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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)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

Consolidated Statement of Profit or Loss

	Six months ended 30 June		
	2023	2022	% of change
	<i>RM</i>	<i>RM</i>	
	(Unaudited)	(Unaudited)	
Revenue	40,403,890	49,421,471	(18.25)
Loss from operations	(3,447,941)	(201,206)	>100
Net finance costs	(1,109,172)	(451,261)	>100
Income tax expense	—	—	—
Loss attributable to:			
Owners of the Company	(4,556,561)	(651,929)	>100
Non-controlling interest	(552)	(538)	0.03
	<u>(4,557,113)</u>	<u>(652,467)</u>	<u>>100</u>

Consolidated Statement of Financial Position

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)	% of change
Cash and cash equivalents	5,312,995	4,299,479	23.57
Loans and borrowings	30,188,959	38,194,623	(20.96)
Net current assets	17,640,795	18,270,455	(3.45)
Net assets	117,159,991	117,552,220	(0.33)

KEY FINANCIAL RATIOS

	Six months ended 30 June 2023 (Unaudited)	2022 (Unaudited)	change (% points)
Gross profit margin	19.7%	17.0%	2.70
Return on equity (annualised)	(53.1)%	(1.1)%	(52.00)

	30 June 2023 (Unaudited)	31 December 2022 (Audited)	% of change
Current ratio (times) [#]	1.6	1.5	6.67

[#] *Dividing current assets by current liabilities*

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 2023 (“**1H2023**”) together with the comparative unaudited figures for the corresponding period in 2022 (“**1H2022**”) and certain audited figures as at 31 December 2022. 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 2023

		Six months ended 30 June	
		2023	2022
		RM	RM
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	5	40,403,890	49,421,471
Cost of sales		(32,434,833)	(41,001,999)
Gross profit		7,969,057	8,419,472
Other income	6	275,608	2,412,182
Selling and distribution expenses		(1,498,466)	(2,105,676)
Administrative expenses		(4,639,361)	(4,973,729)
Other expenses		(5,554,779)	(3,953,455)
Loss from operations		(3,447,941)	(201,206)
Finance income	7	4,570	2,964
Finance costs	8	(1,113,742)	(454,225)
Net finance costs		(1,109,172)	(451,261)
Loss before taxation		(4,557,113)	(652,467)
Income tax expense		—	—
Loss for the period	9	(4,557,113)	(652,467)
Other comprehensive income for the period			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		4,164,884	3,351,918
Total comprehensive (loss)/income for the period		(392,229)	2,699,451

	Six months ended 30 June	
	2023	2022
	RM	RM
<i>Notes</i>	(Unaudited)	(Unaudited)
Loss attributable to:		
Owners of the Company	(4,556,561)	(651,929)
Non-controlling interest	(552)	(538)
	<hr/>	<hr/>
Loss for the period	<u>(4,557,113)</u>	<u>(652,467)</u>
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(391,713)	2,702,230
Non-controlling interest	(516)	(2,779)
	<hr/>	<hr/>
Total comprehensive (loss)/income for the period	<u>(392,229)</u>	<u>2,699,451</u>
Basic and diluted loss per share (expressed in Sen)		
<i>10</i>	<u>(0.42)</u>	<u>(0.06)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
		<i>RM</i>	<i>RM</i>
	<i>Notes</i>	(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment		111,272,213	114,534,460
Right-of-use assets		5,127,847	5,272,141
Deferred tax assets		151,915	151,915
		116,551,975	119,958,516
Current assets			
Inventories	<i>11</i>	24,305,237	30,273,488
Current tax asset		2,130,599	2,020,019
Trade and other receivables	<i>12</i>	13,085,365	14,362,781
Pledged time deposits		2,158,217	2,158,217
Cash and cash equivalents		5,312,995	4,299,479
		46,992,413	53,113,984
Total Assets		<u>163,544,388</u>	<u>173,072,500</u>
Equity and Liabilities			
Equity			
Share capital		5,941,706	5,941,706
Share premium		58,707,916	58,707,916
Reserves		52,447,748	52,839,461
Total equity attributable to equity shareholders of the Company		117,097,370	117,489,083
Non-controlling interest		62,621	63,137
Total Equity		<u>117,159,991</u>	<u>117,552,220</u>

