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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 2023

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

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

	2023	2022	% of change
	RM	RM	
Revenue	85,217,638	91,623,708	(6.99)
(Loss)/Profit from operations	(609,161)	1,221,678	>100
After charging:			
Net finance costs	(2,057,842)	(1,264,808)	62.70
Income tax credit/(expense)	868,679	(847,235)	>100
Loss for the year	(1,798,324)	(890,365)	>100

Consolidated Statement of Financial Position as at 31 December

	2023	2022	% of change
	<i>RM</i>	<i>RM</i>	
Cash and cash equivalents	8,304,999	4,299,479	93.16
Loans and borrowings	28,761,070	38,194,623	(24.70)
Total assets less current liabilities	120,528,270	138,228,971	(12.81)
Net assets	118,875,497	117,552,220	1.13

KEY FINANCIAL RATIOS FOR THE YEAR ENDED 31 DECEMBER

	2023	2022	change in % point/ % of change
Gross profit margin	20.3%	15.5%	4.8
Return on equity	(1.5%)	(0.8%)	0.7
Current ratio (times) [#]	1.2	1.5	(20.00)

[#] 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 2023 (“**FY2023**”), together with the comparative figures for the year ended 31 December 2022 (“**FY2022**”) and selected explanatory notes. All amounts set out in this announcement are presented in Ringgit Malaysia (“**RM**”) unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Note</i>	2023 <i>RM</i>	2022 <i>RM</i>
Revenue	5	85,217,638	91,623,708
Cost of sales		(67,879,648)	(77,411,244)
Gross profit		17,337,990	14,212,464
Other income	6	909,577	4,954,240
Selling and distribution expenses		(2,931,972)	(4,514,601)
Administrative expenses		(10,103,986)	(9,161,659)
Other expenses		(5,820,770)	(4,268,766)
(Loss)/Profit from operations		(609,161)	1,221,678
Finance income	7	60,976	44,259
Finance costs	8	(2,118,818)	(1,309,067)
Net finance costs		(2,057,842)	(1,264,808)
Loss before taxation		(2,667,003)	(43,130)
Income tax credit/(expense)	9	868,679	(847,235)
Loss for the year	10	(1,798,324)	(890,365)

	2023	2022
<i>Note</i>	<i>RM</i>	<i>RM</i>
Other comprehensive income for the year, net of tax		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences for foreign operations	<u>3,121,601</u>	<u>3,503,945</u>
Total comprehensive income for the year	<u>1,323,277</u>	<u>2,613,580</u>
Loss attributable to:		
Equity shareholders of the Company	(1,800,969)	(888,885)
Non-controlling interest	<u>2,645</u>	<u>(1,480)</u>
Loss for the year	<u>(1,798,324)</u>	<u>(890,365)</u>
Total comprehensive income attributable to:		
Equity shareholders of the Company	1,320,499	2,615,026
Non-controlling interest	<u>2,778</u>	<u>(1,446)</u>
Total comprehensive income for the year	<u>1,323,277</u>	<u>2,613,580</u>
Basic and diluted loss per ordinary share (expressed in Sen):	<i>11</i>	
	<u>(0.17)</u>	<u>(0.08)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023 <i>RM</i>	2022 <i>RM</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		106,161,102	114,534,460
Right-of-use assets		4,833,932	5,272,141
Deferred tax assets		225,834	151,915
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		111,220,868	119,958,516
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	<i>13</i>	23,292,226	30,273,488
Current tax asset		1,806,569	2,020,019
Trade and other receivables	<i>14</i>	16,429,874	14,362,781
Pledged time deposits		2,208,017	2,158,217
Cash and cash equivalents		8,304,999	4,299,479
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		52,041,685	53,113,984
		<hr/>	<hr/>
TOTAL ASSETS		163,262,553	173,072,500
		<hr/> <hr/>	<hr/> <hr/>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		5,941,706	5,941,706
Share premium		58,707,916	58,707,916
Reserves		54,159,960	52,839,461
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		118,809,582	117,489,083
Non-controlling interest		65,915	63,137
		<hr/>	<hr/>
TOTAL EQUITY		118,875,497	117,552,220
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	2023 <i>RM</i>	2022 <i>RM</i>
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	<i>15</i>	315,354	18,365,820
Lease liabilities		87,729	274,850
Deferred tax liabilities		1,249,690	2,036,081
		<u>1,652,773</u>	<u>20,676,751</u>
TOTAL NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	<i>15</i>	28,445,716	19,828,803
Lease liabilities		308,979	241,288
Trade and other payables	<i>16</i>	10,601,073	12,713,115
Contract liabilities	<i>17</i>	3,378,515	2,060,323
		<u>42,734,283</u>	<u>34,843,529</u>
TOTAL CURRENT LIABILITIES			
TOTAL LIABILITIES			
		<u>44,387,056</u>	<u>55,520,280</u>
TOTAL EQUITY AND LIABILITIES			
		<u>163,262,553</u>	<u>173,072,500</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>120,528,270</u>	<u>138,228,971</u>

