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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 2018

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

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

	2018 ***RM***	2017 *RM* Restated	**% of change**
Revenue	**79,989,035**	96,231,559	(16.9)
Profit from operations	**8,346,560**	4,713,619	77.1
After charging:			
Listing expenses	—	(13,209,615)	
Net finance income/(costs)	**557,603**	(187,020)	>100
Income tax expense	**(2,609,280)**	(4,337,899)	(39.8)
Profit for the year	**6,294,883**	188,700	>100

Consolidated Statement of Financial Position as at 31 December

	2018 *RM*	2017 *RM* Restated	% of change
Cash and cash equivalents	**46,089,253**	59,425,300	(22.4)
Loans and borrowings	**3,369,696**	4,800,679	(29.8)
Total assets less current liabilities	**127,148,132**	121,130,474	5.0
Net assets	**122,754,156**	115,476,599	6.3

KEY FINANCIAL RATIOS FOR THE YEAR ENDED 31 DECEMBER

	2018	2017 Restated	Change (% points)
Gross profit margin	**32.3%**	32.4%	(0.1)
Return on equity	**5.1%**	0.2%	4.9
Current ratio (times)[#]	**6.3**	8.8	

* The comparative figures for 2017 have been restated due to the adoption of IFRS 15, *Revenue from Contracts with Customers*. Please refer to Note 25 below for further details.

\# Dividing current assets by current liabilities

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 2018 ("**FY2018**"), together with the comparative figures for the year ended 31 December 2017 ("**FY2017**") 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 2018

	Note	**2018** *RM*	2017 *RM* Restated
Revenue	*4*	**79,989,035**	96,231,559
Cost of sales		**(54,164,489)**	(65,029,580)
Gross profit		**25,824,546**	31,201,979
Other income	*5*	**490,483**	652,722
Selling and distribution expenses		**(4,515,258)**	(5,647,423)
Administrative expenses		**(10,828,866)**	(20,012,924)
Other expenses		**(2,624,345)**	(1,480,735)
Profit from operations		**8,346,560**	4,713,619
Finance income	*6*	**832,224**	189,953
Finance costs	*7*	**(274,621)**	(376,973)
Net finance income/(costs)		**557,603**	(187,020)
Profit before taxation		**8,904,163**	4,526,599
Income tax expense	*8*	**(2,609,280)**	(4,337,899)
Profit for the year	*9*	**6,294,883**	188,700
Other comprehensive income/(expense) for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**889,813**	(2,748,679)
Total comprehensive income/(expense) for the year		**7,184,696**	(2,559,979)

	Note	2018 *RM*	2017 *RM* Restated
Profit/(Loss) attributable to:			
Owners of the Company		**6,295,729**	188,700
Non-controlling interest		**(846)**	—
Profit for the year		**6,294,883**	188,700
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**7,185,725**	(2,559,979)
Non-controlling interest		**(1,029)**	—
Total comprehensive income/(expense) for the year		**7,184,696**	(2,559,979)
Basic and diluted earnings per ordinary share of par value HK$0.01 each (the "Share") (expressed in Sen):	*10*	**0.58**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	**31.12.2018** **RM**	31.12.2017 RM Restated	01.01.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	*11*	**49,839,306**	24,746,533	21,666,828
Goodwill	*12*	**—**	—	—
Deferred tax assets		**—**	36,304	49,464
		49,839,306	24,782,837	21,716,292
Current assets				
Inventories	*13*	**25,330,420**	30,315,062	19,924,361
Current tax asset		**318,577**	656,665	—
Trade and other receivables	*14*	**20,235,346**	18,289,111	22,240,123
Cash and cash equivalents	*15*	**46,089,253**	59,425,300	10,115,057
		91,973,596	108,686,138	52,279,541
TOTAL ASSETS		**141,812,902**	133,468,975	73,995,833
EQUITY AND LIABILITIES				
Equity				
Share capital		**5,941,706**	5,941,706	—*
Share premium		**58,707,916**	58,707,916	—
Reserves		**58,012,702**	50,826,977	53,386,956
Total equity attributable to equity shareholders of the Company		**122,662,324**	115,476,599	53,386,956
Non-controlling interest		**91,832**	—	—
TOTAL EQUITY		**122,754,156**	115,476,599	53,386,956
Liabilities				
Non-current liabilities				
Loans and borrowings	*16*	**2,906,435**	3,404,583	3,798,876
Deferred tax liabilities		**1,487,541**	2,249,292	2,649,900
		4,393,976	5,653,875	6,448,776
Current liabilities				
Loans and borrowings	*16*	**463,261**	1,396,096	3,259,833
Trade and other payables	*17*	**13,774,954**	8,931,171	9,073,811
Contract liabilities	*18*	**392,000**	292,278	—
Current tax liabilities		**34,555**	1,718,956	1,826,457
		14,664,770	12,338,501	14,160,101
TOTAL LIABILITIES		**19,058,746**	17,992,376	20,608,877
TOTAL EQUITY AND LIABILITIES		**141,812,902**	133,468,975	73,995,833
TOTAL ASSETS LESS CURRENT LIABILITIES		**127,148,132**	121,130,474	59,835,732

