



S&P International Holding Limited 椰豐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1695

INTERIM REPORT 中期報告

2023



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Koon Fook (*Chairman*)
Mr. Lee Sieng Poon (*Managing Director*)
Mr. Yap Boon Teong
Ms. Wong Yuen Lee

Independent Non-Executive Directors

Mr. Lee King Fui
Dato' Mohd Ibrahim Bin Mohd Nor
Mr. Eng Hup Tat
(*appointed on 29 May 2023*)
Mr. Lim Sey Hock
(*retired on 29 May 2023*)

BOARD COMMITTEES

Audit Committee

Mr. Lee King Fui (*Chairman*)
Dato' Mohd Ibrahim Bin Mohd Nor
Mr. Eng Hup Tat
(*appointed on 29 May 2023*)
Mr. Lim Sey Hock
(*retired on 29 May 2023*)

Remuneration Committee

Mr. Eng Hup Tat (*Chairman*)
(*appointed on 29 May 2023*)
Mr. Lim Sey Hock (*Chairman*)
(*retired on 29 May 2023*)
Mr. Tang Koon Fook
Dato' Mohd Ibrahim Bin Mohd Nor

Nomination Committee

Mr. Tang Koon Fook (*Chairman*)
Dato' Mohd Ibrahim Bin Mohd Nor
Mr. Eng Hup Tat
(*appointed on 29 May 2023*)
Mr. Lim Sey Hock
(*retired on 29 May 2023*)

Corporate Information (Continued)

Sanctions Oversight Committee

Mr. Lee Sieng Poon (*Chairman*)
Ms. Wong Yuen Lee
Ms. Soh Soo Fei (*appointed on 3 March
2023 and resigned on 9 June 2023*)

COMPANY SECRETARY

Ms. Leung Ho Yee

AUTHORISED REPRESENTATIVES

Mr. Tang Koon Fook
Ms. Leung Ho Yee

REGISTERED OFFICE IN THE CAYMAN ISLANDS

89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No. 27-3,
Jalan PJU 5/13, Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road
North Point
Hong Kong

COMPANY'S WEBSITE

www.spfood.com

LEGAL ADVISOR

As to Hong Kong law:
TC & Co, Solicitors

Corporate Information (Continued)

INDEPENDENT AUDITORS

Mazars PLT, Chartered Accountants
Public Interest Entity Auditor recognised
in accordance with the Accounting and
Financial Reporting Council Ordinance in
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point, Hong Kong

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of
Hong Kong Limited

Stock Code

1695

Board Lot

5,000 shares

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
CIMB Bank Berhad
Public Bank Berhad

INVESTOR RELATIONS CONTACT

info@spfood.com

Financial Highlights

Key Financial Performance

Consolidated Statement of Profit or Loss

	Six months ended 30 June		% of change
	2023 RM (Unaudited)	2022 RM (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
	(4,557,113)	(652,467)	>100

Consolidated Statement of Financial Position

	30 June	31 December	% of change
	2023 RM (Unaudited)	2022 RM (Audited)	
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)

Financial Highlights (Continued)

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 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RM (Unaudited)	2022 RM (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

Interim Condensed Consolidated Statement of
Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2023

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	111,272,213	114,534,460
Right-of-use assets	12	5,127,847	5,272,141
Deferred tax assets		151,915	151,915
		116,551,975	119,958,516
Current assets			
Inventories	13	24,305,237	30,273,488
Current tax asset		2,130,599	2,020,019
Trade and other receivables	14	13,085,365	14,362,781
Pledged time deposits	15	2,158,217	2,158,217
Cash and cash equivalents	16	5,312,995	4,299,479
		46,992,413	53,113,984
Total Assets		163,544,388	173,072,500
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		117,159,991	117,552,220

Interim Condensed Consolidated Statement of
Financial Position (Continued)

