

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June		
	2022	2021	% of change
	RM	RM	
	(Unaudited)	(Unaudited)	
Revenue	49,421,471	43,494,431	13.63
Loss from operations	(201,206)	(8,689,006)	(97.68)
Net finance costs	(451,261)	(261,168)	72.79
Income tax expense	—	—	—
Loss attributable to:			
Owners of the Company	(651,929)	(8,949,570)	(92.72)
Non-controlling interest	(538)	(604)	(10.93)
	<u>(652,467)</u>	<u>(8,950,174)</u>	<u>(92.71)</u>

Consolidated Statement of Financial Position

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)	% of Change
Cash and cash equivalents	6,954,167	13,331,950	(47.84)
Loans and borrowings	33,592,470	34,933,641	(3.84)
Net current assets	27,458,185	31,812,869	(13.69)
Net assets	117,638,091	114,938,640	2.35

KEY FINANCIAL RATIOS

	Six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)	Change (% points)
Gross profit margin	17.0%	3.1%	>100
Return on equity (annualised)	4.8%	(12.2%)	>100

	30 June 2022 (Unaudited)	31 December 2021 (Audited)	
Current ratio (times) [#]	1.8	2.1	(14.29)

[#] *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 2022 (“**1H2022**”) together with the comparative unaudited figures for the corresponding period in 2021 (“**1H2021**”) and certain audited figures as at 31 December 2021. 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 2022

		Six months ended 30 June	
		2022	2021
		RM	RM
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	5	49,421,471	43,494,431
Cost of sales		(41,001,999)	(42,151,336)
Gross profit		8,419,472	1,343,095
Other income	6	2,412,182	206,848
Selling and distribution expenses		(2,105,676)	(2,072,881)
Administrative expenses		(4,973,729)	(5,459,490)
Other expenses		(3,953,455)	(2,706,578)
Loss from operations		(201,206)	(8,689,006)
Finance income	7	2,964	174,593
Finance costs	8	(454,225)	(435,761)
Net finance costs		(451,261)	(261,168)
Loss before taxation		(652,467)	(8,950,174)
Income tax expense		—	—
Loss for the period	9	(652,467)	(8,950,174)
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		3,351,918	2,066,195
Total comprehensive income/(loss) for the period		2,699,451	(6,883,979)

	Six months ended 30 June	
	2022	2021
	RM	RM
<i>Notes</i>	(Unaudited)	(Unaudited)
Loss attributable to:		
Owners of the Company	(651,929)	(8,949,570)
Non-controlling interest	(538)	(604)
	<hr/>	<hr/>
Loss for the period	<u>(652,467)</u>	<u>(8,950,174)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	2,702,230	(6,883,118)
Non-controlling interest	(2,779)	(861)
	<hr/>	<hr/>
Total comprehensive income/(loss) for the period	<u>2,699,451</u>	<u>(6,883,979)</u>
Basic and diluted loss per share (expressed in Sen)	<u>(0.06)</u>	<u>(0.83)</u>
	<hr/>	<hr/>

10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022	31 December 2021
		<i>RM</i>	<i>RM</i>
	<i>Notes</i>	(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment	<i>11</i>	107,725,587	103,732,225
Right-of-use assets	<i>12</i>	5,089,239	5,260,107
Deferred tax assets		141,023	141,023
		112,955,849	109,133,355
Current assets			
Inventories	<i>13</i>	25,122,391	23,000,185
Current tax asset		1,894,737	1,838,896
Trade and other receivables	<i>14</i>	25,756,246	21,036,536
Pledged time deposits	<i>15</i>	2,120,417	2,120,417
Cash and cash equivalents	<i>16</i>	6,954,167	13,331,950
		61,847,958	61,327,984
Total Assets		174,803,807	170,461,339
Equity and Liabilities			
Equity			
Share capital		5,941,706	5,941,706
Share premium		58,707,916	58,707,916
Reserves		52,926,665	50,224,435
Total equity attributable to equity shareholders of the Company		117,576,287	114,874,057
Non-controlling interest		61,804	64,583
Total Equity		117,638,091	114,938,640

