

APPENDIX A



SP CORPORATION LIMITED

67th ANNUAL GENERAL MEETING

16 April 2020



Group's Performance for FY2019

Group's Performance Financial Year Ended 31 December 2019

Presented by

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



Group's Performance for FY2019

- ❖ **Financial Performance for FY2019**
- ❖ **Financial Position as at 31 December 2019**
- ❖ **Segment Results for FY2019**



Financial Performance for FY2019

	FY2019 (\$'000)	FY2018 (\$'000)	Flux (\$'000)	Flux (%)
Revenue	93,076	136,379	(43,303)	(32%)
Gross profit	2,402	3,215	(813)	(25%)
Profit before tax	2,969	2,310	659	29%
Profit after tax	2,503	1,898	605	32%
Net profit attributable to shareholders	2,503	1,898	605	32%
Earnings per share (cents)	7.13	5.41	1.72	32%

Net profit attributable to shareholders for FY2019 was \$2.5 million (FY2018: \$1.9 million), an increase of \$0.6 million or 32%. The increase was mainly due to \$1.6 million higher interest income largely from the loan granted to a related party in FY2018 (\$1.1 million).



Financial Position as at 31 December 2019

	31 Dec 2019 (\$'000)	31 Dec 2018 (\$'000)	Flux (\$'000)	Flux (%)
Total assets	64,178	67,728	(3,550)	(5%)
Total liabilities	8,432	14,285	(5,853)	(41%)
Total borrowings (trust receipts)	5,125	-	5,125	n.m
Cash and bank balances	5,483	10,460	(4,977)	(48%)
Shareholders' funds	55,746	53,443	2,303	4%
Net assets per share (cents)	1.59	1.52	0.07	5%

n.m: not meaningful

Shareholders' funds was \$55.7 million (2018: 53.4 million). The increase was due to operating profits made during the year, net of foreign currency translation losses.



Segment Results for FY2019

	Revenue			Profit before tax		
	FY2019 (\$'000)	FY2018 (\$'000)	Flux (%)	FY2019 (\$'000)	FY2018 (\$'000)	Flux (%)
Commodities trading	92,767	136,379	(32%)	1,388	1,905	(27%)
Investment	-	-	-	1,507	346	336%
Corporate and others [^]	309	-	n.m	74	59	25%
Group total	93,076	136,379	(32%)	2,969	2,310	29%

[^] *Comprise mainly group-level services and consolidation adjustments*

n.m: not meaningful

Commodities trading segment revenue for FY2019 was \$92.8 million (FY2018: \$136.4 million), a decrease of \$43.6 million or 32%. The decrease was mainly due to lower revenue for rubber and coal trading. Coal trading, which is the core business, contributed about 88% to the Group's revenue in FY2019, higher than 72% in FY2018.

Investment segment profit before tax for FY2019 was \$1.5 million (FY2018: \$0.3 million), an increase of \$1.2 million. The increase was mainly due to the recognition of the full year's interest income in FY2019, as compared to FY2018 where 3 months' interest income was recognised.



Business Focus

The Group discontinued with the tyre distribution business in 2017 and is focused on coal trading at present. Management's focus moving forward will be to:

- ❑ Continue exploring new business opportunities to achieve long term growth for the benefit of its shareholders.
- ❑ The coal business with a long-term trading partner provides stability both in terms of volume and profit for the Group.
- ❑ The Group has also commenced supplying rubber to a US-based customer. However, as this is a new business, the financial impact will take time to come to fruition.
- ❑ Management is evaluating all available options in relation to the Sanya Integrated Development Project. The developer, Sanya Summer Real Estate Co Ltd, is in the midst of restarting construction after works were temporarily halted due to the COVID-19 outbreak. The estimated time for completion of main works will be in 2H2021.



Resolutions and Poll Results

Presented by

Mr Peter Sung

Chairman



Ordinary Business

Ordinary Resolution 1

To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2019 and the Independent Auditor's Report thereon.

Poll Results

"For" Votes		"Against" Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
28,890,819	99.84	45,100	0.16	28,935,919	100

Ordinary Resolution 1 is carried.



Ordinary Business

Ordinary Resolution 2

To approve the payment of \$214,010 as Directors' fees for the financial year ended 31 December 2019 (FY2018: \$193,719).

Poll Results

"For" Votes		"Against" Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
28,884,319	99.82	51,600	0.18	28,935,919	100

Ordinary Resolution 2 is carried.



Ordinary Business

Ordinary Resolution 3

To re-elect Mr Peter Sung as Director

Upon re-election as a Director of the Company, Mr Peter Sung will continue to serve as Chairman of the Board and Chairman of the Remuneration Committee and he will be considered an Independent Director of the Company.

Poll Results

“For” Votes		“Against” Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
28,890,819	99.84	45,100	0.16	28,935,919	100

Ordinary Resolution 3 is carried.



Ordinary Business

Ordinary Resolution 4

To re-elect Mr Cheng Hong Kok as Director

Upon re-election as a Director of the Company, Mr Cheng Hong Kok will continue to serve as Chairman of the Audit and Risk Committee, Chairman of the Nominating Committee and a member of the Remuneration Committee and he will be considered an Independent Director of the Company.

Poll Results

“For” Votes		“Against” Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
28,890,819	99.84	45,100	0.16	28,935,919	100

Ordinary Resolution 4 is carried.



Ordinary Business

Ordinary Resolution 5

To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

Poll Results

“For” Votes		“Against” Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
28,890,819	99.84	45,100	0.16	28,935,919	100

Ordinary Resolution 5 is carried.



Special Business

Ordinary Resolution 6

Authority for Directors to issue and allot shares up to 10% of the Company's issued share capital pursuant to Section 161 of the Singapore Companies Act.

The 10% limit is lower than the prescribed limit allowed under the SGX Listing Rule 806(2).

Poll Results

"For" Votes		"Against" Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
28,884,319	99.82	51,600	0.18	28,935,919	100

Ordinary Resolution 6 is carried.



Special Business

Ordinary Resolution 7

To approve the renewal of shareholders' mandate for Interested Person Transactions.

Details of the mandate are set out in the Company's Letter to Shareholders dated 18 March 2020.

The controlling shareholder, Tuan Sing Holdings Limited, being an interested person, has abstained from voting in this transaction.

Poll Results

"For" Votes		"Against" Votes		Total Votes	
No. of Shares	Percentage %	No. of Shares	Percentage %	No. of Shares	Percentage %
744,500	94.29	45,100	5.71	789,600	100

Ordinary Resolution 7 is carried.



Questions and Answers

Presented by

Mr Peter Sung

Chairman



- **There is no question received from Shareholders.**
- **However, we will address some matters which may be of interest to Shareholders.**



Q&A

- ❑ At the beginning of this year, the Company lost its Managing Director and Chief Executive Officer.
- ❑ In his place, the Company has appointed Mr William Liem as the Interim Executive Director. Mr William Liem has been a director of the Company and the executive director / chief executive officer of its major shareholder for several years. He has an intimate knowledge of the Company. He is accustomed to managing a diverse group of companies and would have no difficulty in helming this Company.
- ❑ Even so, the Company is sourcing for suitable persons to lead it and that is why Mr Liem is Executive Director ad interim.
- ❑ The Company has long been aware of the narrow focus of its activities and has been looking for new business opportunities.
- ❑ One such opportunity we have found is the Sanya Integrated Development project.
- ❑ The progress of the Sanya project has been satisfactory. However, the outbreak of the COVID-19 would have an impact on this business and we shall review progress when restrictions on business activities and travel ease.



Thank You