As at 30 June 2023

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity shareholders of the Company							Non-controlling interest RM	Total equity RM
	Share capital RM	Share premium RM	Other reserve RM	Translation reserve RM	Retained earnings RM	Total RM			
(Audited)									
As at 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	
Foreign currency translation differences for foreign operations	–	–	–	3,503,911	–	3,503,911	34	3,503,945	
Other comprehensive income for the year	–	–	–	3,503,911	–	3,503,911	34	3,503,945	
Loss for the year	–	–	–	–	(888,885)	(888,885)	(1,480)	(890,365)	
Total comprehensive income for the year	–	–	–	3,503,911	(888,885)	2,615,026	(1,446)	2,613,580	
At 31 December 2022/ 1 January 2023	5,941,706	58,707,916	150,200	2,140,062	50,549,199	117,489,083	63,137	117,552,220	
(Unaudited)									
Foreign currency translation differences for foreign operations	–	–	–	4,164,848	–	4,164,848	36	4,164,884	
Other comprehensive income for the period	–	–	–	4,164,848	–	4,164,848	36	4,164,884	
Loss for the period	–	–	–	–	(4,556,561)	(4,556,561)	(552)	(4,557,113)	
Total comprehensive income for the period	–	–	–	4,164,848	(4,556,561)	(391,713)	(516)	(392,229)	
At 30 June 2023	5,941,706	58,707,916	150,200	6,304,910	45,992,638	117,097,370	62,621	117,159,991	

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RM	RM
Notes	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before tax	(4,557,113)	(652,467)
Adjustments for:		
Depreciation of property, plant and equipment	9 3,664,261	3,020,302
Depreciation of right-of-use assets	9 317,295	302,280
Property, plant and equipment written off	9 1	1,633
Net loss on unrealised foreign exchange differences	1,403,019	4,747,439
Finance costs	8 1,113,742	454,225
Finance income	7 (4,570)	(2,964)
Operating profit before working capital changes	1,936,635	8,483,305
Change in inventories	5,968,251	(2,122,206)
Change in trade and other receivables	1,458,296	(4,700,203)
Change in trade and other payables	(747,347)	(107,448)
Change in contract liabilities	866,659	455,867
Cash generated from operations	9,482,494	1,396,458
Income tax paid	(110,580)	(64,206)
Net cash from operating activities	9,371,914	1,332,252

Interim Condensed Consolidated Statement of
Cash Flows (Continued)

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RM	RM
Notes	(Unaudited)	(Unaudited)
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,680,457)	(4,506,783)
Decrease in derivative financial asset	—	—
Interest received	4,570	2,964
Net cash used in investing activities	(1,675,887)	(4,503,819)
Cash flows used in financing activities		
Repayments of loans and borrowing	(27,435,205)	(1,697,365)
Interest and other borrowing costs paid	(1,106,490)	(450,051)
Drawdown of loans and borrowing	17,681,008	—
Capital element of leases paid	(155,573)	(137,535)
Interest element of leases paid	(12,867)	(4,174)
Net cash used in financing activities	(11,029,127)	(2,289,125)
Net decrease in cash and cash equivalents	(3,333,100)	(5,460,692)
Cash and cash equivalents at 1 January	4,299,479	13,331,950
Effect of foreign exchange rate changes	4,346,616	(917,091)
Cash and cash equivalents at 30 June	5,312,995	6,954,167
16		

Notes to the Interim Condensed Consolidated Financial Information

1. General Information

S&P International Holding Limited (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 Company and its subsidiaries (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 of Hong Kong Limited (the “**Stock Exchange**”) since 11 July 2017 (the “**Listing**”).

At the date of this interim report, 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 of the Company (the “**Director**”) and the chairman of the board of Directors (the “**Board**”), who is also the sole director of TYJ.

This interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 (the “**1H2023**” and the “**Interim Condensed Consolidated Financial Information**”, respectively), 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.

All amounts set out in this interim report are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

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**”), except for 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 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.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

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
	RM	RM
	(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
	40,403,890	49,421,471

5. Revenue and Segment Information (Continued)

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
	RM	RM
	(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
	40,403,890	49,421,471

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

6. Other Income

	Six months ended 30 June	
	2023	2022
	RM	RM
	(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
	275,608	2,412,182

7. Finance Income

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

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

8. Finance Costs

	Six months ended 30 June	
	2023	2022
	RM	RM
	(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
	1,113,742	454,225

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 defined contribution plans	472,317	472,813

10. Loss Per Share Attributable to Equity Shareholders of the Company

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

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.