		30 June	31 December
		2022	2021
		<i>RM</i>	<i>RM</i>
	<i>Notes</i>	(Unaudited)	(Audited)
<u>Liabilities</u>			
Non-current liabilities			
Loans and borrowings	17	21,575,110	24,794,460
Lease liabilities	18	16,161	28,452
Deferred tax liabilities		1,184,672	1,184,672
		<u>22,775,943</u>	<u>26,007,584</u>
Current Liabilities			
Loans and borrowings	17	12,017,360	10,139,181
Lease liabilities	18	154,127	239,679
Trade and other payables	19	19,850,080	17,223,916
Contract liabilities		2,368,206	1,912,339
		<u>34,389,773</u>	<u>29,515,115</u>
Total Liabilities		<u>57,165,716</u>	<u>55,522,699</u>
Total equity and liabilities		<u>174,803,807</u>	<u>170,461,339</u>
Total assets less current liabilities		<u>140,414,034</u>	<u>140,946,224</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Other Reserve	Translation reserve	Retained earnings			
	RM	RM	RM	RM	RM	RM	RM	RM
(Audited)								
As at 1 January 2021	5,941,706	58,707,916	150,200	(3,312,941)	54,841,064	116,327,945	67,239	116,395,184
Foreign currency translation differences for foreign operations	—	—	—	1,949,092	—	1,949,092	(419)	1,948,673
Other comprehensive income for the year	—	—	—	1,949,092	—	1,949,092	(419)	1,948,673
Loss for the year	—	—	—	—	(3,402,980)	(3,402,980)	(2,237)	(3,405,217)
Total comprehensive loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,942,092</u>	<u>(3,402,980)</u>	<u>(1,453,888)</u>	<u>(2,656)</u>	<u>(1,456,544)</u>
At 31 December 2021/ 1 January 2022	5,941,706	58,707,916	150,200	(1,363,849)	51,438,084	114,874,057	64,583	114,938,640
(Unaudited)								
Foreign currency translation differences for foreign operations	—	—	—	3,354,159	—	3,354,159	(2,241)	3,351,918
Other comprehensive income for the period	—	—	—	3,354,159	—	3,354,159	(2,241)	3,351,918
Loss for the period	—	—	—	—	(651,929)	(651,929)	(538)	(652,467)
Total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,354,159</u>	<u>(651,929)</u>	<u>2,702,230</u>	<u>(2,779)</u>	<u>2,699,451</u>
At 30 June 2022	<u>5,941,706</u>	<u>58,707,916</u>	<u>150,200</u>	<u>1,990,310</u>	<u>50,786,155</u>	<u>117,576,287</u>	<u>61,804</u>	<u>117,638,091</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022	2021
		RM (Unaudited)	RM (Unaudited)
Cash flows from operating activities			
Loss before tax		(652,467)	(8,950,174)
Adjustments for:			
Depreciation of property, plant and equipment	9	3,020,302	3,067,843
Depreciation of right-of-use assets	9	302,280	353,772
Property, plant and equipment written off	9	1,633	—
Inventory written off	9	612,857	157,578
Net loss on unrealised foreign exchange differences		4,747,439	2,760,569
Finance costs	8	454,225	435,761
Finance income	7	(2,964)	(174,593)
Operating profit/(loss) before working capital changes		8,483,305	(2,349,244)
(Increase)/Decrease in inventories		(2,735,063)	3,846,033
Increase in trade and other receivables		(4,700,203)	(5,070,992)
(Decrease)/Increase in trade and other payables		(107,448)	6,210,900
Increase/(Decrease) in contract liabilities		455,867	(363,293)
Cash generated from operations		1,396,458	2,273,404
Income tax paid		(64,206)	(136,481)
Net cash from operating activities		1,332,252	2,136,923
Cash flows used in investing activities			
Acquisition of property, plant and equipment		(4,506,783)	(7,965,360)
Decrease in derivative financial asset		—	262,940
Interest received		2,964	174,593
Net cash used in investing activities		(4,503,819)	(7,527,827)