		30 June	31 December
		2023	2022
		<i>RM</i>	<i>RM</i>
	<i>Notes</i>	(Unaudited)	(Audited)
<u>Liabilities</u>			
Non-current liabilities			
Loans and borrowings	<i>13</i>	14,773,170	18,365,820
Lease liabilities		223,528	274,850
Deferred tax liabilities		2,036,081	2,036,081
		<u>17,032,779</u>	<u>20,676,751</u>
Current Liabilities			
Loans and borrowings	<i>13</i>	15,415,789	19,828,803
Lease liabilities		310,038	241,288
Trade and other payables	<i>14</i>	10,698,809	12,713,115
Contract liabilities		2,926,982	2,060,323
		<u>29,351,618</u>	<u>34,843,529</u>
Total Liabilities		<u>46,384,397</u>	<u>55,520,280</u>
Total equity and liabilities		<u>163,544,388</u>	<u>173,072,500</u>
Total assets less current liabilities		<u>134,192,770</u>	<u>138,228,971</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, 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 Company is an investment holding company. The Group is principally engaged in the manufacturing and distribution of coconut related food and beverage products such as coconut cream powder (the “**CCP**”), low fat desiccated coconut (the “**LFDC**”), coconut milk, coconut water and coconut spread. 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 Company’s shares (the “**Shares**”) in issue have been listed on the Main Board of 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, an executive Director and the chairman of the Board, who is also the sole director of TYJ.

This interim condensed consolidated financial information of the Group for 1H2023 (the “**Interim Condensed Consolidated Financial Information**”), which has not been audited, was reviewed and approved for issue by the Board on 28 August 2023.

2. BASIS OF PREPARATION

This Interim Condensed Consolidated Financial Information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted by the Group in the preparation of the Interim Condensed Consolidated Financial Information are consistent with those adopted in the preparation of the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“**FY2022**”) and described in the annual report of the Company for FY2022 (the “**2022 Annual Report**”) and the adoption of the following, which became effective for the financial years beginning on or after 1 January 2023:

- Amendments to IFRS 17, IAS 1, IAS 8 and IAS 12

The adoption of the above amendments to IFRSs and IASs in the current period has had no material impact on the Group’s financial performance and financial position for the current and prior periods.

The Group has not early adopted any new accounting standards or amendments to standards and interpretations which have been issued but not yet effective. The Group will apply such accounting standards, amendments and interpretations that are applicable to the Group as and when they become effective.

4. ESTIMATES

The preparation of the 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 2022 Annual Report.

5. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are the manufacturing and distribution of coconut related food and beverage products such as CCP, LFDC, coconut milk, coconut water, coconut spread and other related products.

Revenue represented the sales value of coconut related food and beverage products, other non-coconut related food products, freight charges to customers and miscellaneous income, net of trade discounts, rebates and returns.

	Six months ended 30 June	
	2023	2022
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— Coconut related food and beverage products	37,962,868	46,324,361
— Others	2,441,022	3,097,110
	<u>40,403,890</u>	<u>49,421,471</u>

The chief operating decision maker of the Group assess 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 distribution of CCP, LFDC, coconut milk, coconut water 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	
	2023	2022
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
South East Asia	15,715,461	16,036,995
Middle East	9,893,593	7,323,810
West Indies	5,133,486	14,779,875
North America	2,896,097	5,885,684
East Asia	3,646,066	3,778,167
Other regions	3,119,187	1,616,940
	<u>40,403,890</u>	<u>49,421,471</u>

6. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Income arising from subleasing of right-of-use assets	90,000	90,000
Insurance claims	—	1,755,535
Others	185,608	566,647
	<u>275,608</u>	<u>2,412,182</u>

7. FINANCE INCOME

	Six months ended 30 June	
	2023	2022
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Interest income of financial assets calculated using the effective interest method at amortised cost	<u>4,570</u>	<u>2,964</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Interest expense of financial liabilities that are not at fair value through profit and loss	1,100,876	450,051
Interest expense on lease liabilities	12,867	4,174
	<u>1,113,742</u>	<u>454,225</u>

9. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging:

	Six months ended 30 June	
	2023	2022
	RM	RM
	(Unaudited)	(Unaudited)
Auditors' remuneration	169,980	165,631
Depreciation of property, plant and equipment	3,664,261	3,020,302
Depreciation of right-of-use assets	317,295	302,280
Property, plant and equipment written off	1	1,633
Net loss on foreign exchange differences	1,403,019	3,953,455
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	6,206,350	6,122,863
— Contributions to define contribution plans	472,317	472,813

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to equity shareholders of the Company (<i>expressed in RM</i>)	<u>(4,556,561)</u>	<u>(651,929)</u>
Weighted average number of Shares (<i>unit</i>)	<u>1,080,000,000</u>	<u>1,080,000,000</u>
Basic loss per Share (<i>expressed in Sen</i>)	<u>(0.42)</u>	<u>(0.06)</u>

As at 30 June 2023 and 2022, the Company had not issued any dilutive potential Shares and hence, the diluted loss per Share is equal to the basic loss per Share.

