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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL HIGHLIGHTS**

#### **KEY FINANCIAL PERFORMANCE**

#### **Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December**

	<b>2022</b>	<b>2021</b>	<b>% of change</b>
	<b>RM</b>	<b>RM</b>	
Revenue	<b>91,623,708</b>	92,657,153	(1.12)
Profit/(Loss) from operations	<b>1,221,678</b>	(5,369,105)	>100
After charging:			
Net finance costs	<b>(1,264,808)</b>	(439,253)	>100
Income tax (expense)/credit	<b>(847,235)</b>	2,403,141	>100
Loss for the year	<b>(890,365)</b>	(3,405,217)	(73.85)

## Consolidated Statement of Financial Position as at 31 December

	<b>2022</b>	2021	<b>% of change</b>
	<b>RM</b>	<b>RM</b>	
Cash and cash equivalents	<b>4,299,479</b>	13,331,950	(67.75)
Loans and borrowings	<b>38,194,623</b>	34,933,641	9.33
Total assets less current liabilities	<b>138,228,971</b>	140,946,224	(1.93)
Net assets	<b>117,552,220</b>	114,938,640	2.27

## KEY FINANCIAL RATIOS FOR THE YEAR ENDED 31 DECEMBER

	<b>2022</b>	2021	<b>change in % point/ % of change</b>
Gross profit margin	<b>15.5%</b>	11.9%	3.6
Return on equity	<b>(0.8%)</b>	(3.0%)	(2.2)
Current ratio (times) <sup>#</sup>	<b>1.5</b>	2.1	(28.57)

<sup>#</sup> Dividing current assets by current liabilities as at the end of the reporting year.

## FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of S&P International Holding Limited (the “**Company**”) hereby announces the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (“**FY2022**”), together with the comparative figures for the year ended 31 December 2021 (“**FY2021**”) and selected explanatory notes. All amounts set out in this announcement are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

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

*For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
<b>Revenue</b>	5	<b>91,623,708</b>	92,657,153
Cost of sales		<b>(77,411,244)</b>	(81,663,857)
<b>Gross profit</b>		<b>14,212,464</b>	10,993,296
Other income	6	<b>4,954,240</b>	2,002,370
Selling and distribution expenses		<b>(4,514,601)</b>	(4,330,383)
Administrative expenses		<b>(9,161,659)</b>	(10,623,802)
Other expenses		<b>(4,268,766)</b>	(3,410,586)
<b>Profit/(Loss) from operations</b>		<b>1,221,678</b>	(5,369,105)
Finance income	7	<b>44,259</b>	374,239
Finance costs	8	<b>(1,309,067)</b>	(813,492)
Net finance costs		<b>(1,264,808)</b>	(439,253)
<b>Loss before taxation</b>		<b>(43,130)</b>	(5,808,358)
Income tax (expense)/credit	9	<b>(847,235)</b>	2,403,141
<b>Loss for the year</b>	10	<b>(890,365)</b>	(3,405,217)

	<i>Note</i>	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
<b>Other comprehensive income for the year, net of tax</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		<u>3,503,945</u>	<u>1,948,673</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><b>2,613,580</b></u>	<u><b>(1,456,544)</b></u>
<b>Loss attributable to:</b>			
Equity shareholders of the Company		<u>(888,885)</u>	<u>(3,402,980)</u>
Non-controlling interest		<u>(1,480)</u>	<u>(2,237)</u>
<b>Loss for the year</b>		<u><b>(890,365)</b></u>	<u><b>(3,405,217)</b></u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity shareholders of the Company		<u>2,615,026</u>	<u>(1,453,888)</u>
Non-controlling interest		<u>(1,446)</u>	<u>(2,656)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><b>2,613,580</b></u>	<u><b>(1,456,544)</b></u>
<b>Basic and diluted loss per ordinary share (expressed in Sen):</b>	<i>11</i>	<u><b>(0.08)</b></u>	<u><b>(0.32)</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>114,534,460</b>	103,732,225
Right-of-use assets		<b>5,272,141</b>	5,260,107
Deferred tax assets		<b>151,915</b>	141,023
		<hr/>	<hr/>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>119,958,516</b>	109,133,355
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories	<i>13</i>	<b>30,273,488</b>	23,000,185
Current tax asset		<b>2,020,019</b>	1,838,896
Trade and other receivables	<i>14</i>	<b>14,362,781</b>	21,036,536
Pledged time deposits		<b>2,158,217</b>	2,120,417
Cash and cash equivalents		<b>4,299,479</b>	13,331,950
		<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>		<b>53,113,984</b>	61,327,984
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>173,072,500</b>	170,461,339
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		<b>5,941,706</b>	5,941,706
Share premium		<b>58,707,916</b>	58,707,916
Reserves		<b>52,839,461</b>	50,224,435
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		<b>117,489,083</b>	114,874,057
Non-controlling interest		<b>63,137</b>	64,583
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>117,552,220</b>	114,938,640
		<hr/>	<hr/>

