# S&P INTERNATIONAL HOLDING LIMITED
# 椰 豐 集 團 有 限 公 司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1695)**

## ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

### FINANCIAL HIGHLIGHTS

**KEY FINANCIAL PERFORMANCE**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| | Unaudited Six months ended 30 June | | |
|---|---|---|---|
| | **2018** | 2017 | **% of** |
| | ***RM*** | *RM* | **change** |
| Revenue | **42,042,893** | 49,844,007 | (16%) |
| Profit/(Loss) from operating activities | **4,646,597** | (15,378) | 100% |
| **After charging:** | | | |
| Listing expenses | **—** | (7,479,383) | (100%) |
| Net finance income/(costs) | **201,337** | (176,046) | 100% |
| Income tax expense | **(1,371,465)** | (2,057,900) | (33%) |
| Profit/(Loss) attributable to equity shareholders of the Company | **3,476,469** | (2,249,324) | 100% |

**Consolidated Statement of Financial Position**

| | **30 June 2018** | 31 December 2017 | |
|---|---|---|---|
| | ***RM*** | *RM* | |
| | **(Unaudited)** | (Audited) | |
| Cash and cash equivalents | **54,270,835** | 59,425,300 | (9%) |
| Loans and borrowings | **3,706,640** | 3,404,583 | 9% |
| Net current assets | **91,260,423** | 96,639,915 | (6%) |
| Net assets | **118,857,088** | 115,698,730 | 3% |

| **KEY FINANCIAL RATIOS** | **Unaudited** | | |
|---|---|---|---|
| | **Six months ended 30 June** | | **Change** |
| | **2018** | 2017 | **(% points)** |
| Gross profit margin | **30.76%** | 26.30% | 17% |
| Return on equity (annualised) | **5.90%** | (3.89%) | 100% |
| | **30 June** | 31 December | |
| | **2018** | 2017 | |
| Current ratio (times) | **14.21** | 9.02 | 58% |

## INTERIM FINANCIAL INFORMATION

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of S&P International Holding Limited (the "**Company**") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 together with the comparative unaudited figures for the corresponding period in 2017 and certain audited figures as at 31 December 2017. All amounts set out in this announcement are presented in Malaysian Ringgit ("**RM**") unless otherwise indicated.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2018*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2018** | 2017 |
| | | ***RM*** | *RM* |
| | *Note* | **(Unaudited)** | (Unaudited) |
| **Revenue** | *6* | **42,042,893** | 49,844,007 |
| Cost of sales | | **(29,112,388)** | (36,753,073) |
| **Gross profit** | | **12,930,505** | 13,090,934 |
| Other income | | **370,607** | 220,320 |
| Selling and distribution expenses | | **(2,413,619)** | (2,617,576) |
| Administrative expenses | | **(5,038,547)** | (10,049,436) |
| Other expenses | | **(1,202,349)** | (659,620) |
| **Profit/(Loss) from operating activities** | | **4,646,597** | (15,378) |
| Finance income | *7* | **346,869** | 18,729 |
| Finance costs | *7* | **(145,532)** | (194,775) |
| Net finance income/(costs) | | **201,337** | (176,046) |
| **Profit/(Loss) before taxation** | *7* | **4,847,934** | (191,424) |
| Income tax expense | *8* | **(1,371,465)** | (2,057,900) |
| **Profit/(Loss) for the period attributable to the equity shareholders of the Company** | | **3,476,469** | (2,249,324) |
| **Other comprehensive (loss)/income for the period** | | | |
| *Items that is or may be reclassified subsequently to profit or loss:* | | | |
| Foreign currency translation differences for foreign operations | | **(318,111)** | 279,901 |
| **Total comprehensive income/(loss) for the period attributable to equity shareholders of the Company** | | **3,158,358** | (1,969,423) |
| Basic and diluted earnings per share (expressed in sen) | *9* | **0.32** | N/A |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2018*

| | Note | 30 June 2018 RM (Unaudited) | 31 December 2017 RM (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *10* | **32,526,122** | 24,746,533 |
| Deferred tax assets | | **36,304** | 36,304 |
| | | **32,562,426** | 24,782,837 |
| **Current assets** | | | |
| Inventories | *11* | **27,722,005** | 30,315,062 |
| Current tax asset | | **847,403** | 656,665 |
| Trade and other receivables | *12* | **15,327,150** | 18,289,111 |
| Cash and cash equivalents | *13* | **54,270,835** | 59,425,300 |
| | | **98,167,393** | 108,686,138 |
| **Current liabilities** | | | |
| Loans and borrowings | *14* | **753,280** | 1,396,096 |
| Trade and other payables | *15* | **4,148,380** | 8,931,171 |
| Current tax liabilities | | **2,005,310** | 1,718,956 |
| | | **6,906,970** | 12,046,223 |
| **Net current assets** | | **91,260,423** | 96,639,915 |
| **Total assets less current liabilities** | | **123,822,849** | 121,422,752 |
| **Non-current liabilities** | | | |
| Loans and borrowings | *14* | **2,953,360** | 3,404,583 |
| Deferred tax liabilities | | **2,012,401** | 2,319,439 |
| | | **4,965,761** | 5,724,022 |
| **Net assets** | | **118,857,088** | 115,698,730 |
| **Capital and Reserves** | | | |
| Share capital | | **5,941,706** | 5,941,706 |
| Share premium | | **58,707,916** | 58,707,916 |
| Reserves | | **54,207,466** | 51,049,108 |
| | | **118,857,088** | 115,698,730 |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the six months ended 30 June 2018*

