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S&P INTERNATIONAL HOLDING LIMITED

椰 豐 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1695)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROCESSING AND PACKAGING EQUIPMENT FOR COCONUT MILK AND COCONUT WATER PRODUCTS

On 8 August 2018 (after the securities trading hours of the Stock Exchange), S&P Industries Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company and as the Customer) entered into the Tetra Pak Agreements with Tetra Pak (Malaysia) Sdn. Bhd. (as the Supplier) with a total contract sum of approximately RM28.1 million (equivalent to approximately HK\$54.1 million) pursuant to which the Supplier will supply and install certain processing and packaging equipment and systems at the Perak Plant to facilitate the Group's production of coconut milk and coconut water products.

As the highest Percentage Ratio in respect of the aggregate transactions contemplated under the Tetra Pak Agreements is more than 5% but less than 25%, the entering into of the Tetra Pak Agreements constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 8 August 2018 (after the securities trading hours of the Stock Exchange), S&P Industries Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company and as the Customer) entered into the Tetra Pak Agreements with Tetra Pak (Malaysia) Sdn. Bhd. (as the Supplier) with a total contract sum of approximately RM28.1 million (equivalent to approximately HK\$54.1 million), pursuant to which the Supplier will supply and install the Equipment at the Perak Plant to facilitate the Group's production of coconut milk and coconut water products.

THE TETRA PAK AGREEMENTS

The principal terms of the Tetra Pak Agreements are set out below.

Date

8 August 2018

Parties

- (a) S&P Industries Sdn. Bhd. as the Customer; and
- (b) Tetra Pak (Malaysia) Sdn. Bhd. as the Supplier.

Supply and Installation of the Equipment

Pursuant to the Tetra Pak Agreements, the Supplier shall supply to the Customer the Equipment comprising machineries and systems for one processing line and two packaging lines at the Perak Plant, which are tailored for the production of coconut milk and coconut water products.

The Supplier is responsible for undertaking the supply, installation, testing and commissioning of the Equipment at the Perak Plant and shall be responsible for providing various certificates to the Customer to ensure that the Equipment is in good condition for commercial operation.

The Supplier is expected to complete the supply and handover of the Equipment to the Customer by the second quarter of 2019.

In the event that the Supplier fails to deliver the Equipment and the associated services in accordance with the time schedule and other requirements stipulated in the Tetra Pak Agreements, the Supplier shall be liable to pay liquidated damages to the Customer for each complete week of delay amounting to 0.5% of the price attributable to that specific processing or packaging line or other distinguished part under the Tetra Pak Agreements that cannot be used as intended, subject to a cap for such liquidated damages amounting to 5% of the total price payable by the Customer to the Supplier under the Tetra Pak Agreements.

Consideration and Payment Terms

The aggregate purchase consideration (the “**Consideration**”) payable by the Customer under the Tetra Pak Agreements is approximately RM28.1 million (equivalent to approximately HK\$54.1 million), which shall be settled in the following manner:

- i) 30% of the Consideration or approximately RM8.4 million (equivalent to approximately HK\$16.2 million) to be paid as down payment upon signing of the Tetra Pak Agreements and issuance of the relevant Malaysian commercial tax invoice to the Customer by the Supplier (the “**Relevant Invoice**”);

- ii) within 30 days of the payment pursuant to (i) above, the Customer shall cause a licensed bank in Malaysia to open an irrevocable letter of credit in favour of the Supplier for an amount representing 40% of the Consideration or approximately RM11.2 million (equivalent to approximately HK\$21.6 million) plus the applicable portion of Malaysia goods and services tax (GST) thereon to be paid upon readiness to deliver the relevant equipment from their respective country(ies) of manufacturing (the “**Readiness**”); and payment under the letter of credit by the issuing bank shall be made upon presentation by the Supplier to its nominated licensed bank in Malaysia of the notice for the Readiness and the Relevant Invoice issued to the Customer;
- iii) 20% of the Consideration or approximately RM5.6 million (equivalent to approximately HK\$10.8 million) to be paid within seven (7) days of receipt by the Customer of the mechanical completion record and completed installation certificate (as the case may be and each in the agreed form) signed by the Supplier in respect of the relevant equipment together with the Relevant Invoice issued to the Customer;
- iv) 5% of the Consideration or approximately RM1.4 million (equivalent to approximately HK\$2.7 million) to be paid within seven (7) days of receipt by the Customer of the commissioning certificate (in the agreed form) signed by the Supplier in respect of the relevant equipment together with the Relevant Invoice issued to the Customer, but in any event no later than two (2) months after the Supplier’s signing of the mechanical completion record and completed installation certificate in respect of the relevant equipment; and
- v) 5% of the Consideration or approximately RM1.4 million (equivalent to approximately HK\$2.7 million) to be paid within seven (7) days of receipt by the Customer of the performance test certificate (in the agreed form) signed by the Supplier in respect of the relevant equipment together with the Relevant Invoice issued to the Customer, but in any event no later than six (6) months after the Supplier’s signing of the mechanical completion record and completed installation certificate in respect of the relevant equipment.