	<i>Note</i>	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	<i>15</i>	<b>18,365,820</b>	24,794,460
Lease liabilities		<b>274,850</b>	28,452
Deferred tax liabilities		<b>2,036,081</b>	1,184,672
		<hr/>	<hr/>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,676,751</b>	26,007,584
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	<i>15</i>	<b>19,828,803</b>	10,139,181
Lease liabilities		<b>241,288</b>	239,679
Trade and other payables	<i>16</i>	<b>12,713,115</b>	17,223,916
Contract liabilities	<i>17</i>	<b>2,060,323</b>	1,912,339
		<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		<b>34,843,529</b>	29,515,115
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>55,520,280</b>	55,522,699
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>173,072,500</b>	170,461,339
		<hr/> <hr/>	<hr/> <hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>138,228,971</b>	140,946,224
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is an investment holding company. The Group is principally engaged in manufacturing and distribution of coconut based food and beverage products such as coconut cream powder, low fat desiccated coconut, coconut milk and coconut water. The Group also manufactures other food products such as non-dairy creamer and other traditional South-east Asian traditional food ingredients such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

The Company was incorporated as an exempted company and registered with limited liability in the Cayman Islands under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 November 2016. The address of its registered office is 89, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands and its principal place of business in Hong Kong is located at 31/F, 148 Electric Road, North Point, Hong Kong.

The Company's ordinary shares in issue were listed and traded 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 (the "**BVI**") with limited liability on 8 November 2016. TYJ 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.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The annual results set out in this announcement do not constitute the Group's financial statements for FY2022 but are extracted from those financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Main Board of Stock Exchange (the “Listing Rules”).

#### Application of new or amended standards

In the current year, the Group has applied a number of amendments that become effective mandatorily for the financial periods beginning on or after 1 January 2022. The adoption of the amendments does not have significant impact on the disclosures or on the amounts reported in these financial statements.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### **(c) Functional and presentation currency**

The Company and other investment holding subsidiaries incorporated in the Cayman Islands, the BVI and Hong Kong have their functional currencies in Hong Kong Dollar (“HK\$”) and other subsidiaries established in Malaysia, Singapore and Thailand have their functional currencies in RM and Singapore Dollar and Thai Baht, respectively. As the Group mainly operates in Malaysia, RM is used as the presentation currency of the financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are consistent with those described in the Company’s annual report for FY2021.



#### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed below:

##### **Impairment of property, plant and equipment**

Annually, the Group carries out a review of impairment indication on property, plant and equipment. Where there is indicator of impairment, the Group estimates the recoverable amount of the property, plant and equipment. The recoverable amount of the property, plant and equipment is estimated based on value-in-use calculations and/or fair value less costs to sell. The value-in-use is determined by discounting the future cash flows generated from the continuing use of the property, plant and equipment and the projected cash flows were prepared based on the financial projections approved by the Directors. The values assigned to the key assumptions used in the calculations represent management's estimate of the future income and expenditure which involve significant management's estimations based on various factors at the reporting date. The Group assessed the recoverable amounts of certain assets after considering the utilisation of those assets and other factors.

During the year ended 31 December 2022, the Group considered that no impairment loss was necessary. The Group has made key assumptions and estimates on the appropriate discount rate, estimated income and expenses. The discount rate adopted in the impairment test model by the Group was 8% (2021: 8%).