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 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 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 Unit 1513, 15/F, Austin Tower, 22–26 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong. The principal place of business in Malaysia is located at 27-3, Jalan PJU 5/13 Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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 FY2023 but are extracted from those financial statements.

The financial statements have been prepared in accordance with IFRS[®] Accounting Standards as 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 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 2023. 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. MATERIAL 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 FY2022.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS Accounting Standards 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.

During the current financial year, due to lower than expected utilisation rate of the liquid production plant, the Group carried out an impairment test in respect of the liquid production plant and related assets.

The recoverable amount of the assets has been determined on the basis of value in use, where the cash flow projection attributable to the assets is discounted at 10.8% per annum.

The impairment test led to the recognition of an impairment loss of RM1,750,000 in respect of the liquid production plant.

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.

	2023	2022
	<i>RM</i>	<i>RM</i>
Revenue from contracts with customers		
— Coconut related products	78,019,025	84,392,486
— Others	7,198,613	7,231,222
	<u>85,217,638</u>	<u>91,623,708</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.

	2023	2022
	<i>RM</i>	<i>RM</i>
West Indies	13,541,578	21,153,249
South East Asia	29,688,362	29,016,169
Middle East	18,019,125	14,991,107
North America	7,018,809	6,576,323
East Asia	7,912,433	6,252,702
Other regions	9,037,331	13,634,158
	<u>85,217,638</u>	<u>91,623,708</u>

The Group's non-current assets are all located in Malaysia with an aggregate amount of RM111,220,868 (2022: RM119,958,516).

Major customers

Company A is the customer (including all common control companies) with revenue equal or more than 10% (2022: 10%) of the Group's total revenue:

	2023	2022
	<i>RM</i>	<i>RM</i>
Company A	<u>19,405,046</u>	<u>28,395,893</u>

6. OTHER INCOME

	2023	2022
	<i>RM</i>	<i>RM</i>
Income from subleasing of right-of-use assets	184,000	180,000
Gain on foreign exchange differences	73,775	484,079
Insurance claims	—	3,398,710
Others	651,802	891,451
	909,577	4,954,240

7. FINANCE INCOME

	2023	2022
	<i>RM</i>	<i>RM</i>
Interest income of financial assets calculated using the effective interest method at amortised cost	11,176	6,459
Interest income from pledged time deposits	49,800	37,800
	60,976	44,259

8. FINANCE COSTS

	2023	2022
	<i>RM</i>	<i>RM</i>
Interest expense of financial liabilities that are not at fair value through profit or loss	2,095,172	1,301,184
Interest expense on lease liabilities	23,646	7,883
	2,118,818	1,309,067

9. INCOME TAX (CREDIT)/EXPENSE

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

	2023	2022
	<i>RM</i>	<i>RM</i>
Current tax – Malaysian income tax		
Current year	6,201	47,133
Overprovision in prior years	(14,570)	(40,415)
	<u>(8,369)</u>	<u>6,718</u>
Deferred tax		
Origination and reversal of temporary differences	(562,135)	245,425
(Over)/Under provision in prior years	(298,175)	595,092
	<u>(860,310)</u>	<u>840,517</u>
	<u>(868,679)</u>	<u>847,235</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 FY2023 and FY2022.

Malaysian income tax has been provided at the statutory tax rate of 24% (2022: 24%) on the estimated chargeable income arising in Malaysia.