	Six months ended 30 June	
	2022	2021
	<i>RM</i>	<i>RM</i>
<i>Notes</i>	(Unaudited)	(Unaudited)
Cash flows used in financing activities		
Repayments of bank loans	(1,697,365)	(4,243,440)
Interest and other borrowing costs paid	(450,051)	(426,834)
Capital element of finance leases paid	(137,535)	(192,073)
Interest element of finance leases paid	(4,174)	(8,927)
	<u>(2,289,125)</u>	<u>(4,871,274)</u>
Net cash used in financing activities		
	(2,289,125)	(4,871,274)
Net decrease in cash and cash equivalents	(5,460,692)	(10,262,178)
Cash and cash equivalents at 1 January	13,331,950	32,592,186
Effect of foreign exchange rate changes	(917,091)	1,956,094
	<u>(917,091)</u>	<u>1,956,094</u>
Cash and cash equivalents at 30 June	16	
	<u>6,954,167</u>	<u>24,286,102</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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 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 1H2022 (the “**Interim Condensed Consolidated Financial Information**”), which has not been audited, was reviewed and approved for issue by the Board on 25 August 2022.

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 2021 (“**FY2021**”) and described in the annual report of the Company for FY2021 (the “**2021 Annual Report**”), except for the adoption of the following, which became effective for the financial years beginning on or after 1 January 2022:

- Amendments to IFRS 1, IFRS 9, IAS 16, IAS 37, IAS 41, IFRS 3 and IFRS 16

The adoption of the above amendments to IFRSs 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 2021 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	
	2022	2021
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— Coconut related food and beverage products	46,324,361	40,595,194
— Others	3,097,110	2,899,237
	<u>49,421,471</u>	<u>43,494,431</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	
	2022	2021
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
South East Asia	16,036,995	18,120,674
Middle East	7,323,810	6,557,742
West Indies	14,779,875	11,107,960
North America	5,885,684	1,290,748
East Asia	3,778,167	3,199,265
Other regions	1,616,940	3,218,042
	<u>49,421,471</u>	<u>43,494,431</u>

6. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<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	566,647	116,848
	<u>2,412,182</u>	<u>206,848</u>

7. FINANCE INCOME

	Six months ended 30 June	
	2022	2021
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Interest income of financial assets calculated using the effective interest method at amortised cost	<u>2,964</u>	<u>174,593</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Interest expense of financial liabilities that are not at fair value through profit and loss	450,051	426,834
Interest expense on lease liabilities	4,174	8,927
	<u>454,225</u>	<u>435,761</u>

9. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RM	RM
	(Unaudited)	(Unaudited)
Auditors' remuneration	165,631	143,075
Depreciation of property, plant and equipment	3,020,302	3,067,843
Depreciation of right-of-use assets	302,280	353,772
Property, plant and equipment written off	1,633	—
Inventory written off	612,857	157,578
Net loss on foreign exchange differences	3,953,455	2,706,578
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	6,122,863	6,872,185
— Contributions to Employees' Provident Fund	472,813	461,549

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Loss attributable to equity shareholders of the Company (<i>expressed in RM</i>)	<u>(651,929)</u>	<u>(8,949,570)</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>(0.06)</u>	<u>(0.83)</u>

As at 30 June 2022 and 2021, 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. PROPERTY, PLANT AND EQUIPMENT