* *The balance represents amount less than RM1.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to equity shareholders of the Company							
	Share capital *RM*	Share premium *RM*	Other reserve *RM*	Translation reserve *RM*	Retained earnings *RM*	Total *RM*	Non-controlling interest *RM*	Total equity *RM*
At 1 January 2017	—*	—	150,200	3,356	53,233,400	53,386,956	—	53,386,956
Foreign currency translation differences for foreign operations	—	—	—	(2,748,679)	—	(2,748,679)	—	(2,748,679)
Other comprehensive expense for the year	—	—	—	(2,748,679)	—	(2,748,679)	—	(2,748,679)
Profit for the year, restated	—	—	—	—	188,700	188,700	—	188,700
Total comprehensive expense for the year	—	—	—	(2,748,679)	188,700	(2,559,979)	—	(2,559,979)
Contributions by and distributions to owners of the Company								
— Shares issued under initial public offering (the "**IPO**"), net of share issuance expenses	1,485,427	63,164,195	—	—	—	64,649,622	—	64,649,622
— Capitalisation of share premium	4,456,279	(4,456,279)	—	—	—	—	—	—
At 31 December 2017, restated	5,941,706	58,707,916	150,200	(2,745,323)	53,422,100	115,476,599	—	115,476,599
At 1 January 2018, as previously reported	5,941,706	58,707,916	150,200	(2,745,323)	53,644,231	115,698,730	—	115,698,730
Adjustment on initial application of IFRS 15, net of tax *(Note 25)*	—	—	—	—	(222,131)	(222,131)	—	(222,131)
At 1 January 2018, restated	5,941,706	58,707,916	150,200	(2,745,323)	53,422,100	115,476,599	—	115,476,599
Foreign currency translation differences for foreign operations	—	—	—	889,996	—	889,996	(183)	889,813
Other comprehensive income for the year	—	—	—	889,996	—	889,996	(183)	889,813
Profit for the year	—	—	—	—	6,295,729	6,295,729	(846)	6,294,883
Total comprehensive income for the year	—	—	—	889,996	6,295,729	7,185,725	(1,029)	7,184,696
Acquisition of a subsidiary	—	—	—	—	—	—	92,861	92,861
At 31 December 2018	5,941,706	58,707,916	150,200	(1,855,327)	59,717,829	122,662,324	91,832	122,754,156