## 5. REVENUE AND SEGMENT INFORMATION

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

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

	<b>2022</b>	2021
	<b><i>RM</i></b>	<i>RM</i>
Revenue from contracts with customers		
— Coconut related products	<b>84,392,486</b>	86,659,048
— Others	<b><u>7,231,222</u></b>	<u>5,998,105</u>
	<b><u><u>91,623,708</u></u></b>	<u><u>92,657,153</u></u>

The chief operating decision maker of the Group assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the manufacturing and distribution of coconut cream powder, low fat desiccated coconut, 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.

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
West Indies	<b>21,153,249</b>	17,671,144
South East Asia	<b>29,016,169</b>	35,553,869
Middle East	<b>14,991,107</b>	11,865,057
North America	<b>6,576,323</b>	5,387,633
East Asia	<b>6,252,702</b>	9,085,334
Other regions	<b>13,634,158</b>	13,094,116
	<b><u>91,623,708</u></b>	<b><u>92,657,153</u></b>

The Group's non-current assets are all located in Malaysia with an aggregate amount of RM119,958,516 (2021: RM109,133,355).

## Major customers

Company A (2021: Company A and B) is the customer (including all common control companies) with revenue equal or more than 10% (2021: 10%) of the Group's total revenue:

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Company A	<b><u>28,395,893</u></b>	<b><u>22,884,062</u></b>
Company B	<b><u>—</u></b>	<b><u>13,329,162</u></b>

## 6. OTHER INCOME

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Income from subleasing of right-of-use assets	<b>180,000</b>	180,000
Gain on foreign exchange	<b>484,079</b>	734,805
Insurance claims	<b>3,398,710</b>	50,277
Others	<b>891,451</b>	1,037,288
	<b><u>4,954,240</u></b>	<b><u>2,002,370</u></b>

## 7. FINANCE INCOME

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Interest income of financial assets calculated using the effective interest method at amortised cost	<b>6,459</b>	253,822
Interest income from pledged time deposit	<b>37,800</b>	120,417
	<b><u>44,259</u></b>	<b><u>374,239</u></b>

## 8. FINANCE COSTS

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Interest expense of financial liabilities that are not at fair value through profit or loss	<b>1,301,184</b>	796,501
Interest expense on lease liabilities	<b>7,883</b>	16,991
	<b><u>1,309,067</u></b>	<b><u>813,492</u></b>

## 9. INCOME TAX EXPENSE/(CREDIT)

- (a) Income tax expense/(credit) in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
<b>Current tax — Malaysian income tax</b>		
Current year	<b>47,133</b>	89,679
Overprovision in prior years	<b>(40,415)</b>	(1,301,680)
	<u><b>6,718</b></u>	<u>(1,212,001)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>245,425</b>	(1,315,925)
Underprovision in prior years	<b>595,092</b>	124,785
	<u><b>840,517</b></u>	<u>(1,191,140)</u>
	<u><b>847,235</b></u>	<u>(2,403,141)</u>

The Group is not subject to any income tax in the Cayman Islands and the BVI.

The Group is not subject to Hong Kong Profits Tax as it had no assessable income arising in and derived from Hong Kong for FY2022 and FY2021.

Malaysian income tax has been provided at the statutory tax rate of 24% (2021: 24%) on the estimated chargeable income arising in Malaysia.

- (b) Reconciliation between income tax expense/(credit) and accounting loss at an applicable tax rate:

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Loss before tax	<u>(43,130)</u>	<u>(5,808,358)</u>
Taxation at applicable tax rate of 24% (2021: 24%)	<b>(10,351)</b>	(1,394,006)
Effect of non-deductible expenses	<b>319,727</b>	646,343
Effect of non-taxable income	<b>(16,818)</b>	(478,583)
Under/(Over) provision in prior years	<u><b>554,677</b></u>	<u>(1,176,895)</u>
	<u><b>847,235</b></u>	<u>(2,403,141)</u>

## 10. LOSS FOR THE YEAR

Loss before tax is determined after recognising the following expense/(income):

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
<b>Material expenses/(income)</b>		
Depreciation of property, plant and equipment	<b>6,561,754</b>	5,275,227
Net losses/(gains) on foreign exchange differences		
— Realised	<b>794,123</b>	(242,128)
— Unrealised	<b>(484,079)</b>	586,751
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	<b>12,720,089</b>	13,452,150
— Contributions to defined contribution plans	<b>959,032</b>	932,683
Property, plant and equipment written off	<b>1,356</b>	289,667
Loss on disposal of plant and equipment	<u><b>282</b></u>	<u>—</u>
<b>Expenses/(Income) arising from leases</b>		
Depreciation of right-of-use assets	<b>517,120</b>	671,267
Expenses relating to short-term leases	<b>315,411</b>	263,316
Income from subleasing of right-of-use assets	<u><b>(180,000)</b></u>	<u>(180,000)</u>

## 11. LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders of RM888,885 (2021: RM3,402,980) and the weighted average number of ordinary shares outstanding of 1,080,000,000 (2021: 1,080,000,000) ordinary shares.