| | Attributable to equity shareholders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital *RM* (Unaudited) | Share premium *RM* (Unaudited) | Retained earnings *RM* (Unaudited) | Translation reserve *RM* (Unaudited) | Other reserve *RM* (Unaudited) *(Note 16)* | Total equity *RM* (Unaudited) |
| **Balance at 1 January 2017** | —* | —* | 53,233,400 | 3,356 | 150,200 | 53,386,956 |
| **Changes in equity for the six months ended 30 June 2017:** | | | | | | |
| Loss for the period | — | — | (2,249,324) | — | — | (2,249,324) |
| Other comprehensive income for the period | — | — | — | 279,901 | — | 279,901 |
| Total comprehensive (loss)/income for the period | — | — | (2,249,324) | 279,901 | — | (1,969,423) |
| **Balance at 30 June 2017 and 1 July 2017** | —* | —* | 50,984,076 | 283,257 | 150,200 | 51,417,533 |
| **Changes in equity for the six months ended 31 December 2017:** | | | | | | |
| Profit for the period | — | — | 2,660,155 | — | — | 2,660,155 |
| Other comprehensive loss for the period | — | — | — | (3,028,580) | — | (3,028,580) |
| Total comprehensive income/(loss) for the period | — | — | 2,660,155 | (3,028,580) | — | 6,961,656 |
| *Contributions by and distributions to owners of the Company* | | | | | | |
| — Shares issued under initial public offering, net of share issuance expenses | 1,485,427 | 63,164,195 | — | — | — | 64,649,622 |
| — Capitalisation of share premium | 4,456,279 | (4,456,279) | — | — | — | — |
| **Balance at 31 December 2017** | 5,941,706 | 58,707,916 | 53,644,231 | (2,745,323) | 150,200 | 115,698,730 |

* *The share capital of the Company as at 30 June 2017/1 July 2017 was HK$0.60 divided into 60 ordinary shares of a par value of HK$0.01 each (the "***Shares***").*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**

*For the six months ended 30 June 2018*

| | Attributable to equity shareholders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** *RM* (Unaudited) | **Share premium** *RM* (Unaudited) | **Retained earnings** *RM* (Unaudited) | **Translation reserve** *RM* (Unaudited) | **Other reserve** *RM* (Unaudited) *(Note 16)* | **Total equity** *RM* (Unaudited) |
| **Balance at 1 January 2018** | **5,941,706** | **58,707,916** | **53,644,231** | **(2,745,323)** | **150,200** | **115,698,730** |
| **Changes in equity for the six months ended 30 June 2018:** | | | | | | |
| Profit for the period | **—** | **—** | **3,476,469** | **—** | **—** | **3,476,469** |
| Other comprehensive loss for the period | **—** | **—** | **—** | **(318,111)** | **—** | **(318,111)** |
| Total comprehensive income/(loss) for the period | **—** | **—** | **3,476,469** | **(318,111)** | **—** | **3,158,358** |
| **Balance at 30 June 2018** | **5,941,706** | **58,707,916** | **57,120,700** | **(3,063,434)** | **150,200** | **118,857,088** |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the six months ended 30 June 2018*

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| **Cash flows from operating activities** | | |
| Profit/(Loss) before tax | **4,847,934** | (191,424) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **992,001** | 1,008,101 |
| Net loss on unrealised foreign exchange | **868,955** | 970,710 |
| Finance costs | **145,532** | 194,775 |
| Finance income | **(346,869)** | (18,729) |
| Property, plant and equipment written off | **—** | 24 |
| **Operating profit before working capital changes** | **6,507,553** | 1,963,457 |
| Decrease in inventories | **2,593,057** | 407,015 |
| Decrease in trade and other receivables | **2,943,798** | 1,342,761 |
| (Decrease)/Increase in trade and other payables | **(6,649,347)** | 1,573,874 |
| **Cash generated from operations** | **5,395,061** | 5,287,107 |
| Income tax paid | **(1,582,887)** | (1,815,674) |
| **Net cash from operating activities** | **3,812,174** | 3,471,433 |
| **Cash flows (used in)/from investing activities** | | |
| Acquisition of property, plant and equipment | **(8,771,590)** | (1,348,831) |
| Interest received | **346,869** | 18,729 |
| **Net cash used in investing activities** | **(8,424,721)** | (1,330,102) |
| **Cash flows (used in)/from financing activities** | | |
| Repayments of bank loans | **(1,094,039)** | (2,736,901) |
| Interest and other borrowing costs paid | **(145,532)** | (190,558) |
| Proceeds from new bank loans | **—** | 2,735,000 |
| Capital element of finance leases paid | **—** | (25,083) |
| Interest element of finance leases paid | **—** | (4,217) |
| **Net cash used in financing activities** | **(1,239,571)** | (221,759) |
| **Net (decrease)/increase in cash and cash equivalents** | **(5,852,118)** | 1,919,572 |
| Cash and cash equivalents at 1 January | **59,425,300** | 8,115,462 |
| Effect of foreign exchange rate changes | **697,653** | (76,012) |
| **Cash and cash equivalents at 30 June** | **54,270,835** | 9,959,022 |