* *The share capital of the Company was HK$0.60 divided into 60 Shares.*

\# Pursuant to the written resolutions of the Company's shareholders passed on 8 June 2017 and 23 June 2017, conditional upon the crediting of the share premium account of the Company as a result of the issue of Shares pursuant to the IPO, the Directors were authorised to allot and issue a total of 809,999,940 Shares, by way of capitalisation of the sum of HK$8,099,999 (approximate to RM4,456,279) standing to the credit of the share premium account of the Company, credited as fully paid at par to the controlling shareholders of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	**2018**	2017
		RM	*RM*
			Restated
Cash flows from operating activities			
Profit before tax		**8,904,163**	4,526,599
Adjustments for:			
Bad debts written off	*9*	**12,505**	9,347
Depreciation of property, plant and equipment	*11*	**2,172,761**	2,013,191
Deposit paid for a land acquisition written off	*9*	**196,020**	—
Finance costs	*7*	**274,621**	376,973
Finance income	*6*	**(832,224)**	(189,953)
Net loss on disposal of property, plant and equipment	*9*	**—**	53,916
Net loss on unrealised foreign exchange differences	*9*	**2,122,922**	1,052,191
Impairment loss on goodwill	*9*	**515,513**	—
Plant and equipment written off	*9*	**19,476**	—
Operating profit before changes in working capital		**13,385,757**	7,842,264
Change in inventories		**4,984,642**	(10,390,701)
Change in trade and other receivables		**(2,137,431)**	3,131,874
Change in trade and other payables		**2,224,847**	(166,412)
Change in contract liabilities		**99,722**	292,278
Cash generated from operations		**18,557,537**	709,303
Income tax paid		**(4,681,040)**	(5,489,513)
Net cash from/(used) in operating activities		**13,876,497**	(4,780,210)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(27,285,010)**	(5,192,185)
Acquisition of a subsidiary, net of cash and cash equivalents acquired		**85,021**	—
Interest received		**832,224**	189,953
Proceeds from disposal of property, plant and equipment		**—**	45,373
Net cash used in investing activities		**(26,367,765)**	(4,956,859)

	Note	2018	2017
		RM	*RM*
			Restated
Cash flows from financing activities			
Capital element of finance leases paid		**—**	(25,083)
Interest and other borrowing costs paid		**(274,621)**	(372,756)
Interest element of finance leases paid		**—**	(4,217)
Proceeds from new bank loans		**—**	6,913,000
Proceeds from Shares issued under the IPO, net of issuance expenses		**—**	64,649,622
Repayments of bank loans		**(1,430,983)**	(7,146,352)
Net cash (used in)/from financing activities		**(1,705,604)**	64,014,214
Net (decrease)/increase in cash and cash equivalents		**(14,196,872)**	54,277,145
Cash and cash equivalents at 1 January		**59,425,300**	8,115,462
Effect of foreign exchange rate changes		**860,825**	(2,967,307)
Cash and cash equivalents at 31 December	*15*	**46,089,253**	59,425,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Group is engaged in manufacturing and trading of food products. The core products include coconut cream powder and low fat dessicated coconut. 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 Law, 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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, 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 issued Shares have been 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 ("**Mr. Tang**"), an executive Director and the chairman of the Company, who is also the sole director of TYJ.

2. BASIS OF PREPARATION

(a) Statement of compliance

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual IFRSs, International Accounting Standards ("**lASs**") and Interpretations 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**"). Significant accounting policies adopted by the Group are set out in Note 3 below.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing these financial statements, the Group has adopted all applicable new and revised IFRSs for the current and prior accounting periods, except for any new standards or interpretations that will be effective for the accounting period beginning on or after 1 January 2019. The new and revised accounting standards, amendments and interpretations issued that will be effective for the accounting period beginning on or after 1 January 2019 are set out below. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Effective for accounting periods beginning on or after 1 January 2019

- IFRS 16, *Leases*
- IFRIC 23, *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 3, *Business Combinations (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

- Amendments to IFRS 9, *Financial Instruments — Prepayment Features with Negative Compensation*

- Amendments to IFRS 11, *Joint Arrangements (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

- Amendments to lAS 12, *Income Taxes (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

- Amendments to lAS 19, *Employee benefits — Plan Amendment, Curtailment or Settlement*

- Amendments to lAS 23, *Borrowing Costs (Annual Improvements to IFRS Standards 2015–2017 Cycle)*