	<b>2022</b>	2021
	<i>Sen</i>	<i>Sen</i>
Basic loss per ordinary share	<u><u>0.08</u></u>	<u><u>0.32</u></u>

The diluted loss per ordinary share is similar to the basic loss per ordinary share as the Group does not have any potential dilutive ordinary shares in issuance.

## 12. DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for FY2022 (2021: Nil).

## 13. INVENTORIES

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Packaging and raw materials	<b>13,710,070</b>	7,901,961
Semi-finished goods	<b>11,427,009</b>	5,683,694
Finished goods	<b>5,136,409</b>	9,414,530
	<u><u>30,273,488</u></u>	<u><u>23,000,185</u></u>

## 14. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
Trade receivables	14(a)	<b>11,842,599</b>	16,055,887
Deposits, prepayments and other receivables	14(b)	<b>2,520,182</b>	4,980,649
		<b><u>14,362,781</u></b>	<b><u>21,036,536</u></b>

### (a) Trade receivables

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

	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
Within 1 month	<b>4,712,266</b>	6,426,225
1 to 2 months	<b>3,772,892</b>	4,551,834
2 to 3 months	<b>2,366,276</b>	4,719,041
Over 3 months	<b>991,165</b>	358,787
	<b><u>11,842,599</u></b>	<b><u>16,055,887</u></b>

- (b) Included in prepayments was an amount of RM51,327 (2021: RM2,690,924) represents the advance paid in relation to acquisition of machinery.



## 15. LOANS AND BORROWINGS

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
<b>Non-current</b>		
Term loans — secured	<u>18,365,820</u>	<u>24,794,460</u>
<b>Current</b>		
Term loans — secured	8,649,900	7,276,265
Trust receipts	9,216,903	2,862,916
Banker acceptance	<u>1,962,000</u>	<u>—</u>
	<u>19,828,803</u>	<u>10,139,181</u>
	<u><b>38,194,623</b></u>	<u><b>34,933,641</b></u>

The term loans are secured by freehold land, factory buildings and other buildings, specific debentures by a subsidiary incorporating specific charge over the plant and machinery financed by the banks, right-of-use assets for a building and a leasehold land, as further described under “Pledge of Assets” section on page 25, time deposits pledged and the corporate guarantees given by the Company (see Note 19(b)).

The trust receipts and banker acceptance are secured by corporate guarantees given by the Company (see Note 19(b)).

## 16. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
Trade payables	<i>16(a)</i>	<b>3,949,057</b>	7,734,585
Other payables and accruals	<i>16(b)</i>	<b>8,764,058</b>	9,489,331
		<b><u>12,713,115</u></b>	<b><u>17,223,916</u></b>

- (a) As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date or goods receipt date, where applicable is as follows:

	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
Within 1 month	<b>2,492,200</b>	4,912,303
1 to 3 months	<b>1,299,201</b>	2,096,087
3 to 6 months	<b>157,656</b>	726,195
	<b><u>3,949,057</u></b>	<b><u>7,734,585</u></b>

- (b) Included in other payables was an amount of RM4,252,167 (2021: RM3,924,536) owing to supplier in relation to acquisition of machinery.

## 17. CONTRACT LIABILITIES

	<b>2022</b> <i>RM</i>	2021 <i>RM</i>
<b>Contract liabilities</b>		
Consideration received in advance	<b>943,644</b>	1,305,285
<b>Other contract related liabilities</b>		
Sales rebates	<b>1,116,679</b>	607,054
	<b><u>2,060,323</u></b>	<b><u>1,912,339</u></b>

The contract liabilities represent the consideration received in advance from customers as at the end of the reporting period are expected to be recognised as revenue within a year.