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

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

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 10 November 2016. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at 31/F., 148 Electric Road, North Point, Hong Kong.

The Company's issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 July 2017 (the "**Listing**").

At the date of this announcement, the Company's ultimate parent company is TYJ Holding Limited ("**TYJ**"), a company incorporated in the British Virgin Islands with limited liability on 8 November 2016 which is wholly owned by Mr. Tang Koon Fook ("**Mr. Tang**"), an executive Director and the chairman of the Company, who is also the sole director of TYJ.

This interim condensed consolidated financial information was reviewed and approved for issue by the Board on 30 August 2018.

This interim condensed consolidated financial information has not been audited.

### 2. REORGANISATION

Pursuant to the group reorganisation (the "**Reorganisation**"), S&P (Hong Kong) Holding Limited, an indirect wholly-owned subsidiary of the Company, acquired the entire equity interests in Edaran Bermutu Sdn. Bhd., Radiant Span Sdn. Bhd., Rasa Mulia Sdn. Bhd. and Shifu Ingredients Sdn. Bhd. from Mr. Tang and Mr. Lee Sieng Poon ("**Mr. Lee**") (together the "**Controlling Shareholders**") on 29 December 2016. Subsequent to the Reorganisation, the Company became the holding company of these companies now comprising the Group that took part in the Reorganisation were beneficially owned and controlled by the Controlling Shareholders before and after the Reorganisation, there was a continuation of the risks and benefits to the Controlling Shareholders. Accordingly, the Reorganisation is considered to be a business combination of entities under common control. The interim condensed financial information has been prepared using the merger basis of accounting as if the companies now comprising the Group have been consolidated as at the beginning of the comparative reporting period presented. The assets and liabilities of the consolidating companies are recognized and measured using the historical carrying amounts from the Controlling Shareholders' perspective.

### 3. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2018 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the 2018 interim condensed consolidated financial information are consistent with those described in the Annual Report of the Company for 2017.

**New standards and amendments to standards and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations have been issued but will become effective for the financial year beginning on or after 1 January 2019 and have not been early adopted:

***Effective for accounting periods beginning on or after 1 January 2019***

— IFRS 16, *Leases*

— IFRIC 23, *Uncertainty over Income Tax Treatments*

— Amendments to IFRS 3, Business Combinations (Annual Improvements to IFRS Standards 2015–2017 Cycle)

— Amendments to IFRS 9, *Financial Instruments — Prepayment Features with Negative Compensation*

— Amendments to IFRS 11*, Joint Arrangements (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

— Amendments to IAS 12*, Income Taxes (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

— Amendments to IAS 19, *Employee Benefits — Plan amendment, curtailment or settlement*

— Amendments to IAS 23, *Borrowing Costs (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

— Amendments to IFRS 28, *Investments in Associates and Joint Ventures — Long-term Interests in Associates and Joint Ventures*

***Effective for accounting periods beginning on or after 1 January 2020***

— Amendments to References to the Conceptual Framework in IFRS Standards

***Effective for accounting periods beginning on or after 1 January 2021***

— IFRS 17, *Insurance Contracts*

***Effective for accounting periods beginning on or after a date yet to be determined***

— Amendments to IFRS 10, *Consolidated Financial Statements* and IFRS 28*, Investments in Associates and Joint ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group is in the process of making an assessment of the impact of these new standards and amendments to standards and interpretations upon initial application but is not yet in a position to state whether these new standards and amendments to standards and interpretations would have a significant impact on its financial performance and financial position.

## 5. ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make 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.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those disclosed in the Company's annual report for the financial year ended 31 December 2017.

## 6. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are the manufacturing and distribution of coconut cream powder, low fat desiccated coconut, coconut milk and other related products.

Revenue represented the sales value of coconut cream powder, low fat desiccated coconut, coconut milk and other related products to customers net of trade discounts and returns.

| | **Six months ended 30 June** | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| **Revenue from the sales of** | | |
| — Coconut cream powder | **36,847,905** | 42,195,874 |
| — Low fat desiccated coconut | **1,984,553** | 4,151,367 |
| — Coconut milk | **1,982,730** | 1,499,712 |
| — Others | **1,227,705** | 1,997,054 |
| | **42,042,893** | 49,844,007 |

The Board assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the manufacturing and trading of coconut cream powder, low fat desiccated coconut, coconut milk and other related products. Therefore, management considers that there is only one operating segment under the requirements of IFRS 8, Operating Segments. In this regard, no segment information is presented.