- Amendments to lAS 28, *Investments in Associates and Joint Ventures — Long-term Interests in Associates and Joint Ventures*

Effective for accounting periods beginning on or after 1 January 2020

- Amendments to IFRS 3, *Business Combinations — Definition of a Business*

- Amendments to lAS 1, *Presentation of Financial Statements* and lAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Material*

Effective for accounting periods beginning on or after 1 January 2021

- IFRS 17, *Insurance Contracts*

Effective for accounting periods beginning on or after a date yet to be confirmed

- Amendments to IFRS 10, *Consolidated Financial Statements* and lAS 28, *Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will apply the abovementioned accounting standards, amendments and interpretations that are applicable to the Group when they become effective.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

IFRS 16, *Leases*

IFRS 16 replaces the guidance in lAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease,* SIC 15, *Operating Leases — Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed that the new standard is not likely to have significant impact on how it recognises leases.

(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 subsidiaries established in Malaysia and Singapore have their functional currencies in RM and Singapore Dollar respectively. As the Group mainly operates in Malaysia, RM is used as the presentation currency of the financial statements.

(d) Use of estimates and judgements

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 a significant effect on the amounts recognised in the financial statements other than as disclosed below.

Valuation of inventories

The cost of inventories is calculated using the weighted average method. The primary raw materials is coconuts, which is a commodity, and its cost is generally affected by markets factors such as price fluctuations, market supply and demand, logistics and transportation costs. The cost of coconuts is adjusted with anticipated wastages and losses in the production process in order to derive the inventory standard costs. The inventory standard costs are affected by the extraction yield from the coconuts, which is dependent on the maturity and quality of the coconuts. This assessment required significant judgement and estimation. The carrying amount of the inventories is disclosed in Note 13.

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 FY2017, except for the adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments*, which came into effect from 1 January 2018.

(a) IFRS 15, *Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standard, IAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services.

The Group has elected to use the retrospective restatement method and comparative information has been restated in accordance with IFRS 15.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

Presentation of contract liabilities

Under IFRS 15, revenue from sales of goods is recognised at point in time when the customer obtains control of goods. At contract inception, the transaction price is generally allocated to each performance obligation on the basis of relative stand-alone selling prices. When specific criteria are met, a discount or variable consideration is allocated to one or more of the performance obligation in the contract.

The contract liabilities represent the contract with customer incentive (free goods) that is not completed as at the end of the reporting period.

Arising from the adoption of IFRS 15, the Group has recorded contract liabilities of RM292,278 as at 31 December 2017. This amount was previously recognised in revenue according to the previous year revenue recognition method.

(b) IFRS 9, *Financial instruments*

IFRS 9 replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

Classification of financial assets

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at fair value through profit or loss.

As a result of the above, trade and other receivables that were classified as loans and receivables under IAS 39 are now reclassified at amortised cost under IFRS 9.

Credit losses

IFRS 9 also replaces the "incurred loss" model in IAS 39 with the "expected credit loss" ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables).

There is no significant impact on the Group's financial position and financial result upon initial application at 1 January 2018.

4. REVENUE AND SEGMENT INFORMATION

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

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

	2018	2017
	RM	*RM*
		Restated
Revenue from contracts with customers		
— Coconut related products	**78,729,819**	94,736,886
— Others	**1,259,216**	1,494,673
	79,989,035	96,231,559

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 trading of coconut cream powder, low fat desiccated coconut, coconut milk 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.

	2018	2017
	RM	*RM*
		Restated
West Indies	**24,310,019**	24,511,313
South East Asia	**17,930,899**	22,092,216
Middle East	**16,995,650**	23,793,761
North America	**5,208,574**	5,449,300
East Asia	**3,193,807**	2,155,336
Other regions	**12,350,086**	18,229,633
	79,989,035	96,231,559

The following table sets out information on the geographical locations of the Group's non-current assets.