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

	2023	2022
	<i>RM</i>	<i>RM</i>
Loss before tax	<u>(2,667,003)</u>	<u>(43,130)</u>
Taxation at applicable tax rate of 24% (2022: 24%)	(640,081)	(10,351)
Effect of non-deductible expenses	98,547	319,727
Effect of non-taxable income	(14,532)	(16,818)
Recognition of previously unrecognised temporary difference	132	—
(Over)/Under provision in prior years	<u>(312,745)</u>	<u>554,677</u>
	<u><u>(868,679)</u></u>	<u><u>847,235</u></u>

10. LOSS FOR THE YEAR

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

	2023	2022
	<i>RM</i>	<i>RM</i>
Material expenses/(income)		
Depreciation of property, plant and equipment	7,306,866	6,561,754
Net losses/(gains) on foreign exchange differences		
– Realised	(73,775)	794,123
– Unrealised	4,070,391	(484,079)
Personnel expenses (including Directors’ emoluments):		
– Wages, salaries and other benefits	12,908,027	12,720,089
– Contributions to defined contribution plans	986,158	959,032
Loss on disposal of plant and equipment	—	282
Impairment loss on property, plant and equipment	1,750,000	—
Property, plant and equipment written off	<u>19,416</u>	<u>1,356</u>
Expenses/(Income) arising from leases		
Depreciation of right-of-use assets	638,113	517,120
Expenses relating to short-term leases	9,744	315,411
Income from subleasing of right-of-use assets	<u>(184,000)</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 RM1,800,969 (2022: RM888,885) and the weighted average number of ordinary shares outstanding of 1,080,000,000 (2022: 1,080,000,000) ordinary shares.

	2023	2022
	<i>Sen</i>	<i>Sen</i>
Basic loss per ordinary share	<u>0.17</u>	<u>0.08</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 FY2023 (2022: Nil).

13. INVENTORIES

	2023	2022
	<i>RM</i>	<i>RM</i>
Packaging and raw materials	10,398,746	13,710,070
Semi-finished goods	6,546,499	11,427,009
Finished goods	6,346,981	5,136,409
	<u>23,292,226</u>	<u>30,273,488</u>

14. TRADE AND OTHER RECEIVABLES

		2023	2022
	<i>Note</i>	<i>RM</i>	<i>RM</i>
Trade receivables	<i>14(a)</i>	15,322,963	11,842,599
Deposits, prepayments and other receivables	<i>14(b)</i>	1,106,911	2,520,182
		<u>16,429,874</u>	<u>14,362,781</u>

(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:

	2023	2022
	<i>RM</i>	<i>RM</i>
Within 1 month	7,467,514	4,712,266
1 to 2 months	3,356,939	3,772,892
2 to 3 months	1,606,860	2,366,276
Over 3 months	2,891,650	991,165
	<u>15,322,963</u>	<u>11,842,599</u>

(b) Included in prepayments was an amount of RM35,576 (2022: RM51,327) represents the advance paid in relation to acquisition of machinery.

15. LOANS AND BORROWINGS

	2023	2022
	<i>RM</i>	<i>RM</i>
Non-current		
Term loans – secured	315,354	18,365,820
Current		
Term loans – secured	18,858,706	8,649,900
Trust receipts	4,704,010	9,216,903
Banker acceptance	2,236,000	1,962,000
Invoice financing	2,647,000	—
	<u>28,445,716</u>	<u>19,828,803</u>
	<u>28,761,070</u>	<u>38,194,623</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 22, time deposits pledged and the corporate guarantees given by the Company (see Note 19(b)).

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

16. TRADE AND OTHER PAYABLES

	<i>Note</i>	2023 <i>RM</i>	2022 <i>RM</i>
Trade payables	<i>16(a)</i>	6,255,199	3,949,057
Other payables and accruals	<i>16(b)</i>	4,345,874	8,764,058
		<u>10,601,073</u>	<u>12,713,115</u>

- (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:

	2023 <i>RM</i>	2022 <i>RM</i>
Within 1 month	5,572,601	2,492,200
1 to 3 months	682,598	1,299,201
3 to 6 months	—	157,656
	<u>6,255,199</u>	<u>3,949,057</u>

- (b) Included in other payables was an amount of RM560,988 (2022: RM4,252,167) owing to supplier in relation to acquisition of machinery.

