shares; (iii) a scheme of arrangement involving SP or the merger of SP with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or (iv) any other arrangement having an effect similar to any of (i) to (iii), including a merger or amalgamation proposal. For the purpose of this definition, a Competing Offer will be deemed to be for substantially all of the assets, business and/or undertakings of SP if the relevant assets, business and/or undertakings in question constitute a “material amount” as defined in Note 2 on Rule 5 of the Code.
“Conditions Long-Stop Date”	:	The date falling six (6)-month from the date of the Implementation Agreement or such other date as the Parties may agree in writing.
“Court”	:	The General Division of the High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore.
“Court Hearing”	:	The hearing of the Court in respect of the application to sanction the Scheme.
“Court Meeting”	:	The meeting of the Scheme Shareholders to be convened by the Court to approve the Scheme and any adjournment thereof.
“Court Order”	:	The order of the Court sanctioning the Scheme under Section 210 of the Companies Act.
“CPF”	:	The Central Provident Fund.
“CPFIS”	:	The Central Provident Fund Investment Scheme.
“CPFIS Investors”	:	Investors who have purchased SP Shares using their CPF contributions pursuant to the CPFIS.
“Directors”	:	The directors of the Company as at the Latest Practicable Date.
“Disclosed”	:	Fully and fairly disclosed in sufficient detail to enable the Offeror to assess the nature and scope of the matter so disclosed.

DEFINITIONS

“effective”	:	When used in relation to the Scheme, the coming into effect of the Scheme pursuant to Section 210 of the Companies Act.
“Effective Date”	:	The date on which the Scheme becomes effective in accordance with its terms.
“Encumbrances”	:	All charges, mortgages, liens, hypothecations, hire purchases, judgments, encumbrances, easements, security, title retention, preferential rights, trust arrangements or any other security interests or any other agreements or arrangements having a commercial effect analogous to the conferring of security or similar rights in favour of any person.
“Entitled Scheme Shareholders”	:	Scheme Shareholders as at 5.00 p.m. on the Books Closure Date.
“Explanatory Statement”	:	The explanatory statement in compliance with Section 211 of the Companies Act as set out on pages 27 to 41 of this Scheme Document.
“FY”	:	Financial year ended or ending 31 December, as the case may be.
“Governmental Agency”	:	Any foreign or Singapore government or governmental, semi-governmental, administrative, regulatory, fiscal or judicial agency, authority, body, commission, department, exchange, tribunal or entity.
“IFA”	:	Ernst & Young Corporate Finance Pte Ltd, the independent financial adviser appointed to advise the Independent Directors on the Scheme.
“IFA Letter”	:	The letter from the IFA to the Independent Directors dated 3 November 2022, as set out in Appendix 1 to this Scheme Document.
“Implementation Agreement”	:	The implementation agreement dated 20 August 2022 entered into between the Offeror and SP setting out the terms and conditions on which the Offeror and SP will implement the Scheme.
“Independent Directors”	:	The directors of SP who are considered independent for the purposes of the Scheme, namely Mr Leong Kok Ho, Ms Lim Huei Min and Mr Tan Kok Seng.
“Joint Announcement”	:	The joint announcement made by the Offeror and the Company in relation to the Acquisition and the Scheme.

DEFINITIONS

“Joint Announcement Date”	:	20 August 2022, being the date of the Joint Announcement.
“Last Trading Day”	:	18 August 2022, being the last full trading day immediately before the Joint Announcement Date.
“Latest Practicable Date”	:	27 October 2022, being the latest practicable date prior to the printing of this Scheme Document.
“Letter to Shareholders”	:	The letter to Scheme Shareholders set out in pages 12 to 26 of this Scheme Document.
“Listing Rules”	:	The listing rules of the SGX-ST, as amended, modified or supplemented from time to time.
“Market Day”	:	A day on which the SGX-ST is open for the trading of securities.
“Offeror”	:	Tuan Sing Holdings Limited.
“Offeror Concert Party Group”	:	The Offeror and persons acting or presumed to be acting in concert with the Offeror in connection with the Scheme.
“Offeror Financial Adviser” or “UOB”	:	United Overseas Bank Limited.
“Offeror Securities”	:	(i) shares of the Offeror; (ii) securities which carry substantially the same rights as any shares of the Offeror; and (iii) convertible securities, warrants, options and derivatives in respect of (i) or (ii).
“Overseas SP Shareholder”	:	Each of the Scheme Shareholder whose address is outside Singapore, as shown on the register of members of the Company, or as the case may be, in the records of The Central Depository (Pte) Limited.
“Parties”	:	The Offeror and SP, and “Party” means any one of them.
“Prescribed Occurrence”	:	Any of the events set out in Appendix 6 to this Scheme Document.
“Proxy Form”	:	The proxy form for the Court Meeting.
“Register of Members”	:	The register of members of the Company.
“Regulatory Approvals”	:	Such consents and approvals or other acts from any Governmental Agency as required by the Offeror or SP, or which the Offeror or SP may agree are necessary or desirable, to implement the Acquisition by way of the Scheme and on the terms and conditions of the Implementation Agreement.

DEFINITIONS

“Relevant Date”	:	The date falling on the Business Day immediately preceding the Effective Date.
“Relevant Facilities”	:	All outstanding banking or financing facilities or agreements of the SP Group.
“Relevant Person”	:	(i) The Offeror; (ii) the directors of the Offeror; and/or (iii) the Offeror Financial Adviser.
“Restricted Period”	:	The period from (and including) the date of the Implementation Agreement up to (and including) the date on which the Implementation Agreement is terminated in accordance with its terms.
“Scheme”	:	The scheme of arrangement to be proposed by SP to the Scheme Shareholders, in accordance with Section 210 of the Companies Act, the Code and the terms and conditions of the Implementation Agreement, to effect the Acquisition.
“Scheme Conditions”	:	The condition precedents of the Scheme, as set out in Appendix 5 to this Scheme Document.
“Scheme Consideration”	:	The cash amount of S\$1.59 that 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.
“Scheme Document”	:	This document dated 3 November 2022 issued by the Company to the Scheme Shareholders, containing, <i>inter alia</i> , details of the Scheme, an explanatory statement complying with the requirements of the Companies Act, the IFA opinion, and notice of meeting and Proxy Form and such other information as may be required for disclosure or inclusion therein under the Code, the Companies Act and the Listing Rules.
“Scheme Shares”	:	SP Shares held by the Scheme Shareholders.
“Scheme Shareholders”	:	The Shareholders other than the Offeror.
“Securities Account”	:	The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account.
“SGXNET”	:	The website of the SGX-ST.
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited.
“Shareholders”	:	The shareholders of the Company being persons who are registered as holders of SP Shares in the Register of Members of SP and depositors who have SP Shares entered against their names in the Depository Register.

DEFINITIONS

“Share Registrar”	:	B.A.C.S. Private Limited, the share registrar of the Company.
“SIC”	:	The Securities Industry Council of Singapore.
“SP Group”	:	SP and its subsidiaries.
“SP Group Company”	:	A member of the SP Group.
“SP 2021 Audited Accounts”	:	The audited consolidated accounts of the SP Group for the financial year ended 31 December 2021.
“SP June 2022 Unaudited Accounts”	:	The unaudited consolidated accounts of the SP Group for the six (6)-month period ended 30 June 2022.
“SP Shares”	:	The shares in the issued share capital of SP.
“SRS”	:	The Supplementary Retirement Scheme.
“SRS Investors”	:	Investors who have purchased SP Shares pursuant to SRS.
“Surviving Provisions”	:	The surviving provisions of the Implementation Agreement, such as those relating to confidentiality, costs and expenses and governing law.
“S\$”	:	The lawful currency of Singapore.
“Tax”, “Taxation” or “Taxes”	:	All forms of taxation and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, including income, withholding, stamp, goods and services tax and any other form of value-added tax, in each case whether of Singapore or elsewhere in the world whenever imposed and whether chargeable directly or primarily against or attributable directly or primarily to a SP Group Company or any other person and all penalties, charges, costs and interest relating thereto.
“Transfer Books”	:	The transfer books of the Company.
“VWAP”	:	The volume weighted average prices.

DEFINITIONS

Acting in Concert and Concert Parties. The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings given to them respectively in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the financial advisers or advertising agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors, etc. The terms “**Depositor**” and “**Depository Register**” shall have the meanings given to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Plural, Genders, etc. Words importing the singular shall, where applicable, include the plural, and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders, and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

Headings. The headings in this Scheme Document are inserted for convenience only and shall be ignored in construing this Scheme Document.

Rounding. Any discrepancies in the figures included in this Scheme Document between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Scheme Document may not be an arithmetic aggregation of the figures that precede them.

Shareholders. The term “**Shareholder**”, in relation to any Share, includes a person entitled to that Share by transmission. Any reference to “**you**”, “**your**” and “**yours**” in this Scheme Document are, as the context so determines, to Shareholders unless the context otherwise requires.

Statutes. Any reference in this Scheme Document to any enactment or statute shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statute and is a reference to that enactment, statute, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme. Any word defined in the Companies Act or the Code or any statutory modification thereof and used in this Scheme Document shall, where applicable, have the meaning assigned to it under the Companies Act or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary. The expression “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Scheme Document shall be a reference to Singapore time and date, unless otherwise specified.

Total Number of SP Shares. In this Scheme Document, the total number of SP Shares as at the Latest Practicable Date is 35,099,132 SP Shares, of which none are held as treasury shares and subsidiary holdings. Unless stated otherwise, all references to percentage shareholding of the issued share capital of the Company in this Scheme Document are based on 35,099,132 SP Shares as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Scheme Document are or may be forward-looking statements. Forward-looking statements include, but are not limited to, those using words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “project”, “seek”, “strategy” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s and/or the Company’s (as the case may be) current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those expressed or implied in such forward-looking statements. Given the risks and uncertainties that may cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements, Shareholders and investors of the Offeror and the Company should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

EXPECTED TIMETABLE

Latest date and time for lodgement of the Proxy Form for the Court Meeting	: 22 November 2022, 10.00 a.m. ⁽¹⁾⁽²⁾
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 ⁽³⁾
Expected Effective Date	: On or around 12 December 2022 ⁽⁵⁾
Expected date for the payment of the Scheme Consideration	: On or prior to 21 December 2022 ⁽⁴⁾
Expected date for delisting of the SP Shares from the SGX-ST	: On or around 23 December 2022 ⁽⁴⁾

You should note that save for the last date and time for lodgement of the Proxy Form and the date and time of the Court Meeting, the above timetable is indicative only and may be subject to change. For the events listed above and in this Scheme Document, which are described as “expected”, please refer to future announcement(s) by the Company on SGXNET for the exact dates of these events.

Notes:

- (1) The Court Meeting will be held by way of electronic means due to the current COVID-19 restriction orders in Singapore. 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 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.

- (2) All Proxy Forms for the Court Meeting (if lodged before the Court Meeting) must be downloaded, completed, signed and submitted to the Company by 10.00 a.m. on 22 November 2022, being 72 hours before the time appointed for the Court Meeting, in the following manner: (i) via email to main@zicoholdings.com; or (ii) via post to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896. Completion and lodgement of a Proxy Form will not preclude a Scheme Shareholder from attending and voting at the Court Meeting via electronic means.

In appointing the Chairman of the Court Meeting as proxy, a Scheme Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstention of voting, in respect of the resolution in the Proxy Form, failing which the appointment of the Chairman of the Court Meeting as proxy for the Court Meeting will be treated as invalid.

The votes of the Chairman of the Court Meeting, as proxy, shall be counted as the votes of the number of appointing Scheme Shareholders.

- (3) No transfer of the SP Shares may be effected after 5.00 p.m. on the Books Closure Date.
- (4) Assuming that the Effective Date is 12 December 2022.
- (5) The Scheme will only be effective and binding upon lodgement of the Court Order with ACRA. The Court Order will be lodged with ACRA upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions and provided neither the Offeror nor the Company exercises its termination right(s) (if any).

CORPORATE INFORMATION

DIRECTORS	:	Cheng Hong Kok (<i>Chairman, Non-Executive and Independent Director</i>) William Nursalim alias William Liem (<i>Interim Executive Director</i>) Leong Kok Ho (<i>Non-Executive and Non-Independent Director</i>) Lim Huei Min (<i>Non-Executive and Independent Director</i>) Tan Kok Seng (<i>Non-Executive and Independent Director</i>)
COMPANY SECRETARY	:	Ho Wui Mee Marian
REGISTERED OFFICE	:	9 Oxley Rise #03-02 The Oxley Singapore 238697
SHARE REGISTRAR	:	B.A.C.S. Private Limited 77 Robinson Road #06-03 Robinson 77 Singapore 068896
LEGAL ADVISER TO THE OFFEROR IN RELATION TO THE SCHEME	:	Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315
LEGAL ADVISER TO THE COMPANY IN RELATION TO THE SCHEME	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
FINANCIAL ADVISER TO THE OFFEROR IN RELATION TO THE SCHEME	:	United Overseas Bank Limited 80 Raffles Place #03-03 UOB Plaza 1 Singapore 048624
INDEPENDENT FINANCIAL ADVISER TO THE DIRECTORS	:	Ernst & Young Corporate Finance Pte Ltd One Raffles Quay North Tower, Level 18 Singapore 048583
EXTERNAL AUDITORS	:	Deloitte & Touche LLP 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809
INTERNAL AUDITORS	:	PricewaterhouseCoopers Risk Services Pte. Ltd. 7 Straits View #12-00 Marina One East Tower Singapore 018936

LETTER TO SHAREHOLDERS

SP CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 195200115K)

Directors:

Cheng Hong Kok (*Chairman, Non-Executive and Independent Director*)
William Nursalim alias William Liem (*Interim Executive Director*)
Leong Kok Ho (*Non-Executive and Non-Independent Director*)
Lim Huei Min (*Non-Executive and Independent Director*)
Tan Kok Seng (*Non-Executive and Independent Director*)

Registered Office:

9 Oxley Rise
#03-02 The Oxley
Singapore 238697

3 November 2022

To: The Scheme Shareholders

Dear Sir/Madam

PROPOSED ACQUISITION BY TUAN SING HOLDINGS LIMITED OF ALL THE SHARES IN THE ISSUED SHARE CAPITAL OF SP CORPORATION LIMITED (OTHER THAN THE SHARES HELD BY TUAN SING HOLDINGS LIMITED) BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Acquisition.** On 20 August 2022, the respective boards of directors of the Company and the Offeror jointly announced the Acquisition, to be effected by the Company by way of a Scheme in accordance with Section 210 of the Companies Act and the Code.

A copy of the Joint Announcement announcing the Acquisition is available on the SGXNET announcement page of the Company at the URL <https://www.sgx.com/securities/company-announcements>.

- 1.2 Purpose.** The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Court Meeting.
- 1.3 Explanatory Statement.** An Explanatory Statement setting out the key terms of, the rationale of, and the effects of the Scheme, the material interests of the Directors and the procedures for the implementation of the Scheme is set out on pages 27 to 41 of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix 10 to this Scheme Document.

2. THE ACQUISITION AND THE SCHEME

2.1 Terms of the Scheme

Under the Scheme:

- (a) all the Scheme Shares, as at the Books Closure Date, will be transferred to the Offeror:
 - (i) fully paid;
 - (ii) free from Encumbrances; and

LETTER TO SHAREHOLDERS

- (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date. 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; and
 - (b) in consideration for such transfer, each of the Scheme Shareholders as at the Books Closure Date will be entitled to receive for each Scheme Share held as at the Books Closure Date the Scheme Consideration, being S\$1.59 in cash.
- 2.2 Scheme Conditions.** The Scheme is conditional upon the satisfaction or waiver (as the case may be) of the Scheme Conditions, which are set out in Appendix 5 to this Scheme Document.
- 2.3 Benefit of Certain Scheme Conditions.**
- 2.3.1 The Offeror's Benefit.** The Offeror alone may waive the Scheme Conditions in paragraphs 7 (in relation to the Prescribed Occurrences set out in Appendix 6 to this Scheme Document relating to the SP Group Companies) and 9 to 10 of Appendix 5 to this Scheme Document. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
 - 2.3.2 The Company's Benefit.** The Company alone may waive the Scheme Conditions in paragraphs 7 (in relation to the Prescribed Occurrences relating to the Offeror) and 8 of Appendix 5 to this Scheme Document. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
 - 2.3.3 Mutual Benefit.** The Offeror and the Company together may jointly waive the Scheme Conditions in paragraphs 2 and 6 of Appendix 5 to this Scheme Document (in each case, to the extent legally permissible). The Scheme Conditions in paragraphs 1, 3, 4 and 5 of Appendix 5 to this Scheme Document are not capable of being waived by either or both of the Company and the Offeror.
- 2.4 Termination of the Implementation Agreement.**
- 2.4.1 Right to Terminate.** The Implementation Agreement provides that the Implementation Agreement may be terminated at any time prior to the Effective Date:
 - (a) by either the Company or the Offeror, if any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;

LETTER TO SHAREHOLDERS

- (b) by either the Company or the Offeror, if the resolutions submitted to the Court Meeting are not approved (without amendment) by the requisite majority of the Scheme Shareholders at the Court Meeting; or
- (c) if there shall have been a breach by any Party of its obligations under the Implementation Agreement and such breach is material in the context of the Scheme, by either the Offeror or the Company (as the case may be, being the Party not in default and having the benefit of such obligations) by 14 days' written notice to the other Party,

in each case, after prior consultation with the SIC.

2.4.2 Non-fulfilment of Scheme Conditions. If for any reason the Scheme Conditions are not satisfied (or, if applicable, waived) or if the Scheme has not become effective on or before 5.00 p.m. on the Conditions Long-Stop Date, either the Offeror or the Company may immediately terminate the Implementation Agreement (save for the Surviving Provisions) by notice in writing to the other Party. Subject to paragraph 2.3, the Offeror and/or the Company (as the case may be) may invoke the non-fulfilment of any of the Scheme Conditions to terminate the Implementation Agreement, if it has first consulted the SIC and the SIC gives its approval for, or states that it has no objection to, such termination.

2.4.3 Competing Offer. Pursuant to the terms of the Implementation Agreement, in the event of a Competing Offer or in the event that an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror may terminate the Implementation Agreement (save for the Surviving Provisions), by notice in writing to the Company, after prior consultation with the SIC.

2.4.4 Effect of Termination. In the event of termination of the Implementation Agreement pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for the Surviving Provisions) and there shall be no other liability on any Party.

3. NO IRREVOCABLE UNDERTAKINGS

Neither the Offeror nor any Relevant Person has received any irrevocable undertaking from any party to vote in favour of the Scheme as at the Joint Announcement Date. Accordingly, there are no circumstances under which commitments to vote in favour of the Scheme will cease to be binding.

4. NO CASH OUTLAY

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Scheme Shareholders under the Scheme.

LETTER TO SHAREHOLDERS

5. INFORMATION ON THE COMPANY

5.1 The Company was incorporated in Singapore on 27 November 1952 and was listed on the Main Board of the SGX-ST on 20 September 1974. The Company and each SP Group Company principally engages in commodities trading activities in coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, metal and automotive industries in Asia.

5.2 As at the Latest Practicable Date, the Board comprises the following:

Mr Cheng Hong Kok (*Chairman, Non-Executive and Independent Director*)

Mr William Nursalim alias William Liem (*Interim Executive Director*)

Mr Leong Kok Ho (*Non-Executive and Non-Independent Director*)

Ms Lim Huei Min (*Non-Executive and Independent Director*)

Mr Tan Kok Seng (*Non-Executive and Independent Director*)

5.3 As at the Latest Practicable Date:

5.3.1 the Company has an issued and paid-up share capital of S\$58,365,721.95, comprising 35,099,132 SP Shares of which none are held as treasury shares and subsidiary holdings; and

5.3.2 save for the SP Shares, there are no other (i) securities which carry voting rights and/or (ii) convertible securities, warrants, options or derivatives in respect of such SP Shares or securities which carry voting rights.

6. INFORMATION ON THE OFFEROR

6.1 As stated in the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document, the Offeror was incorporated in Singapore on 13 March 1969 and was listed on the Main Board of the SGX-ST on 9 July 1973. The Offeror is a regional investment holding company with interests mainly in real estate development, real estate investment and hospitality.

6.2 As at the Latest Practicable Date, the board of directors of the Offeror comprises the following:

Mr Richard Eu Yee Ming (*Chairman, Non-Executive and Independent Director*)

Mr William Nursalim alias William Liem (*Executive Director*)

Mr Cheng Hong Kok (*Non-Executive and Independent Director*)

Mr Ooi Joon Hin (*Non-Executive and Independent Director*)

Ms Michelle Liem Mei Fung (*Non-Executive and Non-Independent Director*)

As at the Latest Practicable Date, the issued share capital of the Offeror excluding treasury shares comprises 1,218,043,900 shares.

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6.3 As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding 28,146,319 SP Shares, which represents approximately 80.19 per cent. of the SP Shares.

6.4 Certain additional information on the Offeror is set out in the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document.

7. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

7.1 Rationale for the Acquisition. The Offeror's rationale for the Acquisition is set out in Paragraphs 4.1 and 4.2 of the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document and are reproduced in italics below:

“4.1 *Rationale for the Acquisition.* *The Acquisition is expected to allow the Offeror to achieve the following objectives:*

(a) Minimal benefit of the Company's listed status

The Company has not carried out any fund-raising exercise on the SGX-ST in recent years. Additionally, 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. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

(b) Eliminate duplication of compliance costs

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. Delisting the Company would allow the Offeror to save on costs associated with complying with listing and other regulatory requirements and human resources that have to be committed for such compliance.

(c) Consolidate and leverage on management and capital resources

The Offeror believes that 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.

4.2 *Opportunity for Scheme Shareholders to Realise their Investments.*

(a) The Scheme Consideration is at a premium to historical trading prices

*As referred to in paragraph 5.2 below, the Acquisition represents an opportunity for Scheme Shareholders to realise their investments in the Company for a cash consideration 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**”).*

The Scheme Consideration also exceeds the highest closing price of the SP Shares in over 10 years preceding the Last Trading Day.

LETTER TO SHAREHOLDERS

- (b) Opportunity to exit their investments, which may otherwise be difficult due to the low trading liquidity of the SP Shares

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.

- (c) No other Competing Offer capable of turning unconditional or succeeding

As referred to in paragraph 9.1 below, the Offeror holds 28,146,319 SP Shares which represent more than 50 per cent. of the total SP Shares. No other Competing Offer (as defined below) will be capable of turning unconditional or succeeding without the Offeror's support. Should the Scheme fail, the Offeror is not permitted under the Code to make another scheme or general offer for the Company for 12 months following the lapse of the Scheme.

“Competing Offer” means any expression of interest, offer or proposal by any person other than the Offeror involving (i) a sale, transfer or other disposal of any direct or indirect interest in substantially all of the assets, business and/or undertakings of the Company (whether held directly by the Company or indirectly through one or more SP Group Companies); (ii) a general offer (including partial offer) for the SP Shares; (iii) a scheme of arrangement involving the Company or the merger of the Company with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or (iv) any other arrangement having an effect similar to any of (i) to (iii), including a merger or amalgamation proposal. For the purpose of this definition, a Competing Offer will be deemed to be for substantially all of the assets, business and/or undertakings of the Company if the relevant assets, business and/or undertakings in question constitute a “material amount” as defined in Note 2 on Rule 5 of the Code.”

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- 7.2 Offeror's intentions with respect to the Company and its employees.** The Offeror's intentions with respect to the Company and its employees are set out in Paragraph 4.3 of the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document and are reproduced in italics below:

“4.3 Offeror's Future Intentions for the Company. *Upon completion of the Scheme, the Company will be privatised and become a wholly-owned subsidiary of the Offeror. The Offeror and the Company will continue to review, from time to time, the operations of the SP Group as well as its strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves or which the Offeror may regard to be in the interests of the Company. Save as disclosed above, the Offeror has no current intention to (a) make major changes to the business of the Company or its management team; (b) redeploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company and of its subsidiaries, in each case, other than in the ordinary course of business.”*

8. FINANCIAL EVALUATION OF THE SCHEME CONSIDERATION

- 8.1** The Scheme Consideration for each Scheme Share is S\$1.59 in cash.
- 8.2** The figures set out in this paragraph are based on data extracted from Bloomberg Finance L.P. as at 18 August 2022, being the Last Trading Day.
- 8.3** As set out in Paragraph 5.2 of the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document, the implied premium of the Scheme Consideration over the relevant closing price and the VWAP of the Company is as follows:

Description	Benchmark price of the SP Shares ⁽¹⁾ (S\$)	Premium to the benchmark price of the SP Shares ⁽²⁾⁽³⁾
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 the VWAP volume of the SP Shares for the relevant periods as extracted from Bloomberg Finance L.P..
- (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.

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- 8.4** As set out in Paragraph 4.2(a) of the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document, the Scheme Consideration also exceeds the highest closing price of the SP Shares in over 10 years preceding the Last Trading Day.

9. APPROVALS REQUIRED

- 9.1 Court Meeting and Court Sanction.** The Scheme will require, *inter alia*, the following approvals:

- 9.1.1** the approval-in-principle from the SGX-ST of the Scheme Document and for the proposed delisting of the Company from the SGX-ST on or after the Effective Date;
- 9.1.2** 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
- 9.1.3** the sanction of the Scheme by the Court.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and a copy of the order of the Court sanctioning the Scheme has been lodged with ACRA.

- 9.2 SIC Confirmations.** Pursuant to the Application, the SIC has confirmed, *inter alia*, that:

- 9.2.1** the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
 - (a) the common substantial shareholders of the Offeror and its concert parties on the one hand, and the Company on the other hand, abstain from voting on the Scheme;
 - (b) the Offeror and its concert parties abstain from voting on the Scheme;
 - (c) the directors of the Company who are also directors of the Offeror or who are acting in concert with those persons in (a) or (b) above abstain from making a recommendation on the Scheme to the Shareholders;
 - (d) the Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company as of the Latest Practicable Date and their voting rights in the Offeror and the Company after the Scheme;
 - (e) the Company appoints an independent financial adviser to advise the Scheme Shareholders on the financial terms of the Scheme; and
 - (f) the Scheme being completed within six (6) months (unless extended with the SIC's consent) from the Joint Announcement Date; and
- 9.2.2** it has no objections to the Scheme Conditions.

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10. DELISTING

- 10.1** Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.
- 10.2** An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 19 October 2022, advised that it has no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to:
- 10.2.1** compliance with the SGX-ST's listing requirements;
 - 10.2.2** approval of the Scheme by a majority in number of the 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 SP Shares held by the Scheme Shareholders voted at the Court Meeting;
 - 10.2.3** the IFA opining that the Scheme is fair and reasonable; and
 - 10.2.4** the sanction of the Scheme by the Court.
- 10.3** The above decision of the SGX-ST is not to be taken as an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.
- 10.4** **SCHEME SHAREHOLDERS SHOULD NOTE THAT THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.**

11. CONFIRMATION OF FINANCIAL RESOURCES

UOB, being the financial adviser to the Offeror in connection with the Acquisition and the Scheme, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Scheme Shares to be acquired by the Offeror pursuant to the Scheme.

12. INDEPENDENT FINANCIAL ADVISER

- 12.1 Appointment of IFA.** Ernst & Young Corporate Finance Pte Ltd has been appointed as the IFA pursuant to Rule 1309(2) of the Listing Rules, as well as to advise the Independent Directors for the purposes of making a recommendation to the Scheme Shareholders in connection with the Scheme. Full details of the Scheme including the IFA letter is set out in Appendix 1 to this Scheme Document.
- 12.2 Factors taken into consideration by the IFA.** In arriving at its recommendation, the IFA has taken into account certain considerations as set out in the IFA Letter (an extract of which is reproduced in italics below). Scheme Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings ascribed to them in the IFA Letter.

LETTER TO SHAREHOLDERS

“In arriving at our advice on the Scheme to the Independent Directors, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Scheme. The factors we have considered in our evaluation are discussed in detail in the earlier sections of this letter.

In determining the fairness of the Scheme from a financial point of view, we have considered, among others, the following factors:

- (a) The Scheme Consideration of S\$1.59 per SP Share is equivalent to the derived value for the SP Shares using the asset-based valuation methodology, based on the NAV per SP Share as at 30 June 2022. In our view, the asset-based valuation is the appropriate methodology given the financial performance and position of the Group, including the non-generation of revenue for the six months ended 30 June 2022, the uncertainties on revenue source of the Group in the foreseeable future and the composition of the Group’s assets as at 30 June 2022;*
- (b) In a hypothetical liquidation scenario, there may be some non-collectibility on the Group’s trade and other receivables, which may result in a lower realisable value compared to the NAV as at 30 June 2022 (disregarding any costs and fees associated to a liquidation);*
- (c) For the six months ended 30 June 2022, the Group did not record any revenue due to the absence of coal delivery and the loss after tax for the period was S\$0.9 million. The Company is of the view that although the long-term coal purchase agreement with the Indonesian supplier had terminated in December 2021, the Group has continued to explore spot purchases from the coal mine and it will continue to consider all strategic options for the future. The Company has also cited the COVID-19 pandemic and the on-going Ukraine war having the effect of dampening the outlook for business and investment.*

Given the above and in the absence of any announcement on the development on the Company’s operations as at the Latest Practicable Date, there is no assurance that the Company will be able to generate revenue in the foreseeable future. However, we note that the Group had maintained a positive net working capital of S\$55.6 million as at 30 June 2022 and its cash and cash equivalents were S\$53.0 million as at 30 June 2022;

- (d) The P/NAV Ratio implied by the Scheme Consideration as at 30 June 2022 is 1.0 time and there is no discount to the NAV per SP Share as at 30 June 2022;*
- (e) The SP Shares had consistently traded at a discount to the NAV per SP Share over the three years prior to the Last Trading Day and up to the Latest Practicable Date, with discounts ranging from 0.61% and 77.96% and average and median daily discounts to NAV of 58.11% and 62.26%;*
- (f) Save for the 12-month VWAP, the premiums implied by the Scheme Consideration against the VWAPs for the different time periods under evaluation are higher than the range of premiums of the Precedent Privatisation Transactions. The premium implied by the Scheme Consideration over the different periods under evaluation is significantly higher than the average and median premiums of the Precedent Privatisation Transactions;*

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- (g) *For the three-year period prior to the Last Trading Day and up to and including the Latest Practicable Date, the closing price of the SP Shares has not exceeded the Scheme Consideration, and the Scheme Consideration implies significant premiums over the VWAPs of SP Shares over different time periods; and*
- (h) *The Scheme Consideration represents a premium of approximately 169.49% over the last transacted price prior to the Last Trading Day and 1.92% over the last transacted price as at the Latest Practicable Date.*

*After having considered carefully the information above, we are of the view that the Scheme is **FAIR**.*

In determining the reasonableness of the Scheme, we have considered, among others, the following factors:

- (a) ***The liquidity of the SP Shares.*** *The SP Shares have low trading liquidity, with average daily traded volume for the periods 1 year, 6 months, 3 months and 1 month prior to the Last Trading Day representing approximately 0.070%, 0.079%, 0.093% and 0.085% of the free float, respectively.*

The SP Shares do not trade on a daily basis. The number of days on which the SP Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Day represents approximately 51.00%, 44.26%, 52.38% and 54.55% of the number of market days on the SGX-ST during the respective relevant periods, and there was no trade on the Last Trading Day.

The SP Shares had been traded on 37 out of 48 market days on the SGX-ST for the period following the Joint Announcement Date up to the Latest Practicable Date. However, the liquidity of the SP Shares after the Joint Announcement Date up to the Latest Practicable Date is affected by the announcement of the Scheme and should not be relied upon in any way as an indication of the future liquidity of the SP Shares;

- (b) ***Price performance of the SP Shares against the Singapore equity market.*** *While the SP Shares appear to have outperformed the FSSTI in relative terms over the period between 19 August 2019 and the Last Trading Day, the SP Shares had only traded for 48.94% of the total SGX-ST market days during such period.*

The announcement of the Scheme appears to have had an impact on the trading price and volume of the SP Shares, and the current trading price and volume of the SP Shares may be supported by the Scheme. Any analysis on the historical trading performance of the SP Shares, particularly for the period after the Joint Announcement Date up to the Latest Practicable Date, should not be relied upon in any way as an indication of the future trading performance of the SP Shares;

- (c) ***Historical financial performance and position of the Group.*** *While there was an increase in the Group's revenue and operating income in FY2021, profit after tax has been decreasing from FY2019, with the Group incurring operating loss and loss after tax in FY2021. The Group maintained a positive net working capital of S\$55.6 million as at 31 December 2021.*

LETTER TO SHAREHOLDERS

- (d) **Comparison of valuation measures of the Company against those of Comparable Companies.** *The EV/EBITDA Ratio and P/E Ratio implied by the Scheme Consideration are not meaningful as the Company registered negative EBITDA and net losses for the 12-month period ended 30 June 2022. The P/NAV Ratio implied by the Scheme Consideration of 1.0 time is below the range of P/NAV Ratios of the Comparable Companies;*
- (e) **Rationale for the Acquisition,** *including the Offeror's belief that privatising the Company will allow it and the management of the Company to consolidate the business of the Company and to optimise the use of its management and capital resources, and the opportunity for Scheme Shareholders to realise their investment at a premium to historical trading prices;*
- (f) **Offeror's intentions regarding the listing status of the Company.** *Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST;*
- (g) **No alternative offer.** *As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the SP Shares. As the Offeror holds more than 50.0% of the SP Shares, no other competing offer will be capable of turning unconditional or succeeding without the Offeror's support; and*
- (h) *Should the Scheme fail, the Offeror is not permitted under the Code to make another scheme or general offer for the Company for 12 months following the lapse of the Scheme.*

*After having considered carefully the information above, we are of the view that the Scheme is **REASONABLE**.*"

12.3 Advice of the IFA. After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors as set out in the IFA Letter, an extract of which is reproduced in italics below. Scheme Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings ascribed to them in the IFA Letter.

*"Having regard to the considerations set out in this letter and as discussed above, the information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Scheme are, on balance, **fair and reasonable**. Taking the factors we have considered on balance, we advise the Independent Directors to recommend that the Shareholders **vote in favour of the Scheme**.*

Shareholders may wish to sell their SP Shares in the open market if they are able to obtain a price higher than the Scheme Consideration, net of related expenses (such as brokerage and trading costs). In this regard, we note that the SP Shares have not traded above the Scheme Consideration subsequent to the Joint Announcement Date.

LETTER TO SHAREHOLDERS

We advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the SP Shares will remain at current levels if the Scheme is not successful and lapses, and the current price performance of the SP Shares is not indicative of the future price performance levels of the SP Shares.

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to, and including, the Latest Practicable Date. Our advice on the Scheme cannot and does not take into account any subsequent developments after the Latest Practicable Date, including future trading activity or price levels of the SP Shares, as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Scheme.”

13. INDEPENDENT DIRECTORS’ RECOMMENDATION

13.1 Independence

As described in paragraph 9.2 above, the SIC has confirmed, *inter alia*, that the Directors who are also directors of the Offeror are to abstain from making a recommendation on the Scheme to the Scheme Shareholders.

Pursuant to the SIC’s confirmation, Mr Cheng Hong Kok and Mr William Nursalim alias William Liem, both of whom are Directors who are also directors of the Offeror, will be abstaining from making a recommendation on the Scheme to the Scheme Shareholders.

Mr Cheng Hong Kok and Mr William Nursalim alias William Liem must, however, still assume responsibility for the accuracy of facts stated and opinions expressed in documents and advertisements issued by, or on behalf of, the Company to the Scheme Shareholders in connection with the Scheme.

13.2 Recommendation

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.

Scheme Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Scheme Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. In the event the Scheme becomes effective, it will be binding on all Scheme Shareholders whether or not they were present in person or by proxy or voted to approve the Scheme at the Court Meeting. Scheme Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding. Scheme Shareholders should read and consider carefully this Scheme Document in its entirety, and in particular, the advice of the IFA as set out in Appendix 1 to this Scheme Document, before deciding whether or not to vote in favour of the Scheme.

LETTER TO SHAREHOLDERS

13.3 No Regard to Specific Objectives

The Independent Directors advise Scheme Shareholders, in deciding whether or not to vote in favour of the Scheme, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and circumstances of any individual Scheme Shareholder. As each Scheme Shareholder would have different investment objectives and profiles, the Independent Directors recommend that 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.

14. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR COMPANY SECURITIES

14.1 As at the Latest Practicable Date, save as disclosed in this paragraph 14, all of the Directors do not hold any Company Securities. In the premises, the Directors' intentions on whether to vote in favour of the Scheme or not at the Court Meeting does not arise.

14.2 In accordance with the terms of the rulings by the SIC to the Offeror on 18 August 2022 and in compliance with the condition imposed by the SIC in its ruling as set out in paragraph 9.2 above, the Offeror Concert Party Group will be required to abstain from voting on the Scheme. As disclosed in the Letter from the Offeror to the Shareholders in Appendix 2 to this 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). Mr William Nursalim alias William Liem is deemed interested in the SP Shares held by the Offeror, but he does not hold any Company Securities. As set out above, the Offeror Concert Party Group will abstain from voting its SP Shares at the Court Meeting.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of the preparation of this Scheme Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Scheme Document 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 Scheme Document, the omission of which would make any statement in this Scheme Document 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 Scheme Document. The Directors do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

LETTER TO SHAREHOLDERS

16. GENERAL INFORMATION

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

Yours faithfully
For and on behalf of
the Board of Directors of
SP Corporation Limited

Ms. Lim Huei Min
Non-Executive and Independent Director

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

PROPOSED ACQUISITION BY TUAN SING HOLDINGS LIMITED OF ALL THE SHARES IN THE ISSUED SHARE CAPITAL OF SP CORPORATION LIMITED (OTHER THAN THE SHARES HELD BY TUAN SING HOLDINGS LIMITED) BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Acquisition.** On 20 August 2022, the respective boards of directors of the Company and the Offeror jointly announced the Acquisition, to be effected by the Company by way of a Scheme in accordance with Section 210 of the Companies Act and the Code.
- 1.2 Purpose.** The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Court Meeting.
- 1.3 Explanatory Statement.** This Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix 10 to the Scheme Document. All capitalised terms in this Explanatory Statement and the Scheme which are not defined herein shall bear the same meanings ascribed to them on pages 2 to 8 of this Scheme Document.