11. INVENTORIES

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Packaging and raw materials	11,588,153	13,710,070
Semi-finished goods	9,430,927	11,427,009
Finished goods	3,286,157	5,136,409
	<u>24,305,237</u>	<u>30,273,488</u>

12. TRADE AND OTHER RECEIVABLES

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Trade receivables	11,758,721	11,842,599
Deposits, prepayments and other receivables	1,326,644	2,520,182
	<u>13,085,365</u>	<u>14,362,781</u>

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

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Within 1 month	9,783,315	4,712,266
Over 1 month to 2 months	1,108,516	3,772,892
Over 2 months to 3 months	281,789	2,366,276
Over 3 months	585,101	991,165
	<u>11,758,721</u>	<u>11,842,599</u>

13. LOANS AND BORROWINGS

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Non-current		
Term loans — secured	14,773,170	18,365,820
Current		
Term loans — secured	<u>15,415,789</u>	<u>19,828,803</u>
	<u>30,188,959</u>	<u>38,194,623</u>

The bank loans are secured over certain assets of the Group as disclosed under “Pledge of Assets” on page 19 of this announcement.

14. TRADE AND OTHER PAYABLES

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Trade payables	3,209,350	3,949,057
Other payables and accruals	<u>7,489,459</u>	<u>8,764,058</u>
	<u>10,698,809</u>	<u>12,713,115</u>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

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

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Within 1 month	2,631,771	2,492,200
1 to 3 months	290,392	1,299,201
3 to 6 months	287,187	157,656
	<u>3,209,350</u>	<u>3,949,057</u>

15. 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 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Property, plant and equipment		
Authorised but not contracted for	7,105,090	7,105,090
Contracted but not provided for	573,248	541,009
	<u>7,678,338</u>	<u>7,646,099</u>
Total		

16. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of the interim condensed 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 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	
	2023	2022
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits	802,226	832,760
Contributions to defined contribution plans	74,352	78,552
	<u>876,578</u>	<u>911,312</u>

Key management's compensation is included in personnel expenses as disclosed in Note 9 above.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is engaged mainly in the manufacturing and distribution of coconut-based food and beverage products. These include CCP, LFDC, coconut milk, coconut water and coconut spread manufactured at the Group's manufacturing facility located at Bagan Datoh, Perak, Malaysia (the "**Perak Plant**"). 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).

During 1H2023, due to weak market sentiment, the Group recorded a reduction of approximately 18.25% in revenue mainly from its coconut-based food and beverage products and approximately 5.35% in gross profit compared to 1H2022. Nevertheless, with the continuous effort in cost control by the Group, there was a decent improvement in the gross profit margin from 17.04% to 19.72% during 1H2023 compared to 1H2022.

FINANCIAL REVIEW

The Group recognised approximately RM40.40 million in revenue for 1H2023, representing an decrease of approximately 18.25%, or RM9.02 million, when compared with that for 1H2022 of approximately RM49.42 million. The reduction in revenue was largely attributed to the decrease in sales of CCP and coconut milk.

The Group's cost of sales reduced by approximately 20.90%, or RM8.57 million, from approximately RM41.00 million for 1H2022 to approximately RM32.43 million for 1H2023. The reduction in cost of sales was mainly attributable to the decrease in sales and the various cost control measures adopted.

Consequently, the gross profit of the Group for 1H2023 reduced by approximately RM0.45 million or 5.35% as compared to 1H2022 and the gross profit margin of the Group for 1H2023 was 19.72% as compared to 1H2022 at 17.04%.

Further details on comparative changes in revenue and expenses are as follows:

Revenue

The Group's revenue is mainly derived from the sales of coconut-based food and beverage products. Revenue for such products for 1H2023 was RM37.96 million, representing an reduction of approximately RM8.36 million, when compared with that for 1H2022 of approximately RM46.32 million. The reduction in revenue was largely attributed to decrease in sales of coconut-based food and beverage products as discussed in the Business Review above.

Other revenue is mainly made up of sales of rice dumplings (ketupat), toasted coconut paste (kerisik) and freight charges to customers. In 1H2023, other revenue was approximately RM2.44 million, representing an approximately 21.18% reduction from RM3.10 million posted in 1H2022.

Other Income

In 1H2023, the Group's other income comprised mainly rental income, sale of scrap items and other sundry income of RM0.27 million, the total of which reduced by approximately RM2.14 million for 1H2023 as compared to that of approximately RM2.41 million of 1H2022 as there was an insurance claims of approximately RM1.76 million during 1H2022.