	2018	2017
	RM	*RM*
Malaysia	**49,813,814**	24,746,533
Singapore	**25,492**	—
	49,839,306	24,746,533

Major customer

Company A is the only major customer with revenue equal or more than 10% (2017: 10%) of the Group's total revenue:

	2018	2017
	RM	*RM*
		Restated
Company A (including all common control companies)	**28,897,334**	30,900,035

5. OTHER INCOME

	2018	2017
	RM	*RM*
Rental income	**204,000**	204,000
Others	**286,483**	448,722
	490,483	652,722

6. FINANCE INCOME

	2018	2017
	RM	*RM*
Interest income of financial assets calculated using the effective interest method that are at amortised cost	**832,224**	189,953

7. FINANCE COSTS

	2018	2017
	RM	*RM*
Interest expense of financial liabilities that are not at fair value through profit or loss	**274,621**	376,973

8. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	RM	*RM*
		Restated
Current tax — Malaysian Income Tax		
Current year	**3,168,831**	4,643,419
Under provision in respect of prior years	**165,896**	81,928
	3,334,727	4,725,347
Deferred tax		
Origination and reversal of temporary differences	**(525,232)**	(122,853)
Over provision in respect of prior years	**(200,215)**	(264,595)
	(725,447)	(387,448)
	2,609,280	4,337,899

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

Hong Kong Profits Tax rate is 8.25% on estimated assessable profits up to HK$2 million and 16.5% on any part of the estimated assessable profits over HK$2 million for the year ended 31 December 2018. Hong Kong Profits Tax rate was 16.5% for the year ended 31 December 2017. The Group is not subject to Hong Kong Profits Tax as it had no assessable income arising in and derived from Hong Kong for the years ended 31 December 2018 and 2017.

Malaysian Income Tax has been provided at the statutory tax rate of 24% (2017: 24%) on the estimated chargeable income arising in Malaysia for the year ended 31 December 2018, except for certain subsidiaries that are entitled to tax rate at 6% (2017: 6%) lower than the statutory tax rate for their first RM500,000 chargeable income during the financial year.

9. PROFIT FOR THE YEAR

	Note	2018 RM	2017 RM
Profit for the year is arrived at after charging/(crediting):			
Auditors' remunerations:			
— Audit fees			
KPMG PLT		**399,000**	213,025
Other auditors		**8,032**	2,838
— Non-audit fees			
Local affiliate of KPMG PLT		**50,000**	—
Material expenses/(income)			
Bad debts written off		**12,505**	9,347
Depreciation of property, plant and equipment	*11*	**2,172,761**	2,013,191
Deposit paid for a land acquisition written off		**196,020**	—
Impairment loss on goodwill		**515,513**	—
Listing expenses		**—**	13,209,615
Net loss on disposal of plant and equipment		**—**	53,916
Net (gain)/loss on foreign exchange differences			
— Realised		**(231,992)**	374,628
— Unrealised		**2,122,922**	1,052,191
Personnel expenses (including Directors' emoluments):			
— Wages, salaries and other benefits		**11,670,737**	9,225,509
— Contributions to Employees' Provident Fund		**862,499**	581,370
Plant and equipment written off		**19,476**	—
Rental of premises		**441,397**	357,581
Rental income		**(204,000)**	(204,000)

^ Listing expenses relate to one-off expenses incurred by the Group in conjunction with the Listing, and are included as part of administrative expenses.

10. EARNINGS PER SHARE

The calculation of basic earnings per Share was based on the profit attributable to Shareholders of RM6,295,729 (2017: RM188,700) and the weighted average number of Shares outstanding of 1,080,000,000 Shares (2017: 938,712,329).