2. RATIONALE FOR THE ACQUISITION

- 2.1 Rationale for the Acquisition.** The Offeror's rationale for the Acquisition is set out in Paragraph 4.1 of the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document.

3. THE SCHEME

3.1 The Acquisition

Under the Scheme:

- 3.1.1** all the Scheme Shares, as at the Books Closure Date, will be transferred to the Offeror:
- (i) fully paid;
 - (ii) free from Encumbrances; and
 - (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date. 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; and

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- 3.1.2** in consideration for such transfer, each of the Scheme Shareholders as at the Books Closure Date will be entitled to receive for each Scheme Share held as at the Books Closure Date the Scheme Consideration, being S\$1.59 in cash.

3.2 No Cash Outlay

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Scheme Shareholders under the Scheme.

4. COURT MEETING

4.1 Court Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by Scheme Shareholders at the Court Meeting. By an order of the Court, the Court Meeting was directed to be convened for the purpose of considering, and if thought fit, approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Scheme Shareholders with the opportunity to decide at the Court Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved 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. When the Scheme, with or without modification, becomes effective in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they were present in person or by proxy or voted at the Court Meeting.

4.2 Abstention from Voting

In accordance with the SIC's confirmations set out in paragraph 9.2 of this Explanatory Statement, the following persons will abstain from voting on the Scheme:

- 4.2.1** the common substantial shareholders of the Offeror and its concert parties on the one hand, and the Company on the other hand; and
- 4.2.2** the Offeror and its concert parties.

4.3 Court Meeting to be Convened by way of Electronic Means

- 4.3.1** The Court Meeting will be held by way of electronic means due to the current COVID-19 restriction orders in Singapore. Accordingly, Scheme Shareholders will not be able to attend the Court Meeting in person.

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- 4.3.2** 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.
- 4.3.3** 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, 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.
- 4.3.4** 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.

4.4 Notice of Court Meeting

The notice of the Court Meeting is set out in Appendix 11 to this Scheme Document. Scheme Shareholders are requested to take note of the date and time of the Court Meeting.

5. INTERESTS OF DIRECTORS IN COMPANY SECURITIES

As at the Latest Practicable Date, save as disclosed below and in Appendix 3 to this Scheme Document, none of the Directors has any direct or indirect interests in the Company Securities.

Directors	Direct Interest		Deemed Interest	
	No. of SP Shares	% ⁽¹⁾	No. of SP Shares	% ⁽¹⁾
Mr Cheng Hong Kok	—	—	—	—
Mr William Nursalim alias William Liem	—	—	28,146,319 ⁽²⁾	80.19%
Mr Leong Kok Ho	—	—	—	—
Ms Lim Huei Min	—	—	—	—
Mr Tan Kok Seng	—	—	—	—

Notes:

- (1) All references to percentage shareholding of the issued share capital of the Company in this paragraph 5 of this Explanatory Statement are based on the total issued SP Shares as at the date of this Scheme Document.
- (2) Mr William Nursalim alias William Liem is deemed to have an interest in the 28,146,319 SP Shares held by the Offeror (by virtue of his interests in Nuri Holdings (S) Pte Ltd).

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6. PRINCIPAL TERMS OF THE IMPLEMENTATION AGREEMENT

6.1 Scheme Conditions. The Scheme is conditional upon the satisfaction or waiver (as the case may be) of the Scheme Conditions, which are set out in Appendix 5 to this Scheme Document.

6.2 Non-fulfilment of Scheme Conditions. The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement. Scheme Shareholders should note that if any of the Scheme Conditions is not satisfied or, where applicable, waived by 5.00 p.m. on the Conditions Long-Stop Date, the Scheme will not become effective and binding.

6.3 Termination.

6.3.1 Right to Terminate. Scheme Shareholders should note that the Implementation Agreement provides that the Implementation Agreement may be terminated at any time prior to the Effective Date:

- (a) by either the Company or the Offeror, if any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) by either the Company or the Offeror, if the resolutions submitted to the meeting of the Shareholders to be convened by the Court at a Court Meeting are not approved (without amendment) by the requisite majority of the Shareholders at the Court Meeting; or
- (c) if there shall have been a breach by any Party of its obligations under the Implementation Agreement and such breach is material in the context of the Scheme, by either the Offeror or the Company (as the case may be, being the Party not in default and having the benefit of such obligations) by 14 days' written notice to the other Party,

in each case, after prior consultation with the SIC.

6.3.2 Non-fulfilment of Scheme Conditions. If for any reason the Scheme Conditions are not satisfied (or, if applicable, waived) or if the Scheme has not become effective on or before 5.00 p.m. on the Conditions Long-Stop Date, either the Offeror or the Company may immediately terminate the Implementation Agreement (save for the Surviving Provisions) by notice in writing to the other Party. Subject to the Implementation Agreement, the Offeror and/or the Company (as the case may be) may invoke the non-fulfilment of any of the Scheme Conditions to terminate the Implementation Agreement, if it has first consulted the SIC and the SIC gives its approval for, or states that it has no objection to, such termination.

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6.3.3 Competing Offer. Scheme Shareholders should note that pursuant to the terms of the Implementation Agreement, in the event of a Competing Offer or in the event that an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror may terminate the Implementation Agreement (save for the Surviving Provisions), by notice in writing to the Company, after prior consultation with the SIC.

6.3.4 Effect of Termination. In the event of termination of the Implementation Agreement pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for the Surviving Provisions) and there shall be no other liability on any Party.

6.4 Obligations of the Company. Appendix 7 to this Scheme Document sets out the obligations of the Company in relation to the Scheme pursuant to the terms of the Implementation Agreement.

7. NO IRREVOCABLE UNDERTAKINGS

Neither the Offeror nor any Relevant Person has received any irrevocable undertaking from any party to vote in favour of the Scheme as at the Joint Announcement Date. Accordingly, there are no circumstances under which commitments to vote in favour of the Scheme will cease to be binding.

8. INFORMATION ON THE OFFEROR

Information on the Offeror, as well as the Offeror's rationale for the Acquisition and future intentions for the Company, are set out in the Letter from the Offeror to the Shareholders in Appendix 2 to this Scheme Document.

9. APPROVALS REQUIRED

9.1 Court Meeting and Court Sanction. The Scheme will require, *inter alia*, the following approvals:

9.1.1 the approval-in-principle from the SGX-ST of the Scheme Document and for the proposed delisting of the Company from the SGX-ST on or after the Effective Date;

9.1.2 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

9.1.3 the sanction of the Scheme by the Court.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and a copy of the order of the Court sanctioning the Scheme has been lodged with ACRA.

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9.2 SIC Confirmations. Pursuant to the Application, the SIC has confirmed, *inter alia*, that:

9.2.1 the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:

- (a) the common substantial shareholders of the Offeror and its concert parties on the one hand, and the Company on the other hand, abstain from voting on the Scheme;
- (b) the Offeror and its concert parties abstain from voting on the Scheme;
- (c) the directors of the Company who are also directors of the Offeror or who are acting in concert with those persons in (a) or (b) above abstain from making a recommendation on the Scheme to the Shareholders;
- (d) the Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company as of the Latest Practicable Date and their voting rights in the Offeror and the Company after the Scheme;
- (e) the Company appoints an independent financial adviser to advise the Scheme Shareholders on the financial terms of the Scheme; and
- (f) the Scheme being completed within six (6) months (unless extended with the SIC's consent) from the Joint Announcement Date; and

9.2.2 it has no objections to the Scheme Conditions.

10. EFFECT OF THE SCHEME

10.1 Delisting. Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

10.2 An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 19 October 2022, advised that it has no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to:

10.2.1 compliance with the SGX-ST's listing requirements;

10.2.2 approval of the Scheme by a majority in number of the 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 SP Shares held by the Scheme Shareholders voted at the Court Meeting;

10.2.3 the IFA opining that the Scheme is fair and reasonable; and

10.2.4 the sanction of the Scheme by the Court.

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10.3 The above decision of the SGX-ST is not to be taken as an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.

10.4 SCHEME SHAREHOLDERS SHOULD NOTE THAT THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

11. IMPLEMENTATION OF THE SCHEME

11.1 Application to Court for Sanction

Upon the Scheme being approved 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, an application will be made to the Court by the Company for the sanction of the Scheme.

11.2 Procedure for Implementation

If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions) take the necessary steps to render the Scheme effective and binding, and the following will be implemented:

11.2.1 the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror to the Entitled Scheme Shareholders for each Scheme Share transferred as follows:

- (a) in the case of the Entitled Scheme Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Scheme Shareholders an instrument or instruction of transfer of all the Scheme Shares held by such Entitled Scheme Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Scheme Shareholder; and
- (b) in the case of the Entitled Scheme Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Scheme Shareholders, to debit, not later than seven business days after the Effective Date, all the Scheme Shares standing to the credit of the Securities Account of such Entitled Scheme Shareholders and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;

11.2.2 from the Effective Date, all existing share certificates relating to the Scheme Shares held by the Entitled Scheme Shareholders (not being Depositors) will cease to be evidence of title of the Scheme Shares represented thereby;

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- 11.2.3** the Entitled Scheme Shareholders (not being Depositors) are required to forward their existing share certificates relating to their Scheme Shares to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and
- 11.2.4** the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Scheme Shares set out in paragraph 11.2.1 above, make payment of the aggregate Scheme Consideration payable on the transfer of the Scheme Shares pursuant to the Scheme to:
- (a) each Entitled Scheme Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to and made out in favour of such Entitled Scheme Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders (not being Depositors), to the first named Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Scheme Shareholders; and
 - (b) each Entitled Scheme Shareholder (being a Depositor) by making payment of the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder to CDP. CDP shall:
 - (i) in the case of an Entitled Scheme Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder, to the designated bank account of such Entitled Scheme Shareholder; and
 - (ii) in the case of an Entitled Scheme Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, send to such Entitled Scheme Shareholder, by ordinary post to his/her/its address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders who have not registered for CDP's direct crediting service, to the first named Entitled Scheme Shareholder by ordinary post to his/her/its address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Scheme Shareholders, a cheque for the payment of such aggregate Scheme Consideration made out in favour of such Entitled Scheme Shareholder(s).

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- (c) Assuming that the Scheme becomes effective and binding on 12 December 2022, the crediting by CDP of the Scheme Consideration into the designated bank accounts of the Entitled Scheme Shareholders (in the case of the Entitled Scheme Shareholders being Depositors and who have registered with CDP for its direct crediting service) or, as the case may be, the posting of cheques for the Scheme Consideration in the manner set out in paragraphs 11.2.4(a) and 11.2.4(b)(ii) above, is expected to take place on or before 21 December 2022.
- (d) The despatch of payment by the Offeror to each Entitled Scheme Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

11.3 Retention and Release of Proceeds

- 11.3.1** On and after the day being six (6) calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
- 11.3.2** The Company or its successor entity shall hold such moneys and any moneys returned by CDP to the Company (which shall similarly be placed in the bank account referred to in Clause 7(a) of the Scheme as set out in Appendix 10 to this Scheme Document) until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 5 of the Scheme as set out in Appendix 10 to this Scheme Document to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 5 of the Scheme as set out in Appendix 10 to this Scheme Document for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 4 of the Scheme as set out in Appendix 10 to this Scheme Document.
- 11.3.3** On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under the Scheme as set out in Appendix 10 to this Scheme Document and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 7(a) of the Scheme as set out in Appendix 10 to this Scheme Document including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

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12. CLOSURE OF BOOKS

- 12.1 Notice of Books Closure.** Subject to approval by the Scheme Shareholders of the Scheme at the Court Meeting and the sanction of the Scheme by the Court, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of the Scheme Shareholders to the Scheme Consideration under the Scheme.
- 12.2 Expected Books Closure Date.** The Books Closure Date is tentatively scheduled to be on 9 December 2022. The Company will make further announcement in due course of the Books Closure Date.
- 12.3 Books Closure.** No transfer of the SP Shares where the certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date, unless such transfer is made pursuant to the Scheme.
- 12.4 Trading in SP Shares on the SGX-ST.** The Scheme is tentatively scheduled to become effective and binding on or about 12 December 2022 and accordingly (assuming the Scheme becomes effective and binding on 12 December 2022), the SP Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Scheme Consideration.

It is therefore expected that, subject to the approval of the SGX-ST, the SP Shares will cease to be traded on the SGX-ST on or about 7 December 2022, being two (2) Market Days before the expected Books Closure Date.

Shareholders (not being Depositors) who wish to trade in their SP Shares on the SGX-ST are required to deposit with CDP their certificates relating to their SP Shares, together with the duly executed instruments of transfer in favour of CDP, 15 Market Days prior to the tentative last day for trading of the SP Shares.

13. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding, the following settlement and registration procedures will apply:

13.1 Entitled Scheme Shareholders whose Scheme Shares are not deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of the Entitled Scheme Shareholders (not being Depositors) and their holdings of Scheme Shares appearing in the Register of Members as at 5.00 p.m. on the Books Closure Date.

Entitled Scheme Shareholders (not being Depositors) who have not already done so are requested to take the necessary action to ensure that the Scheme Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Books Closure Date.

From the Effective Date, each existing share certificate representing a former holding of Scheme Shares by Entitled Scheme Shareholders (not being Depositors) will cease to be evidence of title of the Scheme Shares represented thereby.

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Within seven (7) Business Days of the Effective Date, the Offeror shall make payment of the Scheme Consideration to each Entitled Scheme Shareholder (not being a Depositor) based on his/her/its holding of the Scheme Shares as at 5.00 p.m. on the Books Closure Date.

13.2 Entitled Scheme Shareholders whose Scheme Shares are deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of Entitled Scheme Shareholders (being Depositors) and the number of Scheme Shares standing to the credit of their Securities Account as at 5.00 p.m. on the Books Closure Date. Entitled Scheme Shareholders (being Depositors) who have not already done so are requested to take the necessary action to ensure that the Scheme Shares owned by them are credited to their Securities Account by 5.00 p.m. on the Books Closure Date. Following the Effective Date, CDP will debit all the Scheme Shares standing to the credit of each relevant Securities Account of each Entitled Scheme Shareholder (being a Depositor) and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

Within seven (7) Business Days of the Effective Date, CDP shall make payment of the Scheme Consideration to each Entitled Scheme Shareholder (being a Depositor) based on the number of Scheme Shares standing to the credit of his/her/its Securities Account as at 5.00 p.m. on the Books Closure Date.

14. ACTIONS TO BE TAKEN BY SHAREHOLDERS

14.1 Having regard to the uncertainty and potential health risks associated with large gatherings during the COVID-19 pandemic, Scheme Shareholders will NOT be allowed to attend the Court Meeting in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the Court Meeting through a “live” webcast comprising both audio-visual and audio only feeds as set out below 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.

14.2 A Scheme Shareholder who has Scheme Shares entered against his/her/its name in (i) the Register of Members; or (ii) the Depository Register as at the cut-off time being 72 hours prior to the time of the Court Meeting, as the case may be (being the time at which the name of the Scheme Shareholder must appear in the Register of Members or the Depository Register, in order for him/her/it to be considered to have Scheme Shares entered against his/her/its name in the said registers), shall be entitled to participate in the Court Meeting by:

- (a) observing and/or listening to the Court Meeting proceedings via live audio-visual webcast or live audio-only stream;
- (b) submitting questions in advance of the Court Meeting or during the Court Meeting via a “Ask a question feature”; and/or
- (c) voting in real time via electronic means (either personally or via appointment of proxy(ies)) at the Court Meeting.

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14.3 Voting by Proxy. All Proxy Forms for the Court Meeting (if lodged before the Court Meeting) must be downloaded, completed, signed and submitted to the Company by 10.00 a.m. on 22 November 2022, being 72 hours before the time appointed for the Court Meeting, in the following manner:

- (a) via email to main@zicoholdings.com; or
- (b) via post to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

Completion and lodgement of a Proxy Form will not preclude a Scheme Shareholder from attending and voting at the Court Meeting via electronic means.

In appointing the Chairman of the Court Meeting as proxy, a Scheme Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstention from voting, in respect of the resolution in the Proxy Form, failing which the appointment of the Chairman of the Court Meeting as proxy for the Court Meeting will be treated as invalid.

The votes of the Chairman of the Court Meeting, as proxy, shall be counted as the votes of the number of appointing Scheme Shareholders.

14.4 Submitting Questions. Scheme Shareholders may also submit questions related to the Scheme to be tabled for approval at the Court Meeting to the Chairman of the Court Meeting in advance of the Court Meeting. In order to do so, their questions must be submitted in the following manner:

- (a) via email to main@zicoholdings.com; or
- (b) via post to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

Scheme Shareholders who submit questions via email or post must provide the following information:

- (i) the Scheme Shareholder's full name;
- (ii) the Scheme Shareholder's address; and
- (iii) the manner in which the Scheme Shareholder holds Scheme Shares (e.g. via CDP, scrip, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions received in advance of the Court Meeting from the Scheme Shareholders, prior to or during the Court Meeting. The Company will publish the responses to the substantial and relevant questions which the Company is unable to address during the Court Meeting on the SGXNET announcement page of the Company and the Company's corporate website prior to the Court Meeting.

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Alternatively, Scheme Shareholders and proxies will be able to ask questions “live” during the Court Meeting via a “Ask a question feature” which would be made available to the Scheme Shareholders and proxies to type in their questions during the live audio-visual webcast or live audio-only stream.

The Company will, within one (1) month after the date of the Court Meeting, publish the minutes of the Court Meeting on the SGXNET announcement page of the Company and the Company’s corporate website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the Court Meeting.

- 14.5 Important Reminder.** Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the Court Meeting at short notice. Scheme Shareholders are advised to regularly check the SGXNET announcement page of the Company or the Company’s corporate website for updates on the status of the Court Meeting.

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

- 15.1 CPFIS Investors.** In the case of CPFIS Investors, entitlements to the Scheme will be determined on the basis of the number of Scheme Shares held by the CPF agent banks on behalf of each CPFIS Investor as at the Books Closure Date. CPFIS Investors who wish to attend the Court Meeting are advised to consult their CPF agent banks for further information and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.
- 15.2 SRS Investors.** In the case of SRS Investors, entitlements to the Scheme will be determined on the basis of the number of Scheme Shares held by the relevant approved banks on behalf of each such SRS Investor as at the Books Closure Date. SRS Investors who wish to attend the Court Meeting are advised to consult their SRS agent banks for further information and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

16. OVERSEAS SP SHAREHOLDERS

- 16.1 Overseas SP Shareholders.** The applicability of the Scheme to Overseas SP Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas SP Shareholders should inform themselves about, and observe, any applicable legal requirements, restrictions or prohibitions in their own jurisdictions.
- 16.2 Despatch of Scheme Document Overseas.** Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the Offeror and the Company reserve the right not to send such documents to the Scheme Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Scheme Shareholders (including the Overseas SP Shareholders), including those to whom the Scheme Document will not be, or may not be, sent, provided that the Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

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16.3 Copies of Scheme Document

The Constitution provides that Shareholders who have not supplied to the Company or the CDP (as the case may be) an address within Singapore for the service of notices shall not be entitled to receive notices from the Company. Accordingly, the Scheme Document has not been and will not be sent to any Overseas SP Shareholder.

Scheme Shareholders, including Overseas SP Shareholders, may obtain copies of this Scheme Document and any related documents during normal business hours from the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 on any day prior to the date of the Court Meeting. Alternatively, an Overseas SP Shareholder may write to the Share Registrar at the same address to request for this Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his/her/its own risk, not later than 5.00 p.m. on 18 November 2022.

16.4 Cautionary Note. Overseas SP Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

16.5 Notice. The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Scheme Shareholders (including Overseas SP Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Scheme Shareholder (including any Overseas SP Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Scheme Shareholders (including Overseas SP Shareholders) of any matter relating to the Scheme by announcement via the SGXNET announcement page of the Company.

Notwithstanding that such Overseas SP Shareholder may not receive the notice of the Court Meeting, they shall be bound by the Scheme if the Scheme becomes effective.

16.6 Foreign Jurisdiction. It is the responsibility of any Overseas SP Shareholder who wishes to participate in the Scheme to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas SP Shareholder represents and warrants to the Offeror and the Company that he/she/it is in full observance of the laws of the relevant jurisdiction in that connection, and that he/she/it is in full compliance with the necessary formalities or legal requirements.

If any Overseas SP Shareholder is in any doubt about his/her/its position, he/she/it should consult his/her/its professional adviser in the relevant jurisdiction.

17. ADVICE OF THE IFA

The IFA Letter setting out the advice of the IFA to the Independent Directors is set out in Appendix 1 to this Scheme Document.

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

18. INDEPENDENT DIRECTORS' RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in paragraph 13.2 of the Letter to Shareholders.

19. ELECTRONIC DISSEMINATION OF THE SCHEME DOCUMENT

19.1 In line with the current COVID-19 restriction orders in Singapore, no printed copies of the Scheme Document will be despatched to the Scheme Shareholders. Instead, only printed copies of the notice of the Court Meeting and the Proxy Form will be despatched to the Scheme Shareholders.

19.2 Electronic copies of the Scheme Document (enclosing the notice of the Court Meeting) and the Proxy Form are available on the SGXNET announcement page of the Company at the URL <https://www.sgx.com/securities/company-announcements> or the Company's corporate website at the URL <https://www.spcorp.com.sg/corporate.asp?page=5&menuid=7&language=1&subid=32>. A Scheme Shareholder will need an internet browser and PDF reader to view these documents on the SGXNET and on the website of the Company.

20. GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the interests in the Scheme Shares of the Directors, which are set out in the Appendices to this Scheme Document. These Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out in Appendix 10 to this Scheme Document.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME



Ernst & Young Corporate Finance Pte Ltd
One Raffles Quay
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Singapore 048583

Mailing Address: ey.com
Robinson Road
PO Box 384
Singapore 900734

3 November 2022

**The Independent Directors of
SP Corporation Limited**
9 Oxley Rise
#03-02 The Oxley
Singapore 238697

Dear Sirs:

**PROPOSED ACQUISITION BY TUAN SING HOLDINGS LIMITED OF ALL THE SHARES IN THE
ISSUED SHARE CAPITAL OF SP CORPORATION LIMITED (OTHER THAN THE SHARES
HELD BY TUAN SING HOLDINGS LIMITED) BY WAY OF A SCHEME OF ARRANGEMENT**

1 INTRODUCTION

On 20 August 2022 (the “**Joint Announcement Date**”), the respective boards of directors of SP Corporation Limited (“**SP**” or the “**Company**”) and Tuan Sing Holdings Limited (the “**Offeror**”) jointly announced the proposed acquisition (the “**Acquisition**”) by the Offeror of all issued share capital of the Company (the “**SP Shares**”) held by the shareholders of the Company being persons who are registered as holders of SP Shares in the Register of Members of SP and depositors who have SP Shares entered against their names in the Depository Register (the “**Shareholders**”) other than the Offeror (the “**Scheme Shareholders**”). The Acquisition will be effected by the Company by way of a scheme of arrangement to be proposed by the Company to the Scheme Shareholders (the “**Scheme**”) in accordance with Section 210 of the Companies Act 1967 of Singapore (the “**Companies Act**”), the Singapore Code on Take-overs and Mergers (the “**Code**”) and the implementation agreement dated 20 August 2022 entered into between the Offeror and the Company setting out the terms and conditions on which the Offeror and the Company will implement the Scheme (the “**Implementation Agreement**”).

Under the Scheme:

- (a) all SP Shares held by the Scheme Shareholders (the “**Scheme Shares**”), as at the Books Closure Date, will be transferred to the Offeror:
 - (i) fully paid;
 - (ii) free from Encumbrances; and
 - (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date. 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; and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (b) in consideration of such transfer, each of the Scheme Shareholders as at the Books Closure Date will be entitled to receive from the Offeror the **cash amount of S\$1.59 for each Scheme Share** held as at the Books Closure Date, in accordance with the terms of the Scheme (the “**Scheme Consideration**”).

The “**Books Closure Date**” is the date to be announced (before the date on which the Scheme becomes effective in accordance with its terms (the “**Effective Date**”) by the Company on which the transfer books of the Company (the “**Transfer Books**”) and the register of members of the Company (the “**Register of Members**”) will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme.

Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) has been appointed as the independent financial adviser (“**IFA**”) pursuant to the requirements of the Code to advise the directors of the Company (the “**Directors**”) who are considered independent in relation to the Scheme (the “**Independent Directors**”) for the purposes of making a recommendation to the Scheme Shareholders in connection with the Scheme, and Rule 1309(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (the “**Listing Manual**”) to act as IFA to advise on the exit offer.

This letter sets out, *inter alia*, our evaluation of the financial terms of the Scheme and our opinion thereon. It forms part of the scheme document dated 3 November 2022 to be sent to the Scheme Shareholders in connection with the Scheme (the “**Scheme Document**”).

Unless otherwise defined or the context otherwise requires, all terms in the Scheme Document shall have the same meaning in this letter. Foreign currency amounts used in this letter are converted to Singapore Dollars (“**S\$**”) based on the respective foreign currency exchange rates as obtained from S&P Capital IQ (“**Capital IQ**”).

2 TERMS OF REFERENCE

EYCF has been appointed pursuant to Rules 7.1 and 24.1(b) of the Code to advise the Independent Directors on the financial terms of the Scheme and Rule 1309(2) of the Listing Manual to advise on the exit offer.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the Scheme, as well as information provided to us by the Company, the Directors and/or the management of the Company (the “**Management**”), as at 27 October 2022 (the “**Latest Practicable Date**”). Accordingly, our opinion does not take into account any event or condition which occurs after the Latest Practicable Date, and we assume no responsibility to update, revise or reaffirm our opinion as a result of any subsequent development after the Latest Practicable Date. Shareholders should take note of any announcement and/or event relevant to their consideration of the Scheme which may be released after the Latest Practicable Date.

We have confined our evaluation and analysis of the Scheme to the financial terms thereof. It is not within our terms of reference to assess the rationale for, commercial merits and/or commercial risks of the Scheme, and to comment on the financial merits and/or financial risks of the Scheme where the assessment of such financial merits and/or financial risks involves our reviewing of non-publicly available information of the

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

companies involved to which we have no access and with which we have not been furnished. It is also not within our terms of reference to compare the relative merits of the Scheme vis-à-vis any alternative transaction that the Company may consider in the future, and as such, we do not express an opinion thereon. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the SP Shares.

We are not and were not involved in any aspect of the discussions and negotiations pertaining to the Scheme, nor were we involved in the deliberations leading up to the decisions by the Directors and/or the Company in connection with the Scheme. The scope of our appointment does not require us to express, and we do not express, a view on the future prospects of the Company and its subsidiaries (the “**Group**”). We are, therefore, not expressing any view herein as to the market prices at which the SP Shares may trade or on the future financial performance of the Company and/or the Group upon completion of the Scheme. No financial or profit forecasts, business plans or management accounts of the Company and/or the Group have been specifically prepared for the purpose of evaluating the Scheme. Accordingly, we will not be able to comment on the expected future performance or prospects of the Company and/or the Group arising from the Scheme or otherwise (including without limitation any implication or uncertainty arising from the COVID-19 pandemic). However, we may draw upon the views of the Directors and/or the Management, to the extent deemed necessary and appropriate by us, in arriving at our opinion as set out in this letter.

In the course of our evaluation, we have held discussions with the Directors. We have also examined and relied on publicly available information in respect of the Group collated by us as well as information provided to us by the Company, including information in relation to the Scheme. We have not independently verified such information furnished by the Directors and/or the Management or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to the Group has been disclosed to us, that such information constitutes a full and true disclosure, in all material respects, of all material facts about the Group in the context of the Scheme, and there is no material information the omission of which would make any of the information contained herein or in the Scheme Document misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the Scheme have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Company and/or the Group or any of its associated or joint venture companies. We have also not made an independent valuation or appraisal of the assets and liabilities of the Company and/or the Group.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

The Company has been separately advised in the preparation of the Scheme Document (other than this letter). We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Scheme Document (other than this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Scheme Document (other than this letter).

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his SP Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

This letter and our opinion are required under Rules 7.1 and 24.1(b) of the Code and Rule 1309(2) of the Listing Manual as well as addressed to the Independent Directors for their use and benefit in connection with and for the purpose of their consideration of the Scheme. The recommendations made by the Independent Directors to the Shareholders with regard to the Scheme shall remain the responsibility of the Independent Directors. This letter is not addressed to and may not be relied on as a recommendation to, or confer any rights or remedies upon, any Shareholder as to what the Shareholder should do in relation to the Scheme or any matters related thereto. Nothing herein shall confer or be deemed or is intended to confer, any right or benefit to any third party.

Our opinion in relation to the Scheme should be considered in the context of the entirety of this letter and the Scheme Document.

3 INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 6 of the Letter to Shareholders and Appendix 2 (Letter from the Offeror to the Shareholders) to the Scheme Document.

4 INFORMATION ON THE COMPANY

Information on the Company is set out in Section 5 of the Letter to Shareholders and Appendices 3 (General Information Relating to the Company), 4 (Extracts from the Company's Constitution), 8 (SP 2021 Audited Accounts) and 9 (SP June 2022 Unaudited Accounts) to the Scheme Document.

5 EXPLANATORY STATEMENT

The explanatory statement in compliance with Section 211 of the Companies Act (the "**Explanatory Statement**") which sets out the key terms of, the rationale for, and the effect of, the Scheme and the procedures for its implementation is set out in the Explanatory Statement section of the Scheme Document. We recommend that the Independent Directors advise Shareholders to read the Explanatory Statement in its entirety and in conjunction with the full text of the Scheme Document.

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6 THE ACQUISITION AND THE SCHEME

The principal terms and conditions of the Scheme are set out in Section 2 of the Letter to Shareholders of the Scheme Document, and are extracted below:

“2. THE ACQUISITION AND THE SCHEME

2.1 Terms of the Scheme

Under the Scheme:

- (a) *all the Scheme Shares, as at the Books Closure Date, will be transferred to the Offeror:*
 - (i) *fully paid;*
 - (ii) *free from Encumbrances; and*
 - (iii) *together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date. 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; and*
- (b) *in consideration of such transfer, each of the Scheme Shareholders as at the Books Closure Date will be entitled to receive for each Scheme Share held as at the Books Closure Date the Scheme Consideration, being S\$1.59 in cash.*

2.2 Scheme Conditions. *The Scheme is conditional upon the satisfaction or waiver (as the case may be) of the Scheme Conditions, which are set out in Appendix 5 to this Scheme Document.*

2.3 Benefit of Certain Scheme Conditions.

2.3.1 The Offeror’s Benefit. *The Offeror alone may waive the Scheme Conditions in paragraphs 7 (in relation to the Prescribed Occurrences set out in Appendix 6 to this Scheme Document relating to the SP Group Companies) and 9 to 10 of Appendix 5 to this Scheme Document. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.*

2.3.2 The Company’s Benefit. *The Company alone may waive the Scheme Conditions in paragraphs 7 (in relation to the Prescribed Occurrences relating to the Offeror) and 8 of Appendix 5 to this Scheme Document. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.*

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2.3.3 Mutual Benefit. *The Offeror and the Company together may jointly waive the Scheme Conditions in paragraphs 2 and 6 of Appendix 5 to this Scheme Document (in each case, to the extent legally permissible). The Scheme Conditions in paragraphs 1, 3, 4 and 5 of Appendix 5 to this Scheme Document are not capable of being waived by either or both the Company and the Offeror.*

2.4 Termination of the Implementation Agreement.

2.4.1 Right to Terminate. *The Implementation Agreement provides that the Implementation Agreement may be terminated at any time prior to the Effective Date:*

- (a) by either the Company or the Offeror, if any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;*
- (b) by either the Company or the Offeror, if the resolutions submitted to the Court Meeting are not approved (without amendment) by the requisite majority of the Scheme Shareholders at the Court Meeting; or*
- (c) if there shall have been a breach by any Party of its obligations under the Implementation Agreement and such breach is material in the context of the Scheme, by either the Offeror or the Company (as the case may be, being the Party not in default and having the benefit of such obligations) by 14 days' written notice to the other Party,*

in each case, after prior consultation with the SIC.

2.4.2 Non-fulfilment of Scheme Conditions. *If for any reason the Scheme Conditions are not satisfied (or, if applicable, waived) or if the Scheme has not become effective on or before 5.00 p.m. on the Conditions Long-Stop Date, either the Offeror or the Company may immediately terminate the Implementation Agreement (save for the Surviving Provisions) by notice in writing to the other Party. Subject to paragraph 2.3, the Offeror and/or the Company (as the case may be) may invoke the non-fulfilment of any of the Scheme Conditions to terminate the Implementation Agreement, if it has first consulted the SIC and the SIC gives its approval for, or states that it has no objection to, such termination.*

2.4.3 Competing Offer. *Pursuant to the terms of the Implementation Agreement, in the event of a Competing Offer or in the event that an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror may terminate the Implementation Agreement (save for the Surviving Provisions), by notice in writing to the Company, after prior consultation with the SIC.*

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2.4.4 Effect of Termination. *In the event of termination of the Implementation Agreement pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for the Surviving Provisions) and there shall be no other liability on any Party.”*

7 NO IRREVOCABLE UNDERTAKINGS

Neither the Offeror nor any of (i) the Offeror, (ii) the directors of the Offeror; and (iii) the Offeror’s financial adviser, United Overseas Bank Limited (collectively, the “**Relevant Persons**”) has received any irrevocable undertaking from any party to vote in favour of the Scheme as at the Joint Announcement Date. Accordingly, there are no circumstances under which commitments to vote in favour of the Scheme will cease to be binding.

8 NO CASH OUTLAY

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Scheme Shareholders under the Scheme.

9 APPROVALS REQUIRED

The salient details on the approvals required and confirmations/rulings from the Securities Industry Council (the “**SIC**”) are set out in Section 9 of the Letter to Shareholders of the Scheme Document.

10 EVALUATION OF THE FINANCIAL TERMS OF THE SCHEME

In our analysis and evaluation of the financial terms of the Scheme, and our recommendation thereon, we have taken into consideration the following, based on market, economic, industry, and other conditions as at the Latest Practicable Date, and on publicly available information and information made available to us by the Company as at the Latest Practicable Date:

- (a) Market quotation and historical trading activity of SP Shares;
- (b) Financial performance and position of the Group;
- (c) Comparison of valuation measures of the Company against those of selected listed comparable companies;
- (d) Historical discounts to the net asset value (“**NAV**”) of the Group;
- (e) Comparison with privatisation transactions for companies listed on the SGX-ST;
- (f) Range of values of the SP Shares; and
- (g) Other relevant considerations in relation to the Scheme.

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In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation Ratio (“ EV/EBITDA Ratio ”)	EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents EBITDA refers to the historical consolidated earnings before interests, taxes, depreciation and amortisation
Price-to-Earnings Ratio (“ P/E Ratio ”)	P/E Ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders
Price-to-NAV Ratio (“ P/NAV Ratio ”)	NAV refers to total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests P/NAV Ratio refers to the ratio of a company’s share price divided by net asset value per share

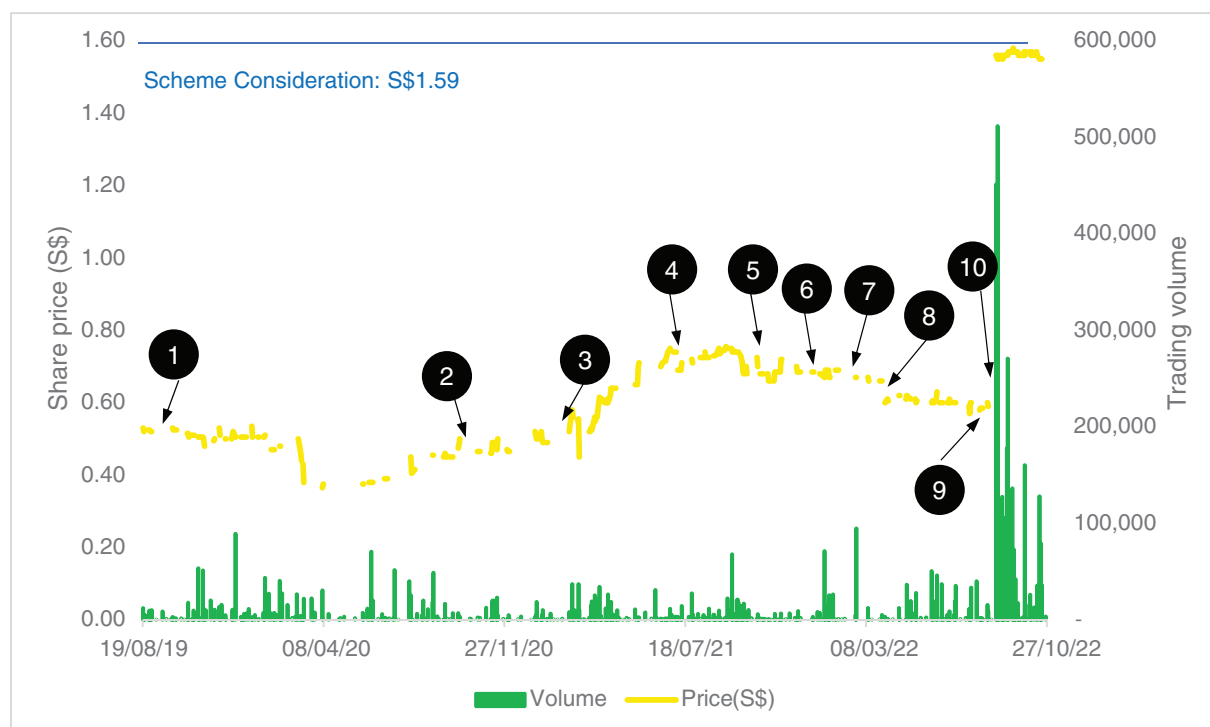
The factors above are discussed in more details in the following sections.