Selling and Distribution Expenses

The Group's selling and distribution expenses of approximately RM1.50 million for 1H2023 were approximately RM 0.61 million lower than those of approximately RM2.11 million for 1H2022 due to lower sales and marketing related expenses incurred.

Administrative Expenses

The Group's administrative expenses of approximately RM4.64 million for 1H2023 was approximately RM0.33 million lower than those of approximately RM4.97 million for 1H2022. This was primarily attributed to continuing cost-cutting measures implemented by the Group.

Other Expenses

The Group's other expenses for 1H2023 of approximately RM5.55 million was mainly related to foreign exchange translation losses, represented by an increase of approximately RM1.60 million from approximately RM3.95 million for 1H2022. The foreign exchange translation losses arose primarily from the weakening of the RM against the United States Dollar ("USD"), which is the base currency of the Group's term loan.

Net Finance Costs

In 1H2023, the Group incurred approximately RM1.11 million of net finance costs as compared to approximately RM0.45 million in 1H2022. The increase in net finance costs was mainly from the borrowings taken by the Group to finance the expansion of the Perak Plant and working capital of the Group.

Income Tax Expense

No provision of income tax expense has been made for 1H2023 and 1H2022 due to the loss position of the Group.

Loss Attributable to Equity Shareholders

The Group recorded a loss attributable to equity shareholders of the Company (the "Shareholders") of approximately RM4.56 million for 1H2023 and approximately RM0.65 million for 1H2022. This was primarily attributed to the reasons as discussed above.

FUTURE PROSPECTS AND STRATEGIES

The Group remains optimistic in its performance in the long run due to the positive outlook of coconut demand while remaining vigilant in managing the volatility of the global environment, especially, the impacts from geopolitical instability, volatility of energy prices and rising interest rates.

The main focus of the Group is to increase its revenue, especially in the coconut beverage products by reviewing and restructuring its current distribution channels and business models for local and oversea markets and to explore feasible options to reduce its financing cost so as to improve its bottom line.

The Group will continue to develop effective strategies and build viable business models in response to the changing market conditions so as to generate a sustainable growth rate.

SIGNIFICANT EVENT DURING AND AFTER THE FINANCIAL PERIOD

There is no significant event occurred during and after the financial period up to the date of this announcement.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a solid financial position and was in a net cash position as at 30 June 2023. The Group was able to repay its obligations when they became due in the ordinary and usual course of business in 1H2023.

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 2023, the Group's cash and cash equivalents were approximately RM5.31 million, representing an increase of approximately RM1.01 million as compared with those of approximately RM4.30 million as at 31 December 2022.

LOANS AND BORROWINGS

As at 30 June 2023, the loans and borrowings amounted to approximately RM30.19 million, representing a decrease of approximately RM8.00 million as compared to those of approximately RM38.19 million as at 31 December 2022 due to the repayment of the Group's term loan facility.

GEARING RATIO

Gearing ratio equals total debt divided by total asset. As at 30 June 2023, the Group's gearing ratio was approximately 0.284 times (31 December 2022: 0.321 times).

PLEDGE OF ASSETS

As at 30 June 2023 and 31 December 2022, the net book value of assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Freehold land	1,440,320	1,440,320
Factory buildings and other buildings	21,046,320	21,446,726
Plant and machinery	34,176,406	35,644,227
	<u>56,663,046</u>	<u>58,531,273</u>

CAPITAL EXPENDITURES

During 1H2023, the Group had incurred capital expenditure of approximately RM0.44 million as compared to that of approximately RM7.02 million in 1H2022. The capital expenditure was mainly related to purchase of property, plant and equipment.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL CAPITAL COMMITMENTS

Save as disclosed in Note 15 on page 14 of this announcement, the Group did not hold any significant investments or have any plan for material capital commitments as at 30 June 2023.

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 1H2023 and 1H2022.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING (THE “IPO”)

Reference is made to the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 29 June 2017 (the “**Prospectus**”) in relation to the Listing, the IPO of 270,000,000 Shares at Hong Kong dollars (“**HK\$**”) 0.48 per Share and the original use of proceeds from the IPO.

The net proceeds from IPO after deducting the relevant one-off and non-recurring listing expenses (the “**Net Proceeds**”) 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 2017 (being the last trading day of 2017) of HK\$1.00:RM0.51795) (the “**Year End HK\$:RM Rate**”).