	Freehold land <i>RM</i>	Factory and other buildings <i>RM</i>	Plant and machinery <i>RM</i>	Motor vehicles <i>RM</i>	Furniture, fitting and equipment <i>RM</i>	Construction in progress <i>RM</i>	Total <i>RM</i>
(Audited)							
Cost							
At 1 January 2021	8,997,828	26,370,302	74,586,239	689,720	4,437,684	4,683,654	119,765,427
Additions	—	267,463	4,351,913	—	196,071	14,701,499	19,516,946
Written-offs	—	—	(670,827)	—	(37,201)	(96,149)	(804,177)
Reclassifications	—	(12,780,112)	(6,835,260)	—	2,200	(5,947,052)	—
At 31 December 2021/ 1 January 2022	8,997,828	39,417,877	71,432,065	689,720	4,598,754	13,341,952	138,478,196
(Unaudited)							
Additions	—	120,839	1,263,515	—	29,625	5,601,318	7,015,297
Written-offs	—	—	(1,700)	—	(10,642)	(855)	(13,197)
Reclassifications	—	—	94,500	—	—	(94,500)	—
As of 30 June 2022	8,997,828	39,538,716	72,788,380	689,720	4,617,737	18,847,915	145,480,296
(Audited)							
Accumulated depreciation							
At 1 January 2021	—	4,392,304	21,951,530	678,913	2,962,507	—	29,985,254
Charge for the year	—	955,958	3,796,582	2,400	520,287	—	5,275,227
Write offs	—	—	(480,989)	—	(33,521)	—	(514,510)
At 31 December 2021/ January 2022	—	5,348,262	25,267,123	681,313	3,449,273	—	34,745,971
(Unaudited)							
Charge for the period	—	599,932	2,163,149	1,199	256,022	—	3,020,302
Write offs	—	—	(924)	—	(10,640)	—	(11,564)
As of 30 June 2022	—	5,948,194	27,429,348	682,512	3,694,655	—	37,754,709
Carrying amounts							
(Audited)							
As of 31 December 2021	8,997,828	34,069,615	46,164,942	8,407	1,149,481	13,341,952	103,732,225
(Unaudited)							
As of 30 June 2022	8,997,828	33,590,522	45,359,032	7,208	923,082	18,847,915	107,725,587

12. RIGHT-OF-USE ASSETS

Group	Land <i>RM</i>	Buildings <i>RM</i>	Others <i>RM</i>	Total <i>RM</i>
(Audited)				
At 1 January 2021	318,898	5,177,518	73,553	5,569,969
Additions	—	305,737	124,316	430,053
Depreciation	(53,145)	(474,832)	(144,290)	(671,267)
Termination	(45,325)	—	(23,323)	(68,648)
	<u>221,428</u>	<u>5,008,423</u>	<u>30,256</u>	<u>5,260,107</u>
At 31 December 2021/ 1 January 2022	221,428	5,008,423	30,256	5,260,107
(Unaudited)				
Additions	—	—	39,692	39,692
Depreciation	(4,152)	(225,466)	(72,662)	(302,280)
Adjustment	—	—	91,720	91,720
	<u>217,276</u>	<u>4,782,957</u>	<u>89,006</u>	<u>5,089,239</u>
As at 30 June 2022	<u>217,276</u>	<u>4,782,957</u>	<u>89,006</u>	<u>5,089,239</u>

13. INVENTORIES

	30 June 2022 <i>RM</i> (Unaudited)	31 December 2021 <i>RM</i> (Audited)
Packaging and raw materials	7,608,919	7,901,961
Semi-finished goods	8,891,524	5,683,694
Finished goods	8,621,948	9,414,530
	<u>25,122,391</u>	<u>23,000,185</u>
The amount of inventories recognised as an expense is as follows:		
Carrying amount of inventories sold	<u>40,999,758</u>	<u>81,093,132</u>

14. TRADE AND OTHER RECEIVABLES

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Trade receivables	19,514,983	16,055,887
Deposits, prepayments and other receivables	6,241,263	4,980,649
	<u>25,756,246</u>	<u>21,036,536</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 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Within 1 month	11,801,425	6,426,225
Over 1 month to 2 months	7,034,278	4,551,834
Over 2 months to 3 months	605,843	4,719,041
Over 3 months	73,437	358,787
	<u>19,514,983</u>	<u>16,055,887</u>

15. PLEDGED TIME DEPOSITS

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Time deposits pledged with a licensed bank	<u>2,120,417</u>	<u>2,120,417</u>

The current time deposits are pledged to a bank to secure a loan of a subsidiary for a tenure of 5 years with effective interest rates range from 3.30% to 3.65% per annum. The maturities of these time deposits are 6 months and/or 12 months.

