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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 SUPPLEMENTAL LETTER OF AWARD OF MECHANICAL AND ELECTRICAL CONTRACT IN MALAYSIA**

#### **SUPPLEMENTAL LETTER OF AWARD**

On 5 October 2018 (after the securities trading hours of the Stock Exchange), the Project Owner, an indirect wholly-owned subsidiary of the Company, had awarded a Supplemental Letter of Award to the Main Contractor, pursuant to which (i) the Main Contractor shall be responsible for carrying out the mechanical and electrical engineering works at the Group's Perak Plant in accordance with the Project Owner's design and specifications through entering into a Subcontract Agreement with the NSC; (ii) the scope of work undertaken by the Main Contractor under the Letter of Award has been revised to include mechanical and electrical engineering works at the Group's Perak Plant; and (iii) the contract sum granted under the Letter of Award has been revised from RM12.0 million (equivalent to approximately HK\$22.7 million) to RM20.8 million (equivalent to approximately HK\$39.3 million) after taking into account the original contract sum under the Letter of Award of RM12.0 million (equivalent to approximately HK\$22.7 million), the newly added contract sum for mechanical and electrical engineering works of approximately RM8.7 million (equivalent to approximately HK\$16.4 million) and the profit and attendance fees of approximately RM0.1 million (equivalent to approximately HK\$0.2 million).

#### **LISTING RULES IMPLICATIONS**

As the Letter of Award and the Supplemental Letter of Award are entered into by the same parties and form a series of transactions conducted within the past 12-month period, the Board is of the view that the Supplemental Letter of Award is required to be aggregated with the Letter of Award for the purpose of computing the relevant Percentage Ratios pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules.

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

## **INTRODUCTION**

On 21 June 2018, the Project Owner, an indirect wholly-owned subsidiary of the Company, awarded to the Main Contractor the Letter of Award with a contract sum of RM12.0 million (equivalent to approximately HK\$22.7 million) in relation to construction works at the Group's Perak Plant (exclusive of mechanical and electrical engineering works).

## **SUPPLEMENTAL LETTER OF AWARD**

The Board announces that on 5 October 2018 (after the securities trading hours of the Stock Exchange), the Project Owner has awarded a Supplemental Letter of Award to the Main Contractor, pursuant to which (i) the Main Contractor shall be responsible for carrying out the mechanical and electrical engineering works at the Group's Perak Plant in accordance with the Project Owner's design and specifications through entering into a Subcontract Agreement with the NSC; (ii) the scope of work undertaken by the Main Contractor under the Letter of Award has been revised to include mechanical and electrical engineering works at the Group's Perak Plant; and (iii) the contract sum granted under the Letter of Award has been revised from RM12.0 million (equivalent to approximately HK\$22.7 million) to RM20.8 million (equivalent to approximately HK\$39.3 million) after taking into account the original contract sum under the Letter of Award of RM12.0 million, the newly added contract sum for mechanical and electrical engineering works of approximately RM8.7 million (equivalent to approximately HK\$16.4 million) and the profit and attendance fees of approximately RM0.1 million (equivalent to approximately HK\$0.2 million).

The principal terms of the Supplemental Letter of Award are set out below.

### **Date:**

5 October 2018

### **Parties:**

- (a) S&P Industries Sdn. Bhd. as the Project Owner; and
- (b) Progamatic Design Sdn. Bhd. as the Main Contractor.

**Subject matter:**

Pursuant to the Supplemental Letter of Award, the Main Contractor :

- (a) shall enter into the Subcontract Agreement with and appoint the NSC as the subcontractor to undertake mechanical and electrical works at the Perak Plant to be carried out on terms approved by the Project Owner; and
- (b) shall be responsible for the supervision and superintendence of all the work to be carried out by NSC and shall be held solely responsible to the Project Owner for the due and punctual performance of the NSC of its obligations as stipulated under the Subcontract Agreement.

**Consideration and Payment Terms:**

The additional contract sum under the Supplemental Letter of Award for the mechanical and electrical engineering works is approximately RM8.7 million (equivalent to approximately HK\$16.4 million) and the profit and attendance fees of approximately RM0.1 million (equivalent to approximately HK\$0.2million) are payable by way of cheque for progress work done. The consideration was the bid price submitted by the NSC and accepted by the Project Owner after a selective tendering process.