10.1 Market quotation and historical trading activity of SP Shares

We set out below a chart which shows the daily closing prices for the SP Shares and volume traded for the period from three years prior to 18 August 2022, being the last full market trading day immediately before the Joint Announcement Date (the “**Last Trading Day**”) and up to the Latest Practicable Date. We have also marked dates during the given period where significant events occurred.

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Historical Share Price and Trading Volume of SP Shares



Source: Capital IQ, Company announcements

Significant Events:

- (1) On 24 September 2019, the Board of Directors (the “**Board**”) of the Company announced that with reference to its announcement dated 24 September 2018 in relation to a loan agreement entered into between SP Global Hong Kong Limited (the “**Lender**”), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong, and Nuri Investments (S) Pte. Ltd. (the “**Borrower**”) on 24 September 2018 (the “**Loan Agreement**”), pursuant to which the Lender granted a loan to the Borrower (the “**Loan**”) of S\$20.0 million. The original principal amount of S\$20.0 million plus interest of S\$1.5 million for the period from 24 September 2018 to 23 September 2019, totalling S\$21.5 million (the “**Increased Principal Amount**”) will be rolled over from 24 September 2019 to 23 September 2020 on the same terms and conditions as set out in the Loan Agreement.
- (2) On 7 October 2020, the Board announced that in relation to the granting of the Loan and the extension of the Loan by the Lender to the Borrower, the Lender had received from the Borrower full repayment in cash of the Loan Amount and interest amounting to approximately S\$23.15 million following the expiry of the extended repayment date.
- (3) On 19 February 2021, the Company announced that with effect from 1 January 2021, SP Resources International Pte. Ltd. (“**SP Resources**”) and SP Mining & Engineering Pte. Ltd. (“**SPME**”), two of the Company’s direct and indirect wholly-owned subsidiaries respectively, amalgamated to become SP Mining & Engineering Pte. Ltd. In the financial years ended 31 December 2020 and 2019, SP Resources and SPME were reflected under “Commodities Trading” and “Corporate and Others” segments respectively. Following the amalgamation, SPME, which was dormant during the financial years ended 31 December 2020 and 2019, is to be reflected under “Commodities Trading” segment.
- (4) Subsequent to the amalgamation of SP Resources and SPME, SPME changed its name to SPRI Pte. Ltd. (“**SPRI**”) with effect from 1 June 2021. On 30 July 2021, the Company announced that with effect from 1 June 2021, the entire issued share capital of SPRI, comprising 1,760,000 ordinary shares have been transferred from SP Energy Pte. Ltd. (“**SPE**”) to the Company for a consideration of S\$1.00. SPE is a direct wholly-owned subsidiary of the Company. The net asset value of SPRI as at 30 June 2021 was approximately US\$33,575,906.
- (5) On 29 October 2021, the Company provided an update on the US\$6.0 million (equivalent to S\$8.1 million) interest-bearing refundable trade deposit (the “**Deposit**”) placed by SPRI with the Company’s interested person, PT. INDEXIM Coalindo (“**INDEXIM**”), to secure coal allocations pursuant to the 2018 Supplemental Deed of Restatement dated 18 January 2018 (the “**Coal Allocation Agreement**”). The placing of the Deposit had been subject to renewal

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on an annual basis, with the latest due date for renewal of the Deposit falling on 31 July 2021. Although SPRI was earlier engaged in discussions and negotiations with INDEXIM concerning, *inter alia*, the possible renewal of the Deposit after 31 July 2021, SPRI has since come to understand that INDEXIM has decided not to seek such renewal of the Deposit, and INDEXIM has repaid the Deposit in full on 28 September 2021 to SPRI pursuant thereto. Separately, SPRI had received indication from INDEXIM that it was not considering the renewal of the Coal Allocation Agreement expiring on 31 December 2021. SPRI engaged in discussions with INDEXIM, *inter alia*, to explore alternative terms or arrangements to continue to obtain coal allocation or supplies from INDEXIM following the expiry of the Coal Allocation Agreement.

- (6) On 5 January 2022, the Company updated Shareholders that SPRI has, on 6 December 2021, entered into a termination and release agreement with INDEXIM and PT. Bukit Baiduri Energi (“BBE”) (“**Termination and Release Agreement**”) pursuant to which SPRI has agreed to accept payment of the sum of US\$122,918 from INDEXIM as compensation in lieu of delivery of the outstanding coal allocation due from INDEXIM as at 30 November 2021.
- (7) On 25 February 2022, the Company released its unaudited financial results for the financial year ended 31 December 2021.
- (8) On 6 April 2022, the Company announced the resignation of Mr Tan Lye Huat as a Non-Executive and Independent Director of the Company. On 13 April 2022, the Company announced the resignation of Mr Peter Sung as a Non-Executive and Independent Director of the Company.
- (9) On 4 August 2022, the Company released its unaudited financial results for the six (6)-month period ended 30 June 2022.
- (10) On 20 August 2022, the respective boards of directors of the Company and the Offeror announced the Scheme.

We note that for the period from 19 August 2019 (being three years prior to the Last Trading Day) up to and including the Latest Practicable Date, the SP Shares traded between a low of S\$0.35 and a high of S\$1.58. During the said period, the closing price of SP Shares has not exceeded the Scheme Consideration. The Scheme Consideration also exceeds the highest closing price of the SP Shares in the ten (10) years preceding the Last Trading Day. As shown in the chart, we also note that there are days when there is no trade done on the SP Shares. For the period from 19 August 2019 (being three years prior to the Last Trading Day) up to and including the Latest Practicable Date, the number of days on which SP Shares were traded was 394 days, representing 48.94% of the number of SGX-ST market days.

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Additional information on the volume-weighted average price (“**VWAP**”) of SP Shares and other trading statistics are set out below:

Reference period	VWAP ⁽¹⁾ (S\$)	Premium of Scheme Consideration over VWAP (%)	Highest Transacted Price (S\$)	Lowest Transacted Price (S\$)	Average daily trading volume ⁽²⁾	Daily trading volume as percentage of free float ⁽³⁾ (%)
Periods up to and including the Last Trading Day						
Last 1 year	0.661	140.54	0.755	0.550	4,354	0.070
Last 6 months	0.619	156.87	0.670	0.550	4,876	0.079
Last 3 months	0.605	162.81	0.630	0.550	5,694	0.093
Last 1 month	0.603	163.68	0.610	0.570	5,191	0.085
Last transacted price prior to the Last Trading Day ⁽⁴⁾	0.590	169.49	0.590	0.590	100	0.002
After the Joint Announcement Date						
Between the Joint Announcement Date and the Latest Practicable Date	1.559	1.99	1.580	1.550	59,231	0.965
Last transacted price as at the Latest Practicable Date	1.560	1.92	1.560	1.560	3,400	0.055

Source: Capital IQ, Refinitiv, EYCF analysis

Notes:

- (1) The VWAP is calculated based on the price of the SP Shares and the traded volume for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the SP Shares is calculated based on the total volume of SP Shares traded during the given period divided by the number of market days during that period.
- (3) Free float refers to the SP Shares other than those held by the Directors, substantial Shareholders and their associates (as defined in the Listing Manual), which amounts to approximately 19.81% of the total issued share capital of the Company as at the Joint Announcement Date.
- (4) The Last Trading Day is the last full market trading day immediately before the Joint Announcement Date, being 18 August 2022. The last transacted price prior to the Last Trading Day represents the closing price on 16 August 2022, as there were no trades on 17 and 18 August 2022.

We note the following:

- (a) Over the last one year prior to and including the Last Trading Day, the SP Shares traded between a low of S\$0.550 and a high of S\$0.755;
- (b) The Scheme Consideration represents premiums of approximately 140.54%, 156.87%, 162.81%, and 163.68% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Day, respectively;
- (c) The Scheme Consideration represents a premium of approximately 169.49% over the last transacted price prior to the Last Trading Day of S\$0.59;

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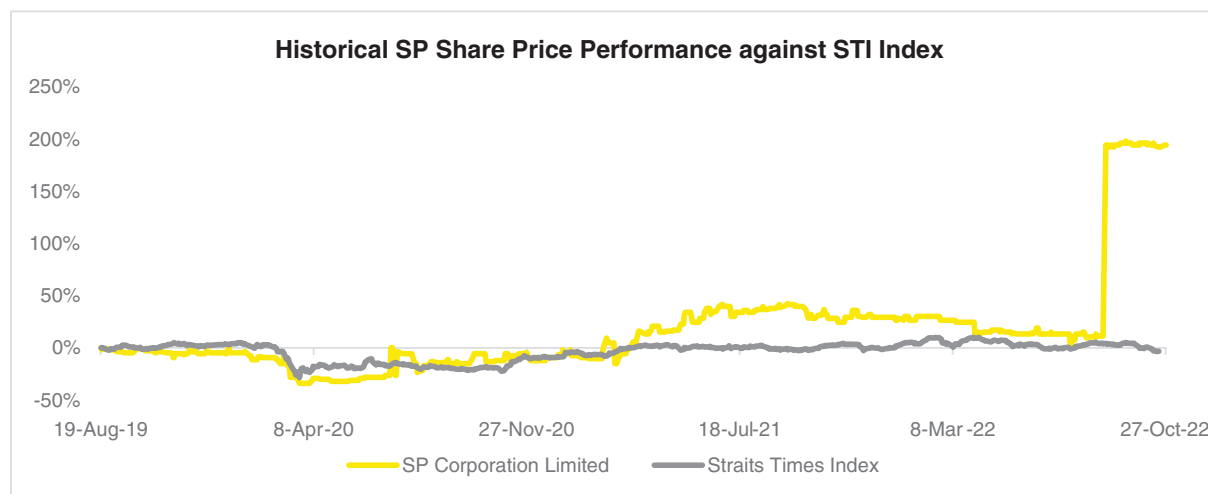
- (d) For the period following the Joint Announcement Date up to the Latest Practicable Date, SP Shares traded between S\$1.550 and S\$1.580 per SP Share. The Scheme Consideration of S\$1.59 represents a premium of 1.99% to the VWAP of the SP Shares over this period; and
- (e) The Scheme Consideration represents a premium of approximately 1.92% over the last transacted price as at the Latest Practicable Date of S\$1.560.

We have also considered the trading liquidity of the SP Shares. As at the Latest Practicable Date, the Company had a free float of approximately 19.81% of the total issued SP Shares as at the Joint Announcement Date. We note the following:

- (a) The SP Shares have low trading liquidity, with average daily traded volume for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Day representing approximately 0.070%, 0.079%, 0.093% and 0.085% of the free float, respectively;
- (b) The number of days on which the SP Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Day represent approximately 51.00%, 44.26%, 52.38% and 54.55% of the number of market days on the SGX-ST during the respective relevant periods;
- (c) There was no trade on the SP Shares on the Last Trading Day;
- (d) The average daily traded volume of the SP Shares for the period following the Joint Announcement Date up to and including the Latest Practicable Date represents approximately 0.965% of the free float; and
- (e) The SP Shares had been traded on 37 out of 48 market days on the SGX-ST for the period following the Joint Announcement Date up to and including the Latest Practicable Date. The liquidity of the SP Shares after the Joint Announcement Date up to and including the Latest Practicable Date is affected by the announcement of the Scheme and should not be relied upon in any way as an indication of the future liquidity of the SP Shares. We wish to highlight that there is no assurance that the liquidity of the SP Shares will remain at the same level if the Scheme lapses or is not successful.

In order to assess the market price performance of the SP Shares vis-à-vis the general price performances of the Singapore equity market in general, we have compared the market movement of the SP Shares against the FTSE Straits Times Index (“STI”) for the period from three years prior to the Last Trading Day and up to the Latest Practicable Date.

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Source: Capital IQ, rebased to 0% on 19 August 2019

We note that while the price movements of the SP Shares appear to have overperformed the FSSTI in relative terms over the period between 19 August 2019 (being three years prior to the Last Trading Day) and the Last Trading Day, the SP Shares had only traded for 48.94% of the total SGX-ST market days during such period.

We note that the announcement of the Scheme appears to have had an impact on the trading price and volume of the SP Shares, and the current trading price and volume of the SP Shares may be supported by the Scheme. We wish to highlight that the analysis on the historical trading performance of the SP Shares, particularly for the period after the Joint Announcement Date up to the Latest Practicable Date, serves only as an illustrative guide and should not be relied upon in any way as an indication of the future trading performance of the SP Shares. We also wish to highlight that there may be no assurance that the market price and trading volume of the SP Shares will remain at the same level as at the Latest Practicable Date after the completion or lapse of the Scheme.

10.2 Financial performance and position of the Group

Below is the financial information set out in Section 4 (Financial Information) of Appendix 3 to the Scheme Document, as extracted from the annual reports of the Company for the financial years ended 31 December 2019 (“FY2019”), 31 December 2020 (“FY2020”) and 31 December 2021 (“FY2021”) and the unaudited condensed interim financial statements of the Company for the six (6) months ended 30 June 2022 (“1H2022 Results”).

We wish to highlight that the financial information for FY2019, FY2020 and FY2021 should be read in conjunction with the audited consolidated financial statements for the Group and the accompanying annual reports of the Company for FY2019, FY2020 and FY2021, respectively and the financial information for 1H2022 should be read in conjunction with the 1H2022 Results.

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Consolidated Statements of Comprehensive Income

S\$'000	← Audited →			Unaudited 1H2022
	FY2019	FY2020	FY2021	
Revenue	93,076	29,432	50,269	–
Exceptional items	–	–	–	–
Gross profit	2,402	910	1,037	–
Profit (loss) before tax	2,969	1,573	(1,368)	(895)
Profit (loss) for the financial year or period, representing profit (loss) attributable to owners of the Company	2,503	1,395	(1,258)	(900)
Other comprehensive (loss) income for the financial year or period, net of tax, attributable to owners of the Company	(200)	(407)	329	890
Total comprehensive income (loss) for the financial year or period, net of tax, attributable to owners of the Company	2,303	988	(929)	(10)
Basic and diluted earnings (loss) per share (cents)	7.13	3.97	(3.58)	(2.56)
Ordinary dividend per share (cents)	–	–	–	–

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Consolidated Statements of Financial Position

S\$'000	1H2022 30 Jun 2022 Unaudited	FY2021 31 Dec 2021 Audited
<u>Assets</u>		
Non-current assets		
Plant and equipment	98	111
Right-of-use asset	347	398
Deferred tax asset	61	69
Total non-current assets	506	578
Current assets		
Trade and other receivables	1,865	6,769
Cash and bank balances	54,699	49,628
Total current assets	56,564	56,397
Total assets	57,070	56,975
<u>Equity and Liabilities</u>		
Equity		
Share capital	58,366	58,366
Translation reserve	354	(536)
Accumulated losses	(2,925)	(2,025)
Total equity	55,795	55,805
Non-current liabilities		
Other payables	28	28
Lease liability	237	284
Deferred tax liabilities	70	79
Total non-current liabilities	335	391
Current liabilities		
Trade and other payables	835	676
Lease liability	95	95
Income tax payable	10	8
Total current liabilities	940	779
Total liabilities	1,275	1,170
Total equity and liabilities	57,070	56,975

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We note the following in our evaluation of the historical financial performance and position of the Group:

Financial Performance (FY2020 vs FY2019)

Revenue in FY2020 was S\$29.4 million as compared to S\$93.1 million in FY2019, a decrease of 68% or S\$63.7 million. The decrease was mainly due to lower sales volume from coal and rubber, reflecting the impact of the COVID-19 pandemic. The drop in coal price also contributed to the decline in revenue.

Other operating income in FY2020 was S\$0.4 million as compared to S\$0.2 million in FY2019, an increase of S\$0.2 million. This was mainly contributed by the Government Jobs Support Scheme and other cash grants such as rental relief and property tax rebate. The total government grant income for FY2020 was S\$159,000.

Profit after tax in FY2020 was S\$1.4 million as compared to S\$2.5 million in FY2019, a decrease of S\$1.1 million.

Financial Performance (FY2021 vs FY2020)

Revenue in FY2021 was S\$50.3 million as compared to S\$29.4 million in FY2020, an increase of 71% or S\$20.9 million. The increase was mainly due to higher coal price and an increase in coal sales volume, reflecting the gradual recovery from the COVID-19 pandemic.

Other operating income in FY2021 of S\$0.4 million was comparable to FY2020. In FY2021, there was a net foreign currency exchange gain, arising from the appreciation of the US dollar against the Singapore dollar, and compensation for outstanding coal allocation in lieu of delivery by its coal supplier.

The Group recorded a loss after tax in FY2021 of S\$1.3 million in contrast to a profit after tax of S\$1.4 million in FY2020, mainly due to lower interest income and a provision for doubtful debts in respect of interest on overdue trade receivables.

Financial Position (31 December 2021)

The Group's total assets were S\$57.0 million as at 31 December 2021, a decrease of S\$7.6 million from S\$64.6 million as at 31 December 2020. The decrease was mainly due to lower trade and other receivables, partially offset by higher cash and bank balances.

Total trade and other receivables of the Group as at 31 December 2021 were S\$6.8 million as compared to S\$29.4 million as at 31 December 2020. The decrease of S\$22.6 million was mainly due to collections from customers, the return of refundable trade deposit of US\$6.0 million (equivalent to approximately S\$8.0 million) by its coal supplier, and a loss allowance of S\$1.5 million on interest income on overdue trade receivables from related parties.

Total trade and other receivables of the Company as at 31 December 2021 were S\$0.1 million as compared to S\$18.7 million as at 31 December 2020, mainly due to the repayment of an amount due from a subsidiary.

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The Group's total liabilities were S\$1.2 million as at 31 December 2021, a decrease of S\$6.6 million from S\$7.8 million as at 31 December 2020, mainly due to lower trade and other payables arising mainly from payments to its coal supplier.

The Company's total liabilities were S\$4.9 million as at 31 December 2021, a decrease of S\$7.6 million from S\$12.5 million as at 31 December 2020, mainly due to repayments of amounts due to subsidiaries.

As at 31 December 2021, shareholders' fund was S\$55.8 million as compared to S\$56.7 million as at 31 December 2020, with the decrease of S\$0.9 million being due to operating loss incurred during the financial year, offset by foreign currency translation gains.

The Group maintained a positive net working capital of S\$55.6 million as at 31 December 2021.

We set out below the extract from the financial results announcement of the Company for the six months period ended 30 June 2022.

"Financial Performance of the Group (1H2022 vs 1H2021)"

The Group did not record any revenue in 1H2022 as compared to \$31.2 million in 1H2021. This was due to the absence of coal delivery. Consequently, there was no gross profit as compared to \$0.8 million in 1H2021.

Other operating income in 1H2021 was \$440,000. This was primarily due to a net foreign currency exchange gain, arising from the appreciation of US dollar against Singapore dollar, and government grant income.

Administrative expenses were \$847,000 as compared to \$871,000 in 1H2021. The decrease of \$24,000 was mainly attributable to lower manpower costs.

Other operating expense in 1H2022 was \$107,000. This was due to a net foreign currency exchange loss, arising primarily from the depreciation of Singapore dollar against US dollar upon the revaluation of Singapore dollar denominated assets by entities whose functional currency is the US dollar.

Interest income was \$62,000 as compared to \$218,000 in 1H2021. The decrease of \$156,000 was mainly due to an absence of interest income from a refundable trade deposit placed with a coal supplier, partially offset by higher interest income from placement of fixed deposits. The trade deposit of US\$6 million (equivalent to \$8 million) was returned by the coal supplier in September 2021.

Interest expense was \$3,000 as compared to \$6,000 in 1H2021. The decrease of \$3,000 was mainly due to the absence of trust receipt interest expense from the utilisation of trade financing facilities for commodities trading.

Income tax expense was \$5,000 as compared to \$69,000 in 1H2021. The decrease of \$64,000 was mainly because of lower provision for deferred tax and an absence of withholding tax expense.

As result of the above, loss after tax in 1H2022 was \$0.9 million as compared to profit after tax of \$0.5 million in 1H2021.

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Financial Position of the Group

The Group's total assets were \$57.1 million as at 30 June 2022, an increase of \$0.1 million from \$57.0 million as at 31 December 2021. The increase was mainly due to higher cash and bank balances, partially offset by lower trade and other receivables.

Trade and other receivables of the Group as at 30 June 2022 were \$1.9 million as compared to \$6.8 million as at 31 December 2021. The decrease of \$4.9 million was mainly due to collections from customers.

The Group's total liabilities were \$1.3 million as at 30 June 2022, an increase of \$0.1 million from \$1.2 million as at 31 December 2021. The increase was mainly due to higher trade payables arising from charges incurred in respect of prior coal shipments.

The Company's total liabilities were \$4.1 million as at 30 June 2022, a decrease of \$0.8 million from \$4.9 million as at 31 December 2021. The decrease was mainly due to repayments of amounts due to subsidiaries.

As at 30 June 2022, shareholders' fund was \$55.8 million, comparable to \$55.8 million as at 31 December 2021. This was due to operating loss incurred during the financial period, offset by foreign currency translation gain.

The Group maintained a positive working capital of \$55.6 million as at 30 June 2022.

Consolidated Statement of Cash Flows for the Group

During 1H2022, net cash from operating activities of \$4.4 million arose mainly from repayments of trade and other receivables.

Net cash used in financing activities of \$50,000 in 1H2022 was for repayment of lease liability. The trust receipt borrowings for commodities trading in 1H2021 were fully settled by 30 June 2021.

The higher cash and bank balances as at 1 January 2022 were mainly due to repayments of trade and other receivables, including the return of the refundable trade deposit by its coal supplier in 2021.

Consequently, cash and cash equivalents were \$53.0 million as at 30 June 2022, representing an inflow of \$16.7 million since 30 June 2021".

We note that while there was an increase in the Group's revenue and operating income in FY2021, profit after tax has been decreasing from FY2019, with the Group incurring operating loss and loss after tax in FY2021. The Group maintained a positive net working capital of S\$55.6 million as at 31 December 2021.

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We note that for the six months ended 30 June 2022, the Group did not record any revenue due to the absence of coal delivery and the loss after tax for the period was S\$0.9 million. We also note that in relation to the outlook for the next 12 months, the Company is of the view that although the long-term coal purchase agreement with the Indonesian supplier had terminated in December 2021, the Group has continued to explore spot purchases from the coal mine and it will continue to consider all strategic options for the future. The Company has also cited the COVID-19 pandemic and the on-going Ukraine war having the effect of dampening the outlook for business and investment.

Given the above and in the absence of any announcement on the development on the Company's operations as at the Latest Practicable Date, there is no assurance that the Company will be able to generate revenue in the foreseeable future. However, we note that the Group had maintained a positive working capital of S\$55.6 million as at 30 June 2022 and its cash and cash equivalents were S\$53.0 million as at 30 June 2022.

10.3 Comparison of valuation measures of the Company against those of selected listed comparable companies

Taking into account section 10.2 above on the financial performance and position of the Group, we have considered the comparison of valuation measures of the Company against those of selected listed comparable companies for illustrative purposes only.

Based on our search for comparable listed companies on Capital IQ and other available databases, we recognise that there is no particular listed company that we may consider to be directly comparable to the Group in terms of the composition of the business activities, asset categories, company size, scale of operations, service range, customer base, risk profile, geographical spread of activities, accounting standards and policies used, and such other relevant criteria. However, we have selected companies which we believe are broadly comparable to the Group in terms of scope of business (being coal trading), asset size and geographic market, among others (the “**Comparable Companies**”).

The Independent Directors and Shareholders should note that any comparison made with respect to the Comparable Companies is for illustrative purposes only as there is no one company with the exact scope of business and using the exact accounting policies and standards as those of the Group. The Independent Directors and Shareholders should also note the latest financial results announcement of the Group for the six (6)-month period ended 30 June 2022, where the Group did not record any revenue during the period. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation of the Group as at the Latest Practicable Date. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive.

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Accordingly, for the purposes of our evaluation, we have considered the following Comparable Companies which, in our view (and as explained above), are broadly comparable to the Group:

Selected Comparable Companies/Exchange location	Brief business description	Market capitalisation (\$ million)
Asia Green Energy Public Company Limited (“ Asia Green Energy ”)/Thailand	Asia Green Energy engages in the distribution of coal for industrial use in Thailand. It also provides, among others, transportation and management, water transportation and port, and cargo services, as well as consultancy services for coal extraction and water transportation. The company exports coal to China, India, Vietnam, and Taiwan.	171.013
PT Atlas Resources Tbk (“ Atlas Resources ”)/Indonesia	Atlas Resources, together with its subsidiaries, engages in the acquisition, exploration, development, production, and sale of coal in Indonesia and internationally.	111.360
Resources Global Development Limited (“ Resources Global ”)/Singapore	Resources Global, an investment holding company, engages in the coal trading and coal shipping businesses primarily in Indonesia and the People’s Republic of China. Its coal trading business procures thermal coal from coal mines located in South Kalimantan and supplies primarily to coal traders that serves domestic end-users operating in various industries, including nickel smelting and cement manufacturing. The company’s coal shipping services business provides chartering services of tugboats, barges, and bulk carrier to transport coal primarily between coal mines located in South Kalimantan, and the Java and Sulawesi islands in Indonesia, as well as transshipment services.	106.200
Unique Mining Services Public Company Limited (“ Unique Mining ”)/Thailand	Unique Mining, together with its subsidiaries, imports and sells coal in Thailand. It primarily offers bituminous and sub-bituminous coal. The company also engages in the provision of port and barge transportation services; and generating and distributing electricity from other renewable energy, such as wind power, biomass, solar energy, and others.	86.182

Source: Capital IQ

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Valuation Measures of the Comparable Companies in Comparison with the Valuation Measures of SP implied by the Scheme Consideration

Comparable Companies	Listed Exchange	Market Capitalisation ⁽¹⁾ (S\$ million)	EV/ EBITDA Ratio ⁽²⁾ (times)	P/E Ratio ⁽³⁾ (times)	P/NAV Ratio ⁽⁴⁾ (times)
Asia Green Energy	Thailand	171.013	5.2	3.8	1.5
Atlas Resources	Indonesia	111.360	6.0	25.3	1.9
Resources Global	SGX Catalist	106.200	3.8	6.2	2.4
Unique Mining	Thailand	86.182	<i>n.m.</i>	<i>n.m.</i>	12.1
Low			3.8	3.8	1.5
High			6.0	25.3	12.1
Average			5.0	11.8	4.5
Median			5.2	6.2	2.2
SP (Implied by the Scheme Consideration)		55.8	<i>n.m.</i>	<i>n.m.</i>	1.0

Source: Capital IQ, company announcements, company reports

Notes:

- (1) Market capitalisation for the Comparable Companies is based on the outstanding number of shares and the closing price as at the Latest Practicable Date as obtained from Capital IQ. Market capitalisation of the Company is approximately S\$55.8 million based on the Scheme Consideration of S\$1.59 per SP Share and the total outstanding SP Shares of 35,099,132 as at the Latest Practicable Date.
- (2) For the Comparable Companies, EV is computed based on the latest available consolidated financial results, except for market capitalisation which is as at the Latest Practicable Date, and EBITDA is computed based on a trailing 12-month basis from the latest available audited and/or unaudited consolidated financial results. EV of the Company is based on the equity consideration of approximately S\$55.8 million implied by the Scheme Consideration and the Company's latest audited and unaudited consolidated financial results as at 31 December 2021 and 30 June 2022, respectively. EBITDA of the Company is computed based on the Company's audited and unaudited consolidated financial results for FY2021 and the last 12 months ended 30 June 2022, respectively.
- (3) Net profit attributable to shareholders of the Comparable Companies and the Company are computed on a trailing 12-month basis based on the companies' interim unaudited consolidated financial results and the Company's unaudited consolidated results for the last 12 months ended 30 June 2022, respectively.
- (4) P/NAV ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its consolidated net asset value attributed to the company per share as at the latest available financial results.
- (5) "*n.m.*" means not meaningful.

Comparison of EV/EBITDA Ratios

The EV/EBITDA Ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cashflow performance and disregards the entity's existing capital structure.

The EV/EBITDA Ratio of the Company implied by the Scheme Consideration is not meaningful as the Company registered negative EBITDA for the 12-month period ended 30 June 2022.

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Comparison of P/E Ratios

The P/E Ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.

The P/E Ratio of the Company implied by the Scheme Consideration is not meaningful as the Company registered net losses attributable to its shareholders for the 12-month period ended 30 June 2022.

Comparison of P/NAV Ratios

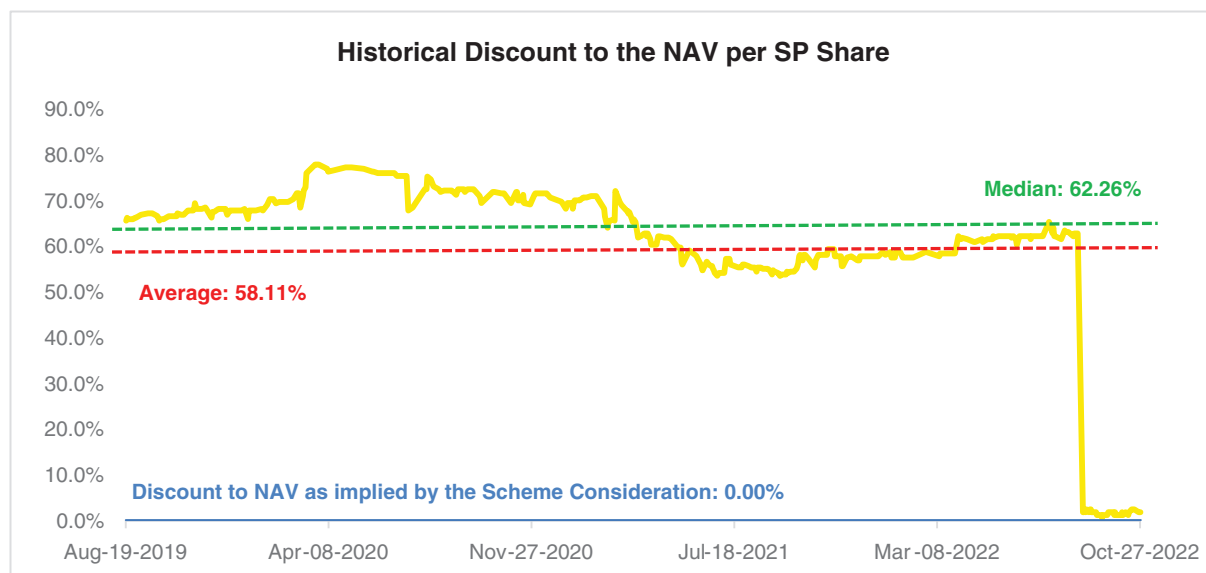
The P/NAV Ratio represents an asset-based relative valuation which takes into consideration the net tangible assets of a company.

We note that for the Comparable Companies as at the Latest Practicable Date, the range of P/NAV Ratios is between 1.5 times and 12.1 times, while the average P/NAV Ratio is 4.5 times, and the median P/NAV Ratio is 2.2 times.

The P/NAV Ratio of the Company implied by the Scheme Consideration of 1.0 time is below the range of the P/NAV Ratios of the Comparable Companies.

10.4 Historical discounts to the NAV of the Group

We have also compared the historical discounts to NAV with the discounts to NAV as at 30 June 2022 as implied by the Scheme Consideration over a period commencing from 19 August 2019, being the date three years prior to the Last Trading Day, and ending on the Latest Practicable Date.



Source: Capital IQ

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The Scheme Consideration represents a P/NAV ratio of 1.0 time or a discount of 0%. We note that the SP Shares had consistently traded at a discount to the NAV per SP Share over the historical period prior and up to the Latest Practicable Date, between a minimum discount of 0.61% and a maximum discount of 77.96%. The average and median daily discounts to NAV are 58.11% and 62.26%, respectively.

10.5 Comparison with privatisation transactions for companies listed on the SGX-ST

In assessing the reasonableness of the Scheme Consideration, we have also examined recent similar transactions by listed companies on the SGX-ST involving successful privatisation transactions announced and completed in the two-year period prior and up to the Latest Practicable Date, and wherein the offerors had indicated their intentions to privatise the target companies (the “**Precedent Privatisation Transactions**”). Privatisation transactions of companies listed on the SGX-ST are generally carried out by way of general offers pursuant to the Code, schemes of arrangement pursuant to the Companies Act, or voluntary delistings pursuant to the Listing Manual. Our analysis of the Precedent Privatisation Transactions is to illustrate the premiums/discounts represented by each of the respective offer prices over/to the traded prices prior to the announcements of such Precedent Privatisation Transactions. We have also looked at the respective P/NAV Ratios implied by the exit offer price and based on the financial period used in relation to the Precedent Privatisation Transactions.

The Independent Directors and Shareholders should note that due to the differences in, *inter alia*, business activities, industries, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Precedent Privatisation Transactions are for illustrative purposes only. The Precedent Privatisation Transactions are not directly comparable to the terms and conditions of the Scheme. The premium and valuation multiple any offeror is prepared to pay for in any particular offer transaction depend on various factors, including prevailing market conditions and general economic and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Precedent Privatisation Transactions is by no means exhaustive and information relating to the Precedent Privatisation Transactions was compiled from publicly available information.

Company name	Announcement date ⁽¹⁾	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement ⁽¹⁾					P/NAV Ratio (times)
		Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
CEI Limited	11 Jan 2021	15.0%	18.2%	20.6%	23.8%	26.1%	1.9
GL Limited	15 Jan 2021	25.0%	28.2%	33.3%	28.0%	9.5%	0.7
International Press Softcom Limited	28 Jan 2021	12.5%	25.3%	32.0%	21.6%	26.8%	1.1
Singapore Reinsurance Corporation Limited	19 Mar 2021	19.8%	20.6%	20.6%	21.9%	27.6%	0.8
World Class Global Limited	21 Mar 2021	112.1%	107.9%	107.9%	89.2%	73.6%	1.5
Neo Group Limited	30 Mar 2021	20.0%	17.9%	14.5%	15.4%	31.0%	2.4

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Company name	Announcement date ⁽¹⁾	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement ⁽¹⁾					P/NAV Ratio (times)
		Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
Singapore Press Holdings Limited	30 Mar 2021	57.3%	71.5%	80.3%	94.8%	199.2%	1.1
Sin Ghee Huat Corporation Ltd	29 Apr 2021	25.6%	58.8%	58.8%	59.8%	48.4%	0.6-0.7
Top Global Limited	30 Apr 2021	1.3%	0.3%	7.4%	10.2%	17.8%	0.5
Cheung Woh Technologies Limited	06 May 2021	90.0%	89.5%	92.9%	109.7%	141.1%	1.2
Dutech Holdings Limited	28 May 2021	74.0%	73.3%	74.7%	73.3%	61.1%	0.8
Pan Ocean Co., Ltd	14 Jun 2021	8.8%	30.8%	53.4%	67.5%	71.1%	1.2
Fragrance Group Limited	09 Jul 2021	16.9%	19.0%	19.0%	20.0%	21.1%	0.7
Roxy-Pacific Holdings Limited	20 Sep 2021	19.8%	20.9%	23.4%	30.4%	37.0%	0.6
SingHaiYi Group Ltd	09 Nov 2021	8.3%	7.3%	10.4%	18.2%	19.4%	0.8
Starburst Holdings Limited	10 Nov 2021	4.4%	3.9%	9.2%	12.8%	25.3%	1.6
United Global Limited	10 Dec 2021	12.5%	16.7%	16.7%	16.2%	14.1%	1.1
Koufu Group Limited	29 Dec 2021	15.8%	14.5%	13.6%	15.1%	15.3%	4.0
Shinvest Holding Ltd	16 Feb 2022	12.9%	8.5%	10.2%	10.1%	14.3%	<i>n.d.</i> ²
Singapore O&G Limited	07 Mar 2022	15.7%	14.8%	12.2%	11.3%	11.3%	3.3
Hwa Hong Corporation Limited	17 May 2022	37.9%	36.1%	32.0%	22.0%	24.6%	1.4
TTJ Holdings Limited	20 May 2022	36.1%	33.6%	28.8%	28.0%	29.4%	0.6
GYP Properties Limited	12 Jul 2022	12.8%	15.9%	12.0%	7.7%	9.8%	0.6
Low		1.3%	0.3%	7.4%	7.7%	9.5%	0.5
High		112.1%	107.9%	107.9%	109.7%	199.2%	4.0
Average		28.5%	31.9%	34.1%	35.1%	41.5%	1.3
Median		16.9%	20.6%	20.6%	21.9%	26.1%	1.1
SP – Implied by the Scheme Consideration		169.49%	163.68%	162.81%	156.87%	140.54%	1.0

Source: Capital IQ, company circulars and company reports

Notes:

- (1) Market premium/discount is calculated based on the share price on either the last trading date or unaffected day for the given periods, as defined in the respective circulars.
- (2) “*n.d.*” means not disclosed.

We note the following with regard to the Precedent Privatisation Transactions:

- (a) the premium of 169.49% implied by the Scheme Consideration against the last transacted price of the SP Shares prior to the Last Trading Day is higher than the range of premiums of the Precedent Privatisation Transactions;

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- (b) the premiums of 163.68%, 162.81% and 156.87% implied by the Scheme Consideration against the 1-month, 3-month and 6-month VWAPs of the SP Shares prior to the Last Trading Day are higher than the range of premiums of the Precedent Privatisation Transactions;
- (c) the premium of 140.54% implied by the Scheme Consideration over the 12-month VWAP of the SP Shares prior to the Last Trading Day is lower than the higher end of the range of premiums of the Precedent Privatisation Transactions, and significantly higher than the average and median premiums; and
- (d) the P/NAV ratio of 1.0 time implied by the Scheme Consideration as at 30 June 2022 is within the range and in line with the median P/NAV ratio of the Precedent Privatisation Transactions.

10.6 Range of values of the SP Shares

We have derived a range of values for the SP Shares using the asset-based valuation methodology.

Given the financial performance and position of the Group, including the non-generation of revenue for the six months ended 30 June 2022, the uncertainties on revenue source of the Group in the foreseeable future and the composition of the Group's assets as at 30 June 2022, which are primarily cash and bank balances and trade and other receivables, we have primarily considered the asset-based valuation approach for the purpose of evaluating the financial terms of the Scheme and determining the values for the SP Shares, as opposed to other valuation approaches.