At the point of sale, a sales rebate and a corresponding adjustment to revenue are recognised for those sales rebate expected to be incurred. Management uses historical experience to estimate the number of sales rebate on a portfolio level using the expected value method.

## 18. COMMITMENTS

### Capital Commitments

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements are as follows:

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
<b>Property, plant and equipment</b>		
Authorised but not contracted for	<b>7,105,090</b>	7,105,090
Contracted but not provided for	<b><u>541,009</u></b>	<b><u>6,516,002</u></b>

## 19. RELATED PARTY TRANSACTIONS

### Identity of related parties

For the purposes of the consolidated 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 party are subject to common control. Related parties may be individuals or other entities.

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

**a. Key management personnel remuneration**

Remuneration of key management personnel of the Group, including amounts paid to the Company's Directors and certain of the highest paid employees is as follows:

	<b>2022</b>	2021
	<b>RM</b>	RM
Salaries and other benefits	<b>1,725,372</b>	2,314,257
Contributions to defined contribution plans	<b>154,216</b>	203,220
	<b><u>1,879,588</u></b>	<b><u>2,517,477</u></b>

Remuneration for key management personnel is included in personnel expenses as disclosed in Note 10 above.

**b. Corporate guarantee by the company**

The Company entered into corporate guarantees in favour of the banks, in respect of the banking facilities of RM65,753,000 (2021: RM62,895,500) granted to a subsidiary, S&P Industries Sdn Bhd.

**c. Applicability of the Listing Rules relating to connected transactions**

Subsequent to the listing of the Company's shares on the Stock Exchange on 11 July 2017, the Group did not enter into any related party transaction that falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is engaged in the manufacturing and distribution of coconut based food and beverage products. These include coconut cream powder (the “CCP”), low fat desiccated coconut (the “LFDC”), coconut milk and coconut water 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 South-east Asian traditional food ingredients such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

The financial year under review was another onerous year marked by among others, the Ukraine war resulting in energy and food crisis, surging inflation and debt tightening coupled with the prolonged effect of the novel coronavirus (COVID-19) disease. Despite these global challenges, overall, the Group registered a decent performance improvement and this was made possible by the Group’s commitment to deliver quality products with the strong support of all the stakeholders.

### Financial Review

For FY2022, the Group reported a loss after tax of RM0.89 million as compared to a loss after tax of RM3.41 million for FY2021. The improvement in the results of FY2022 were mainly attributed by an increase of gross profit margin and other income as described below.

The Group recognised approximately RM91.62 million in revenue for FY2022, representing a decrease of approximately 1.1%, or RM1.04 million, when compared with that for FY2021 of approximately RM92.66 million. The decrease in sales was largely due to the reduction in sales of coconut milk and beverages.

The Group’s cost of sales decreased by approximately 5.21%, or RM4.25 million, from approximately RM81.66 million for FY2021 to approximately RM77.41 million for FY2022. The decrease in cost of sales was higher than the decrease in revenue as the Group has adopted various cost control measures including but not limited to continuously sourcing for alternative supplies without compromising its quality.

Consequently, the gross profit margin of the Group for FY2022 increased to 15.5% as compared to 11.9% for FY2021 and the gross profit for FY2022 of the Group increased by approximately 29.3%, or RM3.2 million when compared with that for FY2021.

## **Coconut related products**

The Group's revenue is mainly derived from sales of coconut food products. Revenue for such products for FY2022 was approximately RM84.39 million, representing a reduction of approximately RM2.27 million or 2.62% as compared to that for FY2021 of approximately RM86.66 million. This was mainly due to a reduction of sales in coconut milk and beverages.

Other revenue is mainly made up of sales of ketupat and kerisik, freight charges to customers and sales of miscellaneous items. In FY2022, other revenue was approximately RM7.20 million, representing an increase of RM1.20 million from RM6.00 million posted in FY2021.

## **Other income**

In FY2022, other income comprised mainly insurance claims of RM3.40 million as compensation for fire damage of the machineries in the Group's plant located in Perak, Malaysia, gain on foreign exchange of RM0.48 million, income from subleasing of right-of-use assets of RM0.18 million and sale of scrap items of RM0.89 million, was approximately RM4.95 million, representing an increase of RM2.95 million as compared to FY2021.