**Geographical information**

The following table sets out information on the geographical locations of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| Malaysia | **9,864,650** | 10,816,442 |
| Jamaica | **12,631,797** | 10,895,792 |
| Saudi Arabia | **2,771,418** | 5,230,956 |
| United Arab Emirates | **3,864,024** | 6,447,414 |
| Belize | **1,704,908** | 1,864,671 |
| Other countries and regions | **11,206,096** | 14,588,732 |
| | **42,042,893** | 49,844,007 |

## 7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| **(a) Finance costs** | | |
| Interest on bank loans | **133,653** | 171,519 |
| Interest on bank overdrafts | **2,266** | 5,424 |
| Interest on finance leases | **—** | 4,217 |
| Other borrowing costs | **9,613** | 13,615 |
| | **145,532** | 194,775 |

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| **(b) Other items** | | |
| Auditors' remuneration | **200,000** | 10,000 |
| Personnel expenses (including Directors' emoluments): | | |
| — Wages, salaries and other benefits | **5,649,389** | 4,538,442 |
| — Contributions to Employees' Provident Fund | **438,567** | 317,777 |
| Depreciation of property, plant and equipment | **922,001** | 1,008,101 |
| Operating lease charges in respect of properties | | |
| — minimum lease payments | **923,520** | 140,060 |
| Listing expenses | **—** | 7,479,383 |
| Net loss on unrealised foreign exchange | **868,955** | 970,710 |
| Net loss/(gain) on realised foreign exchange | **333,394** | (1,630,306) |
| Property, plant and equipment written off | **—** | 24 |
| Bank interest income | **(346,867)** | (18,729) |
| Rental income | **(102,000)** | (100,000) |

## 8. INCOME TAX EXPENSE

Income tax in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| **Current tax — Malaysian income tax** | | |
| Current period | **1,678,503** | 1,712,877 |
| **Deferred tax** | | |
| Origination/(reversal) of temporary differences | **(307,038)** | 80,219 |
| Under provision in prior periods | **—** | 264,804 |
| | **(307,038)** | 345,023 |
| | **1,371,465** | 2,057,900 |

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

| | **2018** | 2017 |
|---|---|---|
| Profit attributable to equity shareholders of the Company (expressed in RM) | **3,476,469** | (2,249,324) |
| Weighted average number of Shares (unit) | **1,080,000,000** | N/A |
| Basic earnings per share (expressed in sen) | **0.32** | N/A |

As at 30 June 2018, the Company has not issued any dilutive potential Shares and hence, the diluted earnings per share is equal to the basic earnings per share. No earnings per share information is presented for 30 June 2017 as its inclusion is not considered meaningful due to the Reorganisation and the preparation of the financial performance for the six months ended 30 June 2017 on a merger basis as disclosed in Note 2.

## 10. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land<br>*RM* | Leasehold land with unexpired lease period of more than 50 years<br>*RM* | Factory and other buildings<br>*RM* | Plant and machinery<br>*RM* | Motor vehicles<br>*RM* | Furniture, fitting and equipment<br>*RM* | Construction in progress<br>*RM* | Total<br>*RM* |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| As of 1 January 2017 | **397,046** | **415,170** | **19,005,590** | **20,912,859** | **677,720** | **2,206,097** | **135,837** | **43,750,319** |
| Additions | **3,400,000** | **—** | **48,000** | **1,422,612** | **—** | **114,886** | **206,687** | **5,192,185** |
| Disposals/write offs | **—** | **—** | **—** | **(705,949)** | **—** | **(36,271)** | **—** | **(742,220)** |
| Transfers | **—** | **—** | **25,100** | **—** | **—** | **—** | **(25,100)** | **—** |
| As of 31 December 2017/ 1 January 2018 | **3,797,046** | **415,170** | **19,078,690** | **21,629,522** | **677,720** | **2,284,712** | **317,424** | **48,200,284** |
| Additions | **—** | **—** | **409,299** | **408,828** | **—** | **973,867** | **6,979,596** | **8,771,590** |
| **As of 30 June 2018** | **3,797,046** | **415,170** | **19,487,989** | **22,038,350** | **677,720** | **3,258,579** | **7,297,020** | **56,971,874** |
| **Accumulated depreciation** | | | | | | | | |
| As of 1 January 2017 | — | 152,225 | 5,998,032 | 13,564,501 | 614,350 | 1,754,383 | — | 22,083,491 |
| Charge for the year | — | 8,303 | 587,263 | 1,248,478 | 18,144 | 151,003 | — | 2,013,191 |
| Disposals | — | — | — | (631,288) | — | (11,643) | — | (642,931) |
| As of 31 December 2017/ 1 January 2018 | — | 160,528 | 6,585,295 | 14,181,691 | 632,494 | 1,893,743 | — | 23,453,751 |
| Charge for the year | — | 4,151 | 268,677 | 618,908 | 9,072 | 91,193 | — | 992,001 |
| **As of 30 June 2018** | **—** | **164,679** | **6,853,972** | **14,800,599** | **641,566** | **1,984,936** | **—** | **24,445,752** |
| **Carrying amounts** | | | | | | | | |
| As of 1 January 2017 | 397,046 | 262,945 | 13,007,558 | 7,348,358 | 63,370 | 451,714 | 135,837 | 21,666,828 |
| As of 31 December 2017 | 3,797,046 | 254,642 | 12,493,395 | 7,447,831 | 45,226 | 390,969 | 317,424 | 24,746,533 |
| **As of 30 June 2018** | **3,797,046** | **250,491** | **12,634,017** | **7,237,751** | **36,154** | **1273,643** | **7,297,020** | **32,526,122** |