In an asset-based valuation, a valuation analysis is performed for a company's identified fixed, financial and other assets. Subject to relevant accounting policies and procedures, the derived aggregate value of these assets is then "netted" against any non-controlling interests and the estimated value of all existing liabilities, resulting in an indication of the value of the shareholders' equity. An estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time may be derived under the asset-based approach, where the proceeds of such hypothetical sale would first be used for settlement of the liabilities and the balance being distributed to shareholders.

Shareholders should note that the asset-based analysis of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, wherein such scenario does not take into consideration factors including, but not limited to, liquidation costs, taxes, time value of money, market conditions, legal and professional fees, regulatory requirements, contractual limitations and obligations, and availability of potential buyers, which may affect the value that can be realised by the Group.

For the purpose of our evaluation of the Scheme, we have considered the NAV of the Group as at 30 June 2022 as the valuation for the SP Shares, calculated as total assets less all liabilities and determined by the Group's relevant accounting policies and procedures.

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At the lower end of the valuation range for the SP Shares, in a hypothetical liquidation scenario, if the trade and other receivables would not be recovered in full, the realisable value in such liquidation may be lower than the NAV of the Group as at 30 June 2022, taking into account potential non-collectibility of certain trade and other receivables, additional liabilities that the Group may have, and costs and fees associated with the liquidation. As an illustrative benchmark, we would apply a 5.0% discount to account for the adjusted NAV in a hypothetical liquidation scenario.

Based on the foregoing, we have determined the range of values of the SP Shares to be from approximately S\$1.51 per SP Share (based on illustrative adjusted NAV with a liquidation scenario on non-collectibility of certain trade and other receivables as at 30 June 2022, additional liabilities and relevant costs and fees) to approximately S\$1.59 per SP Share (based on the NAV per SP Share as at 30 June 2022).

10.7 Other Relevant Considerations

We have also considered the following in our evaluation of the Scheme:

10.7.1 Rationale for the Acquisition

The Offeror's rationale for the Acquisition is set out in Paragraphs 4.1 and 4.2 of the Letter from the Offeror to the Shareholders in Appendix 2 to the Scheme Document, and are extracted below:

"4.1 Rationale for the Acquisition. The Acquisition is expected to allow the Offeror to achieve the following objectives:

(a) Minimal benefit of the Company's listed status

The Company has not carried out any fund-raising exercise on the SGX-ST in recent years. Additionally, 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. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

(b) Eliminate duplication of compliance costs

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. Delisting the Company would allow the Offeror to save on costs associated with complying with listing and other regulatory requirements and human resources that have to be committed for such compliance.

(c) Consolidate and leverage on management and capital resources

The Offeror believes that 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.

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4.2 Opportunity for Scheme Shareholders to Realise their Investments.

(a) The Scheme Consideration is at a premium to historical trading prices

As referred to in paragraph 5.2 below, the Acquisition represents an opportunity for Scheme Shareholders to realise their investments in the Company for a cash consideration 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**”).

The Scheme Consideration also exceeds the highest closing price of the SP Shares in over 10 years preceding the Last Trading Day.

(b) Opportunity to exit their investments, which may otherwise be difficult due to the low trading liquidity of the SP Shares

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.

(c) No other Competing Offer capable of turning unconditional or succeeding

As referred to in paragraph 9.1 below, the Offeror holds 28,146,319 SP Shares which represent more than 50 per cent. of the total SP Shares. No other Competing Offer (as defined below) will be capable of turning unconditional or succeeding without the Offeror’s support. Should the Scheme fail, the Offeror is not permitted under the Code to make another scheme or general offer for the Company for 12 months following the lapse of the Scheme.

“**Competing Offer**” means any expression of interest, offer or proposal by any person other than the Offeror involving (i) a sale, transfer or other disposal of any direct or indirect interest in substantially all of the assets, business and/or undertakings of the Company (whether held directly by the Company or indirectly through one or more SP Group Companies); (ii) a general offer (including partial offer) for the SP Shares; (iii) a scheme of arrangement involving the Company or the merger of the Company with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or (iv) any other arrangement having an effect similar to any of (i) to (iii), including a merger or amalgamation proposal. For the purpose of this definition, a Competing Offer will be deemed to be for substantially all of the assets, business and/or undertakings of the Company if the relevant assets, business and/or undertakings in question constitute a “material amount” as defined in Note 2 on Rule 5 of the Code.”

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10.7.2 Offeror's intentions with respect to the Company and its employees

We note that, as set out in Section 7.2 of the Letter to Shareholders of the Scheme Document and Paragraph 4.3 of the Letter from the Offeror to the Shareholders in Appendix 2 to the Scheme Document, upon completion of the Scheme, the Company will be privatised and become a wholly-owned subsidiary of the Offeror. The Offeror and the Company will continue to review, from time to time, the operations of the SP Group as well as its strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves or which the Offeror may regard to be in the interests of the Company. Save as disclosed in the Letter from the Offeror to the Shareholders in Appendix 2 to the Scheme Document, the Offeror has no current intention to (a) make major changes to the business of the Company or its management team; (b) redeploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company and of its subsidiaries, in each case, other than in the ordinary course of business.

10.7.3 Delisting of the SP Shares

We note that, as set out in Section 10 of the Letter to Shareholders of the Scheme Document, upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

We also note that an application was made by the Company to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 19 October 2022, advised that it has no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of the 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 SP Shares held by the Scheme Shareholders voted at the Court Meeting;
- (c) the IFA opining that the Scheme is fair and reasonable; and
- (d) the sanction of the Scheme by the Court.

We note that the decision of the SGX-ST is not to be taken as an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.

We wish to highlight that by voting in favour of the Scheme, the SP Shares will be delisted from the Official List of the SGX-ST if the Scheme becomes effective and binding in accordance with its terms.

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10.7.4 No alternative offer

We note that, as at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the SP Shares. We also note that as the Offeror holds more than 50.0% of the SP Shares, no other competing offer will be capable of turning unconditional or succeeding without the Offeror's support.

Further, we note that should the Scheme fail, the Offeror is not permitted under the Code to make another scheme or general offer for the Company for 12 months following the lapse of the Scheme.

11 OUR OPINION ON THE SCHEME

In arriving at our advice on the Scheme to the Independent Directors, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Scheme. The factors we have considered in our evaluation are discussed in detail in the earlier sections of this letter.

In determining the fairness of the Scheme from a financial point of view, we have considered, among others, the following factors:

- (a) The Scheme Consideration of S\$1.59 per SP Share is equivalent to the derived value for the SP Shares using the asset-based valuation methodology, based on the NAV per SP Share as at 30 June 2022. In our view, the asset-based valuation is the appropriate methodology given the financial performance and position of the Group, including the non-generation of revenue for the six months ended 30 June 2022, the uncertainties on revenue source of the Group in the foreseeable future and the composition of the Group's assets as at 30 June 2022;
- (b) In a hypothetical liquidation scenario, there may be some non-collectibility on the Group's trade and other receivables, which may result in a lower realisable value compared to the NAV as at 30 June 2022 (disregarding any costs and fees associated to a liquidation);
- (c) For the six months ended 30 June 2022, the Group did not record any revenue due to the absence of coal delivery and the loss after tax for the period was S\$0.9 million. The Company is of the view that although the long-term coal purchase agreement with the Indonesian supplier had terminated in December 2021, the Group has continued to explore spot purchases from the coal mine and it will continue to consider all strategic options for the future. The Company has also cited the COVID-19 pandemic and the on-going Ukraine war having the effect of dampening the outlook for business and investment.

Given the above and in the absence of any announcement on the development on the Company's operations as at the Latest Practicable Date, there is no assurance that the Company will be able to generate revenue in the foreseeable future. However, we note that the Group had maintained a positive net working capital of S\$55.6 million as at 30 June 2022 and its cash and cash equivalents were S\$53.0 million as at 30 June 2022;

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- (d) The P/NAV Ratio implied by the Scheme Consideration as at 30 June 2022 is 1.0 time and there is no discount to the NAV per SP Share as at 30 June 2022;
- (e) The SP Shares had consistently traded at a discount to the NAV per SP Share over the three years prior to the Last Trading Day and up to the Latest Practicable Date, with discounts ranging from 0.61% and 77.96% and average and median daily discounts to NAV of 58.11% and 62.26%;
- (f) Save for the 12-month VWAP, the premiums implied by the Scheme Consideration against the VWAPs for the different time periods under evaluation are higher than the range of premiums of the Precedent Privatisation Transactions. The premium implied by the Scheme Consideration over the different periods under evaluation is significantly higher than the average and median premiums of the Precedent Privatisation Transactions;
- (g) For the three (3)-year period prior to the Last Trading Day and up to and including the Latest Practicable Date, the closing price of the SP Shares has not exceeded the Scheme Consideration, and the Scheme Consideration implies significant premiums over the VWAPs of SP Shares over different time periods; and
- (h) The Scheme Consideration represents a premium of approximately 169.49% over the last transacted price prior to the Last Trading Day and 1.92% over the last transacted price as at the Latest Practicable Date.

After having considered carefully the information above, we are of the view that the Scheme is **FAIR**.

In determining the reasonableness of the Scheme, we have considered, among others, the following factors:

- (a) **The liquidity of the SP Shares.** The SP Shares have low trading liquidity, with average daily traded volume for the periods 1 year, 6 months, 3 months and 1 month prior to the Last Trading Day representing approximately 0.070%, 0.079%, 0.093% and 0.085% of the free float, respectively.

The SP Shares do not trade on a daily basis. The number of days on which the SP Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Day represents approximately 51.00%, 44.26%, 52.38% and 54.55% of the number of market days on the SGX-ST during the respective relevant periods, and there was no trade on the Last Trading Day.

The SP Shares had been traded on 37 out of 48 market days on the SGX-ST for the period following the Joint Announcement Date up to the Latest Practicable Date. However, the liquidity of the SP Shares after the Joint Announcement Date up to the Latest Practicable Date is affected by the announcement of the Scheme and should not be relied upon in any way as an indication of the future liquidity of the SP Shares;

- (b) **Price performance of the SP Shares against the Singapore equity market.** While the SP Shares appear to have outperformed the FSSTI in relative terms over the period between 19 August 2019 and the Last Trading Day, the SP Shares had only traded for 48.94% of the total SGX-ST market days during such period.

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The announcement of the Scheme appears to have had an impact on the trading price and volume of the SP Shares, and the current trading price and volume of the SP Shares may be supported by the Scheme. Any analysis on the historical trading performance of the SP Shares, particularly for the period after the Joint Announcement Date up to the Latest Practicable Date, should not be relied upon in any way as an indication of the future trading performance of the SP Shares;

- (c) **Historical financial performance and position of the Group.** While there was an increase in the Group's revenue and operating income in FY2021, profit after tax has been decreasing from FY2019, with the Group incurring operating loss and loss after tax in FY2021. The Group maintained a positive net working capital of S\$55.6 million as at 31 December 2021.
- (d) **Comparison of valuation measures of the Company against those of Comparable Companies.** The EV/EBITDA Ratio and P/E Ratio implied by the Scheme Consideration are not meaningful as the Company registered negative EBITDA and net losses for the 12-month period ended 30 June 2022. The P/NAV Ratio implied by the Scheme Consideration of 1.0 time is below the range of P/NAV Ratios of the Comparable Companies;
- (e) **Rationale for the Acquisition,** including the Offeror's belief that privatising the Company will allow it and the management of the Company to consolidate the business of the Company and to optimise the use of its management and capital resources, and the opportunity for Scheme Shareholders to realise their investment at a premium to historical trading prices;
- (f) **Offeror's intentions regarding the listing status of the Company.** Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST;
- (g) **No alternative offer.** As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the SP Shares. As the Offeror holds more than 50.0% of the SP Shares, no other competing offer will be capable of turning unconditional or succeeding without the Offeror's support; and
- (h) Should the Scheme fail, the Offeror is not permitted under the Code to make another scheme or general offer for the Company for 12 months following the lapse of the Scheme.

After having considered carefully the information above, we are of the view that the Scheme is **REASONABLE**.

Having regard to the considerations set out in this letter and as discussed above, the information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Scheme are, on balance, **fair and reasonable**. Taking the factors we have considered on balance, we advise the Independent Directors to recommend that the Shareholders **vote in favour of the Scheme**.

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Shareholders may wish to sell their SP Shares in the open market if they are able to obtain a price higher than the Scheme Consideration, net of related expenses (such as brokerage and trading costs). In this regard, we note that the SP Shares have not traded above the Scheme Consideration subsequent to the Joint Announcement Date.

We advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the SP Shares will remain at current levels if the Scheme is not successful and lapses, and the current price performance of the SP Shares is not indicative of the future price performance levels of the SP Shares.

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to, and including, the Latest Practicable Date. Our advice on the Scheme cannot and does not take into account any subsequent developments after the Latest Practicable Date, including future trading activity or price levels of the SP Shares, as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Scheme.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Scheme. The recommendations made by the Independent Directors to the Shareholders in respect of the Scheme shall remain their responsibility. A copy of this letter may be reproduced in the Scheme Document.

Whilst a copy of this letter may be reproduced in the Scheme Document, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any purpose other than in relation to the Scheme at any time and in any manner without our prior written consent in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Mah Kah Loon
Chief Executive Officer

Elisa Montano
Associate Partner

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

TUAN SING HOLDINGS LIMITED

(Company Registration No. 196900130M)
(Incorporated in Singapore)

3 November 2022

To: The Shareholders of SP Corporation Limited

Dear Sir/Madam

PROPOSED ACQUISITION BY TUAN SING HOLDINGS LIMITED OF ALL THE SHARES IN THE ISSUED SHARE CAPITAL OF SP CORPORATION LIMITED (OTHER THAN THE SHARES HELD BY TUAN SING HOLDINGS LIMITED) BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT 1967 OF SINGAPORE

1. INTRODUCTION

- 1.1 **Joint Announcement.** On 20 August 2022 (the “**Joint Announcement Date**”), Tuan Sing Holdings Limited (the “**Offeror**”) and SP Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**SP Group**” and each, a “**SP Group Company**”) made a joint announcement in relation to the proposed acquisition (the “**Acquisition**”) of all the shares in the issued share capital of the Company (the “**SP Shares**”) held by the shareholders of the Company (the “**Shareholders**”) other than the Offeror (the “**Scheme Shareholders**”), by the Offeror. The Acquisition will be effected by the Company by way of a scheme of arrangement to be proposed by the Company to the Scheme Shareholders (the “**Scheme**”) in accordance with Section 210 of the Companies Act 1967 of Singapore (the “**Companies Act**”), the Singapore Code on Take-overs and Mergers (the “**Code**”) and the terms and conditions of the Implementation Agreement (as defined below).
- 1.2 **Implementation Agreement.** In connection with the Acquisition, the Company and the Offeror have on the Joint Announcement Date entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Offeror and the Company will implement the Scheme.
- 1.3 **Scheme Document.** This letter from the Offeror (the “**Offeror’s Letter**”) to the Scheme Shareholders should be read and construed together with, and in the context of, the scheme document dated 3 November 2022 (the “**Scheme Document**”) issued by the Company to the Scheme Shareholders containing, *inter alia*, details of the Scheme.
- 1.4 **Terms and references.** Unless otherwise stated, terms and references used but not defined in this Offeror’s Letter shall have the same meaning and construction as defined in the Scheme Document.

If you are in doubt about this Offeror’s Letter, the Scheme or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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2. THE ACQUISITION AND THE SCHEME

2.1 **Terms of the Scheme.** As stated in the Scheme Document, the Acquisition will be effected by way of the Scheme. The Scheme will involve, amongst other things, the following:

- (a) all the SP Shares held by the Scheme Shareholders (the “**Scheme Shares**”), as at the Books Closure Date, will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date. 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 (as defined below) by the amount of such dividend, right or distribution; and
- (b) in consideration for such transfer to the Offeror, 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** (the “**Scheme Consideration**”).

2.2 **Scheme Conditions.** The Scheme is conditional upon the satisfaction or waiver (as the case may be) of a number of conditions precedent (the “**Scheme Conditions**”). Additional information on the Scheme Conditions is set out in paragraph 6.1 of the Explanatory Statement. The Scheme Conditions are reproduced in Appendix 5 to the Scheme Document. Scheme Shareholders should note that if for any reason the Scheme Conditions are not satisfied (or, if applicable, waived) or if the Scheme has not become effective on or before 5.00 p.m. on the date falling six (6) months from the date of the Implementation Agreement or such other date as the Company and the Offeror may agree in writing, the Scheme will not become effective and binding in accordance with its terms.

2.3 **Effect of termination.** In the event of termination of the Implementation Agreement pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and there shall be no other liability on the part of either the Company or the Offeror.

3. DELISTING

Upon the Scheme becoming effective and binding in accordance with its terms, the Offeror will hold 100% of the Scheme Shares, comprising approximately 19.81%¹ of the SP Shares, and the Offeror will directly hold 100% of the SP Shares. Accordingly, the Company will become a wholly-owned subsidiary of the Offeror, and will be delisted from the Main Board of the SGX-ST.

¹ Based on a total of 35,099,132 SP Shares, being the number of SP Shares in issue as at the Latest Practicable Date.

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An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 19 October 2022, advised that it has no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of the 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 SP Shares held by the Scheme Shareholders voted at the Court Meeting;
- (c) the IFA opining that the Scheme is fair and reasonable; and
- (d) the sanction of the Scheme by the Court.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.

SCHEME SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SP SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

4. RATIONALE FOR THE SCHEME AND FUTURE PLANS FOR THE COMPANY

4.1 **Rationale for the Acquisition.** The Acquisition is expected to allow the Offeror to achieve the following objectives:

- (a) Minimal benefit of the Company's listed status

The Company has not carried out any fund-raising exercise on the SGX-ST in recent years. Additionally, 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. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

- (b) Eliminate duplication of compliance costs

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. Delisting the Company would allow the Offeror to save on costs associated with complying with listing and other regulatory requirements and human resources that have to be committed for such compliance.

- (c) Consolidate and leverage on management and capital resources

The Offeror believes that 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.

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

4.2 Opportunity for Scheme Shareholders to Realise their Investments.

(a) The Scheme Consideration is at a premium to historical trading prices

As referred to in paragraph 5.2 below, the Acquisition represents an opportunity for Scheme Shareholders to realise their investments in the Company for a cash consideration 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**”).

The Scheme Consideration also exceeds the highest closing price of the SP Shares in over 10 years preceding the Last Trading Day.

(b) Opportunity to exit their investments, which may otherwise be difficult due to the low trading liquidity of the SP Shares

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.

(c) No other Competing Offer capable of turning unconditional or succeeding

As referred to in paragraph 9.1 below, the Offeror holds 28,146,319 SP Shares which represent more than 50 per cent. of the total SP Shares. No other Competing Offer (as defined below) will be capable of turning unconditional or succeeding without the Offeror’s support. Should the Scheme fail, the Offeror is not permitted under the Code to make another scheme or general offer for the Company for 12 months following the lapse of the Scheme.

“**Competing Offer**” means any expression of interest, offer or proposal by any person other than the Offeror involving (i) a sale, transfer or other disposal of any direct or indirect interest in substantially all of the assets, business and/or undertakings of the Company (whether held directly by the Company or indirectly through one or more SP Group Companies); (ii) a general offer (including partial offer) for the SP Shares; (iii) a scheme of arrangement involving the Company or the merger of the Company with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or (iv) any other arrangement having an effect similar to any of (i) to (iii), including a merger or amalgamation proposal. For the purpose of this definition, a Competing Offer will be deemed to be for substantially all of the assets, business and/or undertakings of the Company if the relevant assets, business and/or undertakings in question constitute a “material amount” as defined in Note 2 on Rule 5 of the Code.

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- 4.3 **Offeror's Future Intentions for the Company.** Upon completion of the Scheme, the Company will be privatised and become a wholly-owned subsidiary of the Offeror. The Offeror and the Company will continue to review, from time to time, the operations of the SP Group as well as its strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves or which the Offeror may regard to be in the interests of the Company. Save as disclosed above, the Offeror has no current intention to (a) make major changes to the business of the Company or its management team; (b) redeploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company and of its subsidiaries, in each case, other than in the ordinary course of business.

5. FINANCIAL EVALUATION OF THE SCHEME CONSIDERATION

- 5.1 The figures set out in this paragraph are based on data extracted from Bloomberg Finance L.P. ("**Bloomberg**") as at 18 August 2022, being the Last Trading Day.
- 5.2 The implied premium of the Scheme Consideration over the relevant closing price and the VWAP of the Company is as follows:

Description	Benchmark price of the SP Shares ⁽¹⁾ (S\$)	Premium to the benchmark price of the SP Shares ⁽²⁾⁽³⁾
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 the 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.

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

6. INFORMATION ON THE COMPANY

- 6.1 **Incorporation and listing.** The Company was incorporated in Singapore on 27 November 1952 and was listed on the Main Board of the SGX-ST on 20 September 1974.
- 6.2 **Principal activities.** The SP Group principally engages in commodities trading activities in coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, metal and automotive industries in Asia. Additional information on the Company is set out in Appendix 3 to the Scheme Document.
- 6.3 **Material changes in the financial position.** Save for the information of the Company which is publicly available (including, without limitation, the unaudited consolidated financial statements of the SP Group for the six (6)-month period ended 30 June 2022 and announcements which are released by the Company on SGXNET) and save as disclosed in the Scheme Document, there has not been, to the knowledge of the Offeror, any material change in the financial position or prospects of the SP Group since 31 December 2021, being the date of the last audited balance sheet laid before the Shareholders in a general meeting.
- 6.4 **Transfer restrictions.** The constitution of the Company does not contain any restrictions on the right to transfer the SP Shares in connection with the Acquisition or the Scheme.

7. INFORMATION RELATING TO THE OFFEROR

- 7.1 **Directors of the Offeror.** The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Richard Eu Yee Ming	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Chairman, Non-Executive and Independent Director
William Nursalim alias William Liem	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Executive Director
Cheng Hong Kok	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Non-Executive and Independent Director
Ooi Joon Hin	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Non-Executive and Independent Director
Michelle Liem Mei Fung	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Non-Executive and Non- Independent Director

- 7.2 **Principal activities.** The Offeror was incorporated in Singapore on 13 March 1969 and was listed on the Main Board of the SGX-ST on 9 July 1973. The Offeror is a regional investment holding company with interests mainly in real estate development, real estate investment and hospitality.

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

- 7.3 **Share capital.** As at the Latest Practicable Date, the issued share capital of the Offeror excluding treasury shares comprises 1,218,043,900 shares.
- 7.4 **Summary of financial information.** In accordance with the SIC's rulings, only the Offeror would be required to disclose the information prescribed in Rule 23.4 of the Code in relation to the Scheme. Accordingly, a summary of the financial information relating to the Offeror for the financial year ended 31 December 2019 ("**FY2019**"), the financial year ended 31 December 2020 ("**FY2020**"), the financial year ended 2021 ("**FY2021**") and the six (6)-month period ended 30 June 2022 ("**1H2022**") is set out below. The summary of the financial information should be read together with the audited financial statements of the Offeror for FY2019, FY2020 and FY2021 and the unaudited financial statement of the Offeror for 1H2022 (copies of which are available for inspection as set out in paragraph 15 of this Offeror's Letter).

Consolidated Statement of Profit or Loss of the Offeror

A summary of the audited consolidated statements of profit or loss of the Offeror for FY2019, FY2020 and FY2021, and the unaudited consolidated statement of profit or loss of the Offeror for 1H2022 is set out below:

	1H2022 1 Jan 2022 – 30 Jun 2022 S\$ million (Unaudited)	FY2021 1 Jan 2021 – 31 Dec 2021 S\$ million (Audited)	FY2020 1 Jan 2020 – 31 Dec 2020 S\$ million (Audited)	FY2019 1 Jan 2019 – 31 Dec 2019 S\$ million (Audited)
Revenue	113.95	245.34	196.82	310.69
Net profit before tax	10.90	84.12	59.89	42.04
Net profit after tax	8.81	81.82	58.53	32.68
Profit attributable to:				
Owners of the company	9.70	83.66	59.01	33.21
Non-controlling interests	(0.89)	(1.84)	(0.48)	(0.53)
Net earnings per share (S\$)	0.008	0.070	0.050	0.028
Net dividends per ordinary share (S\$)	–	0.007	0.006	0.006

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

Consolidated Statement of Financial Position of the Offeror

The audited consolidated statement of financial position of the Offeror as at 31 December 2021 and the unaudited consolidated statement of financial position of the Offeror as at 30 June 2022 are summarised below:

	1H2022 S\$ million (Unaudited)	FY2021 S\$ million (Audited)
<i>Cash and cash equivalents</i>	371.96	405.04
<i>Total assets</i>	2,742.58	2,764.33
<i>Total borrowings</i>	1,334.77	1,352.73
<i>Total liabilities</i>	1,478.36	1,499.91
<i>Equity attributable to owners of the company</i>	1,248.31	1,250.20
<i>Non-controlling interests</i>	15.91	14.22
<i>Total equity</i>	1,264.22	1,264.42
<i>Total liabilities and equity</i>	2,742.58	2,764.33

- 7.5 **Material changes in financial position.** As at the Latest Practicable Date, save for (a) the Scheme; and (b) any publicly available information on the Offeror, there has been no known material change in the financial position of the Offeror subsequent to 31 December 2021, being the date of its last published audited accounts.
- 7.6 **Significant accounting policies.** The significant accounting policies of the Offeror are disclosed in Note 2 of the audited financial statements of the Offeror for FY2021, a copy of which is available for inspection as set out in paragraph 15 of this Offeror's Letter.
- 8. NO SPECIAL ARRANGEMENTS**
- 8.1 **No agreement having any connection with or dependence on the Scheme.** Save for the Implementation Agreement, and save as disclosed in this Offeror's Letter and the Scheme Document, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (a) the Offeror or any other member of the Offeror Concert Party Group (as defined below); and (b) any of the current or recent directors of the Company or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Scheme or its outcome.
- 8.2 **Transfer of SP Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the SP Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person.

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

8.3 **No payment or benefit to directors of the Company or its related corporations.** As at the Latest Practicable Date, saved as disclosed in the Scheme Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or of any of its related corporations (within the meaning of Section 6 of the Companies Act) as compensation for loss of office or otherwise in connection with the Scheme.

8.4 **No Agreement Conditional upon Outcome of the Offer.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (a) the Offeror; and (b) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Scheme or otherwise connected with the Scheme.

9. DISCLOSURE OF INTERESTS AND DEALINGS

9.1 **Holdings and dealings.** As at the Latest Practicable Date, based on the latest information available to the Offeror:

- (a) save as disclosed in this paragraph 9.1(a), none of 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**”) owns, controls or has agreed to acquire any (i) SP Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options or derivatives in respect of such SP Shares or securities which carry voting rights in the Company (collectively, the “**Company Securities**”);

Name	Direct Interest	Deemed Interest
	No. of SP Shares	No. of SP Shares
Offeror	28,146,319 ⁽¹⁾	–
Nuri Holdings (S) Pte Ltd	–	28,146,319 ⁽²⁾
Mr William Nursalim alias William Liem	–	28,146,319 ⁽³⁾
Ms Michelle Liem Mei Fung	–	28,146,319 ⁽³⁾
Dr Tan Enk Ee	–	28,146,319 ⁽³⁾
Mr Khoo Chin Inn	7,000 ⁽⁴⁾⁽⁷⁾	–
Mr Liem Tek Siong	678,000 ⁽⁵⁾⁽⁷⁾	–
Ms Nadya Liyi Tan	62,400 ⁽⁶⁾⁽⁷⁾	–
Total	28,893,719⁽⁸⁾	

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

Notes:

- (1) The total percentage shareholding of the Offeror amounts to 80.19% of the SP Shares, based on the total issued SP Shares as at the Latest Practicable Date (being 35,099,132 SP Shares) and rounded to the nearest two (2) decimal places.
 - (2) Nuri Holdings (S) Pte Ltd is deemed to have an interest in the 28,146,319 SP Shares held by the Offeror (by virtue of its interests in the Offeror).
 - (3) Mr William Nursalim alias William Liem and Ms Michelle Liem Mei Fung, who are directors of the Offeror, and Dr Tan Enk Ee are deemed to have an interest in the 28,146,319 SP Shares held by the Offeror (by virtue of their interests in Nuri Holdings (S) Pte Ltd).
 - (4) Mr Khoo Chin Inn is a director of Nuri Holdings (S) Pte Ltd, which holds more than 50 per cent. of the total shares in the issued share capital of the Offeror.
 - (5) Mr Liem Tek Siong is the father of Mr William Nursalim alias William Liem and Ms Michelle Liem Mei Fung, who are directors of the Offeror. The 678,000 SP Shares owned or controlled by Mr Liem Tek Siong are held through Citibank Nominees Singapore Pte Ltd.
 - (6) Ms Nadya Liyi Tan is the daughter of Mr Tan Choong Kiak, who is one of the directors of various subsidiaries of the Offeror and the Group Chief Financial Officer of the Offeror.
 - (7) The total percentage shareholding of Mr Khoo Chin Inn, Mr Liem Tek Siong and Ms Nadya Liyi Tan amounts to 2.13% of the SP Shares, based on the total issued SP Shares as at the Latest Practicable Date (being 35,099,132 SP Shares) and rounded to the nearest two (2) decimal places.
 - (8) The total percentage shareholding of the 28,893,719 SP Shares as set out in this table amounts to 82.32% of the SP Shares, based on the total issued SP Shares as at the Latest Practicable Date (being 35,099,132 SP Shares) and rounded to the nearest two (2) decimal places.
- (b) none of the members of the Offeror Concert Party Group in respect of the Company Securities which it owns or controls:
- (i) has received any irrevocable undertaking from any person to vote in favour of or against the Scheme;
 - (ii) has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing; and/or
 - (iii) has (A) granted any security interest in respect of any Company Securities to another person, whether through a charge, pledge or otherwise; (B) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or (C) lent any Company Securities to another person; and
- (c) none of the members of the Offeror Concert Party Group has dealt for value in the Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

10. OFFEROR CONCERT PARTY GROUP NOT ELIGIBLE TO VOTE

In accordance with the SIC's rulings as set out in paragraph 9.2 of the Explanatory Statement, the Offeror Concert Party Group will be required to abstain from voting on the Scheme in respect of their Scheme Shares. As the SP Shares held by the Offeror are not Scheme Shares, the Offeror will in any case not be eligible to vote on the Scheme.

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

11. CONFIRMATION OF FINANCIAL RESOURCES

United Overseas Bank Limited (the “**Offeror Financial Adviser**”), being the financial adviser to the Offeror in connection with the Acquisition and the Scheme, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Scheme Shares to be acquired by the Offeror pursuant to the Scheme.

12. SETTLEMENT

Paragraphs 11 and 13 of the Explanatory Statement set out details of the procedures for the implementation of the Scheme and the settlement and registration procedures.

13. CONSENTS

Drew & Napier LLC and the Offeror Financial Adviser have each given and have not withdrawn their respective written consents to the issue of this Offeror’s Letter with the inclusion herein of their names and all references to their names in the form and context in which they respectively appear in this Offeror’s Letter.

14. MARKET QUOTATIONS FOR COMPANY SECURITIES

- 14.1 **Transacted prices.** The following table sets out the last closing prices of the SP Shares on the SGX-ST on a monthly basis from February 2022 (being six (6) calendar months preceding the Joint Announcement Date) to the Latest Practicable Date, as extracted from Bloomberg:

Monthly Trades	Last Closing Price (S\$)
1 October 2022 to the Latest Practicable Date ⁽¹⁾	1.56
September 2022	1.57
August 2022	1.55
July 2022	0.61
June 2022	0.60
May 2022	0.60
April 2022	0.62
March 2022	0.66
February 2022	0.67

Note:

- (1) 25 October 2022 is the last full Market Day on which the SP Shares were traded on the SGX-ST on or prior to the Latest Practicable Date.

- 14.2 **Highest and lowest prices.** During the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date, as extracted from Bloomberg, the highest closing price was S\$1.58 per SP Share, transacted on 13 September 2022, and the lowest closing price was S\$0.55 per SP Share, transacted on 14 July 2022.

APPENDIX 2 – LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

14.3 **Closing price.** The closing price on:

- (a) 16 August 2022, being the last full Market Day on which the SP Shares were traded on the SGX-ST prior to the Joint Announcement Date, was S\$0.59 per SP Share; and
- (b) 25 October 2022, being the last full Market Day on which the SP Shares were traded on the SGX-ST on or prior to the Latest Practicable Date, was S\$1.56 per SP Share.

15. DOCUMENTS FOR INSPECTION

A copy of the following documents will be made available for inspection during normal business hours at the registered office of the Offeror up to the Effective Date:

- (a) the Implementation Agreement;
- (b) the letters of consent referred to in paragraph 13 above;
- (c) the unaudited financial statements of the Offeror for 1H2022; and
- (d) the audited financial statements of the Offeror for FY2019, FY2020 and FY2021.

16. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this Offeror's Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offeror's Letter (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 Offeror's Letter, the omission of which would make any statement in this Offeror's Letter misleading, and the directors of the Offeror jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror 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 Offeror's Letter. The directors of the Offeror do not accept any responsibility for any information relating to or opinions expressed by the Company.

Yours faithfully

For and on behalf of

TUAN SING HOLDINGS LIMITED

(Company Registration No.: 196900130M)

Richard Eu Yee Ming

Chairman, Non-Executive and Independent Director

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors of the Board, as at the Latest Practicable Date, are set out below:

Name	Address	Description
Mr Cheng Hong Kok	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Chairman, Non-Executive and Independent Director
Mr William Nursalim alias William Liem	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Interim Executive Director
Mr Leong Kok Ho	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Non-Executive and Non- Independent Director
Ms Lim Huei Min	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Non-Executive and Independent Director
Mr Tan Kok Seng	c/o 9 Oxley Rise, #03-02 The Oxley, Singapore 238697	Non-Executive and Independent Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 27 November 1952 and was listed on the Main Board of the SGX-ST on 20 September 1974. The Company and each SP Group principally engage in commodities trading activities in coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, metal and automotive industries in Asia.

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the Company being ordinary shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$58,365,721.95, comprising 35,099,132 SP Shares of which none are held as treasury shares and subsidiary holdings.

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the constitution of the Company relating to the rights of the Shareholders in respect of capital, dividends and voting have been extracted and reproduced in Appendix 4 to this Scheme Document.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

3.3 Issue of New Shares

Since 31 December 2021, being the last day of the previous financial year (i.e. FY2021), no new SP Shares have been issued.

3.4 Outstanding Convertible Instruments

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for, or options in respect of, SP Shares or which carry voting rights affecting the SP Shares.

4. FINANCIAL INFORMATION

4.1 Financial Information of the SP Group

(a) Consolidated Statements of Comprehensive Income

Set out below is certain financial information extracted from the annual reports of the Company for FY2019, FY2020 and FY2021 and the unaudited condensed interim financial statements of the SP Group for the six (6) months ended 30 June 2022 (“1H2022 Results”).

The financial information for FY2019, FY2020 and FY2021 should be read in conjunction with the audited consolidated financial statements of the SP Group and the accompanying annual reports of the Company for FY2019, FY2020 and FY2021 respectively and the financial information for 1H2022 should be read in conjunction with the 1H2022 Results.

S\$'000	Audited			Unaudited 1H2022
	FY2019	FY2020	FY2021	
Revenue	93,076	29,432	50,269	–
Exceptional items	–	–	–	–
Gross profit	2,402	910	1,037	–
Profit (loss) before tax	2,969	1,573	(1,368)	(895)
Profit (loss) for the financial year or period, representing profit (loss) attributable to owners of the Company	2,503	1,395	(1,258)	(900)
Other comprehensive (loss) income for the financial year or period, net of tax, attributable to owners of the Company	(200)	(407)	329	890
Total comprehensive income (loss) for the financial year or period, net of tax, attributable to owners of the Company	2,303	988	(929)	(10)
Basic and diluted earnings (loss) per share (cents)	7.13	3.97	(3.58)	(2.56)
Ordinary dividend per share (cents)	–	–	–	–

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

(b) Consolidated Statements of Financial Position

S\$'000	1H2022 30 Jun 2022 Unaudited	FY2021 31 Dec 2021 Audited
Assets		
Non-current assets		
Plant and equipment	98	111
Right-of-use asset	347	398
Deferred tax asset	61	69
Total non-current assets	506	578
Current assets		
Trade and other receivables	1,865	6,769
Cash and bank balances	54,699	49,628
Total current assets	56,564	56,397
Total assets	57,070	56,975
Equity and Liabilities		
Equity		
Share capital	58,366	58,366
Translation reserve	354	(536)
Accumulated losses	(2,925)	(2,025)
Total equity	55,795	55,805
Non-current liabilities		
Other payables	28	28
Lease liability	237	284
Deferred tax liabilities	70	79
Total non-current liabilities	335	391
Current liabilities		
Trade and other payables	835	676
Lease liability	95	95
Income tax payable	10	8
Total current liabilities	940	779
Total liabilities	1,275	1,170
Total equity and liabilities	57,070	56,975

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

4.2 Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Scheme Document, the SP June 2022 Unaudited Accounts and any other information on the SP Group which is publicly available (including without limitation, the announcements released by the Company on the SGXNET), there have been no material changes in the financial position of the SP Group since 31 December 2021, being the date of the last published audited consolidated financial statements of the SP Group.

4.3 Significant Accounting Policies

The significant accounting policies for the SP Group are set out in the notes to the SP 2021 Audited Accounts, which are set out in Appendix 8 to this Scheme Document.

4.4 Changes in Accounting Policies

The changes in the significant accounting policies for the SP Group are set out in the extract of the notes to the SP 2021 Audited Accounts in Appendix 8 to this Scheme Document. Save as aforesaid, as at the Latest Practicable Date, there are no changes in the accounting policies of the SP Group which will cause the figures disclosed in this paragraph 4 not to be comparable to a material extent.

5. DISCLOSURE OF INTERESTS

5.1 Holdings of Offeror Securities by the Company

As at the Latest Practicable Date, none of the SP Group Companies owns, controls or has agreed to acquire any Offeror Securities.