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

11. Property, Plant and Equipment

	Freehold land RM	Factory and other buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fitting and equipment RM	Construction in progress RM	Total RM
(Audited)							
Cost							
At 1 January 2022	8,997,828	39,417,877	71,432,065	689,720	4,598,754	13,341,952	138,478,196
Additions	902,610	120,839	3,969,662	38,497	141,895	12,243,799	17,417,302
Disposal	—	—	(11,600)	—	—	—	(11,600)
Written-offs	—	—	(1,700)	—	(13,529)	—	(15,229)
Transfer	(20,000)	—	—	—	—	(25,675)	(45,675)
Reclassifications	—	21,497,261	3,797,637	—	212,991	(25,507,889)	—
At 31 December 2022/ 1 January 2023	9,880,438	61,035,977	79,186,064	728,217	4,940,111	52,187	155,822,994
(Unaudited)							
Additions	—	6,799	194,170	—	51,259	183,539	435,767
Written-offs	—	—	—	—	(165)	—	(165)
Reversal	—	(33,752)	—	—	—	—	(33,752)
Reclassifications	—	—	—	—	25,200	(25,200)	—
As of 30 June 2023	9,880,438	61,009,024	79,380,234	728,217	5,016,405	210,526	156,224,844
(Audited)							
Accumulated depreciation							
At 1 January 2022	—	5,348,262	25,267,123	681,313	3,449,273	—	34,745,971
Charge for the year	—	1,470,023	4,557,651	6,251	527,829	—	6,561,754
Disposal	—	—	(5,318)	—	—	—	(5,318)
Written-offs	—	—	(924)	—	(12,949)	—	(13,873)
At 31 December 2022/ 1 January 2023	—	6,818,285	29,818,532	687,564	3,964,153	—	41,288,534
(Unaudited)							
Charge for the period	—	893,551	2,490,838	5,052	266,820	—	3,664,261
Written-offs	—	—	—	—	(164)	—	(164)
As of 30 June 2023	—	7,711,836	32,317,370	692,616	4,230,809	—	44,952,631
Carrying amounts							
(Audited)							
As of 31 December 2022	9,880,438	54,217,692	49,367,532	40,653	975,958	52,187	114,534,460
(Unaudited)							
As of 30 June 2023	9,880,438	53,297,188	47,062,864	35,601	785,596	210,526	111,272,213

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

12. Right-of-Use Assets

Group	Land RM	Buildings RM	Others RM	Total RM
(Audited)				
At 1 January 2022	221,428	5,008,423	30,256	5,260,107
Additions	—	321,143	209,407	530,550
Depreciation	(8,303)	(449,421)	(59,396)	(517,120)
Termination	—	—	(1,396)	(1,396)
At 31 December 2022/ 1 January 2023	213,125	4,880,145	178,871	5,272,141
(Unaudited)				
Additions	—	—	173,374	173,374
Depreciation	(4,152)	(229,318)	(83,825)	(317,295)
Termination	—	—	(373)	(373)
As at 30 June 2023	208,973	4,650,827	268,047	5,127,847

13. 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
	24,305,237	30,273,488

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

13. Inventories (Continued)

	Six months ended 30 June	
	2023	2022
	RM	RM
	(Unaudited)	(Unaudited)
The amount of inventories recognized as an expense is as follows:		
Carrying amount of inventories sold	32,434,833	40,999,758

14. Trade and Other Receivables

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

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

14. Trade and Other Receivables (Continued)

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
	11,758,721	11,842,599

15. Pledged Time Deposits

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Time deposits pledged with a licensed bank	2,158,217	2,158,217

The current time deposit is pledged to a bank to secure a loan of a subsidiary for a tenure of 5 years with effective interest rate at 2.49% per annum. The maturity of this time deposit is 12 months.

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

16. Cash and Cash Equivalents

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Cash on hand	66,558	76,323
Balances with licensed banks	5,246,437	4,223,156
Cash and cash equivalents	5,312,995	4,299,479

17. 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	15,415,789	19,828,803
	30,188,959	38,194,623

The bank loans are secured over certain assets of the Group as disclosed under “Pledge of Assets” on page 34 of this interim report.

18. Lease Liabilities

	30 June 2023 RM (Unaudited)	31 December 2022 RM (Audited)
Within 1 year	310,038	241,288
After 1 year but within 2 years	185,386	229,428
After 2 years but within 5 years	38,142	45,422
	223,528	274,850
	533,566	516,138

19. 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	7,489,459	8,764,058
	10,698,809	12,713,115

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

Notes to the Interim Condensed
Consolidated Financial Information (Continued)

19. Trade and Other Payables (Continued)

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
	3,209,350	3,949,057

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. 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
Total	7,678,338	7,646,099

22. 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.

