

MTQ CORPORATION LIMITED
(Incorporated in Singapore)
Co. Registration No. 196900057Z

**ANNUAL GENERAL MEETING TO BE HELD ON 28 JULY 2020
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

MTQ Corporation Limited (the “**Company**”) would like to thank shareholders for submitting their questions in advance of the upcoming Annual General Meeting (“**AGM**”) to be held by way of electronic means on 28 July 2020, 2.00 p.m.

The Appendix annexed herein sets out the Company’s responses to the substantial questions received from shareholders and other stakeholders that are relevant to the AGM resolutions and the business of the Company and its subsidiaries (the “**Group**”).

The questions received have been grouped into the following key topics:

- COVID-19/ Business Updates
- Continuing Disclosures
- Governance
- Others

Please refer to the Appendix for the Group’s responses.

By Order of the Board

Tan Lee Fang
Company Secretary

Date: 27 July 2020

Appendix

COVID-19/ Business Updates	
1	<p>How has COVID-19 impacted the business?</p> <p>Response:</p> <p>While the Group continues to see base-load of enquiries, the turnaround time to convert these to real orders have taken longer simply because customers are generally taking longer to make decisions in the midst of a lower-activity environment. Supply chain disruptions have also affected deliveries.</p> <p>Operationally, most of the Group's operations have been able to continue throughout these past months although additional borders controls have led to increased delivery time to end customers. Manpower wise, some foreign direct workers have been unavailable to us mainly due to quarantine and travel restrictions. This has affected our manpower utilisation. Although some of them have since been cleared to resume work recently, it is still uncertain when the Group will be able to operate at full manpower capacity particularly in Singapore.</p> <p>The Group is also stepping up our workplace safety and health protocols in compliance with health authorities' guidelines in Singapore and elsewhere and as part of a business continuity plan.</p> <p>Financially, the Group is unable to reasonably estimate the full financial impact, particularly of the COVID-19 as the situation continues to evolve. Having said, the above are expected to have negative impacts on the Group's earnings, cash flows and financial condition of the Group in FY2021 as described in page 64 of the Group's most recent Annual Report. Please refer to question 3 below for updates on business performance.</p>
2	<p>Is management making any changes to the housing arrangement for its foreign workers?</p> <p>Response:</p> <p>MTQ has workers living in dormitories which have borne the brunt of COVID-19 cases. The Group is working with local authorities to address living conditions and arrangements. In Singapore and Bahrain, the Group has also leased additional dormitories and properties to house certain group of employees mainly to enable them to continue working and for isolation as well as quarantine purposes.</p>
3	<p>Please provide updates on the business performance.</p> <p>Response:</p> <p>The Group's revenue for the quarter ended 30 June 2020 ("1QFY2021") were lower quarter-on-quarter and year-on-year by approximately 33% and 11% respectively, mainly as a result of impacts from the COVID-19 described above.</p>

	<p>Despite the lower activities in 1QFY2021, the Group was profitable, mostly attributable to government grants and support received during the quarter which helped to defray a substantial portion of the Group's ongoing costs. Operating cash flows and financial liquidity remained healthy.</p> <p>The Group anticipates that recovery to pre-COVID levels will take time but we believe that our financial positions are currently strong enough to weather the period moving ahead.</p>
Continuing Disclosures	
<p>4</p>	<p>Going forward, and especially with the discontinuance of quarterly reporting, would management be providing shareholders with timely updates of material development relating to the group's operations as part of the company's continuous disclosure obligations?</p> <p>Response:</p> <p>As announced on 4 March 2020, the Board would like to assure shareholders that the Company will comply with its continuing disclosure obligations to keep shareholders updated as and when appropriate if there are any material developments (financial or otherwise) relating to the Group.</p> <p>The Company may include its material updates in forms deemed appropriate (such as this Appendix).</p>
Governance	
<p>5</p>	<p>Can the Audit Committee (the "AC") help shareholders understand if it is the usual practice for non-board committee members (including the executive director) to attend the audit committee meetings? Were there specific agenda items or reasons to invite the non-audit committee members to all the AC meetings? Do the invited directors also actively participate in the discussions during the AC meetings? If so, how are the AC meetings different from board meetings? Is there sufficiently strong independent element at the AC meetings given that the Code focused on the independence of AC members and specifically discourages the membership of executive directors? There are three independent directors (only two as members of the AC) and four non-independent directors (including an executive director) in attendance at the AC meetings?</p> <p>Response:</p> <p>It is the usual practice for non-board committee members to attend committee meetings by invitations from the committees. This is solely for the purpose of providing inputs, responses or clarifications to the committees where relevant and to contribute to the discussions when appropriate and required. Executive directors and the management would be asked to excuse themselves from the committee meetings for matters affecting them or when circumstances warrant for such. For example, the Audit Committee meets with the internal and external auditors at least once on an annual basis without the presence of management to review, among other things, the assistance given by management and paying full attention to any material weaknesses in internal controls highlighted by the auditors. The AC has full access to the external and internal auditors without the presence of the non-AC members or the management of the Company at all time as well as has full access to records, resources and personnel, to enable it to discharge its functions properly.</p>

	<p>Unlike the board meetings which are chaired by the Chairman of the Board, committee meetings are chaired by the respective Chairmen of the committees. The invited directors do not actively participate in the discussions in committee meetings unless inputs are requested by the committees.</p> <p>The composition of the Audit Committee (“AC”) complies with the Code as it comprises all non-executive directors with a majority, including the Chairman, being independent directors.</p> <p>The Company believes that there is sufficiently strong element of independence, not only on the Audit Committee, but also on the overall composition of the Board members for reasons stated above and as stated in pages 25-27 of the Group’s most recent Annual Report.</p>
Others	
6	<p>Can the company help shareholders understand the strategic value of Binder Group (design and manufacturing of proprietary and custom-built pipe support and pipe suspension) and In-Line Valve (flow control valves). In particular, the goodwill attributed to the In-Line Valve business is carried at \$3.1 million. What are the prospects and expected synergies from In-Line Valve that would justify the goodwill when the net asset of the target group was approximately \$0.7 million as at the acquisition date?</p> <p>Response:</p> <p>As disclosed in past announcements, the purpose of such acquisitions is mainly to increase the scope and scale of our core Oilfield operations via expanding its services and products offerings as well as extending the geographical reach of the Group. Much of the Group’s core activity relates to maintenance of existing customer assets and broadening our business to cover product offerings helps strengthen customer relationships.</p> <p>For the year ended 31 March 2020, a good part of Bahrain’s growth could be attributed to the value-add that In-Line Valve has brought to the Group in terms of its new design capability, product knowledge as well as supply chain.</p>
7	<p>Considering the share price of MMA Offshore Limited (“MMA”)’s shares acquired in sale of Neptune Marine is much higher than the present market price, will MTQ consider acquiring more MMA’s shares?</p> <p>Response:</p> <p>As part of the disposal of Neptune segment, the implied values of MMA’s shares were arrived at after arm’s length negotiation and on a willing-buyer willing-seller basis having taken into consideration, among other things, the business prospects of Neptune and MMA at that point of time when market conditions were quite different from now.</p> <p>It is the Group’s current intention to hold our current position for the long term and work towards better markets. Any further acquisitions would require more deliberations, having regards not only to the business and market prospects but also many other strategic factors.</p>