The Consideration has been determined after arm’s length negotiations between the Customer and the Supplier after taking into account, among other matters, the price and specifications of similar equipment and systems supplied by other suppliers, the specifications of the Equipment, the technical support and services to be provided by the Supplier, the reliability and technical know-how and experience of the Supplier for such machinery packages and the time for deliveries.

The Consideration payable by the Group for the transactions contemplated under the Tetra Pak Agreements will be funded by a combination of the internal resources of the Group, including the net proceeds from the Company’s IPO which was completed in July 2017, and bank borrowings where required.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As stated in the Company's prospectus dated 29 June 2017 in relation to the Company's IPO and listing on the Stock Exchange, it is part of the Group's business strategies to produce its own coconut milk products going forward by expanding and upgrading the Group's production facilities at the Perak Plant. The Equipment is for expanding and upgrading the facilities at the Perak Plant, and will facilitate the implementation of the above business strategy.

In addition to the capability to produce and package coconut milk products as part of the above-mentioned business expansion strategy, the Equipment will also facilitate the production and packaging of coconut water products, which will enable the Group to further expand into a new line of business which is synergistic with its overall business plan.

The Group has already awarded a contract to a construction contractor to undertake the civil and structural engineering works at the Perak Plant to construct new facilities to accommodate the Equipment as part of the expansion and upgrade at the Perak Plant, details of which are set out in the Company's announcement dated 21 June 2018. The planned expansion and upgrade at the Perak Plant will be funded by the net proceeds from the Company's IPO completed in July 2017, of which approximately HK\$75.5 million, representing approximately 76% of the total net proceeds, has been earmarked for such purpose, as well as the Group's other internal resources and bank borrowings where required.

The Tetra Pak Agreements have been entered into by the Customer and the Supplier after arm's length negotiations between the parties and taking into account the Supplier's long established brand name, technical know-how and experience in providing similar equipment and systems in the food processing and packaging industry. The Directors (including the independent non-executive Directors) consider that the terms (including the Consideration) of the Tetra Pak Agreements and the transactions contemplated thereunder are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION OF THE GROUP, THE CUSTOMER AND THE SUPPLIER

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and trading of coconut cream powder, low fat desiccated coconut and other related products.

The Customer is a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in manufacturing and trading of coconut-derived products such as coconut cream powder and low fat desiccated coconut.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, (i) the Supplier is a company incorporated in Malaysia with limited liability, whose principal business activities include the provision of food processing and packaging solutions; and (ii) the Supplier and its ultimate beneficial owner(s) are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable Percentage Ratio in respect of the transactions contemplated under the Tetra Pak Agreements is more than 5% but less than 25%, the entering into of the Tetra Pak Agreements constitute a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following words and expressions have the following respective meanings:

“Board”	the board of Directors
“Company”	S&P International Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1695)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Customer”	S&P Industries Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Equipment”	three packages of equipment and systems consisting of (i) a processing line for formulating, mixing and commercial sterilizing of coconut milk and coconut water products before packing aseptically, (ii) a packaging line for 200 millilitres Tetra Pak packaging; and (iii) a packaging line for 1 litre Tetra Pak packaging
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties who are independent of the Company and the connected persons of the Company
“IPO”	initial public offering
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Perak Plant”	the Group’s main production facility located at Lot 3709, Jalan Bagan Datoh, Simpang Tiga, 36200 Selekoh, Perak, Malaysia
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction under the Listing Rules
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Share(s)”	the ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to this term under the Listing Rules
“Supplier”	Tetra Pak (Malaysia) Sdn. Bhd., a company incorporated in Malaysia with limited liability
“Tetra Pak Agreements”	three (3) separate agreements each dated 8 August 2018 and entered into between the Customer and the Supplier for the supply, installation, testing and commissioning of the Equipment at the Perak Plant
“%”	per cent.

In this announcement, the exchange rate of HK\$1:00 to RM0.5193, being Bank Negara Malaysia’s mid-rate as at 5:00 p.m. on 7 August 2018, has been used for currency translation, where applicable, for illustrative purpose only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all.

By order of the Board
S&P International Holding Limited
Tang Koon Fook
Chairman and Executive Director

Hong Kong, 8 August 2018

As at the date of this announcement, the Board comprises seven Directors, including four executive Directors, namely Mr. Tang Koon Fook (Chairman), Mr. Lee Sieng Poon, Mr. Yap Boon Teong and Ms. Wong Yuen Lee; and three independent non-executive Directors, namely Mr. Fung Che Wai Anthony, Mr. Chong Yew Hoong and Mr. Ng Hock Boon.