22. Related Party Transactions (Continued)

Key management personnel compensation

Compensation of key management personnel of the Group is as follows:

	Six months ended 30 June	
	2023	2022
	RM	RM
	(Unaudited)	(Unaudited)
Salaries and other benefits	802,226	832,760
Contributions to Defined contribution plans	74,352	78,552
	876,578	911,312

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 the corresponding period in 2022 ("**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 a 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.

Management Discussion and Analysis (Continued)

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.

Management Discussion and Analysis (Continued)

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 interim report.

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.

Management Discussion and Analysis (Continued)

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
	56,663,046	58,531,273

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 21 on page 28 of this interim report, 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 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**”).

Management Discussion and Analysis (Continued)

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 pages 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).

Management Discussion and Analysis (Continued)

Original of Use of Net Proceeds	Approximate original allocation of the Net Proceeds (RM 'million)	Approximate actual amount of the Net Proceeds utilised before 1 January 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)	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.

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.

Management Discussion and Analysis (Continued)

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

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2023.

Corporate Governance and Other Information

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”), were as follows:

(i) Long positions in the Shares

Name of Directors	Note	Capacity/ Nature of interest	Number of Shares interested	Percentage of shareholding interest in the Company (Note 3)
Mr. Tang Koon Fook ("Mr. Tang")	1	Interest in a controlled corporation	567,000,000	52.5%
Mr. Lee Sieng Poon ("Mr. Lee")	2	Interest in a controlled corporation	243,000,000	22.5%

Corporate Governance and Other Information (Continued)

Notes:

1. Mr. Tang, the chairman of the Board and an executive Director, beneficially owned 100% of the issued share capital of TYJ and he was deemed to be interested in 567,000,000 Shares held by TYJ by virtue of the SFO.
2. Mr. Lee, the managing Director and an executive Director, beneficially owned 100% of the issued share capital of Trinity Holding Limited ("**Trinity**") and he was deemed to be interested in 243,000,000 Shares held by Trinity by virtue of the SFO.
3. The percentages of shareholding interest in the Company shown in the table above are calculated on the basis of 1,080,000,000 Shares in issue as at 30 June 2023.

(ii) Long position in the shares of an associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number and class of share interested	Percentage of shareholding interest
Mr. Tang	TYJ	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, entered in the register referred to therein, or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

As at 30 June 2023, so far as is known to the Directors, the following entities or persons (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Note	Capacity/ Nature of interest	Number of Shares interested/held	Percentage of shareholding interest in the Company (Note 3)
TYJ	1	Beneficial owner	567,000,000	52.5%
Ms. Yeow Geok Tiang ("Ms. Yeow")	1	Interest of spouse	567,000,000	52.5%
Trinity	2	Beneficial owner	243,000,000	22.5%
Ms. Goh Soo Cheng ("Ms. Goh")	2	Interest of spouse	243,000,000	22.5%

Notes:

1. TYJ was wholly and beneficially owned by Mr. Tang, the husband of Ms. Yeow. By virtue of the SFO, Ms. Yeow was deemed to be interested in the Shares held and deemed to be held by Mr. Tang.
2. Trinity was wholly and beneficially owned by Mr. Lee, the husband of Ms. Goh. By virtue of the SFO, Ms. Goh was deemed to be interested in the Shares held and deemed to be held by Mr. Lee.
3. The percentages of shareholding interest in the Company shown in the table above are calculated on the basis of 1,080,000,000 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, so far as the Directors or chief executive of the Company are aware, no other entities or persons (other than a Director or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were, pursuant to section 336 of the SFO, recorded in the register referred to therein.

Share Option Scheme

On 23 June 2017, the Shareholders approved and conditionally adopted the Share Option Scheme to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The Share Option Scheme became effective on the Listing date. No option has been granted since then and up to the date of this interim report and therefore, there was no outstanding options as at 30 June 2023 and no options were exercised or cancelled or lapsed 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 interim report.

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.

Corporate Governance and Other Information (Continued)

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 interim report, 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 and agreed to the accounting principles and practices adopted by the Group.

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

Hong Kong, 28 August 2023



S&P International Holding Limited
椰豐集團有限公司

HEADQUARTERS & PRINCIPAL PLACE OF BUSINESS

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