## **Selling and distribution expenses**

The Group's selling and distribution expenses of approximately RM4.51 million for FY2022 was approximately RM0.18 million higher than those of approximately RM4.33 million for FY2021. The increase in the selling and distribution expenses was attributed to exhibition expenses in overseas.

## **Administrative expenses**

The Group's administrative expenses for FY2022 were approximately RM9.16 million, which represented a decrease of approximately RM1.46 million over those of RM10.62 million in FY2021. Such decrease was due to several cost control measures as part of the continuous efficiency improvement process.

## **Other expenses**

The Group's other expenses for FY2022 were approximately RM4.27 million, which were mainly made up of unrealised foreign exchange loss represented by an increase of approximately RM0.86 million over those of RM3.41 million in FY2021. The foreign exchange loss arose primarily from the fluctuation of RM against the United States Dollar ("USD") during FY2022.

## **Net finance costs**

In FY2022, the Group incurred net finance costs of RM1.26 million as compared to the net finance costs of RM0.44 million in FY2021. The increase in net finance cost was mainly due to the increase of trade financing drawdown and interest rate on loan and borrowings facility in FY2022. The loans and borrowings facility was used to finance the Group's expansion plans and working capital requirements.

## **Income tax (expense)/credit**

The Group's income tax expense for FY2022 was approximately RM0.85 million as compared with income tax credit of approximately RM2.40 million for FY2021. The income tax expense for FY2022 related mainly to underprovision of tax in prior years.

## **Loss attributable to equity shareholders**

The Group recorded a loss attributable to equity shareholders of approximately RM0.89 million for FY2022 as compared to a loss of approximately RM3.41 million in FY2021. The reduction in loss for FY2022 was due to increase in gross profit margin and other income 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 remains vigilant in managing the volatility of the global environment.

The Group will continue to focus on enhancing its performance from sustainable business models by improving its competitive position, enhancing brand value and awareness, prioritising in managing consumers' expectations, driving cost control measures, staying relevant and innovative, and last but not least, managing risk in order to generate value to the shareholders in the long run.

To conclude, the Group will closely monitor and review its strategies by taking appropriate prompt and effective measures to improve its bottom line.

## **Significant event during and after the financial year**

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

## **Liquidity, Financial Resources and Capital Structure**

The Group's financial position was in a net cash position as at 31 December 2022 and is able to meet its obligations when they become due in its ordinary and usual course of business.

### **Capital Structure**

The Group's objectives in managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and sustain future development of the business.

There were no changes in the Group's approach to capital management during FY2022.

### **Cash Position**

As at 31 December 2022, the Group's cash and cash equivalents were approximately RM4.30 million as compared with approximately RM13.33 million as at 31 December 2021. The decrease of approximately RM9.04 million in cash was mainly due to the capital expenditure incurred for the Perak Plant and the repayment of loans and borrowings during FY2022.

### **Loans and Borrowings**

As at 31 December 2022, the loans and borrowings amounted to approximately RM38.19 million, representing an increase of approximately RM3.26 million as compared to approximately RM34.93 million as at 31 December 2021, attributable primarily to trust receipts and banker acceptance financing during FY2022.

### **Gearing Ratio**

Gearing ratio equals to total liabilities divided by total assets. As at 31 December 2022, the gearing ratio was approximately 0.321 (2021: 0.326).



## PLEDGE OF ASSETS

As at the end of the reporting period, the carrying amount of assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	<b>2022</b>	2021
	<i>RM</i>	<i>RM</i>
Freehold and leasehold land	<b>1,440,320</b>	1,448,624
Factory buildings and other buildings	<b>21,446,726</b>	22,742,624
Plants and machinery within construction in progress	<b>35,644,227</b>	38,461,067
	<b><u>58,531,273</u></b>	<b><u>62,652,315</u></b>

## CAPITAL EXPENDITURES

During FY2022, the Group had incurred capital expenditures of approximately RM17.42 million as compared to approximately RM19.52 million in FY2021. The expenditures related mainly to the purchase of property, plant and equipment and construction works of a new building at the Group's Perak Plant.

## SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2022 and 31 December 2021.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2022.

## 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 of 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 Group has utilised approximately RM46.1 million of the Net Proceeds. The following sets forth a summary of the original allocation of the Net Proceeds and its utilisation as at 31 December 2022 (before re-allocation).