17. CONTRACT LIABILITIES

	2023 <i>RM</i>	2022 <i>RM</i>
Contract liabilities		
Consideration received in advance	1,654,011	943,644
Other contract related liabilities		
Sales rebates	1,724,504	1,116,679
	<u>3,378,515</u>	<u>2,060,323</u>

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:

	2023	2022
	<i>RM</i>	<i>RM</i>
Property, plant and equipment		
Authorised but not contracted for	7,105,090	7,105,090
Contracted but not provided for	<u>557,938</u>	<u>541,009</u>

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:

	2023	2022
	RM	RM
Salaries and other benefits	1,383,462	1,725,372
Contributions to defined contribution plans	121,320	154,216
	<u>1,504,782</u>	<u>1,879,588</u>

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 RM54,113,000 (2022: RM55,753,000) granted to a subsidiary, S & P Industries Sdn. Bhd.

c. Applicability of the Listing Rules relating to connected transactions

During the current and previous financial year, 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).

Financial Review

For FY2023, the Group reported a loss after tax of RM1.80 million as compared to a loss after tax of RM0.89 million for FY2022 mainly due to increase in operating expenses and impairment loss.

The Group recognised approximately RM85.22 million in revenue for FY2023, representing a decrease of approximately 7.00%, or RM6.41 million, when compared with that for FY2022 of approximately RM91.62 million. The decrease in revenue was largely due to the reduction in sales of CCP and coconut milk.

The Group’s cost of sales decreased by approximately 12.31%, or RM9.53 million, from approximately RM77.41 million for FY2022 to approximately RM67.88 million for FY2023. The percentage of decrease in cost of sales was higher than the percentage 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 and reducing wastages.

Consequently, the gross profit margin of the Group for FY2023 has increased to 20.35% as compared to 15.51% for FY2022 and the gross profit for FY2023 of the Group increased by approximately 22.00%, or RM3.13 million when compared with that for FY2022.

Coconut related products

The Group’s revenue is mainly derived from sales of coconut food products. Revenue for such products for FY2023 was approximately RM78.02 million, representing a reduction of approximately RM6.37 million or 7.55% as compared to that for FY2022 of approximately RM84.39 million. This was mainly due to a reduction of sales in CCP and coconut milk.

Other revenue is mainly made up of sales of ketupat and kerisik, freight charges to customers and sales of miscellaneous items. In FY2023, other revenue was approximately RM7.20 million, representing a decrease of RM0.03 million from RM7.23 million posted in FY2022.

Other income

In FY2023, other income comprised mainly gain on foreign exchange of RM0.07 million, income from subleasing of right-of-use assets of RM0.18 million and sale of scrap items of RM0.65 million, was approximately RM0.90 million, representing reduction of RM4.04 million as compared to FY2022 from the insurance claims of approximately RM3.40 million in FY2022.

Selling and distribution expenses

The Group's selling and distribution expenses of approximately RM2.93 million for FY2023 was approximately RM1.58 million lower than those of approximately RM4.51 million for FY2022. The reduction in the selling and distribution expenses was mainly due to reduction in marketing expenses and ocean freight cost attributable to lower revenue.

Administrative expenses

The Group's administrative expenses for FY2023 were approximately RM10.10 million, which represented an increase of approximately RM0.94 million over those of RM9.16 million in FY2022. Such increase was mainly from employees related cost.

Other expenses

The Group's other expenses for FY2023 were approximately RM5.82 million, which were mainly made up of impairment loss on property, plant and equipment of approximately RM1.75 million and unrealised foreign translation loss of approximately RM4.07 million, represented by an increase of approximately RM1.55 million over those of approximately RM4.27 million in FY2022. The impairment loss is attributable to the liquid production plant at the Perak Plant and the foreign translation loss arose primarily from the fluctuation of RM against the United States Dollar ("USD").

Net finance costs

In FY2023, the Group incurred net finance costs of approximately RM2.06 million as compared to the net finance costs of approximately RM1.26 million in FY2022. The increase in net finance cost was mainly due to the increase of interest rate on USD loan and borrowings facility to finance the Group's expansion plans.