As at 31 December 2020, the unutilised Net Proceeds amounted to approximately RM5.4 million (the “**Unutilised Net Proceeds**”). After due and careful consideration on the current business environment and the development needs of the Group, the Board has resolved to re-allocate part of the Unutilised Net Proceeds in the amount of RM4.7 million originally allocated for recommissioning of the Johor Plant to investing in coconut water collection station at the Perak Plant. For details, please refer to the Company’s annual report 2021 (section headed “Change in Use of the Net Proceeds and Reasons for Such Change” on page 94 and 95) and its announcement dated 2 March 2021.

As at 31 December 2022, the Unutilised Net Proceeds amounted to approximately RM0.7 million. After due and careful consideration on the business environment and the development needs of the Group, the Board has resolved to re-allocate the Unutilised Net Proceeds to general corporate purposes and working capital. For details, please refer to the Company’s annual report 2022 (section headed “Use of Net Proceeds from the Listing” on page 104).

During the 1H2023, the Net Proceeds have been fully utilised as intended. The following sets forth a summary of the original allocation of the Net Proceeds and its utilisation as at 30 June 2023 (before re-allocation).

Original of Use of Net Proceeds	Approximate original allocation of the Net Proceeds 1 January 2023 (RM 'million)	Approximate actual amount of the Net Proceeds utilised before 30 June 2023 (RM 'million)	Approximate actual amount of the Net Proceeds used during the six months ended 30 June 2023 (RM 'million)	Approximate unused amount of the Net Proceeds as at 30 June 2023 (RM 'million)	Further Information
Expanding and upgrading the production facilities at the Perak Plant	35.6	35.6	—	—	The full amount has been utilised as intended.
Recommissioning of the Johor Plant	4.7	4.7	—	—	Changed of intended use of the Net Proceeds and the full amount has been utilised as intended.
Advertising and promotion expenses	1.2	1.2	—	—	The full amount has been utilised as intended.
Investing in new equipment to enhance the R&D	1.2	0.5	0.7	—	Changed of intended use of the Net Proceeds and the full amount has been utilised as intended.
General corporate purposes and working capital	4.1	4.1	—	—	The full amount has been utilised as intended.
Total (Note)	<u>46.8</u>	<u>46.1</u>	<u>0.7</u>	<u>—</u>	

Note:

The Net Proceeds in RM were arrived at after taking into account the Year End HK\$:RM Rate.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly in USD and HK\$, and hence, is exposed to exchange rate fluctuations. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure closely and performs foreign currency transactions for the Group's cashflow needs in keeping the net foreign exchange exposure to an acceptable level.

DIVIDENDS

At a meeting of the Board held on 28 August 2023, the Directors resolved not to declare the payment of an interim dividend to the Shareholders for 1H2023.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 354 employees and 325 employees as at 30 June 2023 and 30 June 2022, respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programmes conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience.

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 achieving 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 30 June 2023 and the date of this announcement, there was no outstanding share option granted under the Share Option Scheme and no share option lapsed or was exercised or cancelled during 1H2023.

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 1H2023.

EVENTS AFTER THE REPORTING PERIOD

The Group is not aware of any important event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this announcement.

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 adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During 1H2023, the Company had complied with all of the mandatory disclosure requirements and code provisions as set out in the section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” of the CG Code. The Company is committed to implementing the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors (the “**INEDs**”) so that there is a strong independent element on the Board which can effectively exercise independent judgement.

Throughout the 1H2023, the Company had three INEDs, which was in compliance with the requirement of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) consists of three INEDs, namely Mr. Lee King Fui (chairman of the Audit Committee), Dato’ Mohd Ibrahim Bin Mohd Nor and Mr. Eng Hup Tat. The Audit Committee is responsible for reviewing the Company’s corporate governance policies and the Company’s compliance with the CG Code and will make recommendations to the Board accordingly.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the Directors’ securities transactions and all the Directors have confirmed, upon specific enquiries made by the Company, that they had complied with the Model Code during 1H2023.

REVIEW OF INTERIM GROUP RESULTS BY THE AUDIT COMMITTEE

The Audit Committee was established on 8 June 2017 with written terms of reference in compliance with code provision D.3 of the CG Code and Rule 3.22 of the Listing Rules. Such written terms of reference were revised on 1 January 2019 to conform with the requirements under the CG Code and the Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for 1H2023 (the “**Interim Group Results**”) and agreed to the accounting principles and practices adopted by the Group.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT 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 Interim Group Results will be published on the Company’s website (www.spfood.com) and of the Stock Exchange’s website (www.hkexnews.hk) in due course in the manner as required by the Listing Rules.

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

Hong Kong, 28 August 2023

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. Lee King Fui, Dato’ Mohd Ibrahim Bin Mohd Nor and Mr. Eng Hup Tat.