The NSC was nominated to be the subcontractor to complete the mechanical and electrical engineering works after an objective evaluation by the Project Owner of the experience and competency of the NSC, the expected scope and complexity of the mechanical and engineering works to be carried out, the costs of material and labour estimated to be incurred, and the prevailing market prices for carrying out the mechanical and engineering works of comparable scale and complexity.

Pursuant to the Supplemental Letter of Award, the NSC shall invoice the Project Owner for progress work done and the Project Owner shall in turn make payment by way of cheques in favour of the NSC to the Main Contractor whom shall onward release the same to the NSC in accordance with the payment term clause of the Subcontract Agreement, after taking into account the verification and payment recommendations prepared by the Main Contractor.

Save as disclosed above, all the terms of the Letter of Award shall remain unchanged and in full force and effect and binding on the parties thereto.

The consideration payable by the Group pursuant to the transactions contemplated under the Supplemental Letter of Award will be funded by the internal resources of the Group, as well as the net proceeds from the Company's IPO completed in July 2017.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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 its production facilities at the Perak Plant. The mechanical and electrical installation works in relation to the Supplemental Letter of Award are for expanding and upgrading the facilities at the Perak Plant, which will facilitate the implementation of the above business strategy. The planned expansion and upgrade will be funded by the internal resources of the Group, as well as the net proceeds from the Company's IPO completed in July 2017, of which approximately HK\$75.5 million, representing approximately 76.0% of the total net proceeds, has been earmarked for such purpose.

The Supplemental Letter of Award has been awarded to the Main Contractor after a tendering process and after arm's length negotiations between the Project Owner and the Main Contractor. The Directors (including the independent non-executive Directors) consider that the terms (including the contract sum) of the Supplemental Letter of Award 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 PROJECT OWNER, THE MAIN CONTRACTOR AND THE NSC**

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 Project Owner 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 Main Contractor is a company incorporated in Malaysia with limited liability, whose principal business activities are building and civil construction, interior fit-out and signage including engineering services; (ii) the NSC is a company incorporated in Malaysia with limited liability, whose principal business activity is contractor for air conditioning engineering and related works; and (iii) the Main Contractor and the NSC, and their respective ultimate beneficial owners are Independent Third Parties.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Letter of Award and the Supplemental Letter of Award are entered into by the same parties, and form a series of transactions conducted within the past 12-month period, the Board is of the view that the Supplemental Letter of Award is required to be aggregated with the Letter of Award for the purpose of computing the relevant Percentage Ratios pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules.

As the highest applicable Percentage Ratio for the Company upon aggregation in respect of the transactions contemplated under the Letter of Award and the Supplemental Letter of Award is more than 5% but less than 25%, the entering into of the Supplemental Letter of Award constitutes 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 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
“Director(s)”	the director(s) of the Company
“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”	the third parties who are independent of the Company and the connected persons of the Company
“IPO”	the initial public offering
“Letter of Award”	the letter of award dated 21 June 2018 issued by the Project Owner and countersigned and acknowledged by the Main Contractor in relation to the award of contract for construction work (excluding mechanical and electrical works) to be undertaken by the Main Contractor at the Perak Plant

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board operated by the Stock Exchange
“Main Contractor”	Progamatic Design Sdn. Bhd., a company incorporated in Malaysia with limited liability
“NSC”	The nominated subcontractor, Progress Centre Engineering Sdn. Bhd., a company incorporated in Malaysia with limited liability and the subcontractor to be appointed by the Main Contractor pursuant to the Supplemental Letter of Award
“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
“Project Owner”	S&P Industries Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Subcontract Agreement”	the subcontract agreement to be entered into by the Main Contractor and the NSC in relation to the appointment of the NSC as the subcontractor to undertake mechanical and electrical works at the Perak Plant to be carried out on terms approved by the Project Owner
“subsidiary(ies)”	has the meaning ascribed to this term under the Listing Rules
“Supplemental Letter of Award”	the supplemental letter of award dated 5 October 2018 issued by the Project Owner and countersigned and acknowledged by the Main Contractor in relation to the award of contract for mechanical and electrical works at the Perak Plant
“%”	per cent.

*In this announcement, the exchange rate of HK\$1.00 to RM0.5293, being Bank Negara Malaysia's mid-rate as at 5:00 p.m. on 4 October 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, 5 October 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.*