## 11. INVENTORIES

| | 30 June 2018 *RM* (Unaudited) | 31 December 2017 *RM* (Audited) |
|---|---|---|
| Packaging and raw materials | **4,614,227** | 4,423,453 |
| Unpacked finished goods | **21,528,548** | 24,996,480 |
| Finished goods | **1,579,230** | 895,129 |
| | **27,722,005** | 30,315,062 |

| | | |
|---|---|---|
| The amount of inventories recognized as an expense is as follows: | | |
| Carrying amount of inventories sold | **29,112,388** | 36,753,073 |

## 12. TRADE AND OTHER RECEIVABLES

| | 30 June 2018 *RM* (Unaudited) | 31 December 2017 *RM* (Audited) |
|---|---|---|
| Trade receivables | **12,078,745** | 14,878,361 |
| Deposits, prepayments and other receivables | **3,248,405** | 3,410,750 |
| | **15,327,150** | 18,289,111 |

As of the end of the reporting period, the ageing analysis of trade debtors based on the invoice date is as follows:

| | 30 June 2018 *RM* (Unaudited) | 31 December 2017 *RM* (Audited) |
|---|---|---|
| Within one month | **5,278,892** | 8,756,688 |
| Over 1 month to 2 months | **4,885,553** | 3,514,127 |
| Over 2 months to 3 months | **1,558,259** | 1,690,037 |
| Over 3 months | **356,041** | 917,509 |
| | **12,078,745** | 14,878,361 |

Trade receivables are due within 7 to 120 days from the date of invoice.

## 13. CASH AND CASH EQUIVALENTS

| | 30 June 2018 RM (Unaudited) | 31 December 2017 RM (Audited) |
|---|---|---|
| Cash on hand | **23,630** | 56,443 |
| Balances with licensed banks | **54,247,205** | 59,368,857 |
| Cash and cash equivalents | **54,270,835** | 59,425,300 |

## 14. LOANS AND BORROWINGS

| | 30 June 2018 RM (Unaudited) | 31 December 2017 RM (Audited) |
|---|---|---|
| **Non-current** | | |
| Bank loans — secured | **2,953,360** | 3,404,583 |
| **Current** | | |
| Bank loans — secured | **753,280** | 1,396,096 |
| | **3,706,640** | 4,800,679 |

The bank loans are secured over the leasehold land, freehold land and factory and other buildings as disclosed under "Pledge of Assets" on page 24 of this announcement.

## 15. TRADE AND OTHER PAYABLES

| | 30 June 2018 RM (Unaudited) | 31 December 2017 RM (Audited) |
|---|---|---|
| Trade payables | **2,104,021** | 4,459,014 |
| Advances from customers | **852,306** | 470,734 |
| Other payables and accruals | **1,192,053** | 4,001,423 |
| | **4,148,380** | 8,931,171 |

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date is as follows:

| | **30 June 2018** | 31 December 2017 |
|---|---|---|
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Audited) |
| Within one month | **739,800** | 3,454,925 |
| Over 1 month to 3 months | **960,434** | 1,001,723 |
| Over 3 months to 6 months | **302,856** | — |
| Over 6 months | **100,931** | 2,366 |
| | **2,104,021** | 4,459,0141 |

## 16. OTHER RESERVE

Other reserve of the Company represents the difference between the par value of the Shares issued and the equity in Edaran Bermutu Sdn. Bhd., Radiant Span Sdn. Bhd., Rasa Mulia Sdn. Bhd. and Shifu Ingredients Sdn. Bhd. acquired pursuant to the Reorganisation as disclosed in Note 2.

## 17. DIVIDENDS

The Company did not pay any dividends during the period from 10 November 2016 (date of incorporation) to 31 December 2017.

At a meeting of the Board held on 30 August 2018, the Directors resolved not to declare an interim dividend to the shareholders of the Company (the "**Shareholders**") for the six months ended 30 June 2018.

## 18. CONTINGENT LIABILITIES

At 30 June 2018, the Group had no material contingent liabilities (30 June 2017: Nil).

