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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)

PROFIT WARNING

This announcement is made by S&P International Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) wishes to inform the Company’s shareholders (the “**Shareholders**”) and potential investors that based on a preliminary review of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2020 (“**1H2020**”) and the information currently available to the Board, the Group is expected to record a loss after tax of not more than RM8.0 million for 1H2020 as compared to its profit after tax of RM1.3 million for the six months ended 30 June 2019 (“**1H2019**”).

In addition to the deteriorated market conditions and the business disruptions of the Group caused by the outbreak of the novel coronavirus disease (2019), the main reasons for the expected loss after tax were:

- (i) Decrease in the gross profit margin of the Group from 31% in 1H2019 to 10% in 1H2020. The significant decrease in the gross profit margin was mainly due to (a) the sharp increase in the average purchase cost of raw coconuts, which is the main component of the raw material costs for the Group. The average purchase cost of raw coconuts increased from approximately Ringgit Malaysia (“**RM**”) 0.65/kilogramme (“**kg**”) in 1H2019 to approximately RM1.02/kg in 1H2020, whereas the average selling price of the Group’s products was roughly the same; and (b) increase in expenses which included depreciation of approximately RM1.4 million relating to the new liquid plant for the Group, which commenced commercial operations in 1H2020, being charged to cost of sales; and

- (ii) The Group recorded a non-cash foreign exchange loss in the amount of approximately RM3.7 million arising from the translation of the Group's borrowings denominated in United States Dollars ("USD") into RM, the reporting currency of the Group. The translation loss was mainly due to the appreciation of USD against RM during 1H2020.

The Company is currently in the process of finalizing the consolidated interim results of the Group for 1H2020. The information contained in this announcement is only based on the preliminary assessment by the Board by reference to the unaudited consolidated management accounts of the Group for 1H2020 and the information currently available to the Board, which have not been confirmed, audited or reviewed by the Company's independent auditor and is subject to finalization and necessary adjustments. The interim results announcement of the Company is expected to be published by the end of August 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 July 2020

As at the date of this announcement, the Board comprises six 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 two independent non-executive Directors, namely Mr. Fung Che Wai Anthony and Mr. Ng Hock Boon.