16. CASH AND CASH EQUIVALENTS

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Cash on hand	65,158	14,908
Balances with licensed banks	6,889,009	13,317,042
	<hr/>	<hr/>
Cash and cash equivalents	<u>6,954,167</u>	<u>13,331,950</u>

17. LOANS AND BORROWINGS

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Non-current		
Term loans — secured	21,575,110	24,794,460
Current		
Term loans — secured	12,017,360	10,139,181
	<hr/>	<hr/>
	<u>33,592,470</u>	<u>34,933,641</u>

The bank loans are secured over certain assets of the Group as disclosed under “Pledge of Assets” on page 27 of this announcement.

18. LEASES

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Within 1 year	<u>154,127</u>	<u>239,679</u>
After 1 year but within 2 years	16,161	24,980
After 2 years but within 5 years	<u>—</u>	<u>3,472</u>
	<u>16,161</u>	<u>28,452</u>
	<u>170,288</u>	<u>268,131</u>

19. TRADE AND OTHER PAYABLES

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Trade payables	8,731,802	7,734,585
Other payables and accruals	<u>11,118,278</u>	<u>9,489,331</u>
	<u>19,850,080</u>	<u>17,223,916</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 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Within 1 month	4,328,865	4,912,303
1 to 3 months	2,694,389	2,096,087
3 to 6 months	1,708,548	726,195
	<u>8,731,802</u>	<u>7,734,585</u>

20. OTHER RESERVE

Other reserve of the Company represents the difference between the par value of the Company's shares issued and the equity in Edaran Bermutu Sdn. Bhd., Radiant Span Sdn. Bhd., Rasa Mulia Sdn. Bhd. and Shifu Ingredients Sdn. Bhd. acquired from the controlling shareholders on 29 December 2016 pursuant to the share swap as if the current group structure and share swap had occurred on 1 January 2016.

21. DIVIDENDS

At a meeting of the Board held on 25 August 2022, the Directors resolved not to declare the payment of an interim dividend to the shareholders of the Company (the "Shareholders") for 1H2022.

22. 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 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Property, plant and equipment		
Authorised but not contracted for	7,105,090	7,105,090
Contracted but not provided for	4,730,309	6,516,002
Total	<u>11,835,399</u>	<u>13,621,092</u>

23. 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	
	2022	2021
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits	832,760	1,226,942
Contributions to Employees' Provident Fund	78,552	114,685
	<u>911,312</u>	<u>1,341,627</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).

With the easing of the novel coronavirus disease 2019 (the "**COVID-19**") restrictions and reopening of borders globally, during 1H2022, the Group achieved a 13.63% growth in revenue mainly from its coconut-based food and beverage products and approximately five times improvement in gross profit margin compared to 1H2021 resulted from various control measures adopted to reduce the cost of production.

FINANCIAL REVIEW

The Group recognised approximately RM49.42 million in revenue for 1H2022, representing an increase of approximately 13.63%, or RM5.93 million, when compared with that for 1H2021 of approximately RM43.49 million. The increase in revenue was largely attributed to the sales of coconut-based food and beverages.

The Group's cost of sales reduced by approximately 2.73%, or RM1.15 million, from approximately RM42.15 million for 1H2021 to approximately RM41.00 million for 1H2022. The reduction in cost of sales attributable to various cost control measures adopted.

Consequently, the gross profit of the Group for 1H2022 increased by approximately RM7.08 million or 526.87% as compared to 1H2021 and the gross profit margin of the Group for 1H2022 was 17.04% as compared to 1H2021 at 3.09%.

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 1H2022 was RM46.32 million, representing an increase of approximately RM5.72 million, when compared with that for 1H2021 of approximately RM40.60 million. The increase in revenue was largely attributed to increase in sales of coconut food and beverages as discussed in the Business Review section above.