	Number of ordinary shares
Deemed issued ordinary shares before the IPO	810,000,000
Effect of Shares issued upon the IPO	128,712,329
Weighted average number of Shares at 31 December 2017	938,712,329
Weighted average number of Shares at 31 December 2018	1,080,000,000

	2018	2017
	Sen	*Sen*
		Restated
Basic earnings per Share	**0.58**	0.02

The diluted earnings per Share is similar to the basic earnings per Share as the Group does not have any material potential dilutive Shares in issuance.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land *RM*	Leasehold land with unexpired lease period of more than 50 years *RM*	Factory buildings and other buildings *RM*	Plant and machinery *RM*	Motor vehicles *RM*	Furniture, fittings and equipment *RM*	Construction in progress *RM*	Total *RM*
Cost								
At 1 January 2017	397,046	415,170	19,005,590	20,912,859	677,720	2,206,097	135,837	43,750,319
Additions	3,400,000	—	48,000	1,422,612	—	114,886	206,687	5,192,185
Disposals	—	—	—	(705,949)	—	(36,271)	—	(742,220)
Transfers	—	—	25,100	—	—	—	(25,100)	—
At 31 December 2017/ 1 January 2018	3,797,046	415,170	19,078,690	21,629,522	677,720	2,284,712	317,424	48,200,284
Additions	—	—	902,010	1,200,073	—	467,984	24,714,943	27,285,010
Write off	—	—	—	(91,458)	—	(56,166)	—	(147,624)
At 31 December 2018	**3,797,046**	**415,170**	**19,980,700**	**22,738,137**	**677,720**	**2,696,530**	**25,032,367**	**75,337,670**
Accumulated depreciation								
At 1 January 2017	—	152,225	5,998,032	13,564,501	614,350	1,754,383	—	22,083,491
Charge for the year	—	8,303	587,263	1,248,478	18,144	151,003	—	2,013,191
Disposals	—	—	—	(631,288)	—	(11,643)	—	(642,931)
At 31 December 2017/ 1 January 2018	—	160,528	6,585,295	14,181,691	632,494	1,893,743	—	23,453,751
Charge for the year	—	8,303	601,825	1,360,150	18,144	184,339	—	2,172,761
Write off	—	—	—	(77,709)	—	(50,439)	—	(128,148)
At 31 December 2018	**—**	**168,831**	**7,187,120**	**15,464,132**	**650,638**	**2,027,643**	**—**	**25,498,364**
Carrying amounts								
At 1 January 2017	397,046	262,945	13,007,558	7,348,358	63,370	451,714	135,837	21,666,828
At 31 December 2017/ 1 January 2018	3,797,046	254,642	12,493,395	7,447,831	45,226	390,969	317,424	24,746,533
At 31 December 2018	**3,797,046**	**246,339**	**12,793,580**	**7,274,005**	**27,082**	**668,887**	**25,032,367**	**49,839,306**

12. GOODWILL

	2018
	RM
Cost	
Acquisition through business combination	**515,513**
Impairment loss	
Impairment loss for the year	**(515,513)**
Carrying amount	
At 31 December 2018	**—**

During the financial year, an impairment loss on goodwill of RM515,513 was recognised in profit or loss due to the shortfall of recoverable amount and the net liabilities position of the subsidiary acquired.

13. INVENTORIES

	2018	2017
	RM	*RM*
Packaging and raw materials	**5,357,262**	4,423,453
Unpacked finished goods	**18,231,429**	24,996,480
Finished goods	**1,741,729**	895,129
	25,330,420	30,315,062
The amount of inventories recognised as an expense is as follows:		
Carrying amount of inventories sold	**54,164,489**	65,029,580

14. TRADE AND OTHER RECEIVABLES

	2018	2017
	RM	*RM*
Trade receivables	**14,243,657**	14,878,361
Deposits, prepayments and other receivables	**5,991,689**	3,410,750
	20,235,346	18,289,111

All trade and other receivables are expected to be recovered or recognised as expense within one year.

