



TERMINATION AND RELEASE AGREEMENT

1. INTRODUCTION

The Board of Directors (“**Board**”) of SP Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcements of 5 May 2010, 19 January 2012, 27 July 2012, 26 December 2014, 25 January 2018 and 29 October 2021 relating, *inter alia*, to the coal allocation arrangements between SPRI Pte Ltd, a wholly-owned subsidiary of the Company (“**SPRI**”) and PT. Indexim Coalindo (“**INDEXIM**”) and PT. Bukit Baiduri Energi (“**BBE**”).

The Company wishes to update shareholders of the Company (“**Shareholders**”) that SPRI has on 6 December 2021 entered into a termination and release agreement with INDEXIM and BBE (“**Termination and Release Agreement**”) pursuant to which SPRI has agreed to accept payment of the sum of US\$122,918 (“**Compensation**”) from INDEXIM as compensation in lieu of delivery of the outstanding coal allocation due from INDEXIM as at 30 November 2021.

2. TERMINATION AND RELEASE AGREEMENT

In accordance with the terms of the Coal Allocation-Related Agreements (as defined below), the outstanding coal allocation due from INDEXIM to SPRI as at 30 November 2021 was 122,918 MT, which the Company understands INDEXIM has been unable to fulfil due, *inter alia*, to its tight schedules.

Upon payment of the Compensation by INDEXIM to SPRI under the Termination and Release Agreement on 30 December 2021:

- (a) the Offtake Agreements dated 5 May 2010 between (i.) INDEXIM and SPRI, under which SPRI agrees to purchase from INDEXIM and INDEXIM agrees to sell its coal to SPRI, and (ii.) BBE and SPRI, under which SPRI agrees to purchase from BBE and BBE agrees to sell its coal to SPRI;
- (b) the Deposit Agreement dated 5 May 2010 between INDEXIM and SPRI under which SPRI placed a deposit of US\$6 million (“**Deposit**”) with INDEXIM (which was returned in full to SPRI on 28 December 2021);
- (c) the Corporate Guarantee dated 5 May 2010, under which BBE provided a guarantee as a corporate guarantor to satisfy one of the conditions precedent to the placement of the Deposit by SPRI; and
- (d) the Deed of Restatement dated 27 July 2012, as amended by the (i.) Supplemental Deed of Restatement dated 26 December 2014, and (ii.) Supplemental Deed of Restatement dated 18 January 2018;

(collectively, the “**Coal Allocation-Related Agreements**”),

ceased to be effective without the need for any other documents to evidence such termination and the parties to the Termination and Release Agreement have acknowledged and accepted that there are no rights and/or obligations remaining outstanding between them under any of the Coal Allocation-Related Agreements.

3. RATIONALE

The Company has agreed to accept payment of the Compensation (which was computed based on US\$1/MT or a total of US\$122,918 for the outstanding coal allocation) in lieu of delivery of the outstanding coal allocation due from INDEXIM as the Company is of the view that such arrangement would be beneficial to the Group in mitigating some of the risks involved with fulfilment of the coal allocation given, *inter alia*, the current coal situation with high demurrage and shipping costs, and logistical issues at the ports.

The entry and performance of the Termination and Release Agreement is not expected to have any significant impact on the net tangible assets per share of the Company nor its earnings per share for the financial year ended 31 December 2021.

4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr William Nursalim alias William Liem, Interim Executive Director of the Company, is deemed to be interested by virtue of the deemed interest which his immediate family holds in INDEXIM. Mr Peter Sung, the Chairman of the Company, has disclosed that he is associated with person(s) deemed to have an interest in the Termination and Release Agreement. Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Termination and Release Agreement.

BY ORDER OF THE BOARD

Lee Pih Peng
Group Company Secretary
5 January 2022