Other revenue is mainly made up of sales of rice dumplings (ketupat), toasted coconut paste (kerisik) and freight charges to customers. In 1H2022, other revenue was approximately RM3.10 million, representing an approximately 6.83% increase from RM2.90 million posted in 1H2021.

Other Income

In 1H2022, the Group's other income comprised mainly from the insurance claims of RM1.76 million as compensation for fire damage of the Perak Plant's machineries, rental income, sale of scrap items and other sundry income of RM0.65 million, the total of which increased by approximately RM2.20 million for 1H2022 as compared to that of approximately RM0.21 million of 1H2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses of approximately RM2.11 million for 1H2022 were largely remained approximately the same as 1H2021 of RM2.07 million.

Administrative Expenses

The Group's administrative expenses of approximately RM4.97 million for 1H2022 were approximately RM0.49 million lower than those of approximately RM5.46 million for 1H2021. This was primarily attributed to cost-cutting measures implemented by the Group in response to the challenges caused by the COVID-19.

Other Expenses

The Group's other expenses for 1H2022 of approximately RM3.95 million related mainly to foreign exchange translation losses, represented by an increase of approximately RM1.24 million from approximately RM2.71 million for 1H2021. The foreign exchange loss arose primarily from the weakening of the RM against the United States Dollar ("USD") during 1H2022.

Net Finance Costs

In 1H2022, the Group incurred approximately RM0.45 million of net finance costs as compared to approximately RM0.26 million in 1H2021. The net finance costs incurred was mainly from the borrowings cost 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 1H2022 and 1H2021 due to the loss position of the Group.

Loss Attributable to Equity Shareholders

The Group recorded a loss attributable to equity shareholders of approximately RM0.65 million for 1H2022 and approximately RM8.95 million for 1H2021. This was primarily attributed to the increase in gross profit for reasons as discussed above.

FUTURE PROSPECTS AND STRATEGIES

Notwithstanding the loss reported for 1H2022 has reduced significantly as compared to 1H2021, the business outlook is expected to be challenging and uncertain due to the threat from geopolitical instability, volatility of energy prices and rising interest rates.

Nevertheless, the Group remains optimistic on its long-term prospects and profitability due to the global demand of the coconut-based food and beverage products, in particular coconut milk and coconut water.

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.

EFFECTS OF COVID-19 ON OUR GROUP UP TO AUGUST 2022

During 1H2022, Malaysia and most of other countries were in the transition from pandemic into the endemic phase. Due to the opening of borders globally, the negative impact of the COVID-19 on the Group's business has been gradually reduced.

Nevertheless, it will be an ongoing effort of the Directors to take appropriate timely measures to react to change of circumstances that may still arise from the COVID-19.

In compliance with the Listing Rules, the Directors will make the necessary announcements if they become aware of any circumstances which may adversely affect the financial and operational performance of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a solid financial position and was in a net cash position as at 30 June 2022. The Group was able to repay its obligations when they became due in the ordinary and usual course of business in 1H2022.

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 2022, the Group's cash and cash equivalents were approximately RM6.95 million, representing a reduction of approximately RM6.38 million as compared with those of approximately RM13.33 million as at 31 December 2021 as detailed in the Interim Condensed Consolidated Statement of Cash Flows on pages 8 to 9 of this announcement.

LOANS AND BORROWINGS

As at 30 June 2022, the loans and borrowings amounted to approximately RM33.59 million, representing a decrease of approximately RM1.34 million as compared to those of approximately RM34.93 million as at 31 December 2021 due to the repayment of the Group's term loan facility.