5.2 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, and by virtue of his interests in Nuri Holdings (S) Pte Ltd, Mr William Nursalim alias William Liem is deemed to have an interest in 651,772,446 Offeror Shares, which represents approximately 53.51% of the Offeror Shares.

As at the Latest Practicable Date, save as disclosed in this paragraph 5.2 and in this Scheme Document, none of the Directors, has any direct or indirect interests in the Offeror Securities.

5.3 Interests of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below and in this Scheme Document, none of the Directors has any direct or indirect interests in the Company Securities.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Directors	Direct Interest		Deemed Interest	
	No. of SP Shares	% ⁽¹⁾	No. of SP Shares	% ⁽¹⁾
Mr Cheng Hong Kok	–	–	–	–
Mr William Nursalim alias William Liem	–	–	28,146,319 ⁽²⁾	80.19%
Mr Leong Kok Ho	–	–	–	–
Ms Lim Huei Min	–	–	–	–
Mr Tan Kok Seng	–	–	–	–

Notes:

- (1) All references to percentage shareholding of the issued share capital of the Company in this paragraph 5.3 of this Appendix 3 are based on the total issued SP Shares as at the date of this Scheme Document.
- (2) Mr William Nursalim alias William Liem is deemed to have an interest in the 28,146,319 SP Shares held by the Offeror (by virtue of his interests in Nuri Holdings (S) Pte Ltd).

5.4 Interests of Substantial Shareholders in the Company

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests of the substantial shareholders of the Company in SP Shares are set out below:

Name	Number of Shares					
	Direct		Deemed		Total	
	No. of SP Shares	%	No. of SP Shares	%	No. of SP Shares	%
Tuan Sing Holdings Limited	28,146,319	80.19	–	–	28,146,319	80.19
Nuri Holdings (S) Pte Ltd	–	–	28,146,319 ⁽¹⁾	80.19	28,146,319	80.19
Michelle Liem Mei Fung	–	–	28,146,319 ⁽²⁾	80.19	28,146,319	80.19
William Nursalim alias William Liem	–	–	28,146,319 ⁽²⁾	80.19	28,146,319	80.19
Dr Tan Enk Ee	–	–	28,146,319 ⁽²⁾	80.19	28,146,319	80.19

Notes:

- (1) By virtue of its interests in Tuan Sing Holdings Limited
- (2) By virtue of his/her interests in Nuri Holdings (S) Pte Ltd

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Securities by the Company

None of the SP Group Companies has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

6.2 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA in the Company Securities

As at the Latest Practicable Date, none of the IFA or funds whose investments are managed by the IFA on a discretionary basis, owns or controls any Company Securities.

7.2 Dealings in Company Securities by the IFA

None of the IFA or funds whose investments are managed by the IFA on a discretionary basis has dealt for value in the Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. ARRANGEMENT AFFECTING DIRECTORS

8.1 No Payment or Benefit to Directors

Each of the Independent Directors signed respective letters of appointment dated 3 July 2022 (“**LOAs**”) with the Company in relation to their respective appointments as members of a working committee to consider, advise and make recommendations in respect of the Scheme to Scheme Shareholders.

Pursuant to the LOAs, the Independent Directors will be paid an aggregate of S\$120,000 in fees upon completion of the Scheme in compensation for their time and effort. Should the Scheme lapse or be aborted, the Independent Directors will be paid in the following manner instead:

- (a) an aggregate of S\$36,000 if the Scheme is publicly announced by the Offeror and the Company, but the Scheme lapses or is aborted before the relevant scheme meeting in respect of the Scheme is held; or
- (b) an aggregate of S\$72,000 if the relevant scheme meeting in respect of the Scheme has been held but the Scheme is not approved at such scheme meeting, or otherwise lapses or is aborted before completion.

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

8.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding made between any of the Directors and any other person in connection with or conditional upon the outcome of the Scheme.

8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) none of the SP Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the SP Group taken as a whole; and
- (b) the Directors are not aware of any proceedings pending or threatened against any of the SP Group Companies or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the SP Group taken as a whole.

10. GENERAL DISCLOSURE

10.1 Financial Statements

The SP 2021 Audited Accounts and the SP June 2022 Unaudited Accounts are set out in Appendix 8 and Appendix 9 to this Scheme Document respectively.

10.2 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with any SP Group Companies which have more than twelve (12) months to run and which cannot be terminated by the employing company within the next twelve (12) months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

10.3 Material Contracts with Interested Persons

As at the Latest Practicable Date, save as disclosed in the annual reports of the Company for FY2019, FY2020 and FY2021 and the 1H2022 Results and any other information on the SP Group Companies which is publicly available (including without limitation, the announcements released by the Company on the SGXNET), in respect of the material contracts with interested persons (within the meaning of the Note on Rule 23.12 of the Code) not being a contract entered into in the ordinary course of business, save for the Implementation Agreement, none of the SP Group Companies has entered into any material contracts with interested persons (as defined in the Note on Rule 23.12 of the Code (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date.

10.4 Costs and Expenses

In the event that the Scheme does not become effective and binding for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company.

10.5 Directors' Intentions with respect to their Company Securities

As at the Latest Practicable Date, save as disclosed in this paragraph 10.5, all of the Directors do not hold any Company Securities. In the premises, the Directors' intentions on whether to vote or not at the Court Meeting does not arise.

In accordance with the terms of the rulings by the SIC to the Offeror on 18 August 2022 and in compliance with the condition imposed by the SIC in its ruling as set out in paragraph 9.2 of the Letter to Shareholders of this Scheme Document, the Offeror Concert Party Group will be required to abstain from voting on the Scheme. As disclosed in the Letter from the Offeror to the Shareholders in Appendix 2 to this 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). Mr William Nursalim alias William Liem is deemed interested in the SP Shares held by the Offeror, but he does not hold any Company Securities. As set out above, the Offeror Concert Party Group will abstain from voting its SP Shares at the Court Meeting.

11. CONSENTS

11.1 General

Dentons Rodyk & Davidson LLP and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

11.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter as set out in Appendix 1 to this Scheme Document and all references thereto in the form and context in which it appears in this Scheme Document.

11.3 Deloitte & Touche LLP

Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the auditors' report relating to the SP 2021 Audited Accounts as set out in Appendix 8 to this Scheme Document and all the references to its name in the form and context in which it appears in this Scheme Document.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 from the date of this Scheme Document up to the Effective Date:

- (a) the constitution of the Company;
- (b) the annual reports of the Company for FY2019, FY2020 and FY2021;
- (c) the 1H2022 Results;
- (d) the Implementation Agreement; and
- (e) the letters of consent referred to in paragraph 11 of this Appendix 3.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

Selected texts of the constitution of the Company relating to the rights of the Shareholders in respect of capital, dividends and voting as extracted and reproduced from the constitution are set out below:

1. The rights of the Shareholders in respect of capital

SHARES

6. **ISSUE OF SHARES.** The shares taken by the subscribers to the Constitution shall be issued by the Directors. Subject as aforesaid and to this Constitution, the Directors may allot and issue the same to such persons on such terms and conditions and at such times as the Directors think fit.
7. **PAYMENT OF EXPENSES IN ISSUE OF SHARES.** Any expenses (including brokerage or commission) incurred directly by the Company in the issue of new shares may be paid out of the proceeds of the issue or the Company’s share capital. Such payment shall not be taken as reducing the amount of share capital of the Company.
8. **SPECIAL RIGHTS.**
 - (A) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; PROVIDED ALWAYS THAT the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares of the Company.
 - (B) The Company may issue shares for which no consideration is payable to the Company.
9. **REDEEMABLE PREFERENCE SHARES.** Subject (but not limited) to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.
10. **RIGHTS OF PREFERENCE SHAREHOLDERS.** Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving notices, reports and financial statements, and attending general meetings of the Company. They shall have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears for more than 6 months.
11. **MODIFICATION OF RIGHTS OF PREFERENCE SHAREHOLDERS.** The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders’ rights, may only be made pursuant to a special resolution of the preference shareholders concerned; PROVIDED ALWAYS THAT where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

12. **RIGHTS NOT VARIED BY ISSUE OF ADDITIONAL SHARES.** The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
13. **NO TRUSTS RECOGNISED.** No person, other than the Depository, shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder, except only as by this Constitution otherwise provided for or as required by the Statutes or pursuant to any order of Court.
14. **OFFER OF NEW SHARES.** Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the Securities Exchange's listing rules, all new shares of whatever kind shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.
15. **SHARE CERTIFICATES.** Unless otherwise resolved by the Directors, securities will be allotted and certificates issued under the Seal in such form as the Directors may approve, in the name of and despatched to every person whose name is entered as a Member in the Register of Members or allotted and despatched to the Depository for the account of every Depositor who is a Member, within 10 Market Days (or such other periods as may be approved by any stock exchange upon which the shares of the Company may be listed) of the final applications closing date for an issue of securities or as the case may be after the lodgement of any registrable transfer. Every person whose name is entered as a Member in the Register of Members or in the name of the Depository, as the case may be, shall be entitled without payment to one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class upon payment of \$2.00 (or such sum as the Directors shall from time to time determine) for every certificate after the first. Stamp duty payable on such certificate shall be borne by such Member unless otherwise directed by the Directors; PROVIDED ALWAYS THAT in the case of joint holders (including Depositors) the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them, or in the case of shares registered in the name of the Depository, to the Depository, shall be sufficient delivery to all such holders (including Depositors). PROVIDED FURTHER THAT the Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

16. **RENEWAL OF CERTIFICATES.** Subject to the provisions of the Act, if a share certificate be worn out, defaced, destroyed, lost or stolen, it may be renewed on payment of such fee not exceeding \$2.00 or in the event of the Company being listed on the Securities Exchange such other sum as may from time to time be prescribed by the Securities Exchange and on such terms as the Directors think fit, if any, as to evidence and indemnity being given by the shareholder, transferee, person entitled, purchaser member of the Securities Exchange or on behalf of its/their client(s) and, in the case of destruction, loss or theft, on payment by the shareholder or person entitled to whom such renewed certificate is given of out-of-pocket expenses of the Company of investigating evidence including the payment of stamp duty on such certificate or in the case of defacement or wearing out, on delivery up of the old certificate. Any duplicate certificate issued on or after 30 January 2006 in respect of a share certificate issued before that date shall state, in place of the historical nominal value of the shares, the amount paid on the shares and the amount (if any) unpaid on the shares.
17. **POWER TO PAY COMMISSION AND BROKERAGE.** The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment in cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may, in addition to, or *in lieu* of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any shares in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit.
18. **POWER TO CHARGE INTEREST ON CAPITAL.** If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up (except treasury shares) and may charge the same to capital as part of the cost of the construction or provision.

LIEN

19. **COMPANY TO HAVE LIEN ON SHARES AND DIVIDENDS.** The Company shall have a lien on every share not being a fully-paid share for all monies (whether presently payable or not) called or payable at a fixed time in respect of such share, and for all monies as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Company’s lien, if any, on a share shall extend to all dividends payable thereon. The Company’s lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.
20. **LIEN MAY BE ENFORCED BY SALE OF SHARES.** The Directors may sell any shares subject to such lien at such time or times and in such manner as they think fit, but no sale shall be made until such time as the monies in respect of which such lien exists or some part thereof are or is presently payable or a liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until a demand and notice in writing stating the amount due or specifying the liability or engagement and demanding payment or fulfilment or discharge thereof, and giving notice of intention to sell in default, shall have been served on such Member or the persons (if any) entitled by transmission to the shares, and default in payment, fulfilment or discharge shall have been made by him or them for 7 days after such notice.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

21. **DIRECTORS MAY AUTHORISE TRANSFER AND ENTER PURCHASER’S NAME IN REGISTER.** To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser and may enter the purchaser’s name in the Register of Members as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
22. **APPLICATION OF PROCEEDS OF SALE.** The net proceeds of sale whether of a share forfeited by the Company or of a share over which the Company has a lien, shall be applied in or towards satisfaction of the amount due to the Company, or of the liability, as the case may be, and any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.
23. **MEMBER NOT ENTITLED TO PRIVILEGES OF MEMBERSHIP UNTIL ALL CALLS PAID.** No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether in his own name or in a Securities Account, and whether alone or jointly with any other person, together with interest and expenses (if any).

CALLS ON SHARES

24. **DIRECTORS MAY MAKE CALLS.** The Directors may, subject to the provisions of this Constitution, from time to time make such calls upon the Members in respect of all monies unpaid on their shares as they think fit; PROVIDED ALWAYS THAT 14 days’ notice at least is given in respect of each call and each Member shall be liable to pay the amount of every call so made upon him to the persons, by the instalments (if any) and at the times and places appointed by the Directors. A call may be revoked or postponed as the Directors may determine.
25. **WHEN CALL DEEMED TO HAVE BEEN MADE.** A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
26. **LIABILITY OF JOINT HOLDERS.** The joint holders or joint Depositors of a share shall be jointly and severally liable to pay all calls and instalments in respect thereof.
27. **INTEREST ON UNPAID CALL.** If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or instalment at such rate as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.
28. **PAYMENTS IN ADVANCE OF CALLS.** Any Member may pay to the Company and the Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies for the time being remaining uncalled on his shares but the monies so paid in advance shall not, whilst carrying interest, confer a right to participate in the profits of the Company.
29. **MONIES PAID IN ADVANCE OF CALLS.** In respect of any monies paid in advance of any call, or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such Member, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

30. **SUM PAYABLE ON ALLOTMENT DEEMED TO BE A CALL.** Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, shall, for all purposes of this Constitution, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like, and all the relevant provisions of this Constitution, shall apply as if such sum were a call duly made and notified as hereby provided.
31. **DIFFERENCE IN CALLS.** The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

TRANSFER OF SHARES

32. **TRANSFER OF SHARES.** There shall be no restriction on the transfer of fully paid up shares (except where required by law or, where the Company is listed on the Securities Exchange, the rules, bye-laws or listing rules of the Securities Exchange) but the Directors may in their discretion refuse to register a transfer to a transferee of whom they do not approve, in the case of shares not fully paid up, PROVIDED ALWAYS THAT in the event of the Directors refusing to register a transfer of shares, they shall within 30 days, or in the event of the Company being listed on the Securities Exchange, within 10 Market Days beginning with the day on which the application for such transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.
33. **FORM OF TRANSFER.** Every transfer shall be in writing in the form approved by the Directors and in the event of the Company being listed on the Securities Exchange, by the Securities Exchange. Every instrument of transfer must be in respect of only one class of shares and must be duly stamped in accordance with any applicable law for the time being in force relating to stamp duty and shall be left at the Office accompanied by the Certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer.
34. **TRANSFERS TO BE EXECUTED BY BOTH PARTIES.** The instrument of transfer of any share shall be executed by or on behalf of both the transferor and the transferee and be witnessed, PROVIDED ALWAYS THAT the Depository shall not be required to sign, as transferee, any instrument of transfer relating to the transfer of shares to it and PROVIDED FURTHER THAT, at the discretion of the Directors, the signature of any other transferee may be dispensed with. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.
35. **TRANSFER FEE.** The Company shall be entitled to charge a fee not exceeding \$2.00 for each instrument of transfer or in the event of the Company being listed on the Securities Exchange, such other sum as may from time to time be prescribed by the Securities Exchange on the registration of every transfer.
36. **REGISTRATION OF TRANSFERS.** The Directors may decline to register any transfer of shares unless all the preceding requirements are fully complied with. All instruments of transfer which are registered may be retained by the Company.
37. **REGISTRATION OF TRANSFERS MAY BE SUSPENDED.** The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine; PROVIDED ALWAYS THAT such registration shall not be suspended for more than 30 days in any year.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

TRANSMISSION OF SHARES

38. **ON DEATH OF MEMBER, SURVIVOR OR EXECUTOR ONLY RECOGNISED.** In the case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares, but the Directors may require such evidence as they may deem fit in relation to such title to the shares. But nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him.
39. **PERSON ENTITLED MAY RECEIVE DIVIDENDS WITHOUT BEING REGISTERED AS A MEMBER, BUT MAY NOT EXERCISE OTHER RIGHTS.** A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other monies payable in respect of the share, but he shall not be entitled in respect of it to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to exercise any of the rights or privileges as a Member unless and until he shall become a Member in respect of the share.
- 39A. **DIRECTORS MAY GIVE NOTICE TO PERSON ENTITLED.** The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer such share, and if the notice is not complied with within 90 days the Directors may thereafter withhold payment of all dividends, or other monies payable in respect of the share until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

40. **PAYMENT OF CALL WITH INTEREST AND EXPENSES.** If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalment or such part thereof as remains unpaid, together with interest at such rate as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment.
41. **NOTICE REQUIRING PAYMENT TO CONTAIN CERTAIN PARTICULARS.** The notice shall name a further day (not earlier than the expiration of 7 days from the date of the notice) on or before which such call or instalment, or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made, and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.
42. **ON NON-COMPLIANCE WITH NOTICE SHARES FORFEITED ON RESOLUTION OF DIRECTORS.** If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

43. **NOTICE OF FORFEITURE TO BE GIVEN AND ENTERED IN REGISTER OF MEMBERS.** When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members opposite to the shares; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
44. **DIRECTORS MAY ANNUL FORFEITURE UPON TERMS.** Notwithstanding any such forfeiture as aforesaid the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit to impose.
45. **DIRECTORS MAY DISPOSE OF FORFEITED SHARES.** Every share which shall be forfeited may be sold, re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto, or to any other person upon such terms and in such manner as the Directors shall think fit, and the Directors may, if necessary, authorise some person to transfer the same to such other person as aforesaid.
46. **FORMER HOLDER OF FORFEITED SHARES LIABLE FOR CALL MADE BEFORE FORFEITURE.** A shareholder whose shares have been forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture, and interest thereon to the date of payment, in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture, without any deduction of allowance for the value of the shares at the time of forfeiture.
47. **CONSEQUENCES OF FORFEITURE.** The forfeiture of a share shall involve the extinction at the time of forfeiture of all interests in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved or as are by the Statutes given or imposed in the case of past Members.
48. **TITLE TO FORFEITED SHARE.** A statutory declaration in writing that the declarant is a Director of the Company and that a share has been duly forfeited in pursuance of this Constitution and stating the date upon which it was forfeited shall, as against all persons claiming to be entitled to the share adversely to the forfeiture thereof, be conclusive evidence of the facts therein stated, and such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale or disposition thereof, and a certificate of proprietorship of the share under the Seal delivered to the person to whom the same is sold or disposed of, shall constitute a good title to the share, and (subject to the execution of any necessary transfer) such person shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold or disposed of. Such person shall be discharged from all calls made prior to such sale or disposition, and shall not be bound to see to application of the purchase money (if any) nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

CONVERSION OF SHARES INTO STOCK

49. **POWER TO CONVERT INTO STOCK.** The Company may from time to time by ordinary resolution passed at a general meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.
50. **TRANSFER OF STOCK.** The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.
51. **RIGHTS OF STOCKHOLDERS.** The holders of stock shall according to the number of the stock held by them have the same rights privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.
52. **INTERPRETATION.** Such of the regulations of the Company as are applicable to paid up shares shall apply to stock, and the words “share” and “shareholder” therein shall include “stock” and “stockholder”.

ALTERATION OF CAPITAL

53. **COMPANY MAY INCREASE ITS CAPITAL.** The Company in general meeting may from time to time increase its capital by the creation and issue of new shares, such aggregate increase to be of such number as the Company by the resolution authorising such increase directs.
54. **POWER TO ISSUE INSTRUMENTS.** Notwithstanding the provisions herein, the Company may by ordinary resolution in general meeting give to the Directors general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:
- (A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
 - (B) (notwithstanding that the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

Provided that:

- (1) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall be subject to such limits and manner of calculation as may be prescribed by the rules or by any supplemental measures of the Securities Exchange from time to time;

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (2) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the listing rules or by any supplemental measures of the Securities Exchange for the time being in force (unless such compliance is waived by the Securities Exchange) and this Constitution; and
- (3) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the ordinary resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

55. **COMPANY MAY ALTER ITS CAPITAL.** The Company may by ordinary resolution:–

- (1) consolidate and divide all or any of its share capital;
- (2) cancel any number of shares which at the date of the passing of the resolution have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the number of shares so cancelled;
- (3) sub-divide shares, or any of them, (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (4) subject to the provisions of this Constitution and the Statutes, convert its share capital or any class of shares from one currency to another currency.

56. **COMPANY MAY REDUCE ITS CAPITAL.** The Company may by special resolution reduce its share capital in any manner authorised and subject to any conditions prescribed by the Statutes. Where the Company's share capital is reduced in accordance with the provisions of the Act, a Member (past or present) shall not be liable in respect of the issue price of any share to any call or contribution greater in amount than the difference (if any) between (i) the issue price of the share; and (ii) the aggregate of the amount paid up on the share (if any) and the amount reduced on the share. This provision shall not apply to treasury shares held by the Company, and the Company is entitled to cancel its shares in the manner prescribed by the Act.

57. **SHARE REPURCHASE.** Subject to and in accordance with the provisions of the Act, the listing rules of the Securities Exchange, and other written law, the Company may purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act.

Where ordinary shares or stocks are purchased or acquired by the Company in accordance with the provisions of the Act, the Company may hold the shares or stocks (or any of them) or deal with any of them, at any time.

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Any ordinary share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company unless held in treasury; preference shares that are purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Act.

58. **TREASURY SHARES.** If the Company has only one class of shares, the aggregate number of shares held as treasury shares shall not at any time exceed 10% of the total number of shares of the Company at that time.

Where the share capital of the Company is divided into shares of different classes, the aggregate number of shares of any class held as treasury shares shall not at any time exceed 10% of the total number of the shares in that class at that time.

In event of contravention of the above, the Company shall dispose of or cancel the excess shares in the manner provided by the Act.

The Company shall not exercise any right in respect of the treasury shares, including any right to attend or vote at meetings. The Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. Any purported exercise of such a right is void.

No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to Members on a winding up) may be made to the Company in respect of the treasury shares save as specifically provided for in the Act.

MODIFICATION OF CLASS RIGHTS

59. **RIGHTS OF SHAREHOLDERS MAY BE ALTERED.** Subject (but not limited) to the provisions of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To any such separate meeting all the provisions of this Constitution as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.

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BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

129. COMPANY MAY CAPITALISE RESERVES AND UNDIVIDED PROFITS.

(A) The Directors may, with the sanction of an ordinary resolution of the Company (including any ordinary resolution passed pursuant to Article 54):

(a) issue bonus shares for which no consideration is payable to the Company to all the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Article 54) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to all the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Article 54) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue and/or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(B) In addition and without prejudice to the powers provided for by this Article, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other monies of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or

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non-cumulative preferential dividends (including profits or other monies carried and standing to any reserve or reserves) and to apply such profits or other monies in paying up in full new shares on terms that such shares shall, upon issue, be held by or for the benefit of such person or persons as the Directors may in their absolute discretion deem fit, including (but not limited to) participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting in such manner and on such terms as the Directors shall think fit.

WINDING UP

139. **DISTRIBUTION IN SPECIE.** If the Company shall be wound up, the liquidators may, with the sanction of a special resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved on otherwise than in accordance with such rights the Members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the Act may in like manner authorise the distribution of any shares or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights, and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the Act.

2. The rights of the Shareholders in respect of voting

GENERAL MEETINGS

60. **ANNUAL GENERAL MEETINGS.** A general meeting shall be held once in every calendar year and in accordance with the requirements of the Act, at such time and place in Singapore as may be determined by the Directors, but not more than 4 months or such other period as may be prescribed by the Act, shall be allowed to elapse between the close of each financial year and such general meeting.
61. **ANNUAL GENERAL AND EXTRAORDINARY GENERAL MEETINGS.** The general meetings referred to in Article 60 shall be called annual general meetings. All other general meetings shall be called extraordinary general meetings.
62. **EXTRAORDINARY GENERAL MEETINGS.** The Directors may call an extraordinary general meeting whenever they think fit, and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act.
63. **NOTICE OF GENERAL MEETING.** Any general meeting at which it is proposed to pass a special resolution or a resolution of which special notice is required and has been given to the Company, shall be called by 21 days’ notice in writing at the least and an annual general meeting and any other extraordinary general meeting by 14 days’ notice in writing at the least. The period of notice shall in each case be exclusive of the date of notice and of the date of meeting; PROVIDED ALWAYS THAT a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
- (a) in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and

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- (b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95% of the total voting rights of all the Members having a right to vote at that meeting.

Every notice calling a general meeting shall specify the place (which shall be in Singapore) and the day and the hour of meeting and be given in a manner hereinafter mentioned to such persons as are under the provisions of this Constitution and the Act entitled to receive notices of general meetings from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect. So long as the shares of the Company are listed on the Securities Exchange, at least 14 days' notice of any general meeting shall be given by advertisement in the daily press and in writing to the Securities Exchange.

The accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any general meeting.

64. **RESOLUTION SIGNED BY THE MEMBERS AS EFFECTIVE AS IF PASSED AT GENERAL MEETING.** Subject to the Statutes, a resolution in writing signed by the Members (in accordance with the requirements of the Act) for the time being entitled to receive notice of and attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be valid and effective as if the same had been passed at a general meeting of the Company duly convened and held, and may consist of several documents in the like form each signed by one or more Members. The expressions 'in writing' and 'signed' include approval by telefax, telex, cable or telegram or such other electronic communication by any such Member.

PROCEEDINGS AT GENERAL MEETINGS

65. **SPECIAL BUSINESS.** All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the financial statements, Directors' statement and Auditors' report, and any other documents required by law to be annexed to the financial statements, appointing Directors to fill vacancies arising at the general meeting on retirement whether by rotation or otherwise, appointing or re-appointing Auditors, fixing the remuneration of the Directors proposed to be paid in respect of their office as such under this Constitution and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.
66. **NO BUSINESS TO BE TRANSACTED UNLESS QUORUM PRESENT.** No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be 2 Members personally present or represented by proxy.
67. **IF NO QUORUM MEETING ADJOURNED OR DISSOLVED.** If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.

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68. **CHAIRMAN OF BOARD TO PRESIDE AT ALL MEETINGS.** The Chairman of the Board of Directors shall preside as Chairman at every general meeting. If at any meeting the Chairman be not present within 15 minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose one of the Directors to be Chairman of the meeting, or if no Director be present or if all the Directors present decline to take the chair, one of their number present shall be Chairman.
69. **NOTICE OF ADJOURNED MEETINGS.** The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine PROVIDED ALWAYS THAT the place of the adjourned meeting shall be in Singapore. Whenever a meeting is adjourned for 10 days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no Member shall be entitled to any notice of any adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
70. **HOW RESOLUTION DECIDED.**
- (A) If required by the listing rules of the Securities Exchange, all resolutions at general meetings shall be voted by poll.
- (B) Subject to Article 70(A), at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands, a poll is demanded by either:–
- (i) the chairman of the meeting; or
 - (ii) not less than two Members present in person or by proxy and entitled to vote at the meeting; or
 - (iii) a Member or Members present in person or by proxy and representing not less than 5% of the total voting rights of all the Members having the right to vote at the meeting; or
 - (iv) a Member or Members present in person or by proxy and holding not less than 5% of the total number of paid-up shares of the Company (excluding treasury shares).
- (C) Subject to Article 70(A), where a resolution put to the vote of the general meeting is to be decided on a show of hands:–
- (i) in the case of a Member who is not a Relevant Intermediary and who is represented by two proxies, only one of the two proxies as determined by such Member or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman) in his sole discretion, shall be entitled to vote on a show of hands; and
 - (ii) in the case of a Member who is a Relevant Intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

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71. **RESULT OF VOTING.** A demand for a poll made pursuant to Article 70(B) may be withdrawn. Unless a poll be so demanded (and the demand be not withdrawn) or is required pursuant to Article 70(A), a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.
72. **VOTES COUNTED IN ERROR.** If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the chairman be of sufficient magnitude.
73. **HOW POLL TO BE TAKEN.** A poll on the choice of the chairman of a meeting or on a question of adjournment shall be taken immediately. A poll taken on any other question shall be taken at such time and place in Singapore, and in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman may (and if required by the listing rules of the Securities Exchange or if so directed by the meeting shall) appoint scrutineer(s) and may adjourn the meeting to some place in Singapore and time fixed by him for the purpose of declaring the results of the poll. Any business other than that upon which a poll has been taken may be proceeded with at a meeting pending the taking of the poll.
74. **CHAIRMAN TO HAVE CASTING VOTE.** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

VOTES OF MEMBERS

75. **NUMBER OF VOTES.** Subject to any rights or restrictions for the time being attached to any class or classes of shares, every Member present in person or by proxy or by attorney shall have one vote on a show of hands and on a poll, every Member present in person or by proxy or by attorney shall have one vote for each share which he holds or represents.
76. **VOTING IN ABSENTIA.** Subject to this Constitution and the provisions of the Act, the Directors may, at their sole discretion approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.
77. **SPLIT VOTES.** On a poll a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
78. **VOTES OF JOINT HOLDERS OF SHARES.** In the case of joint holders any one of such persons may vote, but if more than one of such persons be present at a meeting, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holder; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be).
79. **VOTES OF MEMBERS WHO ARE MENTALLY DISORDERED.** A Member who is mentally disordered and incapable of managing himself or his affairs, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other legal curator and such last-mentioned persons may give their votes either personally or by proxy.

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80. **MEMBERS INDEBTED TO COMPANY IN RESPECT OF SHARES NOT ENTITLED TO VOTE.** No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares held by him in the Company, whether in his own name or in a Securities Account, and whether alone or jointly with any other person, have been paid.
81. **APPOINTMENT OF PROXIES.** A Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any General Meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and of any shares upon which calls due and payable to the Company shall have been paid. A proxy need not be a Member of the Company. A Member may appoint not more than 2 proxies to attend and vote at the same general meeting provided that no limit shall be imposed on the number of proxies for Relevant Intermediaries. Each proxy appointed by a Relevant Intermediary must be appointed to exercise the rights attached to a different share or shares held by such Relevant Intermediary (which number and class of shares shall be specified). Shareholders holding shares through Relevant Intermediaries may attend any general meeting as proxies. No Member shall be entitled so to vote or be recognised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid. An instrument of proxy shall be deemed to confer authority to demand, join in demanding and vote on a poll.
82. **INSTRUMENT APPOINTING A PROXY TO BE LEFT AT THE OFFICE.** The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited at the Office (or such other place, if any, as is specified for the purpose in the notice convening the meeting) not less than 72 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude a Member concerned from attending and voting in person at the meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting.
83. **FORM OF PROXY.** An instrument appointing a proxy or representative shall be in writing in the common form or any other form approved by the Directors and:–
- (1) in the case of an individual, shall be signed by the appointor or by his attorney; and
 - (2) in the case of a corporation, shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the corporation.
84. **OMISSION TO INCLUDE PROXY FORM.** In the event that forms of proxy are sent to Members of the Company together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.
85. **CORPORATION ACTING BY REPRESENTATIVES AT MEETING.** Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat, save that such person shall not be otherwise entitled to attend the meeting as a Member or proxy or corporate representative of another Member.

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3. The rights of the Shareholders in respect of dividends

DIVIDENDS AND RESERVE

120. **DISTRIBUTION OF PROFITS.** Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company which it shall from time to time determine to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively otherwise than in advance of calls.
121. **DECLARATION OF DIVIDENDS.** The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall (except as expressly authorised by the Act and/or other applicable law) be payable except out of the profits of the Company. Any dividend unclaimed after 6 years from the date of declaration shall be made forfeit and revert to the Company. The Directors may, if they think fit, from time to time declare and pay to the Members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No higher dividend shall be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of the net profits shall be conclusive. Subject to the provisions of the Act where any asset, business or property is bought by the Company as from a past date upon the terms that the Company shall as from that date take the profits and bear the losses, thereof, such profits or losses, as the case may be, shall, at the discretion of the Directors, be credited or debited wholly or in part to revenue account, and in that case the amount so credited or debited shall, for the purpose of ascertaining the fund available for dividend be included accordingly. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest by the Company, such dividend or interest when paid may at the discretion of the Directors be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.
122. **DEDUCTION FROM DIVIDEND.** The Directors may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
123. **RETENTION OF DIVIDENDS ON SHARES SUBJECT TO LIEN.** The Directors may retain any dividends or other monies payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
124. **RETENTION OF DIVIDENDS ON SHARES PENDING TRANSMISSION.** The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.
125. **PAYMENT OTHERWISE THAN IN CASH.** Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional

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certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors. Any shares allotted as fully paid bonus shares in respect of the treasury shares shall be treated for the purposes of this Act as if they were purchased by the Company at the time they were allotted.

126. SCRIP DIVIDENDS

- (1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the shares of a particular class of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares credited as fully paid *in lieu* of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
 - (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid *in lieu* of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded PROVIDED ALWAYS THAT the Directors may determine, either generally or in a specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares of the relevant class in respect of which the share election has been duly exercised (the “**elected shares**”) and *in lieu* and in satisfaction thereof shares shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding any provision of the Articles to the contrary, the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid, including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum

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standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

Ranking of shares and other actions

- (2) (a) The shares of the relevant class allotted pursuant to the provisions of paragraph (1) of this Article shall rank *pari passu* in all respects with the shares of such class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of paragraph (1) of this Article, with full power to make such provisions as they may think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorise any person to enter on behalf of the Members interested into agreement(s) with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

Record date

- (3) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, determine the rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this Article shall be read and construed subject to such determination.

Cash in lieu of shares

- (4) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members (or as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

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Cancellation

- (5) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this Article in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefore, cancel the proposed application of paragraph (1) of this Article.

127. **DIRECTORS MAY FORM RESERVE FUND AND INVEST.** The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or for equalising dividends, or for distribution by way of special dividend or bonus, or may be applied for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sums as they may deem expedient in the interests of the Company.
128. **DIVIDEND WARRANTS TO BE POSTED TO MEMBERS.** Every dividend warrant may, unless otherwise directed, be sent by post to the last registered address of the Member entitled thereto, and the receipt of the person, whose name at the date of the declaration of the dividend appears on the Register of Members or (as the case may be) the Depository Register as the owner of any share or, in the case of joint holders or joint Depositors, of any one of such joint holders or joint Depositors, shall be a good discharge to the Company for all payments made in respect of such share. No unpaid dividend or interest shall bear interest as against the Company.

APPENDIX 5 – SCHEME CONDITIONS

All capitalised terms used and not defined in this Appendix 5 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

The completion of the Acquisition is conditional upon the following:

1. **Regulatory Approvals:** prior to the first application to the Court for the order to convene the Court Meeting, the receipt of the Regulatory Approvals and such approvals not being revoked or withdrawn (if applicable) on or before the Relevant Date:
 - 1.1 confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code do not apply to the Scheme, subject to any conditions that the SIC may deem fit to impose;
 - 1.2 confirmation from the SIC that it has no objections to the conditions set out in this Appendix 5 to this Scheme Document; and
 - 1.3 approval-in-principle of the SGX-ST of the Scheme Document and for the proposed delisting of SP from the SGX-ST;
2. **Authorisations:** in addition to the approvals aforementioned in paragraph 1.1 above:
 - 2.1 in relation to SP (and in addition to the approvals and steps referred to in paragraphs 3, 4 and 5 below) all other authorisations, consents, clearances, permissions and approvals as are necessary or required by SP under any and all applicable laws from all relevant Governmental Agencies, for or in respect of the Acquisition or the implementation of the Scheme being obtained; and
 - 2.2 in relation to the Offeror, all authorisations, consents, clearances, permissions and approvals as are necessary or required by the Offeror under any and all applicable laws from all Governmental Agencies, for or in respect of the Acquisition or implementation of the Scheme being obtained,

and if any such authorisations, consents, clearances, permissions and approvals is subject to any conditions or requires any actions or obligations to be taken or performed, all such actions having been duly taken or performed (by SP or the Offeror, solely bearing the respective costs and expenses, as the case may be) on or prior to the first application to the Court for the order to convene the Court Meeting;
3. **Shareholder Approval:** the approval of the Scheme by the Scheme Shareholders at the Court Meeting in compliance with Section 210(3AB) of the Companies Act;
4. **Court Order:** the grant of the Court Order by the Court and such Court Order having become final;
5. **Lodgement of the Court Order:** the lodgement of the Court Order with ACRA pursuant to Section 210(5) of the Companies Act;
6. **No Legal or Regulatory Restraint:** between the date of the Implementation Agreement and up to the Relevant Date, no injunction or other order being issued by any Governmental Agency or by any court of competent jurisdiction or other legal or regulatory restraint, prohibition or condition preventing the consummation of the Acquisition or the implementation of the Scheme or proposed transactions relating to the Scheme, being in effect;

APPENDIX 5 – SCHEME CONDITIONS

7. **No Prescribed Occurrence:** between the date of the Implementation Agreement and up to the Relevant Date, no Prescribed Occurrence in relation to SP (or, where applicable, any other SP Group Company) or the Offeror, as the case may be, occurring other than as required or contemplated by the Implementation Agreement;
8. **The Offeror's Representations, Warranties and Covenants:**
- 8.1 the representations and warranties of the Offeror set out in the Implementation Agreement that:
- 8.1.1 are qualified as to materiality and the Fundamental Acquiror Warranties shall be true and accurate in all respects; and
- 8.1.2 are not qualified as to materiality (other than the Fundamental Acquiror Warranties) shall be true and accurate in all material respects,
- in each case as of the date of the Implementation Agreement and as of the Relevant Date (as if they have been given again on and as of that date) except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date); and
- 8.2 the Offeror shall have, as of the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Relevant Date;
9. **SP's Representations, Warranties and Covenants:**
- 9.1 the representations and warranties of SP set out in the Implementation Agreement that:
- 9.1.1 are qualified as to materiality and the Fundamental SP Warranties shall be true and accurate in all respects; and
- 9.1.2 are not qualified as to materiality (other than the Fundamental SP Warranties) shall be true and accurate in all material respects,
- in each case as of the date of the Implementation Agreement and as of the Relevant Date (as if they have been given again on and as of that date) except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date); and
- 9.2 SP shall have, as of the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Relevant Date; and
10. **No Material Adverse Event:** there being no event occurring from the date of the Implementation Agreement which has or have the effect of causing a diminution in the consolidated net asset value of the SP Group to an amount below S\$50,215,500, as reflected in or computed from the later of (i) the latest publicly released unaudited consolidated financial statements of the SP Group immediately prior to the Relevant Date; and (ii) the unaudited consolidated management balance sheet (to be prepared in accordance with the accounting principles, policies, bases, practices and estimation techniques used in preparing the SP June 2022 Unaudited Accounts applied on a consistent basis) as at the calendar month ending at least 15 days immediately prior to the Relevant Date, provided that any diminution or increase in the value of any asset or liability arising from currency translation shall not be taken into account.