## 19. COMMITMENTS

### (a) Capital commitments

Capital commitments outstanding at the end of each reporting period not provided for in the interim condensed consolidated financial information are as follows:

| | **30 June 2018** | 30 June 2017 |
|---|---|---|
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| **Approved but not contracted for:** | | |
| Property, plant and equipment | **53,900,000** | 48,500,000 |
| **Contracted but not provided for:** | | |
| Property, plant and equipment | **15,324,203** | — |
| Total | **69,224,203** | 48,500,000 |

**(b) Operating lease commitments**

Non-cancellable operating lease rentals are payable as follows:

| | **30 June 2018** | 30 June 2017 |
|---|---|---|
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| Within one year | **115,460** | 80,400 |
| After one year but within five years | **48,860** | 47,000 |
| | **164,320** | 127,400 |

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

## 20. RELATED PARTY TRANSACTIONS

**Identity of related parties**

For the purpose of the interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the related party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

**Key management personnel compensation**

Compensation of key management personnel of the Group is as follows:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2018** | 2017 |
| | ***RM*** | *RM* |
| | **(Unaudited)** | (Unaudited) |
| Salaries and other benefits | **1,277,826** | 783,132 |
| Contributions to Employees' Provident Fund | **133,780** | 92,092 |
| Discretionary bonuses | **25,200** | — |
| | **1,436,806** | 875,224 |

Key management compensation is included in personnel expenses as disclosed in Note 7(b) above.

## 21. FINANCIAL INSTRUMENTS

### (a) Financial risk management

The activities of the Group expose it to a variety of financial risks: market risk (foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the interim financial statements, and should be read in conjunction with the Company's annual report for the financial year ended 31 December 2017.

There have been no changes in the risk management policies as of the reporting period.

### (b) Fair values of financial assets and financial liabilities

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amounts of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at of fair values of the principal financial assets and financial liabilities of the Group are as follows:

- **Cash and cash equivalents, trade and other receivables, trade and other payables**: The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.

- **Bank loans**: As the term loans were obtained from licensed financial institutions at the prevailing market rate, the carrying values of these financial liabilities approximates its fair values.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group engages in the manufacturing and trading of food products. The core products include coconut cream powder and low fat desiccated coconut, manufactured at the Group's manufacturing facility located at Bagan Datoh, Perak, Malaysia (the "**Perak Plant**") which is equipped with a multi-stage spray dryer which is fully automated and monitored centrally ensuring high quality and stable production. The Group also manufactures other food products, such as non-dairy creamer and other traditional South-east Asian food ingredients, such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

The Group is committed to delivering high quality and safe food products and services, meeting customers' expectations and complying with legal requirements. It will strive to continually improve customers' satisfaction and having a quality management team. It implements strict and comprehensive quality assurance procedures throughout all stages of the production process, from procurement of raw materials to the packaging and delivery of finished products. In this regard, the Group has been accredited with various certifications in relation to quality management and food safety.

During the six months ended 30 June 2018, the Group had obtained the relevant approvals from the respective authorities to proceed with the planned expansion of our Perak Plant. After an objective evaluation of the experience and competency of the relevant interested parties, the Group awarded a construction contract of RM12.0 million (equivalent to approximately HK$23.5 million) by way of an open tender to Progamatic Design Sdn. Bhd. (the "**Contractor**") on 21 June 2018 in relation to the construction works at the Group's Perak Plant for factory expansion and upgrade. The Contractor had commenced construction works on 1 July 2018 and is scheduled to complete all construction works by 31 January 2019.

### FINANCIAL REVIEW

The Group's revenue was approximately RM42.0 million for six months ended 30 June 2018, decreased by approximately 16%, or RM7.8 million, when compared with that for the six months ended 30 June 2017 of approximately RM49.8 million. The decrease in sales was largely attributed to a drop in sales volume from coconut cream powder, as discussed in the section below.

The Group's cost of sales decreased by approximately 21%, or RM7.6 million, from approximately RM36.7 million for the six months ended 30 June 2017 to approximately RM29.1 million for the six months ended 30 June 2018. This was attributable primarily to significant price drop of the major raw materials, coconuts and white kernels during the six months ended 30 June 2018 and as a result, the gross profit for the six months ended 30 June 2018 increased by approximately 4%, or RM0.2 million when compared with that for the six months ended 30 June 2017.

#### Coconut cream powder

The Group's best-selling product is coconut cream powder. Revenue for coconut cream powder for the six months ended 30 June 2018 was approximately RM36.8 million, representing a drop of approximately RM5.3 million as compared to that of the six months ended 30 June 2017 of approximately RM42.2 million. The decrease in revenue for coconut cream powder was attributable primarily to the drop in sales volume from certain overseas markets resulting from the change in market conditions thereat.

**Low fat desiccated coconut**

Revenue for low fat desiccated coconut for the six months ended 30 June 2018 was approximately RM2.0 million, representing a drop of approximately RM2.2 million as compared to approximately RM4.2 million in the six months ended 30 June 2017. This decrease in revenue was attributable primarily to the decrease in sales volume in the six months ended 30 June 2018 as the exceptional surge in demand experienced during the six months ended 30 June 2017 was not repeated in the six months ended 30 June 2018.