PLEDGE OF ASSETS

As at 30 June 2022 and 31 December 2021, the net book value of assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	30 June 2022 RM (Unaudited)	31 December 2021 RM (Audited)
Freehold land	1,227,196	1,227,196
Factory buildings and other buildings	20,550,895	20,929,624
Plant and machinery	37,032,847	38,461,067
	<u>58,810,938</u>	<u>60,617,887</u>

CAPITAL EXPENDITURES

During 1H2022, the Group had incurred capital expenditure of approximately RM7.02 million as compared to that of approximately RM7.97 million in 1H2021. The capital expenditure was mainly related to the construction works at the Group's Perak Plant for the purposes of facility expansion and upgrade and purchase of property, plant and equipment.

GEARING RATIO

Gearing ratio equals total debt divided by total asset. As at 30 June 2022, the Group's gearing ratio was approximately 0.327 times (31 December 2021: 0.326 times).

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL CAPITAL COMMITMENTS

Save as disclosed in Note 22 on page 21 of this announcement, the Group did not hold any significant investments or have any plan for material capital commitments as at 30 June 2022.

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 1H2022 and 1H2021.

USE OF NET PROCEEDS FROM THE LISTING

Original Use of Proceeds from Initial Public Offering (the “IPO”)

Reference is made to the prospectus of the Company dated 29 June 2017 (the “**Prospectus**”) in relation to the Listing and the IPO of 270,000,000 Shares at HK\$0.48 per Share.

As disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, the Company originally intended to use the net proceeds from the IPO after deducting the relevant one-off and non-recurring listing expenses (the “**Net Proceeds**”) for the following purposes:

- (i) approximately HK\$75.5 million, representing approximately 76.0% of the Net Proceeds, for expanding and upgrading the Group’s production facilities at the Perak Plant and facilitating the production of the Group’s coconut milk products by acquiring and installing machinery and equipment for coconut milk production;
- (ii) approximately HK\$9.9 million, representing approximately 10.0% of the Net Proceeds, will be used for recommissioning of the Group’s production facility located at Parit Raja, Johor, Malaysia (the “**Johor Plant**”), which would increase the Group’s annual maximum production capacity of its CCP and LFDC by approximately 2,000 metric tonnes (“**MT**”) and 1,800 MT respectively;
- (iii) approximately HK\$2.5 million or 2.5% of the Net Proceeds will be used for advertising and promotion expenses, to facilitate the sales and marketing efforts of the Group in sourcing new customers in different countries;
- (iv) approximately HK\$2.5 million or 2.5% of the Net Proceeds will be used for investing in new equipment (such as oil extraction equipment) to enhance the Group’s research and development (the “**R&D**”) capabilities; and
- (v) approximately HK\$9.0 million or 9.0% of the Net Proceeds will be used for the Group’s general corporate purposes and working capital.

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 30 June 2022, the Group has utilised approximately RM46.1 million of the Net Proceeds, while approximately RM0.7 million remained unutilised. The following sets forth a summary of the original allocation of the Net Proceeds and its utilisation as at 30 June 2022 (before re-allocation).

Original of Use of Net Proceeds	Approximate original allocation of the Net Proceeds (RM 'million)	Approximate actual amount of the Net Proceeds utilized before 1 January 2022 (RM 'million)	Approximate actual amount of the Net Proceeds used during the six months ended 30 June 2022 (RM 'million)	Approximate unused amount of the Net Proceeds as at 30 June 2022 (RM 'million)	Further Information
Expanding and upgrading the production facilities at the Perak Plant	35.6	35.6	—	—	The full amount has been utilized as intended.
Recommissioning of the Johor Plant	4.7	4.7	—	—	Change of intended use of the Net Proceeds and the full amount has been utilized as intended. Please see below for details.
Advertising and promotion expenses	1.2	1.2	—	—	The full amount has been utilized as intended.
Investing in new equipment to enhance the R&D	1.2	0.5	—	0.7	Changed of planned utilisation and to be utilised by 31 December 2022. Please see below for details.
General corporate purposes and working capital	4.1	4.1	—	—	The full amount has been utilized as intended.
Total (Note)	46.8	46.1	—	0.7	

Note:

The 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”.

Change In Use of the Net Proceeds and Reasons for Such Change

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 (the “**CW Station**”) at the Perak Plant.