APPENDIX 6 – PRESCRIBED OCCURRENCES

All capitalised terms used and not defined in this Appendix 6 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

For the purposes of this Scheme Document, a “**Prescribed Occurrence**”, means, in relation to the Offeror, SP, and/or any other SP Group Company, as the case may be, any of the following:

1. **Conversion of Shares:** SP converting all or any of its shares into a larger or smaller number of shares;
2. **Share Buy-back:** SP entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
3. **Reduction of Share Capital:** SP resolving to reduce its share capital in any way;
4. **Allotment of Shares:** SP making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security, or any other SP Group Company doing any of the foregoing with respect to its own securities;
5. **Issuance of Debt Securities:** SP (or any other SP Group Company), issuing, or agreeing to issue, convertible notes or other debt securities;
6. **Dividends:** SP declaring, making or paying any dividends or any other form of distribution to its Shareholders;
7. **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by either the Offeror or SP;
8. **Resolution for Winding Up:** SP (or any other SP Group Company) or the Offeror resolving that it be wound up;
9. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of SP (or of any other SP Group Company) or the Offeror;
10. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of SP (or of any other SP Group Company) or the Offeror;
11. **Composition:** SP (or any other SP Group Company) or the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
12. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of SP (or of any other SP Group Company) or SP;
13. **Insolvency:** SP (or any other SP Group Company) or the Offeror becoming or being deemed by law or a court to be insolvent or stops or suspends or threatens to stop or suspend payment of its debts;

APPENDIX 6 – PRESCRIBED OCCURRENCES

14. **Cessation of Business:** SP (or any other SP Group Company) or the Offeror ceases or threatens to cease for any reason to carry on business in the usual course;
15. **Breach of the Implementation Agreement:** SP or the Offeror being in material breach of any of the provisions of the Implementation Agreement;
16. **Investigations and Proceedings:** if SP (or any other SP Group Company) or the Offeror or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
17. **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

APPENDIX 7 – SPECIFIC OBLIGATIONS OF THE COMPANY

All capitalised terms used and not defined in this Appendix 7 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from date of this Scheme Document up until the Effective Date.

The specific obligations of the Company are as follows:

- (a) **Announcement:** it will release the Announcement jointly with the Offeror on the Announcement Date;
- (b) **Preparation of Scheme Document:** it shall prepare and circulate the Scheme Document and all other documents which are required to be prepared and circulated by it in connection with the Scheme and to carry into effect the Implementation Agreement (with reasonably sufficient time for review), in each case, in compliance with (i) all applicable laws and regulations; and (ii) the Code;
- (c) **SGX-ST Approval:** it shall submit the draft Scheme Document including the draft IFA opinion on the Scheme to the SGX-ST (in each case in such form and substance as shall have been approved by the Offeror, such approval not to be unreasonably withheld, conditioned or delayed) for clearance as soon as reasonably practicable after the date of the Implementation Agreement and diligently pursue the SGX-ST's clearance for the Scheme Document and seek such clearance promptly;
- (d) **IFA:** appoint an IFA to (i) advise the Independent Directors; and (ii) publicly state in its opinion whether the terms of the Scheme are fair and reasonable;
- (e) **Court Meeting:** subject to obtaining the approval of the SGX-ST for the draft Scheme Document, it will make the application to the Court for order(s) convening the Court Meeting and for any ancillary orders relating thereto (all such applications and orders, including the originating summons for the Scheme, to be in such form and substance as shall have been approved by the Offeror, such approval not to be unreasonably withheld, conditioned or delayed) and diligently pursue such application so as to obtain the Court's order to convene the Court Meeting and other necessary ancillary orders;
- (f) **Despatch of Documents:** it will instruct its share registrar to despatch to the entitled Shareholders the Scheme Document and the appropriate forms of proxy (in each case in such form and substance as shall have been approved by the Offeror, such approval not to be unreasonably withheld, conditioned or delayed) for use at the Court Meeting following approval thereof by the SGX-ST and the Court, respectively;
- (g) **Court Order:** if the Scheme is approved by the requisite majority of the Shareholders at the Court Meeting, it will apply to the Court within such time frames as shall be agreed between the Parties in writing for the Court Order and seek its sanction and confirmation of the Scheme;
- (h) **ACRA Lodgement:** following the grant of the Court Order, it will deliver the same to ACRA for lodgement within such time frames as shall be agreed between the Parties in writing pursuant to Section 210(5) of the Companies Act;
- (i) **Conduct of Business by the SP Group:** during the period from the date of the Implementation Agreement to the Relevant Date, save insofar as agreed in writing by the Offeror, it will, and will procure that the other SP Group Companies will, carry on its respective businesses only in the ordinary and usual course of business;

APPENDIX 7 – SPECIFIC OBLIGATIONS OF THE COMPANY

- (j) **Provision of Information:** subject and without prejudice to SP's legal or regulatory obligations, from the date of the Implementation Agreement until (and including) the Relevant Date, SP will, and will procure that each other SP Group Company will, authorise and direct its officers, employees, auditors, legal advisers and other advisers to assist and to co-operate fully with the Offeror for the completion of the Acquisition and the implementation of the Scheme;
- (k) **No Action:** subject and without prejudice to any legal or regulatory obligations of SP, or the legal or fiduciary duties of its directors, it will take no action which may be prejudicial to the successful completion of the Acquisition or the implementation of the Scheme;
- (l) **Consultation with the Offeror:** subject and without prejudice to SP's legal or regulatory obligations, it will consult in good faith with the Offeror with a view to establishing appropriate procedures to provide the Offeror with access to information which it requires for the purposes of the Acquisition and to facilitate the timely notification of material matters affecting the respective businesses of each SP Group Company to the Offeror (only to the extent required for the Scheme);
- (m) **Recommendation:** it will use its best endeavours to procure that the Independent Directors will recommend to the Shareholders to vote in favour of the Scheme at the Court Meeting, subject to the fiduciary obligations of the Independent Directors;
- (n) **No Dividend or Distribution:** it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date:
 - (i) declare or pay any dividend or make any distribution (in cash or in kind) to the Shareholders; or
 - (ii) (and will procure that no SP Group Company will) create, allot or issue any shares or other securities convertible into equity securities, or create, issue or grant any option or right to subscribe in respect of any of its share capital, or agree to do any of the foregoing;
- (o) **Normal Dealing:** it will not, and will procure that each SP Group Company will not, without the prior written consent of the Offeror:
 - (i) dispose of any assets, including shares or other interests in any SP Group Company or in any other entity in which it has an interest, or voluntarily assume, acquire or incur any liabilities (including contingent liabilities), in each case, otherwise than the trading of commodities and the consequential assumption of liabilities in connection with such trading activities in the ordinary and usual course of business of the SP Group;
 - (ii) create, or agree to create, any Encumbrance over any of the SP Group Company's assets or undertakings otherwise than in the ordinary and usual course of business of the SP Group;
 - (iii) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party that is not a SP Group Company;
 - (iv) enter into any transaction with any shareholder and/or director of any SP Group Company otherwise than in the ordinary and usual course of business of the SP Group;

APPENDIX 7 – SPECIFIC OBLIGATIONS OF THE COMPANY

- (v) amend, or agree to amend, any terms of any agreement or arrangement to which any SP Group Company is a party or is bound by which would have a material adverse effect on the financial position of the SP Group as a whole;
 - (vi) sell, transfer or otherwise dispose of any treasury shares of SP to any person (other than the Offeror);
 - (vii) obtain or collect payment of any amounts owing to SP, and pay and discharge any debts owed by SP, otherwise than in accordance with the past practice of SP;
 - (viii) enter into any new facilities or incur any further drawdown on all outstanding banking or financing facilities or agreements of the SP Group other than trading and/or letters of credit/trust receipts facilities required for the trading activities undertaken in the ordinary and usual course of business of the SP Group; or
 - (ix) alter its share capital in any way, including (A) issuing, or granting a right or option to subscribe for, any new shares or new class of shares; and (B) repurchasing, cancelling or redeeming its share capital or any reduction, consolidation, subdivision or reclassification or other alteration of its capital structure;
- (p) **No Solicitation:** during the Restricted Period, it will:
- (i) ensure that it and the other SP Group Companies and their respective employees, consultants, advisers and representatives shall deal exclusively with the Offeror to complete the Scheme and do not directly or indirectly solicit, invite, induce, initiate, encourage or entertain approaches or participate in or enter into any negotiations or discussions, or communicate any intention to do any of these things (including allowing any third party to perform due diligence investigations on any SP Group Company), with a view to obtaining or with respect to any expression of interest, offer or proposal by any person other than the Offeror in relation to:
 - (A) any proposal or offer to (whether directly or indirectly) acquire or become the holder (whether by share purchase, asset purchase, scheme, capital reconstruction, tender offer or otherwise) of, or otherwise have an economic interest in:
 - (I) any part of the businesses, assets (other than in the ordinary and usual course of business of the SP Group) or undertakings of SP and/or any other SP Group Company; or
 - (II) any shares in SP and/or any other SP Group Company;
 - (B) any proposal or offer to otherwise acquire or merge with SP or any other SP Group Company (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise);
 - (C) any other arrangement having an effect similar to any of paragraphs (p)(i)(A) or (p)(i)(B), including a merger or amalgamation proposal; or
 - (D) any other transaction which would preclude, interfere with or prejudice the Acquisition and/or the Scheme; and

APPENDIX 7 – SPECIFIC OBLIGATIONS OF THE COMPANY

- (ii) notify the Offeror of the details of any approach or solicitations by any third party made in writing either to SP or any SP Group Company with a view to the making of any such offer, merger or sale upon becoming aware of the relevant matter,

save that the restrictions in this paragraph (p) shall not apply to (Y) the making of normal presentations, by and on behalf of any SP Group Company, to brokers, portfolio investors and analysts in the ordinary and usual course in relation to its business generally; and (Z) the provision of information by or on behalf of SP to the SGX-ST.

For the avoidance of doubt, nothing in this paragraph (p) shall prohibit or restrict SP from receiving any unsolicited or uninitiated expression of interest, offer or proposal of a kind referred to in this paragraph (p). In the event that any SP Group Company receives any such expression of interest, offer or proposal, SP shall be entitled:

- (1) if required pursuant to the Listing Rules and/or the Code, to announce such expression of interest, offer or proposal;
- (2) to enter into discussions or negotiations or otherwise entertain such expressions of interest, offer or proposal;
- (3) to make any recommendation or to refrain from making any recommendation to the Shareholders as the directors of SP may deem fit in respect of such expression of interest, offer or proposal; and
- (4) generally to perform all such acts as may be necessary for the directors of SP to comply with and discharge their fiduciary duties, statutory, regulatory and/or legal obligations that they may be subject to under all applicable laws and regulations (including but not limited to their obligations under the Code),

provided that, in each instance, the Board has determined in good faith and acting reasonably (after having obtained written advice from its legal advisers) that a failure to do any of the foregoing would constitute a breach of the Listing Rules, the requirements of the SGX-ST, the Code or any applicable laws or regulations (including the fiduciary obligations of the directors of SP). The Parties agree that nothing in the Implementation Agreement will derogate from, or otherwise affect, SP's obligations under paragraph (m); and

- (q) **Appeal Process:** if the Court refuses to make any orders convening the Court Meeting or approving the Scheme, subject and without prejudice to any legal or regulatory obligations of SP, or the legal or fiduciary duties of its directors, SP must appeal the Court's decision to the fullest extent possible under Singapore law (except to the extent that the Parties agree in writing otherwise) and the Parties shall consult with each other in relation to such an appeal. If an appeal of the Court's decision is made by SP, the Offeror shall furnish to SP and its advisers such information relating to the Offeror as required by them for the purposes only of the appeal. For the avoidance of doubt, SP shall bear its own legal costs and other costs and expenses incurred by it in connection with obtaining the orders of the Court and (if applicable) the appeal.

DIRECTORS’ STATEMENT

For the financial year ended 31 December 2021

The Directors of the Company present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the Directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 70 to 123 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 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Mr Peter Sung	(Chairman)
Mr William Nursalim alias William Liem	(Interim Executive Director)
Mr Cheng Hong Kok	
Mr Tan Lye Huat	
Mr Leong Kok Ho	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act") except as follows:

Name of Directors and companies in which interests are held	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
	As at 1 January 2021	As at 31 December 2021	As at 1 January 2021	As at 31 December 2021
The Company				
<u>(Ordinary shares)</u>				
Mr William Nursalim alias William Liem	–	–	28,146,319 ⁽¹⁾	28,146,319⁽¹⁾
Holding Company				
<u>Tuan Sing Holdings Limited</u>				
<u>(Ordinary shares)</u>				
Mr William Nursalim alias William Liem	–	–	628,814,529 ⁽¹⁾	638,956,697⁽¹⁾
Mr Tan Lye Huat	–	–	500,000	500,000
Holding Company				
<u>Tuan Sing Holdings Limited</u>				
<u>\$65 million 2-year 7.75% per annum Notes due 2022 pursuant to the \$900,000,000 Multicurrency Medium Term Note Programme ("MTN Programme")</u>				
Mr William Nursalim alias William Liem	\$750,000	– ⁽²⁾	–	–
Mr Leong Kok Ho	\$250,000	– ⁽²⁾	–	–
<u>\$200 million 3-year 6.90% per annum Notes due 2024 pursuant to the MTN Programme</u>				
Mr William Nursalim alias William Liem	–	\$1,000,000	–	\$5,000,000⁽³⁾

Notes:

⁽¹⁾ By virtue of interest in Nuri Holdings (S) Pte Ltd.

⁽²⁾ The \$65 million 2-year 7.75% per annum Notes due 2022 pursuant to the MTN Programme were redeemed in full on 29 November 2021.

⁽³⁾ By virtue of interest in Ardent Investment Partners Pte. Ltd.

By virtue of Section 7 of the Act, Mr William Nursalim alias William Liem is deemed to have an interest in the Company and in all the related corporations of the Company.

There was no change in any of the above-mentioned Directors' interests between the end of the financial year and 21 January 2022.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

4 SHARE OPTIONS

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Company consists of three non-executive Directors, two of whom are independent Directors. At the date of this statement, the members of the Audit and Risk Committee are:

Mr Tan Lye Huat (Chairman)	(Non-Executive and Independent Director)
Mr Peter Sung	(Non-Executive and Independent Director)
Mr Leong Kok Ho	(Non-Executive and Non-Independent Director)

The Audit and Risk Committee performed the functions specified in Section 201B(5) of the Act, the Singapore Exchange Securities Trading ("SGX-ST") Listing Manual and the Singapore Code of Corporate Governance.

The Audit and Risk Committee met three times during the financial year ended 31 December 2021 and reviewed, inter alia, the following, with the Interim Executive Director, the external and internal auditors of the Company, where relevant:

- (a) the audit plans of the internal and external auditors, the scope of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company before their submission to the Directors of the Company and external auditor's report on those financial statements;
- (d) the half-yearly and annual announcements on the results and financial position of the Company and the Group;
- (e) the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual;
- (f) the co-operation and assistance given by management to the Group's external and internal auditors; and
- (g) the re-appointment of the external and internal auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

6 EXTERNAL AUDITORS

Deloitte & Touche LLP have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

William Nursalim alias William Liem
Interim Executive Director

Cheng Hong Kok
Director

17 March 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of SP Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SP Corporation Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 123.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) 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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the 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.

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 year. 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of SP Corporation Limited

Key Audit Matters (Continued)

Key audit matters	How the audit matter was addressed in the audit
<p>The Group's aged trade receivables</p> <p>There is a risk that the loss allowance for the Group's aged trade receivables may not be adequate.</p> <p>Management monitors and assesses the Group's credit risk, and where required, adjusts the level of impairment allowance. This requires management to make significant judgements regarding the expected future financial condition and the ability of the debtors to pay, especially where the debts are aged or overdue for more than 90 days.</p> <p>Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.</p> <p>Disclosure on the above key estimates has been made in Note 3 to the financial statements, and further information related to the aged trade receivables is provided in Note 9.</p>	<p>Our audit procedures were:</p> <ul style="list-style-type: none"> • We have obtained an understanding of the key controls and processes that management and the Directors have in place to assess the expected credit loss ("ECL") of the aged trade receivables; • We have evaluated and challenged management's assessment of the impairment of the Group's aged trade receivables which are past due but not impaired as at the reporting date, including the assessment of any ECL to be made by the Group in respect of overdue debts; and • We enquired with management on the reasons for the delay in payments on certain aged trade receivables and the appropriateness of any allowance for ECL to be made, by considering amongst others, factors such as subsequent cash receipts, past payment practices, the ongoing business relationship with the debtors involved or where relevant, repayment schedule as agreed with the debtors and sources of financial support available to the debtors. <p>We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

To the Members of SP Corporation Limited

Key Audit Matters (Continued)

Key audit matters	How the audit matter was addressed in the audit
<p>Identification of related party transactions</p> <p>The Group is a component of another listed group, and accordingly, there are various related parties that need to be identified and transactions with these related parties to be monitored. The Group has significant transactions with its related parties and there is a risk that the related parties may inadvertently be omitted, and as such, the Group's identification of the related party and disclosure of its transactions may be incomplete.</p> <p>The related party transactions have been disclosed in Note 25 to the financial statements.</p>	<p>Our audit procedures were:</p> <ul style="list-style-type: none"> • We have assessed and evaluated the design and implementation of the Group's policies and procedures in respect of the identification of related parties and recording of related party transactions; • We obtained a list of related parties from management and ensured all transactions and balances with those entities have been appropriately disclosed in the financial statements. We have independently requested and obtained confirmation replies from these related parties to confirm the balances at 31 December 2021, and transactions for the year then ended; and • We also considered the completeness of the disclosure of related party transactions through review of statutory information, books and records and minutes, and assessed the disclosures for accuracy against information obtained in our audit.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Chairman's Statement, CEO's Operations Review, Risk Management Statement, Sustainability Report, Five-Year Financial Summary, Corporate Governance Report, Directors' Statement, SGX-ST Listing Manual Requirements, Corporate Directory and General Information, and Shareholding Statistics, 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of SP Corporation Limited

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)s, 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.

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 consolidated financial statements.

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.
- (e) 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of SP Corporation Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- (f) 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 Group 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 consolidated financial statements of the current year 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.

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 subsidiary corporations 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 Mr Aw Xin-Pei.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

17 March 2022

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SP CORPORATION LIMITED ANNUAL REPORT 2021

STATEMENTS OF FINANCIAL POSITION

31 December 2021

		Group		Company	
	Note	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets					
Non-current assets					
Plant and equipment	5	111	120	110	116
Right-of-use asset	6	398	499	398	499
Investments in subsidiaries	7	–	–	29,437	29,374
Trade receivables	8	–	2,915	–	–
Deferred tax asset	14	69	80	69	80
<i>Total non-current assets</i>		578	3,614	30,014	30,069
Current assets					
Trade and other receivables	8	6,769	26,534	130	18,655
Tax recoverable	11	–	6	–	–
Cash and bank balances	12	49,628	34,405	13,136	1,919
<i>Total current assets</i>		56,397	60,945	13,266	20,574
Total assets		56,975	64,559	43,280	50,643
Equity and Liabilities					
Equity					
Share capital	13	58,366	58,366	58,366	58,366
Translation reserve		(536)	(865)	–	–
Capital reserve		–	–	600	594
Accumulated losses		(2,025)	(767)	(20,578)	(20,791)
<i>Total equity</i>		55,805	56,734	38,388	38,169
Non-current liabilities					
Other payables	15	28	28	28	28
Lease liability	16	284	379	284	379
Deferred tax liabilities	14	79	151	71	88
<i>Total non-current liabilities</i>		391	558	383	495
Current liabilities					
Trade and other payables	15	676	6,784	4,406	11,876
Lease liability	16	95	93	95	93
Income tax payable		8	390	8	10
<i>Total current liabilities</i>		779	7,267	4,509	11,979
Total equity and liabilities		56,975	64,559	43,280	50,643

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

		Group	
	Note	2021 \$'000	2020 \$'000
Revenue	17	50,269	29,432
Cost of sales		(49,232)	(28,522)
Gross profit		1,037	910
Other operating income	18	424	413
Administrative expenses		(1,645)	(1,929)
Other operating expenses	19	–	(223)
Impairment loss		(1,474)	–
Interest income	20	299	2,471
Interest expense	21	(9)	(69)
(Loss) Profit before tax		(1,368)	1,573
Income tax credit (expense)	22	110	(178)
(Loss) Profit for the financial year, representing (loss) profit attributable to owners of the Company	23	(1,258)	1,395
Other comprehensive income (loss) after tax:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		329	(407)
Other comprehensive income (loss) for the financial year, net of tax, attributable to owners of the Company		329	(407)
Total comprehensive (loss) income for the financial year attributable to owners of the Company		(929)	988
Basic and diluted (loss) earnings per share (cents)	24	(3.58)	3.97

See accompanying notes to financial statements.

APPENDIX 8 – SP 2021 AUDITED ACCOUNTS

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SP CORPORATION LIMITED ANNUAL REPORT 2021

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Equity attributable to owners of the Company				
	Share capital	Translation reserve	Capital reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
At 1 January 2020	58,366	(458)	–	(2,162)	55,746
<i>Total comprehensive income (loss) for the financial year</i>					
Profit for the financial year	–	–	–	1,395	1,395
Other comprehensive loss for the financial year	–	(407)	–	–	(407)
Total	–	(407)	–	1,395	988
At 31 December 2020	58,366	(865)	–	(767)	56,734
<i>Total comprehensive (loss) income for the financial year</i>					
Loss for the financial year	–	–	–	(1,258)	(1,258)
Other comprehensive income for the financial year	–	329	–	–	329
Total	–	329	–	(1,258)	(929)
At 31 December 2021	58,366	(536)	–	(2,025)	55,805
Company					
At 1 January 2020	58,366	–	–	(19,507)	38,859
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	–	(1,284)	(1,284)
<i>Transaction with owners of the Company, recognised directly in equity</i>					
Forgiveness of amount payable to a subsidiary	–	–	594	–	594
At 31 December 2020	58,366	–	594	(20,791)	38,169
Profit for the financial year, representing total comprehensive income for the financial year	–	–	–	213	213
<i>Transaction with owners of the Company, recognised directly in equity</i>					
Forgiveness of amount payable to a subsidiary	–	–	6	–	6
At 31 December 2021	58,366	–	600	(20,578)	38,388

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
Operating activities		
(Loss) Profit before tax	(1,368)	1,573
<i>Adjustments for:</i>		
Depreciation of plant and equipment	16	25
Depreciation of right-of-use asset	101	8
Loss allowance on trade receivables	1,474	–
Loss allowance on non-trade receivables	–	42
Interest expense	9	69
Interest income	(299)	(2,471)
Operating cash flows before movements in working capital	(67)	(754)
Trade and other receivables	21,135	7,281
Restricted bank balances	(34)	(918)
Trade and other payables	(6,292)	4,403
Cash generated from operations	14,742	10,012
Interest received	455	2,159
Interest paid	(2)	(94)
Income tax paid, net	(407)	(129)
Net cash from operating activities	14,788	11,948
Investing activities		
Payments for acquisition of plant and equipment	(7)	(24)
Proceeds from repayment of loan by a related party	–	21,500
Net cash (used in) from investing activities	(7)	21,476
Financing activities		
Proceeds from borrowings	7,802	12,675
Repayments of borrowings	(7,802)	(17,714)
Repayments of lease liability	(100)	(8)
Net cash used in financing activities	(100)	(5,047)
Net increase in cash and cash equivalents	14,681	28,377
Cash and cash equivalents at the beginning of financial year	32,772	4,768
Effects of exchange rate changes on the balance of cash held in foreign currencies	508	(373)
Cash and cash equivalents at the end of financial year (Note 12)	47,961	32,772

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

Reconciliation of changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Lease liability
	\$'000	\$'000
Balance as at 1 January 2020	5,125	–
Initial recognition of lease liability	–	480
Financing cash flows	(5,039)	(8)
Foreign exchange movement	(86)	–
Balance as at 31 December 2020	–	472
Financing cash flows	–	(100)
Interest expense	–	7
Balance as at 31 December 2021	–	379

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1 GENERAL

SP Corporation Limited (the “**Company**”) (Registration No. 195200115K) is domiciled and incorporated in Singapore with its registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 and principal place of business at 896 Dunearn Road, #03-11 Link@896, Singapore 589472. The Company is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The financial statements are expressed in Singapore dollars, which is also the functional currency of the Company.

The immediate holding company is Tuan Sing Holdings Limited (“**Tuan Sing**”), a company incorporated in Singapore and listed on the SGX-ST. Tuan Sing’s major shareholder is Nuri Holdings (S) Pte Ltd, incorporated in Singapore. Related companies in these financial statements refer to members of the immediate holding company’s group of companies.

The principal activity of the Company is that of investment holding, which includes the provision of management services to related companies. The principal activities of the subsidiaries are set out in Note 28 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the “**Group**”) and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issuance in accordance with a resolution of the Directors on 17 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) ADOPTION OF NEW AND REVISED STANDARDS

On 1 January 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

(c) STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the Group and the Company were issued but not effective.

- Annual Improvements to SFRS(I)s 2018–2020¹
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*²
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*²
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*²

¹ Effective for annual periods beginning on or after 1 January 2022, with early application permitted.

² Effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above SFRS(I)s and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

(d) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) BASIS OF CONSOLIDATION (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss on disposal is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) BUSINESS COMBINATIONS (Continued)

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(f) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other operating income" or "Other operating expenses" line item.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost as well as on financial guarantee contracts and loan commitments. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely, the commodities market in coal, rubber and aluminium.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments from third parties are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts and loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers changes in the risk that the specified debtor will default on the contract. For loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts and loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Financial guarantee contract liabilities

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 payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9 *Financial Instruments*; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other operating income" or "Other operating expenses" line item for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company have a legally enforceable right to set off the recognised amounts; and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- the amount expected to be payable by the lessee under residual value guarantees.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) LEASES (Continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is depreciated over 5 years using the straight-line method.

The right-of-use asset is presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(i).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

(h) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- (a) represents a separate major line of business or geographical area of operations,
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- (c) is a subsidiary acquired exclusively with a view to resale.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

	<u>Number of years</u>
Plant and equipment	1 to 5
Motor vehicle	10

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in the financial statements.

(j) IMPAIRMENT OF TANGIBLE ASSETS

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior financial years. Any increase in excess of this amount is treated as a revaluation increase.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(m) REVENUE RECOGNITION

The Group recognises revenue from the sale of commodity trading products including coal, rubber and metals.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of commodity trading products

For sale of commodity trading products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers do not have a right of return.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) REVENUE RECOGNITION (Continued)

Financial guarantee income

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight-line basis.

(n) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans, such as the Singapore Central Provident Fund, are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(p) EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(q) INCOME TAX

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) **INCOME TAX** (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(r) **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION**

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rate of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

(s) CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, demand deposits and fixed deposits but exclude restricted bank balances. These are subject to an insignificant risk of changes in value.

(t) CAPITAL RESERVE

Capital reserve arose from the forgiveness of the Company's amount payable to a subsidiary by the subsidiary.

(u) SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 2, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the view that apart from those involving estimations (see below), there are no critical judgements involved that management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

The key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group also considers the expected future financial condition and the ability of the debtors to pay, especially where the debts are aged or overdue for more than 90 days.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

NOTES TO FINANCIAL STATEMENTS

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4 SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their products and services. This forms the basis of identifying the operating segments of the Group under SFRS(I) 8 *Operating Segments*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of products and services, and/or their reported revenue.

The Group's reportable operating segments under SFRS(I) 8 are as follows:

Segment	Principal activities
Commodities Trading	Trades and markets a broad range of products including coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, metal and automotive industries in Asia.
Corporate and Others	General corporate activities and others.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocating finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker monitors the financial assets attributable to each segment. Assets, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual operating segments.

NOTES TO FINANCIAL STATEMENTS

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4 SEGMENT INFORMATION (Continued)

Products and services from which reportable segments derive their revenues (Continued)

Segment revenue and results

Information regarding the Group's reportable segments is presented in the tables below.

	Commodities trading \$'000	Corporate and others \$'000	Inter- segment eliminations \$'000	Consolidated \$'000
31 December 2021				
Revenue				
- External customers	50,269	–	–	50,269
- Inter-segment	–	1,565	(1,565)	–
Total segment revenue	<u>50,269</u>	<u>1,565</u>	<u>(1,565)</u>	<u>50,269</u>
Result				
Segment result	(2,301)	706	(63)	(1,658)
Interest income	272	27	–	299
Interest expense	(2)	(7)	–	(9)
(Loss) Profit before tax	<u>(2,031)</u>	<u>726</u>	<u>(63)</u>	<u>(1,368)</u>
Income tax credit				110
Loss after tax				<u>(1,258)</u>
Assets				
Segment assets	40,553	16,422	–	56,975
Total assets				<u>56,975</u>
Liabilities				
Segment liabilities	277	893	–	1,170
Total liabilities				<u>1,170</u>
Other information				
Capital expenditure	–	7	–	7
Depreciation of plant and equipment	3	13	–	16
Depreciation of right-of-use asset	<u>–</u>	<u>101</u>	<u>–</u>	<u>101</u>

NOTES TO FINANCIAL STATEMENTS

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4 SEGMENT INFORMATION (Continued)

Products and services from which reportable segments derive their revenues (Continued)

Segment revenue and results (Continued)

	Commodities trading \$'000	Corporate and others \$'000	Inter- segment eliminations \$'000	Consolidated \$'000
31 December 2020				
Revenue				
- External customers	29,432	–	–	29,432
- Inter-segment	–	1,629	(1,629)	–
Total segment revenue	29,432	1,629	(1,629)	29,432
Result				
Segment result	(824)	(2,103)	2,098	(829)
Interest income	3,453	1,214	(2,196)	2,471
Interest expense	(127)	–	58	(69)
Profit (Loss) before tax	2,502	(889)	(40)	1,573
Income tax expense				(178)
Profit after tax				1,395
Assets				
Segment assets	41,547	24,028	(1,016)	64,559
Total assets				64,559
Liabilities				
Segment liabilities	7,452	1,389	(1,016)	7,825
Total liabilities				7,825
Other information				
Capital expenditure	3	21	–	24
Depreciation of plant and equipment	2	23	–	25
Depreciation of right-of-use asset	–	8	–	8

Notes:

- The results, assets and liabilities of SP Energy Pte. Ltd., SP Mining & Engineering Pte. Ltd. and PT. SP Mining & Engineering in FY2020 have been reclassified from "Corporate and others" to "Commodities trading" following the amalgamation of SP Mining & Engineering Pte. Ltd. with SP Resources International Pte. Ltd. on 1 January 2021. The amalgamated entity, SPRI Pte. Ltd., together with SP Energy Pte. Ltd., its immediate holding company, and PT. SP Mining & Engineering, its subsidiary and a subsidiary of the immediate holding company, form an operating segment which the Group's chief operating decision maker reviews in totality when making decisions about resource allocation and performance. This reclassification included revenue of \$337,000, segment result of (\$5,000), interest income of \$2,000, interest expense of \$58,000, segment assets of \$2,918,000 and segment liabilities of \$1,294,000.
- The results, assets and liabilities of SP Global International Pte. Ltd. and SP Global Hong Kong Limited in FY2020 have been reclassified from "Commodities trading" and "Investment" respectively to "Corporate and others" as they have become inactive during the financial year ended 31 December 2021. This reclassification included segment result of (\$320,000), interest income of \$1,214,000, segment assets of \$22,014,000 and segment liabilities of \$18,965,000.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

4 SEGMENT INFORMATION (Continued)

Geographical information

The Group's businesses are mainly in Singapore, China including Hong Kong, and Indonesia. Revenue is based on the country in which the customer is located. Non-current assets and capital expenditure are shown by the geographical areas in which these assets are located. The Group's revenue and information about its non-current assets and capital expenditure by geographical locations are detailed below:

	Revenue from external customers		Non-current assets		Capital expenditure	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Based on location of customer</i>						
Singapore	15,887	25,636	578	699	7	24
China including Hong Kong	34,382	3,196	–	–	–	–
Indonesia	–	600	–	2,915	–	–
	50,269	29,432	578	3,614	7	24

Information about major customers

Included in the Commodities Trading revenue of \$50,269,000 (2020 : \$29,432,000) were sales of approximately \$34,382,000 and \$9,140,000 (2020 : \$11,668,000 and \$8,006,000) to the Group's two largest customers who are third parties.

NOTES TO FINANCIAL STATEMENTS

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5 PLANT AND EQUIPMENT

Group	Plant and equipment \$'000	Motor vehicle \$'000	Total \$'000
Cost:			
At 1 January 2020	278	202	480
Additions	24	–	24
Write-offs	(216)	–	(216)
At 31 December 2020	86	202	288
Additions	7	–	7
Write-offs	(8)	–	(8)
At 31 December 2021	85	202	287
Accumulated depreciation:			
At 1 January 2020	274	85	359
Depreciation for the financial year	5	20	25
Write-offs	(216)	–	(216)
At 31 December 2020	63	105	168
Depreciation for the financial year	9	7	16
Write-offs	(8)	–	(8)
At 31 December 2021	64	112	176
Carrying amount:			
At 31 December 2021	21	90	111
At 31 December 2020	23	97	120
Company			
Cost:			
At 1 January 2020	228	202	430
Additions	21	–	21
Write-offs	(183)	–	(183)
At 31 December 2020	66	202	268
Additions	7	–	7
Write-offs	(8)	–	(8)
At 31 December 2021	65	202	267
Accumulated depreciation:			
At 1 January 2020	227	85	312
Depreciation for the financial year	3	20	23
Write-offs	(183)	–	(183)
At 31 December 2020	47	105	152
Depreciation for the financial year	6	7	13
Write-offs	(8)	–	(8)
At 31 December 2021	45	112	157
Carrying amount:			
At 31 December 2021	20	90	110
At 31 December 2020	19	97	116

NOTES TO FINANCIAL STATEMENTS

31 December 2021

6 RIGHT-OF-USE ASSET

The Group's right-of-use asset consists of an office lease with a related party, with a lease term of five years, which includes the option to extend for two years.

	Group and Company \$'000
Cost:	
At 1 January 2020	–
Additions	507
At 31 December 2020 and 2021	507
Accumulated depreciation:	
At 1 January 2020	–
Depreciation for the financial year	8
At 31 December 2020	8
Depreciation for the financial year	101
At 31 December 2021	109
Carrying amount:	
At 31 December 2021	398
At 31 December 2020	499

7 INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	14,049	14,049
Recognition of financial guarantees provided to subsidiaries	5,821	5,558
Quasi-equity loan	13,500	13,500
Less: Impairment loss	(3,933)	(3,733)
	29,437	29,374

Further details regarding the subsidiaries are set out in Note 28.

The Company issued financial guarantees to banks for credit facilities of its subsidiary and recorded a deemed financial guarantee income in accordance with the provisions of SFRS(I) 9 *Financial Instruments*. The deemed income was amortised over the period of the guarantee. The guarantee fee was not charged by the Company to the subsidiary. The full amount of the guarantee fee is deemed to be additional investment in the subsidiary.

Management considered receivables from a subsidiary amounting to \$13,500,000 as a quasi-equity loan which is unsecured and interest-free and the settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in subsidiary, they are stated at cost.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

7 INVESTMENTS IN SUBSIDIARIES (Continued)

During the financial year, an additional allowance for impairment loss of \$200,000 (2020 : \$1,688,000) was made for investments in subsidiaries. In making this judgement, the Company evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of the subsidiaries, the duration and extent to which the cost of investment in the subsidiaries exceeds their net tangible asset values which according to management, are the best estimate of the recoverable amount.

On 21 January 2020, the Directors resolved to dissolve one of the Group's subsidiaries, Globaltraco International Pte Ltd. The assets and liabilities of this subsidiary have been fully settled and an application has been submitted as at 31 December 2021.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade receivables (Note 9)	6,626	18,255	–	–
Other receivables (Note 10)	143	280	130	18,655
Refundable trade deposit with a related party [Note 25(a)(ii)]	–	7,999	–	–
	6,769	26,534	130	18,655
<u>Non-current</u>				
Trade receivables (Note 9)	–	2,915	–	–
	6,769	29,449	130	18,655

The refundable trade deposit amounting to US\$6,000,000 (equivalent to \$7,999,000) as at 31 December 2020 relates to monies placed by the Group with a related party which owns a coal mine (Party A) to secure coal allocations. The deposit was secured by a corporate guarantee issued by the immediate holding company of Party A which is also a related party and which also owns a coal mine.

As at 31 December 2020, the deposit was repayable within one year and bore an effective interest rate of 4.53% per annum. The deposit was refunded during the financial year ended 31 December 2021.

9 TRADE RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Third parties - current	59	6,067	–	–
Related parties - current	8,060	12,188	–	–
Related parties - non-current	–	2,915	–	–
	8,119	21,170	–	–
Less: Loss allowance	(1,493)	–	–	–
	6,626	21,170	–	–

NOTES TO FINANCIAL STATEMENTS

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9 TRADE RECEIVABLES (Continued)

Trade receivables

The trade receivables are generally on 30 to 180 days (2020 : 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade receivables from related parties

Certain past due trade amounts due from related parties bear an interest rate of 8% (2020 : 8%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade amounts due from related parties are generally on 90 to 180 days (2020 : 90 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Loss allowance for amounts due from related parties has always been individually assessed and measured at an amount equal to lifetime ECL. In determining the ECL, management has taken into account the financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate, in estimating the probability of default of the trade amounts due from related parties as well as the loss upon default. Management has also considered repayments made by the related parties subsequent to the reporting period.