Original Use of Net Proceeds	Approximate original allocation of the Net Proceeds (RM' million)	Approximate actual amount of the Net Proceeds utilised before 1 January 2022 (RM' million)	Approximate actual amount of the Net Proceeds used in the year ended 31 December 2022 (RM' million)	Approximate unused amount of the Net Proceeds as at 31 December 2022 (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	—	—	Change 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	Change of intended use of the Net Proceeds. Please see below for details.
General corporate purposes and working capital	4.1	4.1	—	—	The full amount has been utilised as intended.
<b>Total (Note)</b>	<b>46.8</b>	<b>46.1</b>	<b>—</b>	<b>0.7</b>	

*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”.

As at 31 December 2022, the Unutilised Net Proceeds amounted to approximately RM0.7 million. After due and careful consideration on the current 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. The expected timeline for the utilisation of the Unutilised Net Proceeds is by 31 December 2023.

Due to the increase in the interest rate during FY2022, the finance cost of the Group has increased by approximately 61% mainly from the trust receipts and banker acceptance financing for working capital requirements. As such, the Unutilised Net Proceeds of RM0.7 million will be used as working capital to reduce the finance cost of the Group.

The Board is of the view that the re-allocation of the Unutilised Net Proceeds will be a positive contribution to the bottom line of the Group. The Board also considers that the proposed 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.

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 HK\$, and hence, exposure to exchange rate fluctuations arises. 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 exposure to an acceptable level.

## **FINAL DIVIDEND**

At the meeting of the Board held on 20 March 2023, the Board has resolved not to recommend the payment of any dividend to the Shareholders for FY2022 (2021: Nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") will be held at 10:00 a.m. on Monday, 29 May 2023 at 27-1, Jalan PJU 5/13, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia and the notice of the AGM will be published and despatched in accordance with the requirements under the Company's articles of association and the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders' rights to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 23 May 2023 to Monday, 29 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible for attending and voting at the forthcoming AGM, non-registered Shareholders must lodge their duly completed and stamped transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Monday, 22 May 2023.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 348 and 343 employees as at 31 December 2022 and 31 December 2021, respectively. Remuneration is determined by reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee and the Group's financial results. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programs conducted by qualified personnel are also attended by our employees to enhance their skills 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 the 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 the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As at 31 December 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 granted, exercised or cancelled during FY2022.

The remuneration committee of the Company has at its meeting held on 17 March 2023 reviewed the Share Option Scheme.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2022 and 31 December 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during FY2022.

## **EVENTS AFTER REPORTING PERIOD**

The Board is not aware of any important event requiring disclosure that has taken place subsequent to 31 December 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 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 FY2022, the Company had complied with all of the applicable code provisions 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 FY2022, 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), Mr. Lim Sey Hock and Dato’ Mohd Ibrahim Bin Mohd Nor. 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 own code of conduct governing the Directors’ transactions of listed securities of the Company. All the Directors have confirmed, upon specific enquiries made by the Company, that they had complied with the Model Code during FY2022.

## **INDEPENDENCE OF INEDs**

The Company has received a confirmation of independence in writing from each of the three INEDs, namely Mr. Lee King Fui, Mr. Lim Sey Hock and Dato’ Mohd Ibrahim Bin Mohd Nor in accordance with Rule 3.13 of the Listing Rules, and confirms that all of the INEDs are independent. The Board has reviewed the independence of all INEDs and concluded that all of them are independent after taking into account the factors set out in the Listing Rules. Furthermore, the Board is not aware of the occurrence of any event which would cause it to believe that the independence of any of the INEDs has been impaired up to the date of this announcement.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee has reviewed the consolidated results of the Group for FY2022 (the “**Group Results**”) and is of the view that the Group Results have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

## **SCOPE OF WORK OF MAZARS PLT**

The figures in respect of the preliminary announcement of the Group Results have been agreed by the Group’s independent auditors, Mazars PLT (“**Mazars**”), to the amounts set out in the Group’s draft consolidated financial statements for FY2022. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently, no assurance has been expressed by Mazars on the preliminary announcement.

For and on behalf of  
**S&P International Holding Limited**  
**Tang Koon Fook**  
*Chairman and Executive Director*

Hong Kong, 20 March 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 INEDs, namely Dato’ Mohd Ibrahim Bin Mohd Nor, Mr. Lim Sey Hock and Mr. Lee King Fui.*