The expected timeline for the fully utilisation of the Unutilised Net Proceeds (including investing in the CW Station and investing in new equipment to enhance the R&D) is by 31 December 2022.

At the time of the IPO, the Group's intention was to recommission the Johor Plant, which would increase the annual production capacity of CCP and LFDC by 2,000 MT and 1,800 MT respectively. However, due to changes in the current market conditions, the sales demand level of the Group's CCP is lower than as was originally anticipated at the time of the IPO. Therefore, there is no immediate need to recommission the Johor Plant as the capacity of the Perak Plant is adequate to meet the current demand. In view of the above, it would not be in the best interests of the Company and its shareholders to recommission the Johor Plant, until after the capacity of the Perak Plant has exceeded its optimum level.

As further stated in the Prospectus, approximately 76% of the Net Proceeds were to be used for expanding and upgrading the production facilities at the Perak Plant, of which have now been fully utilized. The Perak Plant is now capable of producing CCP, LFDC, coconut milk and coconut water. The main raw material for the above products is white kernels produced from mature raw coconuts. Currently, the Group sources both raw coconuts and white kernels from third party suppliers.

Before the commissioning of the CW Station, as part of the production process, raw coconut water (which is contained inside the raw coconuts) will be thrown away. In view of the increased global demand for packaged coconut water, the Group had identified coconut water as a new source of revenue and intends to collect such raw coconut water to be packaged for sale.

As such, the Group has resolved to apply the RM4.7 million originally earmarked for the Johor Plant of the Unutilised Net Proceeds to invest in the CW Station. The CW Station allows the Group to collect raw coconut water in a controlled and hygienic environment, and use the existing production facilities at the Perak Plant to pack such coconut water into convenient packs for sale. In addition, it also allows the Group to produce more white kernels in-house for its own use and generate more coconut shells to be used in its current biomass boiler, which is an environmentally friendly source of heat.

The Board is of the view that the re-allocation of the Unutilised Net Proceeds will be able to meet the Group's current business and operational needs and is in line with the Group's latest plan of business development. The Board also considers that the change in the use of the Unutilised Net Proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

Reference is made to the Company's announcement dated 2 March 2021, unless otherwise defined herein, capitalised terms used in this paragraph shall have the same meanings as those defined in the announcement dated 2 March 2021. S&P Industries Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company and as the Project Owner) has awarded a construction contract to S P Mega-Marightharta Sdn. Bhd. (an independent third party and as the Contractor) by way of the Letter of Award with contract sum of RM13.41 million

(equivalent to approximately HK\$25.66 million) in relation to construction works at the Group's Perak Plant for the purposes of facility expansion and upgrade. The construction was funded by the internal resources of the Group, including the remaining net proceeds of RM4.7 million from the IPO originally allocated for recommissioning of the Johor Plant to investing in coconut water collection and has been completed in May 2022 pending the issuance of the certificate of completion and compliance.

As at 30 June 2022, the remaining unutilised Net Proceeds amounted to approximately RM0.7 million which have been planned to be utilised by 31 December 2021. However, due to the spread of COVID-19 which affected the progress of enhancing the R&D of the Group and the expected timeline for the full utilisation of the unutilised Net Proceeds has been changed to 31 December 2022.

Saved for the above, the Directors are not aware of any material change to the planned use of the Net Proceeds as at the date of this announcement.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly in USD and Hong Kong dollars (“**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.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 325 employees and 331 employees as at 30 June 2022 and 30 June 2021, 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 (the “**Adoption Date**”) 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 2022 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 1H2022.

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 1H2022.

EVENTS AFTER THE REPORTING PERIOD

The Group is not aware of any important event requiring disclosure that has taken place subsequent to 30 June 2022 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 applied and complied with all the applicable code provisions in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules for 1H2022.

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 1H2022.

REVIEW OF INTERIM GROUP RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board (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 1H2022 (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, 25 August 2022

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, Mr. Lim Sey Hock and Dato' Mohd Ibrahim Bin Mohd Nor.