Included in the trade receivables from related parties was an amount of \$5,617,000 (2020 : \$8,669,000) due from a related party, of which \$5,206,000 (2020 : \$7,967,000) was secured by two parcels of industrial land and building of the related party in Indonesia valued at approximately \$18,714,000 (2020 : \$18,400,000) as at the end of the reporting period.

In 2020, a revision to the original repayment agreement in 2019 in respect of the secured trade receivables was signed by the related party to make quarterly repayments totalling \$7,564,000 over two years from 31 December 2020. Accordingly, an amount of \$2,915,000 due from this related party expected to be repaid after one year from 31 December 2020 had been classified as non-current as at that date. The remaining secured trade receivables amounting to \$4,649,000 was expected to be repaid under the repayment agreement within one year from 31 December 2020 and had been classified as current as at that date.

As at 31 December 2020, the remaining \$403,000 of secured trade receivables which was not covered under the repayment agreement and the unsecured trade receivables amounting to \$702,000 were expected to be repaid by this related party within one year from 31 December 2020 and had been classified as current as at that date.

As at 31 December 2021, \$5,617,000 remained outstanding from this related party.

Management has performed an impairment assessment and a loss allowance of \$411,000 (2020 : \$Nil), representing the balance arising from interest on overdue trade receivables, has been provided for as at 31 December 2021. The controlling party of this related party has provided a letter of financial support to the related party over the remaining balance of \$5,206,000 as at 31 December 2021. The remaining balance is expected to be repaid under the repayment agreement within one year from 31 December 2021 and has been classified as current as at that date.

NOTES TO FINANCIAL STATEMENTS

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9 TRADE RECEIVABLES (Continued)

Trade receivables from related parties (Continued)

An amount of \$2,443,000 (2020 : \$6,393,000) due from another related party was included in trade receivables from related parties as at 31 December 2021.

In 2020, the related party signed a repayment agreement with respect to the past due amounts to make quarterly repayments totalling \$11,443,000 over two years from 31 December 2019.

As at 31 December 2020, amounts due from this related party were expected to be repaid within one year from 31 December 2020 and had been classified as current as at that date.

Management has performed an impairment assessment for the balance outstanding as at financial year end and a loss allowance of \$1,082,000 (2020 : \$Nil), representing the interest on overdue trade receivables, has been provided for as at 31 December 2021. The remaining balance is expected to be repaid under the repayment agreement within one year from 31 December 2021 and has been classified as current as at that date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers which are individually assessed for impairment. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	Not past due \$'000	Group Trade receivables – days past due				Total \$'000
		< 3 months \$'000	3 months to 6 months \$'000	6 months to 12 months \$'000	> 12 months \$'000	
2021						
Estimated total gross carrying amount at default	59	–	–	–	8,060	8,119
Lifetime ECL	–	–	–	–	(1,493)	(1,493)
						6,626
2020						
Estimated total gross carrying amount at default	6,047	19	–	1,812	13,292	21,170
Lifetime ECL	–	–	–	–	–	–
						21,170

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9 TRADE RECEIVABLES (Continued)

Trade receivables from related parties (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9 *Financial Instruments*:

	Group Individually assessed \$'000
Balance as at 1 January 2020 and 31 December 2020	–
Net remeasurement of loss allowance	(1,474)
Translation difference	(19)
Balance as at 31 December 2021	(1,493)

10 OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Sundry debtors	42	42	–	–
Deposits	1	1	–	–
Deposit with a related party	25	25	25	25
Prepayments	107	72	96	17
Prepayments to a related party	9	–	9	–
Government grant receivable	–	14	–	9
Interest receivable from a related party [Note 25(a)(ii)]	–	168	–	–
Amount due from a subsidiary	–	–	–	18,604
	184	322	130	18,655
Less: Loss allowance	(41)	(42)	–	–
	143	280	130	18,655

The amounts due from related parties and a subsidiary are non-trade related, unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, the other receivables due from a subsidiary and from a related party are considered to have low credit risk as the timing of payment is controlled by the ultimate holding company taking into account cash flow management within the ultimate holding company's group of companies and there has been no significant increase in the risk of default on the amounts due from the subsidiary and the related party since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

NOTES TO FINANCIAL STATEMENTS

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10 OTHER RECEIVABLES (Continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table shows the movement in loss allowance that has been recognised for other receivables:

	Group Individually assessed \$'000
Balance as at 1 January 2020	–
Net remeasurement of loss allowance (Note 19)	(42)
Balance as at 31 December 2020	(42)
Translation difference	1
Balance as at 31 December 2021	(41)

11 TAX RECOVERABLE

Tax recoverable arose mainly from the payment of income tax of which management is in discussion with the relevant tax authorities.

12 CASH AND BANK BALANCES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fixed deposits	1,667	2,235	–	–
Cash at bank and on hand	47,961	32,170	13,136	1,919
Cash and bank balances	49,628	34,405	13,136	1,919
Less: Restricted bank balances (pledged fixed deposits)	(1,667)	(1,633)		
Cash and cash equivalents in the statement of cash flows	47,961	32,772		

Cash and bank balances comprise cash held by the Group and short-term bank deposits. The carrying amounts of these assets approximate their fair values.

Fixed deposits of the Group bear interest at a rate of 0.37% (2020 : 0.15% to 0.32%) per annum and are placed for a tenor of twelve months (2020 : 28 to 364 days). Fixed deposit amounting to \$1,667,000 (2020 : \$1,633,000) is held by a bank as security for facilities granted to a subsidiary.

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13 SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares		\$'000	\$'000
Issued and paid up:				
At beginning and end of financial year	35,099,132	35,099,132	58,366	58,366

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

14 DEFERRED TAX

	Unremitted foreign sourced interest income \$'000	Depreciation of plant and equipment \$'000	Right-of-use asset \$'000	Lease liability \$'000	Total \$'000
Group					
At 1 January 2020	53	1	–	–	54
Charge (Credit) during the financial year (Note 22)	10	8	80	(80)	18
Translation difference	(1)	–	–	–	(1)
As 31 December 2020	62	9	80	(80)	71
(Credit) Charge during the financial year (Note 22)	(55)	(5)	(12)	11	(61)
At 31 December 2021	7	4	68	(69)	10
Company					
At 1 January 2020	–	–	–	–	–
Charge (Credit) during the financial year	–	8	80	(80)	8
As 31 December 2020	–	8	80	(80)	8
(Credit) Charge during the financial year	–	(5)	(12)	11	(6)
At 31 December 2021	–	3	68	(69)	2

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deferred tax at 31 December related to the following:				
<i>Deferred tax liabilities</i>	79	151	71	88
<i>Deferred tax asset</i>	(69)	(80)	(69)	(80)
	10	71	2	8

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15 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade payables	19	5,949	19	17
Accrued expenses	626	814	346	383
Financial guarantee contracts	–	–	–	6
Sundry creditors	21	21	17	12
Amounts due to a related party - non-trade [Note 25(a)(i)]	10	–	10	–
Amount due to subsidiaries - non-trade	–	–	4,014	11,458
	676	6,784	4,406	11,876
<u>Non-current</u>				
Accrued expenses	28	28	28	28
	28	28	28	28

Trade payables principally comprise net GST payable (2020 : amounts outstanding for trade purchases and ongoing costs). Trade payables are generally on 14 to 90 days (2020 : 14 to 90 days) credit terms. The amounts due to a related party and subsidiaries are unsecured, interest-free and repayable on demand.

16 LEASE LIABILITY

	Group and Company	
	2021	2020
	\$'000	\$'000
Maturity analysis:		
Year 1	100	100
Year 2	100	100
Year 3	100	100
Year 4	90	100
Year 5	–	90
	390	490
Less: Unearned interest	(11)	(18)
	379	472
Analysed as:		
Current	95	93
Non-current	284	379
	379	472

The Group does not face a significant liquidity risk with regard to its lease liability. The lease liability arose from an office lease with a related party and is monitored within the Group's treasury function.

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16 LEASE LIABILITY (Continued)

The total net cash outflow for leases (including short-term leases and leases of low value assets) amounts to \$100,000 (2020 : \$245,000).

The Group does not have commitments to short-term leases as at the end of the financial year.

17 REVENUE

The Group derives its revenue from the sale of commodities trading products at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (see Note 4).

The Group has applied the practical expedient in SFRS(I) 15:121 and has not disclosed the transaction price of contracts with customers allocated to remaining performance obligations as at the end of the financial year as those performance obligations are part of contracts that have an original expected duration of one year or less.

18 OTHER OPERATING INCOME

	Group	
	2021	2020
	\$'000	\$'000
Compensation in lieu of delivery of outstanding coal allocation [Note 25(a)(ii)]	165	–
Foreign currency exchange gain, net	246	–
Government grant income	13	159
Handling fee income [Note 25(a)(ii)]	–	62
Write-back of accrued expenses and sundry creditors	–	170
Rental relief	–	21
Sundry income	–	1
	424	413

During the financial year, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Government grant income of \$13,000 (2020 : \$151,000) was recognised in profit or loss during the financial year on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses.

During the financial year ended 31 December 2020, the Group also received the following rental rebates which were recognised as other operating income for the financial year:

- (a) \$3,000 relating to the property tax rebate from the Government which was mandated to be fully passed on by the landlord to the Group as a tenant, which was recognised as government grant income; and
- (b) \$21,000 for the leased office premises under the Rental Relief Framework as mandated by the Government.

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19 OTHER OPERATING EXPENSES

	Group	
	2021	2020
	\$'000	\$'000
Foreign currency exchange loss, net	–	177
Loss allowance on non-trade receivables (Note 10)	–	42
Others	–	4
	<u>–</u>	<u>223</u>

20 INTEREST INCOME

	Group	
	2021	2020
	\$'000	\$'000
Bank deposits	42	31
Refundable trade deposit - related party [Note 25(a)(ii)]	238	448
Loan to a related party [Note 25(a)(ii)]	–	1,213
Overdue trade receivables - related parties [Note 25(a)(ii)]	19	779
	<u>299</u>	<u>2,471</u>

21 INTEREST EXPENSE

	Group	
	2021	2020
	\$'000	\$'000
Trust receipts	2	68
Lease liability	7	1
	<u>9</u>	<u>69</u>

22 INCOME TAX (CREDIT) EXPENSE

	Group	
	2021	2020
	\$'000	\$'000
Income tax:		
Current financial year	8	355
Withholding tax (reversal) expense	(70)	71
Under (Over) provision in prior financial years	13	(266)
	<u>(49)</u>	<u>160</u>
(Reversal of) Provision for deferred tax liabilities	(61)	18
	<u>(110)</u>	<u>178</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2021

22 INCOME TAX (CREDIT) EXPENSE (Continued)

Domestic income tax is calculated at 17% (2020 : 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Reconciliations of the statutory income tax rate to the effective tax rate applicable to profit before tax are as follows:

	Group	
	2021	2020
	%	%
Domestic statutory tax rate	17.0	17.0
Exempt income	(0.7)	(2.1)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(0.4)	(3.4)
Under (Over) provision in prior financial years	1.0	(16.9)
Tax effect of non-taxable income	(10.8)	(13.4)
Tax effect of non-deductible expenses	26.8	4.1
Withholding tax (reversal) expense	(5.1)	4.5
Effect of tax concessions	–	(0.3)
Effect of dividend income not taxed at source	–	22.7
Change in unrecognised deferred tax assets	(18.3)	–
Others	(1.5)	(0.9)
Effective tax rate	8.0	11.3

At 31 December 2021, the Group had unutilised capital allowances and tax losses of approximately \$1,831,000 (2020 : \$1,831,000) and \$11,328,000 (2020 : \$8,850,000) respectively available for offset against future taxable income, subject to the conditions imposed by law in the countries of incorporation where these companies operate.

Future tax benefits of \$2,237,000 (2020 : \$1,817,000) arising from such unutilised capital allowances and tax losses have not been recognised as there is no reasonable certainty of their recovery in future periods.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

23 (LOSS) PROFIT FOR THE FINANCIAL YEAR

(Loss) Profit for the financial year has been arrived at after charging (crediting):

	Group	
	2021	2020
	\$'000	\$'000
Salaries and wages	755	971
Employer's contribution to defined contribution plans including Central Provident Fund	87	93
Employee benefits expenses (including directors' remuneration)	842	1,064
Remuneration paid or payable to:		
- Directors of the Company	205	341
- Key management personnel	284	295
Government grant deducted against salary and wages	(84)	–
Expenses relating to short-term lease	–	266
Fees for audit services to:		
- Auditors of the Company	101	114
- Other auditors	12	12
Fees for non-audit services to:		
- Auditors of the Company	28	17
- Other auditors	13	15

The Audit and Risk Committee had undertaken a review of the non-audit services provided by the auditors, Deloitte & Touche LLP, Singapore and overseas practices of Deloitte Touche Tohmatsu Limited and in the opinion of the Audit and Risk Committee, these services would not affect the independence of the auditors.

The employees of SP Corporation Limited and its subsidiaries who are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Fund Board, operated by the Government of Singapore. The Company and its subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of \$87,000 (2020 : \$93,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2021, contributions of \$13,000 (2020 : \$14,000) due in respect of the current financial year had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

23 (LOSS) PROFIT FOR THE FINANCIAL YEAR (Continued)

During the financial year, the Group received grants amounting to \$84,000 (2020 : \$Nil) under the Jobs Growth Incentive ("JGI") scheme as part of the Singapore Government's measures to provide wage support to eligible employers that increase their local workforce between September 2020 and September 2022. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. The JGI grant was recognised in profit or loss as a deduction against salaries and wages included in the "Administrative expenses" line item.

24 (LOSS) EARNINGS PER SHARE (CENTS)

Basic (loss) earnings per share is calculated by dividing the net (loss) profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year:

	Group	
	2021	2020
Net (loss) profit attributable to owners of the Company (\$'000)	(1,258)	1,395
Weighted average number of ordinary shares in issue (in '000)	35,099	35,099
Basic (loss) earnings per share (cents)	(3.58)	3.97

The Company has not granted options over shares. There are no dilutive potential ordinary shares.

25 RELATED PARTY AND RELATED COMPANY TRANSACTIONS

The Company's major shareholder is Tuan Sing Holdings Limited ("Tuan Sing"), incorporated in Singapore. Tuan Sing's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related parties are members in which the shareholders of Nuri and their family members have a controlling interest.

Related companies in these financial statements refer to members of the immediate holding company's group of companies (Note 1).

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

The Company has provided financial support to two (2020 : three) of its subsidiaries for a period of twelve months from the end of the reporting period so as to enable the subsidiaries to continue to operate as a going concern and meet their contractual obligations when they fall due.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

25 RELATED PARTY AND RELATED COMPANY TRANSACTIONS (Continued)

(a) Transactions with related companies and related parties

During the financial year, the Group entered into the following significant transactions with related companies and related parties in the normal course of business based on terms agreed between the parties:

	Group	
	2021	2020
	\$'000	\$'000
(i) Tuan Sing Holdings Limited and subsidiaries		
Management fee expense	117	150
Repayments of lease liability	100	8
(ii) Related parties		
Sale of goods	(6,746)	(3,003)
Purchase of goods	47,567	25,548
Compensation in lieu of delivery of outstanding coal allocation	(165)	–
Handling fee income	–	(62)
Loss allowance on trade receivables (Note 9)	1,474	–
Interest income from placement of refundable trade deposit	(238)	(448)
Interest income on overdue trade receivables	(19)	(779)
Interest income from loan	–	(1,213)
Placement of refundable trade deposit*	–	7,999

* The item represented the amount as at financial year end.

The Group is reliant on two related parties (2020 : one related party) for the supply of 100% (2020 : 100%) of its coal products within its Commodities Trading business segment. The Group supplies 13% (2020 : Nil) of its coal products to a related party customer. There was no sale of rubber products in 2021. In 2020, the Group supplied 100% of its rubber products within its Commodities Trading business segment to two related party customers.

The amounts outstanding are unsecured and will be settled in cash unless otherwise stated. An amount of \$1,474,000 (2020 : \$Nil) has been recognised during the financial year for doubtful debts in respect of the amounts owed by related parties.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

25 RELATED PARTY AND RELATED COMPANY TRANSACTIONS (Continued)

(b) Compensation of Directors and key management personnel

The remuneration of Directors and key management personnel during the financial year was as follows:

	Group	
	2021 \$'000	2020 \$'000
Short-term benefits	464	604
Post-employment benefits	25	32
	489	636

The remuneration of Directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

26 CONTINGENT LIABILITIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial guarantees to banks for facilities granted to a subsidiary	–	–	35,827	35,498

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets				
Amortised cost				
Trade and other receivables	6,769	29,449	130	18,655
Less : Prepayments	(116)	(72)	(96)	(17)
Less : Government grant receivable	–	(14)	–	(9)
	6,653	29,363	34	18,629
Cash and bank balances	49,628	34,405	13,136	1,919
	56,281	63,768	13,170	20,548
Financial liabilities				
Amortised cost				
Trade and other payables	704	6,812	4,434	11,904
Lease liability	379	472	379	472
	1,083	7,284	4,813	12,376

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial instruments subject to offsetting, enforceable master netting arrangement and similar agreements

The Group and the Company do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements as at 31 December 2021 and 2020.

(c) Financial risk management policies and objectives

The Group has documented its financial risk management framework. The Group's risk framework has formal, systematic and comprehensive guidelines and rules to identify and manage significant risks that might affect the achievement of its business objectives. The Group's overall risk management framework seeks to minimise potential adverse effects of financial performance of the Group.

Risk management is carried out by the Company and the respective subsidiaries under the policies formulated by the Company and approved by the Company's Board of Directors.

The Group's activities expose it to a variety of financial risks - market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's financial instruments comprise cash and liquid resources, trade and other receivables, trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to maintain adequate finance for the Group's operations. The main risks arising from the Group's financial instruments are currency risk, price risk, interest rate risk, credit risk and liquidity risk.

The Group manages its exposure to currency and interest rate risks by using a variety of techniques and instruments. Natural hedging is preferred by matching assets and liabilities of the same currency. Derivative financial instruments are only used where it is necessary to reduce exposure to fluctuations in foreign exchange.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no major change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(i) Currency risk management

The Group's businesses are mainly in Singapore, China including Hong Kong, and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore dollar ("SGD") and United States dollar ("USD"). Currency risk arises when transactions are denominated in foreign currencies.

The Group's exposure to currency translation risk on the net assets in foreign operations is limited to the net assets of these operations. The risk is not hedged as such investments are considered to be long-term in nature.

The primary purpose of the Group's currency hedging activities is to protect against the effect of volatility in foreign currency exchange rates on foreign currency denominated assets and liabilities arising in the normal course of business. As far as possible, the Group relies on natural hedges of matching foreign currency denominated assets and liabilities of the same currency.

Currency risk exposure

The Group's currency exposures for amounts not denominated in the respective functional currencies of the Company and the subsidiaries are as follows:

	SGD \$'000	Others \$'000	Total \$'000
<i>SGD equivalent</i>			
Group			
At 31 December 2021			
Financial assets			
Cash and bank balances	2,049	653	2,702
Trade and other receivables	30	29	59
Financial liability			
Trade and other payables	(35)	(16)	(51)
Net financial assets and currency exposure	2,044	666	2,710
At 31 December 2020			
Financial assets			
Cash and bank balances	68	140	208
Trade and other receivables	9,220	29	9,249
Financial liability			
Trade and other payables	(19,647)	(37)	(19,684)
Net financial (liability) assets and currency exposure	(10,359)	132	(10,227)

The Company's financial assets and liabilities as at 31 December 2021 and 2020 are denominated in SGD. Accordingly, the Company is not exposed to significant currency risk.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(i) Currency risk management (Continued)

Currency sensitivity analysis

The following table details the sensitivity to a 10% increase and decrease in the exchange rate of the relevant foreign currencies against the functional currency of each group entity. The magnitude represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translated amount at the period end for a 10% change in foreign currency rate. The sensitivity analysis includes loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, loss will decrease (increase) (2020 : profit will increase (decrease)) by:

	SGD impact		Other currency impact	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<i>SGD equivalent</i>				
Group				
Profit or loss	204	(1,036)	67	13

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, loss will decrease (increase) (2020 : profit will increase (decrease)) by:

	SGD impact		Other currency impact	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<i>SGD equivalent</i>				
Group				
Profit or loss	(204)	1,036	(67)	(13)

(ii) Price risk management

Due to the nature of the Group's operations, the performance of a subsidiary in the Group which trades in coal, rubber, aluminium and steel wire rod is susceptible to changes in these commodity prices. The Group has not entered into any hedging arrangements and at present is not hedged against price risks arising from these commodities. As far as possible, the Group adopts natural hedging by making purchases only when there is a sales demand.

Pricing sensitivity analysis

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to price at the end of the reporting period as the Group adopts natural hedging by making purchases only when there is a sales demand.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(iii) Cash flow and fair value interest rate risk management

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group mainly uses trade financing for funding. The Group's interest management policy is aimed at optimising net interest cost and reducing volatility in finance cost. A summary of quantitative data of the Group's interest-bearing financial instruments can be found in Note 27(c)(v).

Interest rate sensitivity analysis

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the reporting period.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(iv) Credit risk management (Continued)

The assessment of the credit quality and exposure to credit risk of the Group's trade and other receivables has been disclosed in Notes 9 and 10 respectively.

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Group						
31 December 2021						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	8,119	(1,493)	6,626
Other receivables	10	Performing	12-month ECL	27	–	27
Other receivables	10	Doubtful	Lifetime ECL – not credit- impaired	41	(41)	–
					<u>(1,534)</u>	
31 December 2020						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	21,170	–	21,170
Other receivables	10	Performing	12-month ECL	236	(42)	194
Refundable trade deposit with a related party	8	Performing	12-month ECL	7,999	–	7,999
					<u>(42)</u>	
Company						
31 December 2021						
Other receivables	10	Performing	12-month ECL	25	–	25
					<u>–</u>	
31 December 2020						
Other receivables	10	Performing	12-month ECL	18,629	–	18,629
					<u>–</u>	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 9 includes further details on the loss allowance for these trade receivables.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(iv) Credit risk management (Continued)

The maximum amount the Group could be forced to settle under the financial guarantee contracts in Note 26, if the full guaranteed amount is claimed by the counterparties to the guarantees is \$35,827,000 (2020 : \$35,498,000). Based on expectations at the end of the reporting period, the Group considers that it is remote that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparties claiming under the guarantees which is a function of the likelihood that the financial receivables held by the counterparties which are guaranteed suffer credit losses.

Other than as disclosed in Note 9 to the financial statements, there was no significant concentration of credit risk at the end of the reporting period. The carrying amount of financial assets recorded in the financial statements, grossed up for any loss allowances and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Other receivables in Note 10 are mainly derived from Singapore and Indonesia.

The credit exposure for trade receivables by geographical areas is as follows:

	Group	
	2021	2020
	\$'000	\$'000
<u>By geographical areas</u>		
Singapore	1,391	9,345
Indonesia	5,235	8,696
China including Hong Kong	–	3,129
	6,626	21,170

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management

The Group adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping adequate committed credit facilities available.

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets as disclosed in Note 27(a). The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table has been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets in the statement of financial position.

	Weighted average effective interest rate %	On demand or less than 1 year \$'000	Within 1 to 2 years \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group							
2021							
Non-interest bearing	–	9,104	–	–	–	–	9,104
Variable interest rate instruments	0.1	38,968	–	–	–	(25)	38,943
Fixed interest rate instruments	6.0	8,239	–	–	–	(5)	8,234
		56,311	–	–	–	(30)	56,281
2020							
Non-interest bearing	–	52,604	–	–	–	–	52,604
Fixed interest rate instruments	8.0	8,451	2,974	–	–	(261)	11,164
		61,055	2,974	–	–	(261)	63,768

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities

	Weighted average effective interest rate %	On demand or less than 1 year \$'000	Within 1 to 2 years \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group and Company							
2021							
At amortised cost - Non-interest bearing	-	-	-	28	-	-	28
Lease liability	1.6	100	100	190	-	(11)	379
		100	100	218	-	(11)	407
2020							
At amortised cost - Non-interest bearing	-	-	-	28	-	-	28
Lease liability	1.6	100	100	290	-	(18)	472
		100	100	318	-	(18)	500

The Group's non-derivative financial liabilities as at 31 December 2021 and 2020 as disclosed in Note 27(a) are due within one year from the end of the reporting period, except as disclosed above.

The Company's non-derivative financial assets as at 31 December 2021 and 2020 are due within one year from the end of the reporting period.

(vi) Fair value of financial assets and financial liabilities

As at the end of the reporting period, the Group's and the Company's carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, and lease liability approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(d) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The capital structure of the Group consists of equity attributable to owners of the Company, in the form of issued capital, translation reserve, capital reserve and accumulated losses as disclosed in the statement of changes in equity, and limited borrowing.

The Group monitors capital based on a debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt less cash and bank balances. Adjusted capital comprises all components of equity. The Group's overall strategy remains unchanged from prior financial year.

The Group is not subject to any externally imposed capital requirements.

28 LIST OF SUBSIDIARIES

Name of subsidiary and country of incorporation/operation	Principal activity	Proportion of ownership interest and voting rights held by the Group	
		2021 %	2020 %
SP Resources International Pte. Ltd. (Singapore) ^{(a) (e)}	Trading and marketing of industrial products	–	100
SP Global International Pte. Ltd. (Singapore) ^(a)	Distribution of consumer products	100	100
Globaltraco International Pte Ltd (Singapore) ^{(a) (f)}	Distribution of tyres	100	100
SP Performance Pte. Ltd. (Singapore) ^(a)	Investment holding	100	100
Performance Retreads Sdn. Bhd. (Malaysia) ^(b)	Retreading of tyres	100	100
SP Energy Pte. Ltd. (Singapore) ^(a)	Investment holding	100	100
SPRI Pte. Ltd. (Formerly known as SP Mining & Engineering Pte. Ltd.) (Singapore) ^(a)	Trading and marketing of industrial products	100	100
PT. SP Mining & Engineering (Indonesia) ^(c)	Engineering contractor	100	100
SP Global Hong Kong Limited (Hong Kong) ^(d)	Investment holding	100	100

^(a) Audited by Deloitte & Touche LLP, Singapore.

^(b) Audited by overseas practice of Deloitte Touche Tohmatsu Limited in Malaysia.

^(c) Audited by member firm of BDO International Limited in Indonesia.

^(d) Audited by Deloitte & Touche LLP, Singapore and overseas practice of Deloitte Touche Tohmatsu Limited in Hong Kong.

^(e) Amalgamated with SP Mining & Engineering Pte. Ltd. on 1 January 2021.

^(f) Management has commenced procedures to dissolve the subsidiary (Note 7).

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022 (“1H2022”)

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APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022 ("1H2022")

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group First Half		
		30.06.22 \$'000	30.06.21 \$'000	+ / (-) %
Revenue	5	-	31,195	(100)
Cost of sales		-	(30,362)	(100)
Gross profit		-	833	(100)
Other operating income	6	-	440	(100)
Administrative expenses		(847)	(871)	(3)
Other operating expense	7	(107)	-	n.m
Interest income	8	62	218	(72)
Interest expense		(3)	(6)	(50)
(Loss) Profit before tax	9	(895)	614	n.m
Income tax expense		(5)	(69)	(93)
(Loss) Profit for the financial period, representing (loss) profit attributable to owners of the Company		<u>(900)</u>	<u>545</u>	n.m
Other comprehensive income (loss) after tax: <i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	A	<u>890</u>	<u>(185)</u>	n.m
Other comprehensive income (loss) for the financial period, net of tax, attributable to owners of the Company		<u>890</u>	<u>(185)</u>	n.m
Total comprehensive (loss) income for the financial period attributable to owners of the Company		<u>(10)</u>	<u>360</u>	n.m
Basic and diluted (loss) earnings per share (cents)	10	<u>(2.56)</u>	<u>1.55</u>	n.m

n.m: Not meaningful

Note A:

The translation gain in the current financial period was mainly due to the appreciation of the US dollar against the Singapore dollar upon consolidation of subsidiaries whose functional currency is the US dollar. The net depreciation of the US dollar against the Singapore dollar in 1H2021 resulted in a translation loss for the previous financial period.

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30.06.22	31.12.21	30.06.22	31.12.21
		\$'000	\$'000	\$'000	\$'000
<u>Assets</u>					
Non-current assets					
Plant and equipment	12	98	111	97	110
Right-of-use asset		347	398	347	398
Investments in subsidiaries		-	-	29,722	29,437
Deferred tax asset		61	69	61	69
<i>Total non-current assets</i>		<u>506</u>	<u>578</u>	<u>30,227</u>	<u>30,014</u>
Current assets					
Trade and other receivables	13	1,865	6,769	158	130
Cash and bank balances		54,699	49,628	12,238	13,136
<i>Total current assets</i>		<u>56,564</u>	<u>56,397</u>	<u>12,396</u>	<u>13,266</u>
Total assets		<u>57,070</u>	<u>56,975</u>	<u>42,623</u>	<u>43,280</u>
<u>Equity and Liabilities</u>					
Equity					
Share capital	14	58,366	58,366	58,366	58,366
Translation reserve		354	(536)	-	-
Capital reserve		-	-	600	600
Accumulated losses		(2,925)	(2,025)	(20,394)	(20,578)
<i>Total equity</i>		<u>55,795</u>	<u>55,805</u>	<u>38,572</u>	<u>38,388</u>
Non-current liabilities					
Other payables	15	28	28	28	28
Lease liability		237	284	237	284
Deferred tax liabilities		70	79	62	71
<i>Total non-current liabilities</i>		<u>335</u>	<u>391</u>	<u>327</u>	<u>383</u>
Current liabilities					
Trade and other payables	15	835	676	3,619	4,406
Lease liability		95	95	95	95
Income tax payable		10	8	10	8
<i>Total current liabilities</i>		<u>940</u>	<u>779</u>	<u>3,724</u>	<u>4,509</u>
Total liabilities		<u>1,275</u>	<u>1,170</u>	<u>4,051</u>	<u>4,892</u>
Total equity and liabilities		<u>57,070</u>	<u>56,975</u>	<u>42,623</u>	<u>43,280</u>

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company				
	Share capital	Translation reserve	Capital reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
At 1 January 2022	58,366	(536)	-	(2,025)	55,805
<i>Total comprehensive income (loss) for the financial period</i>					
Loss for the financial period	-	-	-	(900)	(900)
Other comprehensive income for the financial period	-	890	-	-	890
<i>Total</i>	-	890	-	(900)	(10)
At 30 June 2022	58,366	354	-	(2,925)	55,795
At 1 January 2021	58,366	(865)	-	(767)	56,734
<i>Total comprehensive (loss) income for the financial period</i>					
Profit for the financial period	-	-	-	545	545
Other comprehensive loss for the financial period	-	(185)	-	-	(185)
<i>Total</i>	-	(185)	-	545	360
At 30 June 2021	58,366	(1,050)	-	(222)	57,094
Company					
At 1 January 2022	58,366	-	600	(20,578)	38,388
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	184	184
At 30 June 2022	58,366	-	600	(20,394)	38,572
At 1 January 2021	58,366	-	594	(20,791)	38,169
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	-	(15)	(15)
At 30 June 2021	58,366	-	594	(20,806)	38,154

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	First Half	
	30.06.22	30.06.21
	\$'000	\$'000
Operating activities		
(Loss) Profit before tax	(895)	614
<i>Adjustments for:</i>		
Depreciation of plant and equipment	13	2
Depreciation of right-of-use asset	51	50
Interest expense	3	6
Interest income	(62)	(218)
Operating cash flows before movements in working capital	(890)	454
Trade and other receivables	5,030	9,403
Restricted bank balances	-	(15)
Trade and other payables	257	(6,013)
Cash generated from operations	4,397	3,829
Interest received	30	42
Income tax paid, net	(4)	(232)
Interest paid	-	(2)
Net cash from operating activities	4,423	3,637
Investing activity		
Payments for acquisition of plant and equipment	-	(6)
Net cash used in investing activity	-	(6)
Financing activities		
Proceeds from borrowings	-	7,713
Repayments of borrowings	-	(7,713)
Repayments of lease liability	(50)	(50)
Net cash used in financing activities	(50)	(50)
Net increase in cash and cash equivalents	4,373	3,581
Cash and cash equivalents at the beginning of financial period	47,961	32,772
Effects of exchange rate changes on the balance of cash held in foreign currencies	665	(5)
Cash and cash equivalents at the end of financial period	52,999	36,348

	Group		
	30.06.22	31.12.21	30.06.21
	\$'000	\$'000	\$'000
Cash and cash equivalents comprise:			
Cash at bank and on hand	14,228	47,961	36,348
Fixed deposits	38,771	-	-
Cash and cash equivalents in statement of cash flows	52,999	47,961	36,348
Pledged fixed deposit	1,700	1,667	1,648
Cash and bank balances in statement of financial position	54,699	49,628	37,996

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate Information

SP Corporation Limited (the "Company") (Registration No. 195200115K) is domiciled and incorporated in Singapore with its registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 and principal place of business at 896 Dunearn Road, #03-11 Link@896, Singapore 589472. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The condensed interim financial statements are expressed in Singapore dollars, which is also the functional currency of the Company.

The immediate holding company is Tuan Sing Holdings Limited ("Tuan Sing"), a company incorporated in Singapore and listed on the SGX-ST. Tuan Sing's major shareholder is Nuri Holdings (S) Pte Ltd, incorporated in Singapore. Related companies in these financial statements refer to members of the immediate holding company's group of companies.

The principal activity of the Company is that of investment holding, which includes the provision of management services to related companies. The principal activities of the subsidiaries are trading and marketing of industrial products, distribution of consumer products, distribution of tyres, retreading of tyres, engineering contractor and investment holding.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

2 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

2.1 New and amended standards adopted by the Group

On 1 January 2022, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current reporting period or prior financial years.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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2.2 Use of judgements and estimates (cont’d)

The significant judgements made by management in applying the Group’s accounting policies and the key source of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying the Group’s accounting policies

Management is of the view that apart from those involving estimations (see below), there are no critical judgements involved that management has made in the process of applying the Group’s accounting policies and that have a significant effect on the amounts recognised in the condensed interim financial statements.

Key source of estimation uncertainty

The key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, are discussed below.

Calculation of loss allowance

When measuring expected credit losses (“ECL”), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group also considers the expected future financial condition and the ability of the debtors to pay, especially where the debts are aged or overdue for more than 90 days.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

3 Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

The Group is organised into the following main business segments:

Segment	Principal activities
Commodities Trading	Trades and markets a broad range of products including coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, metal and automotive industries in Asia.
Corporate and Others	General corporate activities and others.

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4 Segment and revenue information (cont'd)

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

Segment revenue and results

Information regarding the Group's reportable segments is presented in the tables below.

	Commodities trading \$'000	Corporate and others \$'000	Inter-segment eliminations \$'000	Consolidated \$'000
<u>1H2022</u>				
Revenue				
- External customers	-	-	-	-
- Inter-segment	-	772	(772)	-
Total segment revenue	-	772	(772)	-
Result				
Segment result	(939)	(15)	-	(954)
Interest income	47	15	-	62
Interest expense	-	(3)	-	(3)
Loss before tax	(892)	(3)	-	(895)
Income tax expense				(5)
Loss after tax				(900)
Other information				
Capital expenditure	-	-	-	-
Depreciation of plant and equipment	1	12	-	13
Depreciation of right-of-use asset	-	51	-	51
<u>30 June 2022</u>				
Assets				
Segment assets	41,607	15,463	-	57,070
Total assets				57,070
Liabilities				
Segment liabilities	484	791	-	1,275
Total liabilities				1,275

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4 Segment and revenue information (cont'd)

Segment revenue and results (cont'd)

	Commodities trading \$'000	Corporate and others \$'000	Inter-segment eliminations \$'000	Consolidated \$'000
<u>1H2021</u>				
Revenue				
- External customers	31,195	-	-	31,195
- Inter-segment	-	772	(772)	-
Total segment revenue	<u>31,195</u>	<u>772</u>	<u>(772)</u>	<u>31,195</u>
Result				
Segment result	(174)	514	62	402
Interest income	200	18	-	218
Interest expense	(3)	(3)	-	(6)
Profit before tax	<u>23</u>	<u>529</u>	<u>62</u>	<u>614</u>
Income tax expense				<u>(69)</u>
Profit after tax				<u><u>545</u></u>
Other information				
Capital expenditure	-	6	-	6
Depreciation of plant and equipment	2	-	-	2
Depreciation of right-of-use asset	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>

30 June 2021

Assets

Segment assets	35,765	23,012	35	<u>58,812</u>
Total assets				<u><u>58,812</u></u>

Liabilities

Segment liabilities	617	1,200	(99)	<u>1,718</u>
Total liabilities				<u><u>1,718</u></u>

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4 Segment and revenue information (cont'd)

Geographical segments

The Group's businesses are mainly in Singapore, and China including Hong Kong. Revenue is based on the country in which the customer is located. Non-current assets and capital expenditure are shown by the geographical areas in which these assets are located. The Group's revenue and information about its non-current assets and capital expenditure by geographical locations are detailed below:

	Group					
	Revenue from external customers		Non-current assets		Capital expenditure	
	First Half					
	30.06.22	30.06.21	30.06.22	31.12.21	30.06.22	30.06.21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Based on location of customer						
Singapore	-	15,754	506	578	-	6
China including Hong Kong	-	15,441	-	-	-	-
	-	31,195	506	578	-	6

Information about major customers

In 1H2021, included in the Commodities Trading revenue of \$31,195,000 were sales of approximately \$15,441,000 and \$9,064,000 to the Group's two largest customers who are third parties.

5 Revenue

The Group derives its revenue from the sale of commodities trading products at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (see Note 4).

The Group has applied the practical expedient in SFRS(I) 15:121 and has not disclosed the transaction price of contracts with customers allocated to remaining performance obligations as at the end of the financial period as those performance obligations are part of contracts that have an original expected duration of one year or less.