Income tax credit/(expense)

The Group's income tax credit for FY2023 was approximately RM0.87 million as compared with income tax expense of approximately RM0.85 million for FY2022. The income tax credit was related mainly to recognition of deferred tax assets.

Loss attributable to equity shareholders

The Group recorded a loss attributable to equity shareholders of approximately RM1.80 million for FY2023 as compared to a loss of approximately RM0.89 million in FY2022. The increase in loss in FY2023 was due to factors 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 facing global unprecedented uncertainties.

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, improving distribution channel, optimising cost structure, 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 the global environment and attend to it accordingly.

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 assets position as at 31 December 2023 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 FY2023.

Cash Position

As at 31 December 2023, the Group's cash and cash equivalents were approximately RM8.30 million as compared with approximately RM4.30 million as at 31 December 2022. The increase of approximately RM4.00 million was mainly due to increase in cash generated from operations.

Loans and Borrowings

As at 31 December 2023, the loans and borrowings amounted to approximately RM28.76 million, representing a decrease of approximately RM9.43 million as compared to approximately RM38.19 million as at 31 December 2022, attributable primarily to repayment of loans and borrowings.

Gearing Ratio

Gearing ratio equals to total liabilities divided by total assets. As at 31 December 2023, the gearing ratio was approximately 0.272 (2022: 0.321).

PLEDGE OF ASSETS

As at the end of the reporting period, the carrying amount of assets (property, plant and equipment and right-of-use assets) pledged to licensed banks for banking facilities granted to the Group were as follows:

	2023	2022
	<i>RM</i>	<i>RM</i>
Freehold and leasehold land	1,432,016	1,440,320
Factory buildings and other buildings	20,645,915	21,446,726
Plants and machinery	31,037,986	35,644,227
	<u>53,115,917</u>	<u>58,531,273</u>

CAPITAL EXPENDITURES

During FY2023, the Group had incurred capital expenditures of approximately RM0.70 million as compared to approximately RM17.42 million in FY2022. The expenditures related mainly to the purchase of property, plant and equipment.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2023 and 31 December 2022.

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 FY2023.

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).

As at 31 December 2022, the Group has utilised approximately RM46.1 million of the Net Proceeds and 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 of approximately RM0.7 million is by 31 December 2023. For details, please refer to the Company’s annual report 2022 (section headed “Use of the Net Proceeds from the Listing” on page 104).

As at 31 December 2023, the Group has fully utilised approximately RM46.8 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 2023 (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 2023 (RM' million)	Approximate actual amount of the Net Proceeds used in the year ended 31 December 2023 (RM' million)	Approximate unused amount of the Net Proceeds as at 31 December 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	—	—	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 and the full amount has been utilised as intended.
General corporate purposes and working capital	4.1	4.1	—	—	The full amount has been utilised as intended.
Total (Note)	<u>46.8</u>	<u>46.1</u>	<u>0.7</u>	<u>—</u>	

Note:

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

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 27 March 2024, the Board has resolved not to recommend the payment of any dividend to the Shareholders for FY2023 (2022: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held at 10:00 a.m. on Friday, 24 May 2024 at 27-1, Jalan PJU 5/13, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, 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, 21 May 2024 to Friday, 24 May 2024, 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, 20 May 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 337 and 348 employees as at 31 December 2023 and 31 December 2022, 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 2023 and the date of this announcement, there was no outstanding share option granted under the Share Option Scheme and no share option lapsed or was granted, exercised or cancelled during FY2023.

The remuneration committee of the Company has at its meeting held on 26 March 2024 reviewed the Share Option Scheme.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2023 and 31 December 2022.

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 FY2023.

EVENTS AFTER REPORTING PERIOD

The Board is not aware of any important event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules as its own code of corporate governance. During FY2023, 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 FY2023, the Company had three INEDs, which was in compliance with the requirement of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 FY2023.

INDEPENDENCE OF INEDs

The Company has received a confirmation of independence in writing from each of the three INEDs, namely Mr. Lee King Fui, Dato’ Mohd Ibrahim Bin Mohd Nor and Mr. Eng Hup Tat 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 FY2023 (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 FY2023. 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, 27 March 2024

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