**Coconut milk**

Revenue for coconut milk for the six months ended 30 June 2018 was approximately RM2.0 million and was approximately RM0.5 million higher as compared to that for the six months ended 30 June 2017 of approximately RM1.5 million, this was attributable primarily to an increase in sales volume. In the six months ended 30 June 2018, the Group had appointed a new contract supplier to fulfil the increase in market demand for coconut milk under its own brands, thereby boosted sales volume during the period.

**Other income**

The Group's other income increased by approximately RM0.2 million for the six months ended 30 June 2018 to approximately RM0.4 million, which was mainly attributable to an increase in sale of scrap materials as compared to the six months ended 30 June 2017.

**Selling and distribution expenses**

The Group's selling and distribution expenses decreased by approximately 7.7%, or RM0.2 million from approximately RM2.6 million for the six months ended 30 June 2017 to approximately RM2.4 million for the six months ended 30 June 2018. This was mainly attributable to a decrease in advertising and promotion expenses.

**Administrative expenses**

The Group's administrative expenses decreased by approximately 50%, or RM5.0 million from approximately RM10.0 million for the six months ended 30 June 2017 to approximately RM5.0 million for the six months ended 30 June 2018, attributable primarily to the recognition of the non-recurring listing expenses being incurred in the six months ended 30 June 2017. However, excluding the non-recurring listing expenses, the administrative expenses of the Group had increased by approximately RM2.3 million, mainly due to an increase in staff-related costs in line with the Group's factory and sales expansion plans and other expenses relating to the listing of the issued Shares on the Stock Exchange.

**Other expenses**

The Group's other expenses increased by approximately 82%, or RM0.5 million from approximately RM0.7 million for the six months ended 30 June 2017 to approximately RM1.2 million for the six months ended 30 June 2018, attributable primarily to an increase in net loss on foreign exchange differences arising mainly from the conversion of the net proceeds received by the Company from the initial public offering completed in July 2017 (the "**IPO**" and the "**Net Proceeds**", respectively) into RM during the six months ended 30 June 2018.

**Net finance income/costs**

The Group's recorded net finance income in the six months ended 30 June 2018 of approximately RM0.2 million as compared to net finance costs of approximately RM0.2 million in the six months ended 30 June 2017 as a result of the deployment of the unutilized Net Proceeds into interest-bearing bank deposits.

**Income tax expense**

The Group's income tax expense decreased by approximately 33%, or RM0.7 million from approximately RM2.1 million for the six months ended 30 June 2017 to approximately RM1.4 million for the six months ended 30 June 2018, which was primarily in line with the decrease in the profit before tax, leading to the decrease in the taxable income.

**Profit/(Loss) attributable to equity shareholders of the Company**

The Group recorded a profit attributable to equity shareholders of the Company of approximately RM3.4 million for the six months ended 30 June 2018, as compared to a loss of approximately RM2.2 million in the six months ended 30 June 2017. It was primarily attributable to the non-recurring listing expenses of approximately RM7.5 million incurred in the six months ended 30 June 2017 which was not incurred in the six months ended 30 June 2018 and other reasons as outlined above.

**Future Prospects and Strategies**

Looking forward to the remainder of the second half of 2018 and beyond, the Group will embark on a more aggressive marketing strategy in order to identify potential new customers for its existing products. Meanwhile, the Group plans to produce its own coconut milk products under its own brands by expanding and upgrading its production facilities at the Perak Plant. In addition, the Group is in the process of rolling out certain new products into the marketplace, such as coconut spread and coconut water. The Group will continue to expand global market reach by increasing sales and marketing efforts in different countries and participation at well-known food exhibitions around the world.

The Group's in-house research and development team continues to work closely with the sales and marketing team in order to better respond to customers' specific needs. In this regard, the Company will continue to offer customised product formulations as required by various customers. The Group intends to enhance and refine its products portfolio with the development of new products and improved variations of existing products.

As disclosed in the Company's announcements dated 21 June 2018 and 8 August 2018, respectively, the Group has awarded a contract to the Contractor to undertake the construction works at the Perak Plant and signed agreements with an independent supplier to acquire packages of equipment and systems to facilitate the production and packaging of coconut milk and water products, which will enable the Group to further expand into a new line of business which is synergistic with its overall business plan.

Despite the decline in the revenue and net profit after tax for the six months ended 30 June 2018, owing to the lower demand for coconut cream powder from certain markets, the overall financial position of the Group is healthy, and the Group is confident that it is capable of confronting challenges ahead, especially with its expansion plans which have been put in place.

**Liquidity, Financial Resources and Capital Structure**

The Group maintained a solid financial position and was in a net cash position as at 30 June 2018. The Group was able to repay its obligations when they became due.

**Capital Structure**

The Group believes in maintaining a strong capital base as well as the confidence of the investors, creditors and market to sustain future development of the business. The Group continues to maintain an optimal debt-to-equity ratio that complies with its debt covenants.