6 Other operating income

	Group	
	First Half	
	30.06.22	30.06.21
	\$'000	\$'000
Foreign currency exchange gain, net	-	429
Government grant income	-	11
	-	440

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7 Other operating expense

	Group First Half	
	30.06.22	30.06.21
	\$'000	\$'000
Foreign currency exchange loss, net	107	-

8 Interest income

	Group First Half	
	30.06.22	30.06.21
	\$'000	\$'000
Bank deposits	62	24
Refundable trade deposit - related party [Note 9.2(ii)]	-	174
Overdue trade receivables - related parties [Note 9.2(ii)]	-	20
	62	218

9 (Loss) Profit before tax

9.1 Significant items

Other than as disclosed elsewhere in the condensed interim financial statements, (loss) profit before tax for the financial period has been arrived at after charging (crediting) the following:

	Group First Half	
	30.06.22	30.06.21
	\$'000	\$'000
Administrative expenses		
Depreciation of plant and equipment	13	2
Depreciation of right-of-use asset	51	50
Other operating expense (income)		
Foreign currency exchange loss (gain), net	107	(429)
Government grant income	-	(11)
Income tax expense		
Under-provision of income tax in prior financial periods	-	7

9.2 Related party and related company transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these condensed interim financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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9.2 Related party and related company transactions (cont'd)

During the financial period, the Group entered into the following significant transactions with related companies and related parties in the normal course of business based on terms agreed between the parties:

	Group First Half	
	30.06.22	30.06.21
	\$'000	\$'000
(i) Tuan Sing Holdings Limited and subsidiaries		
Management fee expense	25	75
Repayments of lease liability	50	50
(ii) Related parties		
Sale of goods	-	(6,690)
Purchase of goods	-	28,790
Interest income from placement of refundable trade deposit	-	(174)
Interest income on overdue trade receivables	-	(20)
Placement of refundable trade deposit*	-	8,070

* The item represented the amount as at the end of the financial period.

In 1H2021, the Group was reliant on two related parties for the supply of 100% of its coal products within its Commodities Trading business segment. The Group supplied 21% of its coal products to a related party customer.

The amounts outstanding are unsecured and will be settled in cash unless otherwise stated. No expense has been recognised during the financial period for bad or doubtful debts in respect of the amounts owed by related parties.

10 (Loss) Earnings per share (cents)

Basic (loss) earnings per share is calculated by dividing the net (loss) profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period:

	Group First Half	
	30.06.22	30.06.21
Net (loss) profit attributable to owners of the Company (\$'000)	(900)	545
Weighted average number of ordinary shares in issue (in '000)	35,099	35,099
Basic (loss) earnings per share (cents)	(2.56)	1.55

The Company has not granted options over shares. There are no dilutive potential ordinary shares.

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11 Net asset value

	Group		Company	
	30.06.22	31.12.21	30.06.22	31.12.21
Net asset value per ordinary share (in dollar)	1.59	1.59	1.10	1.09
Total number of issued shares* at end of financial period/year (in '000)	35,099	35,099	35,099	35,099

* There were no treasury shares at the end of the respective financial period/year.

12 Plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$Nil (30 June 2021: \$6,000) and wrote off assets amounting to \$3,000 (30 June 2021: \$8,000).

13 Trade and other receivables

	Group		Company	
	30.06.22	31.12.21	30.06.22	31.12.21
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade receivables	1,671	6,626	-	-
Other receivables	194	143	158	130
	1,865	6,769	158	130
<u>Trade receivables</u>				
Third parties - current	84	59	-	-
Related parties - current	3,110	8,060	-	-
	3,194	8,119	-	-
Less: Loss allowance on interest income on overdue trade receivables - related parties	(1,523)	(1,493)	-	-
	1,671	6,626	-	-
<u>Other receivables</u>				
Other receivables - current	236	184	158	130
Less: Loss allowance - related party	(42)	(41)	-	-
	194	143	158	130

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13 Trade and other receivables (cont'd)

Trade receivables from third parties

The trade receivables are generally on 30 to 180 days (31 December 2021: 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has not recognised a loss allowance on trade receivables from third parties because historical experience has indicated that these receivables are generally recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade receivables from related parties

Certain past due trade amounts due from related parties bear an interest rate of 8% (31 December 2021: 8%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade amounts due from related parties are generally on 90 to 180 days (31 December 2021: 90 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Loss allowance for amounts due from related parties has always been individually assessed and measured at an amount equal to lifetime ECL. In determining the ECL, management has taken into account the financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate, in estimating the probability of default of the trade amounts due from related parties as well as the loss upon default. Management has also considered repayments made by the related parties subsequent to the reporting period.

Included in the trade receivables from related parties was an amount of \$1,937,000 (31 December 2021: \$5,617,000) due from a related party, which was secured by two parcels of industrial land and building of the related party in Indonesia valued at approximately IDR195,421,000,000 (31 December 2021: IDR195,421,000,000) [equivalent to \$18,315,000 (31 December 2021: \$18,714,000)] as at the end of the reporting period. A loss allowance of \$419,000 (31 December 2021: \$411,000) representing the interest on overdue trade receivables, has been provided for as at 30 June 2022. (See subsequent events in Note 17.)

The amount due from this related party is expected to be repaid within one year from 30 June 2022 and has been classified as current.

The controlling party of this related party has provided a letter of financial support to the related party over the outstanding amount as at 31 December 2021.

An amount of \$1,104,000 (31 December 2021: \$2,443,000) due from another related party was included in trade receivables from related parties as at 30 June 2022. A loss allowance of \$1,104,000 (31 December 2021: \$1,082,000) representing the interest on overdue trade receivables, has been provided for as at 30 June 2022. The overdue trade receivables had been collected in 1H2022.

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13 Trade and other receivables (cont'd)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Other receivables

Other receivables of the Group and the Company comprise mainly prepayments, interest receivable from fixed deposits, deposit with a related company and sundry debtors.

14 Share capital

	Group and Company			
	30.06.22	31.12.21	30.06.22	31.12.21
			\$'000	\$'000
Number of ordinary shares				
Issued and paid up:				
At beginning and end of financial period/year	35,099,132	35,099,132	58,366	58,366

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

15 Trade and other payables

Trade payables of the Group amounting to \$201,000 (31 December 2021: \$19,000) principally comprise amounts outstanding for trade purchases and ongoing costs, and net GST payable (31 December 2021: net GST payable). Other payables of the Group amounting to \$662,000 (31 December 2021: \$685,000) comprise mainly accrued expenses, sundry creditors, and non-trade amount due to a related company, and as at 30 June 2022, non-trade amount due to immediate holding company.

Trade and other payables of the Company comprise mainly accrued expenses, sundry creditors, and non-trade amounts due to subsidiaries and a related company, and as at 30 June 2022, financial guarantee contracts and non-trade amount due to immediate holding company.

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16 Financial assets and financial liabilities

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	30.06.22	31.12.21	30.06.22	31.12.21
	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>				
<u>Amortised cost</u>				
Trade and other receivables	1,865	6,769	158	130
Less: Prepayments	(122)	(116)	(120)	(105)
	1,743	6,653	38	25
Cash and bank balances	54,699	49,628	12,238	13,136
	<u>56,442</u>	<u>56,281</u>	<u>12,276</u>	<u>13,161</u>
<i>Financial Liabilities</i>				
<u>Amortised cost</u>				
Trade and other payables	863	704	3,647	4,434
Lease liability	332	379	332	379
	<u>1,195</u>	<u>1,083</u>	<u>3,979</u>	<u>4,813</u>

17 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements other than as disclosed below.

Subsequent to the end of the reporting period, the overdue trade receivables from the related party had been collected on 3 August 2022.

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022 ("1H2022")

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1 Review

The condensed consolidated statements of financial position of SP Corporation Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Review of Performance of the Group

Financial Performance of the Group (1H2022 vs 1H2021)

The Group did not record any revenue in 1H2022 as compared to \$31.2 million in 1H2021. This was due to the absence of coal delivery. Consequently, there was no gross profit as compared to \$0.8 million in 1H2021.

Other operating income in 1H2021 was \$440,000. This was primarily due to a net foreign currency exchange gain, arising from the appreciation of US dollar against Singapore dollar, and government grant income.

Administrative expenses were \$847,000 as compared to \$871,000 in 1H2021. The decrease of \$24,000 was mainly attributable to lower manpower costs.

Other operating expense in 1H2022 was \$107,000. This was due to a net foreign currency exchange loss, arising primarily from the depreciation of Singapore dollar against US dollar upon the revaluation of Singapore dollar denominated assets by entities whose functional currency is the US dollar.

Interest income was \$62,000 as compared to \$218,000 in 1H2021. The decrease of \$156,000 was mainly due to an absence of interest income from a refundable trade deposit placed with a coal supplier, partially offset by higher interest income from placement of fixed deposits. The trade deposit of US\$6 million (equivalent to \$8 million) was returned by the coal supplier in September 2021.

Interest expense was \$3,000 as compared to \$6,000 in 1H2021. The decrease of \$3,000 was mainly due to the absence of trust receipt interest expense from the utilisation of trade financing facilities for commodities trading.

Income tax expense was \$5,000 as compared to \$69,000 in 1H2021. The decrease of \$64,000 was mainly because of lower provision for deferred tax and an absence of withholding tax expense.

As result of the above, loss after tax in 1H2022 was \$0.9 million as compared to profit after tax of \$0.5 million in 1H2021.

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED Unaudited Condensed Interim Financial Statements For the Six Months Ended 30 June 2022 ("1H2022")

2 Review of Performance of the Group (cont'd)

Financial Position of the Group

The Group's total assets were \$57.1 million as at 30 June 2022, an increase of \$0.1 million from \$57.0 million as at 31 December 2021. The increase was mainly due to higher cash and bank balances, partially offset by lower trade and other receivables.

Trade and other receivables of the Group as at 30 June 2022 were \$1.9 million as compared to \$6.8 million as at 31 December 2021. The decrease of \$4.9 million was mainly due to collections from customers.

The Group's total liabilities were \$1.3 million as at 30 June 2022, an increase of \$0.1 million from \$1.2 million as at 31 December 2021. The increase was mainly due to higher trade payables arising from charges incurred in respect of prior coal shipments.

The Company's total liabilities were \$4.1 million as at 30 June 2022, a decrease of \$0.8 million from \$4.9 million as at 31 December 2021. The decrease was mainly due to repayments of amounts due to subsidiaries.

As at 30 June 2022, shareholders' fund was \$55.8 million, comparable to \$55.8 million as at 31 December 2021. This was due to operating loss incurred during the financial period, offset by foreign currency translation gain.

The Group maintained a positive working capital of \$55.6 million as at 30 June 2022.

Consolidated Statement of Cash Flows for the Group

During 1H2022, net cash from operating activities of \$4.4 million arose mainly from repayments of trade and other receivables.

Net cash used in financing activities of \$50,000 in 1H2022 was for repayment of lease liability. The trust receipt borrowings for commodities trading in 1H2021 were fully settled by 30 June 2021.

The higher cash and bank balances as at 1 January 2022 were mainly due to repayments of trade and other receivables, including the return of the refundable trade deposit by its coal supplier in 2021.

Consequently, cash and cash equivalents were \$53.0 million as at 30 June 2022, representing an inflow of \$16.7 million since 30 June 2021.

3 Variance from prospect statement

Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022 ("1H2022")

4 Outlook

A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The COVID-19 pandemic and the on-going Ukraine war have dampened the outlook for business and investment. Although the long-term coal purchase agreement with the Indonesian supplier had terminated in December 2021, the Group has continued to explore spot purchases from the coal mine.

The return of the refundable trade deposit by its coal supplier has strengthened the Group's financial position.

The Group will continue to consider all strategic options for the future.

5 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share

Not applicable.

(b) (ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022 ("1H2022")

5 Dividend (cont'd)

(f) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the financial period ended 30 June 2022. The Company still has accumulated losses as at 30 June 2022.

6 Interested Person Transactions ("IPTs")

If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) should be disclosed. If no IPT mandate has been obtained, a statement to that effect should be made.

The aggregate value of interested person transactions entered into during the following financial periods is as follows:

Name of interested person	Nature of relationship	Group			
		Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		First Half		First Half	
		30.06.22 \$'000	30.06.21 \$'000	30.06.22 \$'000	30.06.21 \$'000
William Nursalim alias William Liem & associates	Mr William Nursalim alias William Liem is a director and deemed controlling shareholder of the Company.	-	-	-	6,685
Sales		-	-	-	28,765
Purchases		-	-	-	174
Interest income from placement of refundable trade deposit		-	-	-	-
<i>Aggregate value of transactions entered into with the same interested person</i>		-	-	-	35,624
Total interested person transactions		-	-	-	35,624

7 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received the signed undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

APPENDIX 9 – SP JUNE 2022 UNAUDITED ACCOUNTS

SP CORPORATION LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022 (“1H2022”)

8 Negative confirmation pursuant to Rule 705(5)

We, Cheng Hong Kok and William Nursalim alias William Liem, being two directors of SP Corporation Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

Cheng Hong Kok
Chairman

William Nursalim alias William Liem
Interim Executive Director

BY ORDER OF THE BOARD

Ho Wui Mee Marian
Company Secretary
4 August 2022

Important Notes to this Announcement

This announcement may contain forward-looking statements. Words such as ‘expects’, ‘anticipates’, ‘intends’ or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements.

Forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance or events. They involve assumptions, risks and uncertainties. Actual future performance or results may differ materially from those expressed or implied in forward-looking statements as a result of various important factors. These factors include but are not limited to, economic, political, and social conditions in the geographic markets where the Group operates, interest rate and foreign currency exchange rate movements, cost of capital and availability of capital, competition from other companies, and venues for sale/manufacture/distribution of goods and services, a shift in demands, customers and partners, and changes in operating costs. Unpredictable or unknown factors not discussed in this announcement could also have material adverse effects on forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

APPENDIX 10 – THE SCHEME

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Application No. 708)
of 2022)

In the Matter of

SP Corporation Limited
(Registration No. 195200115K)

And

In the Matter of Section 210 of the
Companies Act 1967 of Singapore

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act 1967 of Singapore

Between

SP Corporation Limited

And

Scheme Shareholders (as defined herein)

And

Tuan Sing Holdings Limited

APPENDIX 10 – THE SCHEME

PRELIMINARY

In this Scheme (as defined below), the following definitions apply throughout except where the context otherwise requires:

“Books Closure Date”	:	The books closure date to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme.
“Business Day”	:	A day (other than Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore.
“CDP”	:	The Central Depository (Pte) Limited.
“Code”	:	The Singapore Code on Take-overs and Mergers promulgated by the SIC as the same may be modified, amended, supplemented or replaced from time to time.
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time.
“Company”	:	SP Corporation Limited.
“Conditions Long-Stop Date”	:	The date falling six (6) months from the date of the Implementation Agreement or such other date as the Company and the Offeror may agree in writing.
“Court”	:	The General Division of the High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore.
“effective”	:	When used in relation to the Scheme, the coming into effect of the Scheme pursuant to Section 210 of the Companies Act.
“Effective Date”	:	The date on which the Scheme becomes effective in accordance with its terms.
“Encumbrances”	:	All charges, mortgages, liens, hypothecations, hire purchases, judgments, encumbrances, easements, security, title retention, preferential rights, trust arrangements or any other security interests or any other agreements or arrangements having a commercial effect analogous to the conferring of security or similar rights in favour of any person.

APPENDIX 10 – THE SCHEME

“Entitled Scheme Shareholders”	:	Scheme Shareholders as at 5.00 p.m. on the Books Closure Date.
“Implementation Agreement”	:	The implementation agreement dated 20 August 2022 entered into between the Offeror and the Company setting out the terms and conditions on which the Offeror and the Company will implement the Scheme.
“Joint Announcement”	:	The joint announcement made by the Offeror and the Company in relation to, <i>inter alia</i> , the Scheme.
“Joint Announcement Date”	:	20 August 2022, being the date of the Joint Announcement.
“Latest Practicable Date”	:	27 October 2022, being the latest practicable date prior to the printing of the Scheme Document.
“Offeror”	:	Tuan Sing Holdings Limited.
“Register of Members”	:	The register of members of the Company.
“Scheme”	:	The scheme of arrangement to be proposed by the Company to the Shareholders, in accordance with Section 210 of the Companies Act, the Code and the terms of the Implementation Agreement, to effect the Acquisition.
“Scheme Conditions”	:	The condition precedents in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Conditions Long-Stop Date for the Scheme to be implemented and which are reproduced in Appendix 5 to this Scheme Document.
“Scheme Consideration”	:	The cash amount of S\$1.59 that each Entitled Scheme Shareholder as at the Books Closure Date will be entitled to receive for each Scheme Share held as at the Books Closure Date.
“Scheme Document”	:	This document dated 3 November 2022 issued by the Company to the Scheme Shareholders, containing, <i>inter alia</i> , details of the Scheme, an explanatory statement complying with the requirements of the Companies Act, the IFA opinion, and notice of meeting and proxy form and such other information as may be required for disclosure or inclusion therein under the Code, the Companies Act and the Listing Rules.
“Scheme Shares”	:	SP Shares held by the Scheme Shareholders.
“Scheme Shareholders”	:	The Shareholders other than the Offeror.

APPENDIX 10 – THE SCHEME

“Securities Account”	:	The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account.
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited.
“Shareholders”	:	The shareholders of the Company being persons who are registered as holders of SP Shares in the Register of Members of the Company and Depositors who have SP Shares entered against their names in the Depository Register.
“Share Registrar”	:	B.A.C.S. Private Limited, the share registrar of the Company.
“SP Shares”	:	The shares in the issued share capital of the Company.
“S\$”	:	The lawful currency of Singapore.
“Transfer Books”	:	The transfer books of the Company.

Depositors, etc. The terms **“Depositor”** and **“Depository Register”** shall have the meanings given to them respectively in Section 81SF of the Securities and Futures Act 2001.

Plural, Genders, etc. Words importing the singular shall, where applicable, include the plural, and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders, and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

Shareholders. The term **“Shareholder”**, in relation to any Share, includes a person entitled to that Share by transmission. Any reference to **“you”**, **“your”** and **“yours”** in this Scheme are, as the context so determines, to Shareholders unless the context otherwise requires.

Statutes. Any reference in this Scheme to any enactment or statute shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statute and is a reference to that enactment, statute, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme. Any word defined in the Companies Act or the Code or any statutory modification thereof and used in this Scheme shall, where applicable, have the meaning assigned to it under the Companies Act or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

Time and Date. Any reference to a time of day and date in this Scheme shall be a reference to Singapore time and date, unless otherwise specified.

APPENDIX 10 – THE SCHEME

RECITALS

- (A) The Company was incorporated in Singapore on 27 November 1952 and was listed on the Main Board of the SGX-ST on 20 September 1974. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$58,365,721.95, comprising 35,099,132 SP Shares of which none are held as treasury shares and subsidiary holdings. Save for the SP Shares, there are no other (i) securities which carry voting rights; and/or (ii) convertible securities, warrants, options or derivatives in respect of such SP Shares or securities which carry voting rights.
- (B) The primary purpose of this Scheme is the acquisition by the Offeror of all the Scheme Shares.
- (C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective rights and obligations with respect to this Scheme and the implementation thereof.

PART 1

CONDITIONS PRECEDENT

- 1. This Scheme is conditional upon each of the Scheme Conditions set out in Clause 3.1 of the Implementation Agreement (as reproduced in Appendix 5 to the Scheme Document) being satisfied or, subject to the terms of the Implementation Agreement, being waived on or before the Conditions Long-Stop Date.

PART 2

TRANSFER OF THE SCHEME SHARES

- 2. With effect from the Effective Date, all the Scheme Shares, as at the Books Closure Date, will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date. 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. For the purpose of giving effect to the transfer of the Scheme Shares provided for in Clause 2 of this Scheme:
 - (a) in the case of the Entitled Scheme Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Scheme Shareholders an instrument or instruction of transfer of all the Scheme Shares held by such Entitled Scheme Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Scheme Shareholder; and
 - (b) in the case of the Entitled Scheme Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Scheme Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Scheme Shares standing to the credit of the Securities Account of such Entitled Scheme Shareholders and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

APPENDIX 10 – THE SCHEME

PART 3

PAYMENT OF SCHEME CONSIDERATION

4. In consideration for the transfer of the Scheme Shares to the Offeror under Clause 2 of this Scheme and subject to Clause 1 of this Scheme, the Offeror shall pay or procure that there shall be paid to each Entitled Scheme Shareholder the Scheme Consideration, being **S\$1.59 in cash** for each Scheme Share transferred pursuant to this Scheme.
5. The Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Scheme Shares set out in Clause 3 of this Scheme, make payment of the aggregate Scheme Consideration payable on the transfer of the Scheme Shares pursuant to this Scheme to:
 - (a) each Entitled Scheme Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to and made out in favour of such Entitled Scheme Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders (not being Depositors), to the first named Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Scheme Shareholders; and
 - (b) each Entitled Scheme Shareholder (being a Depositor) by making payment of the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder to CDP. CDP shall:
 - (i) in the case of an Entitled Scheme Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder, to the designated bank account of such Entitled Scheme Shareholder; and
 - (ii) in the case of an Entitled Scheme Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, send to such Entitled Scheme Shareholder, by ordinary post to his/her/its address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders who have not registered for CDP's direct crediting service, to the first named Entitled Scheme Shareholder by ordinary post to his/her/its address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Scheme Shareholders, a cheque for the payment of such aggregate Scheme Consideration made out in favour of such Entitled Scheme Shareholder(s).
6. The encashment of any cheque or the crediting by CDP of the aggregate Scheme Consideration in such other manner as the Entitled Scheme Shareholder may have agreed with CDP for payment of any cash distributions as referred to in Clause 5 of this Scheme shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.

APPENDIX 10 – THE SCHEME

7. (a) On and after the day being six (6) calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
- (b) The Company or its successor entity shall hold such moneys and any moneys returned by CDP to the Company (which shall similarly be placed in the bank account referred to in Clause 7(a) of this Scheme) until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 5 of this Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 5 of this Scheme for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 4 of this Scheme.
- (c) On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 7(a) of this Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.
- (d) Clause 7(c) of this Scheme shall take effect subject to any prohibition or condition imposed by law.
8. From the Effective Date, each existing share certificate representing a former holding of Scheme Shares by Scheme Shareholders (not being Depositors) will cease to be evidence of title of the Scheme Shares represented thereby. Scheme Shareholders who are not Depositors shall be required to forward their existing share certificates relating to their Scheme Shares to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 as soon as possible, but not later than seven (7) Business Days after the Effective Date, for cancellation.

PART 4

EFFECTIVE DATE

9. Subject to the satisfaction of the conditions precedent set out in Clause 1 of this Scheme, this Scheme shall become effective and binding in accordance with its terms if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement and upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore for registration.
10. Unless this Scheme shall have become effective and binding in accordance with its terms as aforesaid on or before the Conditions Long-Stop Date (or such other date as the Court on the application of the Company or the Offeror may allow), this Scheme shall lapse.
11. The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.

APPENDIX 10 – THE SCHEME

12. In the event that this Scheme does not become effective and binding in accordance with its terms for any reason, the costs and expenses incurred by the Company in connection with this Scheme will be borne by the Company.
13. This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Scheme Shareholders submit to the non-exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore, to enforce any term or provision of this Scheme.

Dated this 3 November 2022

APPENDIX 11 – NOTICE OF THE COURT MEETING

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Application No. 708)
of 2022)

In the Matter of

SP Corporation Limited
(Registration No. 195200115K)

And

In the Matter of Section 210 of the
Companies Act 1967 of Singapore

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act 1967 of Singapore

Between

SP Corporation Limited

And

Scheme Shareholders (as defined herein)

And

Tuan Sing Holdings Limited

APPENDIX 11 – NOTICE OF THE COURT MEETING

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court dated 27 October 2022 made in the above matter, the High Court of the Republic of Singapore has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders of SP Corporation Limited (the “**Company**”) to be convened and such Court Meeting shall be held by way of electronic means on 25 November 2022 at 10.00 a.m., for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution:

“**RESOLVED THAT** the Scheme of Arrangement dated 3 November 2022 proposed to be made pursuant to Section 210 of the Companies Act 1967 of Singapore, between (i) the Company; (ii) the Scheme Shareholders; and (iii) Tuan Sing Holdings Limited, a copy of which has been circulated with this Notice convening this Court Meeting, be and is hereby approved.”

A copy of the said Scheme of Arrangement (“**Scheme**”) and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act 1967 of Singapore (“**Companies Act**”), are incorporated in the Scheme Document of which this Notice forms part.

All references to the Scheme Document in this Notice shall mean the Company’s Scheme Document to the Scheme Shareholders dated 3 November 2022. All capitalised terms not otherwise defined herein shall have the meanings given to them in the Scheme Document.

By the said Order of Court, the Court has appointed Ms. Lim Huei Min, or failing her, any director of the Company, to act as Chairman of the Court Meeting, and has directed the Chairman to report the results thereof to the Court.

The Scheme will be subject to, inter alia, the subsequent sanction of the Court.

Important Notice from the Company

Scheme Shareholders (including Overseas SP Shareholders) may also obtain printed copies of the Scheme Document and related documents by submitting a request to the Share Registrar, B.A.C.S. Private Limited, by post to 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 or via email to main@zicoholdings.com by no later than 5.00 p.m. on 18 November 2022. Printed copies of the Scheme Document will be sent to the address in Singapore specified by the Scheme Shareholder at his/her/its own risk.

Electronic copies of the Scheme Document (enclosing this Notice and the Proxy Form) are also available on the website of the Company at the URL <https://www.spcorp.com.sg/corporate.asp?page=5&menuid=7&language=1&subid=32> and on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>. A Scheme Shareholder will need an internet browser and PDF reader to view these documents on the websites of the SGX-ST and the Company.

Notes:

- (1) The Court Meeting is being convened, and will 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. This Notice will accordingly be made available by electronic means via publication on the Company’s website at the URL <https://www.spcorp.com.sg/corporate.asp?page=5&menuid=7&language=1&subid=32> and on the SGXNET announcement page of the Company at the URL <https://www.sgx.com/securities/company-announcements>.

APPENDIX 11 – NOTICE OF THE COURT MEETING

- (2) 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.
- (3) 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 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.

- (4) A Scheme Shareholder who has Scheme Shares entered against his/her/its name in (i) the Register of Members; or (ii) the Depository Register as at the cut-off time being 72 hours prior to the time of the Court Meeting, as the case may be (being the time at which the name of the Scheme Shareholder must appear in the Register of Members or the Depository Register, in order for him/her/it to be considered to have Scheme Shares entered against his/her/its name in the said registers), shall be entitled to participate in the Court Meeting by:
- (a) observing and/or listening to the Court Meeting proceedings via live audio-visual webcast or live audio-only stream;
 - (b) submitting questions in advance of the Court Meeting or during the Court Meeting via the "Ask a question feature"; and/or
 - (c) voting in real time via electronic means (either personally or via appointment of proxy(ies)) at the Court Meeting.
- (5) All Proxy Forms for the Court Meeting (if lodged before the Court Meeting) must be downloaded, completed, signed and submitted to the Company by 10.00 a.m. on 22 November 2022, being 72 hours before the time appointed for the Court Meeting, in the following manner:
- (a) via email to main@zicoholdings.com; or
 - (b) via post to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

Completion and lodgement of a Proxy Form will not preclude a Scheme Shareholder from attending and voting at the Court Meeting via electronic means.

In appointing the Chairman of the Court Meeting as proxy, a Scheme Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstention from voting, in respect of the resolution in the Proxy Form, failing which the appointment of the Chairman of the Court Meeting as proxy for the Court Meeting will be treated as invalid.

The votes of the Chairman of the Court Meeting, as proxy, shall be counted as the votes of the number of appointing Scheme Shareholders.

APPENDIX 11 – NOTICE OF THE COURT MEETING

- (6) Scheme Shareholders may also submit questions related to the Scheme to be tabled for approval at the Court Meeting to the Chairman of the Court Meeting in advance of the Court Meeting. In order to do so, their questions must be submitted in the following manner:

- (a) via email to main@zicoholdings.com; or
- (b) via post to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

Scheme Shareholders who submit questions via email or post must provide the following information:

- (i) the Scheme Shareholder's full name;
- (ii) the Scheme Shareholder's address; and
- (iii) the manner in which the Scheme Shareholder holds Scheme Shares (e.g. via CDP, scrip, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions received in advance of the Court Meeting from the Scheme Shareholders, prior to or during the Court Meeting. The Company will publish the responses to the substantial and relevant questions which the Company is unable to address during the Court Meeting on the SGXNET announcement page of the Company and the Company's corporate website prior to the Court Meeting.

Alternatively, Scheme Shareholders and proxies will be able to ask questions "live" during the Court Meeting via the "Ask a question feature" which would be made available to the Scheme Shareholders and proxies to type in their questions during the live audio-visual webcast or live audio-only stream.

The Company will, within one (1) month after the date of the Court Meeting, publish the minutes of the Court Meeting on the SGXNET announcement page of the Company and the Company's corporate website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the Court Meeting.

- (7) In the case of joint holders of Scheme Shares, any one of such persons may vote, but if more than one of such persons are present at the Court Meeting, the person whose name stands first in the Register of Members or, as the case may be, the Depository Register shall alone be entitled to vote.
- (8) A Scheme Shareholder (other than a Scheme Shareholder who is a Relevant Intermediary (as defined below)) may only cast all the votes it uses at the Court Meeting in **one way**.
- (9) A Scheme Shareholder voting by proxy(ies) shall be included in the count of Scheme Shareholders present and voting at the Court Meeting as if that Scheme Shareholder was voting in person.
- (10) Pursuant to the Order of Court, the Court has appointed Ms. Lim Huei Min, or failing her, any director of the Company, to act as Chairman of the Court Meeting, and has directed the Chairman to report the results thereof to the Court.
- (11) The said Scheme will be subject to, *inter alia*, the subsequent sanction of the Court.

APPENDIX 11 – NOTICE OF THE COURT MEETING

- (12) Scheme Shareholders who hold Scheme Shares through Relevant Intermediaries (as defined below) (including CPFIS Investors and SRS Investors) and who wish to participate in the Court Meeting by (a) observing and/or listening to the Court Meeting proceedings through the live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the Court Meeting or during the Court Meeting via the “Ask a question feature”; and/or (c) appointing a proxy to attend, speak and vote on their behalf at the Court Meeting, should contact the Relevant Intermediary through which they hold such Scheme Shares as soon as possible in order to make the necessary arrangements for them to participate in the Court Meeting.

CPFIS Investors and SRS Investors who wish to appoint a proxy(ies) should approach their respective CPF and SRS agent banks to submit their voting instructions by 5.00 p.m. on 16 November 2022, being seven (7) working days before the date of the Court Meeting.

A “Relevant Intermediary” means a “relevant intermediary” as defined in Section 181 of the Companies Act.

- (13) The Chairman of the Court Meeting, as proxy, need not be a member of the Company.
- (14) Please see the Scheme Document and the Notes to the Proxy Form for more information.

PERSONAL DATA PRIVACY

By submitting the Proxy Form, attending, speaking and voting at the Court Meeting and/or any adjournment thereof, a Scheme Shareholder consents to the collection, use and disclosure of the Scheme Shareholder’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) for the Court Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Court Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Dated this 3 November 2022

Dentons Rodyk & Davidson LLP

80 Raffles Place #33-00
UOB Plaza
Singapore 048624

Solicitors for
SP Corporation Limited

APPENDIX 12 – PROXY FORM FOR THE COURT MEETING

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Application No. 708)
of 2022)

In the Matter of

SP Corporation Limited
(Registration No. 195200115K)

And

In the Matter of Section 210 of the
Companies Act 1967 of Singapore

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act 1967 of Singapore

Between

SP Corporation Limited

And

Scheme Shareholders (as defined herein)

And

Tuan Sing Holdings Limited

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APPENDIX 12 – PROXY FORM FOR THE COURT MEETING

SP CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 195200115K)

Proxy Form

Court Meeting

IMPORTANT

1. All capitalised terms used in this Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document issued by the Company to its shareholders other than Tuan Sing Holdings Limited dated 3 November 2022 (the "Scheme Document").
2. The Court Meeting is being convened, and will be held, by way of 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.
3. The Notice of Meeting dated 3 November 2022 will accordingly be made available via publication on the Company's website at the URL <https://www.spcorp.com.sg/corporate.asp?page=5&menuid=7&language=1&subid=32> and on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
4. Alternative arrangements relating to attendance at the Court Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Court Meeting prior to the Court Meeting or during the Court Meeting via the "Ask a question feature", addressing of substantial and relevant questions before or during the Court Meeting and voting either personally or via appointment of proxy(ies) at the Court Meeting, are set out in the Notice of Meeting.
5. Due to the current COVID-19 situation in Singapore, Scheme Shareholders will not be able to attend the Court Meeting in person. A Scheme Shareholder (whether individual or corporate) shall be entitled to participate in the Court Meeting by: (a) observing and/or listening to the Court Meeting proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the Court Meeting or during the Court Meeting via the "Ask a question feature"; and/or (c) voting in real time via electronic means (either personally or via appointment of proxy(ies)) at the Court Meeting.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) to attend, speak and vote on his/her/its behalf at the Court Meeting.
7. This Proxy Form is not valid for use by persons who hold Scheme Shares through Relevant Intermediaries (as defined below) and shall be ineffective for all intents and purposes if used or purported to be used by them. Such persons should contact the Relevant Intermediary through which they hold such Scheme Shares as soon as possible in order to make the necessary arrangements for them to appoint proxy(ies) at the Court Meeting.
8. CPFIS Investors and SRS Investors who wish to appoint a proxy(ies) should approach their respective CPF and SRS agent banks to submit their voting instructions by 5.00 p.m. on 16 November 2022.
9. By submitting the Proxy Form, the Scheme Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 3 November 2022.

I/We _____ (Name) _____ (NRIC/Passport/Co Reg Number)

of _____ (Address)

being a member/members of SP Corporation Limited (the "Company"), hereby appoint:

Name	Address	Email Address	NRIC/ Passport No.	No. of SP Shares	Shareholding Proportion (%)
and/or					
Name	Address	Email Address	NRIC/ Passport No.	No. of SP Shares	Shareholding Proportion (%)

and/or/failing which the Chairman of the Court Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Court Meeting of the Company to be convened and held by way of electronic means at 10.00 a.m. (Singapore time) on 25 November 2022 and at any adjournment thereof. I/We direct my/our proxy to vote for or against or to abstain from voting on the resolution to be proposed at the Court Meeting as indicated below.

RESOLUTION	For*	Against*	Abstain*
To approve the Scheme of Arrangement			

* Voting will be conducted by poll. If you wish for your proxy(ies) to exercise all your votes "For" or "Against" the resolution, please indicate with a tick (✓) in the "For" or "Against" box provided in respect of the resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of the resolution. If you wish for your proxy(ies) to abstain from voting on the resolution, please indicate with a tick (✓) in the "Abstain" box provided in respect of the resolution. Alternatively, please insert the relevant number of shares in the "Abstain" box provided in respect of the resolution. **In the absence of specific directions in respect of the resolution, the appointment of the proxy(ies) for the resolution will be treated as invalid.**

Dated this _____ day of _____ 2022.

Shares in:	Total Number of Ordinary Shares held
(a) Depository Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

APPENDIX 12 – PROXY FORM FOR THE COURT MEETING

NOTES TO PROXY FORM:

1. If the Scheme Shareholder has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the Scheme Shareholder has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the Scheme Shareholder has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the Scheme Shareholder.
2. The Proxy Form may be downloaded from the Company's website at the URL <https://www.spcorp.com.sg/corporate.asp?page=5&menuid=7&language=1&subid=32> and on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Scheme Shareholder (whether individual or corporate) appoints a proxy(ies), he/she/it must give specific instructions as to voting, or abstention from voting, in respect of the resolution in the Proxy Form, failing which the appointment of the proxy(ies) for the resolution will be treated as invalid.
3. The Proxy Form must be downloaded, completed, signed and submitted to the Company by 10.00 a.m. on 22 November 2022, being 72 hours before the time appointed for the Court Meeting, in the following manner:
 - (a) via email to main@zicoholdings.com; or
 - (b) via post to the Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.Completion and lodgement of a Proxy Form will not preclude a Scheme Shareholder from attending and voting at the Court Meeting via electronic means.
4. CPFIS Investors and SRS Investors who wish to appoint a proxy(ies) should approach their respective CPF and SRS agent banks to submit their voting instructions by 5.00 p.m. on 16 November 2022, being seven (7) working days before the date of the Court Meeting.
5. The Chairman of the Court Meeting, as proxy, need not be a member of the Company.
6. The Proxy Form must be signed under the hand of the appointor or by his/her attorney duly authorised in writing. Where the Proxy Form 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 the Proxy Form 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), if the Proxy Form is submitted by post, be lodged with the instrument of proxy or, if the Proxy Form is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which 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 Proxy Form (including any related attachment). In addition, in the case of a Scheme Shareholder whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the Scheme Shareholder, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the Court Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. A Scheme Shareholder who is a Relevant Intermediary need not cast all the votes it uses in the same way provided that each vote is exercised in relation to a different Scheme Share. For the purposes of satisfying the condition under Section 210(3AB)(a) of the Companies Act, the Company shall treat a Relevant Intermediary that casts votes both for and against the Scheme as follows:
 - (a) the Company shall treat the Relevant Intermediary as casting one (1) vote in favour of the Scheme if the Relevant Intermediary casts more votes for the Scheme than against the Scheme;
 - (b) the Company shall treat the Relevant Intermediary as casting one (1) vote against the Scheme if the Relevant Intermediary casts more votes against the Scheme than for the Scheme; and
 - (c) the Company shall treat the Relevant Intermediary as casting one (1) vote for and one (1) vote against the Scheme if the Relevant Intermediary casts equal votes for and against the Scheme.
10. Relevant Intermediary means a "relevant intermediary" as defined in Section 181 of the Companies Act.

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Postage
Stamp

SP CORPORATION LIMITED
c/o B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896