**Cash Position**

As at 30 June 2018, the Group's cash and cash equivalents were approximately RM54.3 million, representing a decrease of approximately RM5.1 million as compared with approximately RM59.4 million as at 30 June 2017.

**Loans and Borrowings**

As at 30 June 2018, the loans and borrowings amounted to approximately RM3.7 million, representing a decrease of approximately RM1.1 million as compared to approximately RM4.8 million as at 30 June 2017, attributable primarily to net repayments of bank borrowings.

**Pledge of Assets**

As at 30 June 2018 and 31 December 2017, the assets pledged to licensed banks for banking facilities granted to the Group were as follows:

| | **30 June 2018** *RM* **(Unaudited)** | 31 December 2017 *RM* (Audited) |
|---|---|---|
| Leasehold land | **250,491** | 254,642 |
| Freehold land | **97,046** | 97,046 |
| Factory buildings and other buildings | **10,699,490** | 11,344,831 |
| | **11,047,027** | 11,696,519 |

**Capital Expenditures**

For the six months ended 30 June 2018, the Group had incurred capital expenditure of approximately RM8.8 million as compared to approximately RM1.3 million in the six months ended 30 June 2017. The expenditure was mainly related to the purchase of property, plant and equipment and in line with the expansion plans of the Group.

**Significant Investments**

The Group did not hold any significant investments as at 30 June 2018.

**Materials Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2018 and the six months ended 30 June 2017.

**Foreign Exchange Exposure**

The Group undertakes certain transactions denominated in foreign currencies, mainly in United States dollars ("**USD**") and Hong Kong dollars ("**HK$**"), hence exposure to exchange rate fluctuations arise. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely in order to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

**Employees and Remuneration Policies**

The Group had 273 employees and 248 employees as at 30 June 2018 and 30 June 2017, respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee.

The Company has adopted a share option scheme (the "**Share Option Scheme**") with effect from 11 July 2017 to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company with a view to achieve the following objectives: (i) motivate eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. As at the date of this announcement, there was no outstanding share option granted under the Share Option Scheme.

## USE OF PROCEEDS FROM LISTING

The Net Proceeds after deducting the relevant one-off and non-recurring listing expenses amounted to approximately HK$90.4 million (equivalent to approximately RM46.8 million based on Bank Negara Malaysia's mid-rate as at 29 December (being the last trading day of 2017) of HK$1.00:RM0.51795)) (the "**Year End HK$:RM Rate**") (as disclosed in the 2017 Annual Report).

The Group is in the process of implementing its business strategies as set out in the Company's prospectus dated 29 June 2017 (the "**Prospectus**") and has utilised approximately RM5.5 million of the Net Proceeds as at 30 June 2018 by reference to the section headed "Future Plans and Use of Proceeds" of the Prospectus. The following sets forth a summary of the allocation of the Net Proceeds and its utilisation as at 30 June 2018 as well as the Group's current plan as to the utilisation of the unutilized Net Proceeds.

| **Use of Proceeds** | **Approximate original allocation of the Net Proceeds** *(RM'million)* | **Approximate actual amount of the Net Proceeds utilised as at 30 June 2018** *(RM'million)* | **Approximate unused amount of the Net Proceeds as at 30 June 2018** *(RM'million)* |
|---|---|---|---|
| Expanding and upgrading the production facilities at the Perak Plant | 35.6 | 0.1 | 35.5 |
| Recommissioning of the Johor Plant | 4.7 | 0 | 4.7 |
| Advertising and promotion expenses | 1.2 | 1.2 | 0 |
| Investing in new equipment to enhance the research and development (the "**R&D**") | 1.2 | 0.1 | 1.1 |
| General corporate purposes and working capital | 4.1 | 4.1 | 0 |
| **Total** | **46.8** | **5.5** | **41.3** |

*Note:* The above Net Proceeds in RM were arrived at after taking into account the Year End HK$:RM Rate. Should there be any further movement in the foreign exchange rate until the actual utilisation of the Net Proceeds, any upward or downward differences will be taken into "general corporate purposes and working capital".

**Purchase, Sale or Redemption of Shares**

The Company did not redeem its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the six-month period ended 30 June 2018 (the "**Period**").

**Corporate Governance**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

The Company has applied and complied with all the applicable code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the Period.

**Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' securities transactions and all the Directors have confirmed, upon specific enquiries made by the Company, that each of them had complied with the Model Code during the Period.

**Important Events After the Reporting Period**

The Board is not aware of any material event requiring disclosure that has taken place after 30 June 2018 and up to the date of this announcement.

**Review by the Audit Committee**

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the Period and agreed to the accounting principles and practices adopted by the Group.

## PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

In accordance with the requirements under the Listing Rules, the interim report containing all the Company's information set out in this announcement including the unaudited financial results for the Period will be published on the Company's website (www.spfood.com) and the website of the Stock Exchange (www.hkexnews.hk) in due course.

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

Hong Kong, 30 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.*