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

	2018	2017
	RM	*RM*
Within 1 month	**6,361,134**	8,756,688
Over 1 month to 2 months	**3,979,570**	3,514,127
Over 2 months to 3 months	**2,045,243**	1,690,037
Over 3 months	**1,857,710**	917,509
	14,243,657	14,878,361

15. CASH AND CASH EQUIVALENTS

	2018	2017
	RM	*RM*
Cash on hand	**131,662**	56,443
Bank balances in licensed banks	**45,957,591**	59,368,857
Cash and cash equivalents in the consolidated statement of cash flows	**46,089,253**	59,425,300

16. LOANS AND BORROWINGS

	2018	2017
	RM	*RM*
Non-current		
Bank loans — secured	**2,906,435**	3,404,583
Current		
Bank loans — secured	**463,261**	1,396,096
	3,369,696	4,800,679

17. TRADE AND OTHER PAYABLES

	2018	2017
	RM	*RM*
Trade payables	**3,501,209**	4,459,014
Prepayments received from customers	**584,608**	470,734
Other payables and accruals	**9,689,137**	4,001,423
	13,774,954	8,931,171

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

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

	2018	2017
	RM	*RM*
Within 1 month	**2,195,529**	3,454,925
Over 1 month to 3 months	**1,155,955**	1,001,723
Over 3 months to 6 months	**147,300**	—
Over 6 months	**2,425**	2,366
	3,501,209	4,459,014

18. CONTRACT LIABILITIES

	2018	2017
	RM	*RM*
		Restated
Contract liabilities	**392,000**	292,278

The contract liabilities represent the contract with customer incentive (free goods) that is not completed as at the end of the reporting period. The contract liabilities are expected to be recognised as revenue within a year.

Signification changes to contract liabilities balance during the period is as follows:

	2018	2017
	RM	*RM*
Contract liabilities at the beginning of the period recognised as revenue	**292,278**	—

19. OTHER RESERVE

Other reserve of the Group represents the difference between the par value of the Company's Shares issued and the aggregate amount of paid-up capital of 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 been occurred on 1 January 2016.

20. DIVIDENDS

The Company did not pay any dividends during FY2018.

The Board has resolved not to recommend the payment of any final dividend for FY2018.

21. CONTINGENCY

The Directors are of the opinion that provision is not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required.

	2018
	RM
Contingent liability not considered remote	
Litigation	
During the year, a lawsuit was filed by a third party against the Group in a dispute of a sale and purchase of a plot of land. The plaintiff is claiming the balance deposit of RM784,080 with interest and costs, whereas the Group has filed a counterclaim for a refund of deposit paid previously amounting to RM196,020.	
The Case Management and Trial are scheduled on 12 April 2019 and 6 May 2019, respectively. The solicitor is of the view that the Group has strong prospects of successfully defending the action. Based on the legal advice, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.	**784,080**

22. COMMITMENTS

(a) Capital commitments

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

	2018	2017
	RM	*RM*
Property, plant and equipment		
Authorised but not contracted for	**33,164,728**	51,500,000
Contracted but not provided for	**35,022,792**	1,073,090

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	RM	*RM*
Within one year	**172,310**	78,480
After one year but within five years	**87,680**	70,220
	259,990	148,700

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

23. 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) *Significant related party transactions*

The terms and conditions of the related party transactions are based on negotiated terms. The significant related party transactions of the Group are as follows:

	2018	2017
	RM	*RM*
Director		
Disposal of a subsidiary	**—**	(6,445)

(b) ***Key management personnel remuneration***

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

	2018	2017
	RM	*RM*
Salaries and other benefits	**2,726,664**	2,094,370
Discretionary bonuses	**—**	19,816
Contributions to Employees' Provident Fund	**302,828**	221,627
	3,029,492	2,335,813

Remuneration for key management personnel is included in personnel expenses as disclosed in Note 9 above.

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as amortised costs ("**AC**").

	Note	**Carrying amount**	**AC**
		RM	*RM*
2018			
Financial assets			
Trade and other receivables*		15,454,269	15,454,269
Cash and cash equivalents	*15*	46,089,253	46,089,253
		61,543,522	61,543,522
Financial liabilities			
Loans and borrowings	*16*	(3,369,696)	(3,369,696)
Trade and other payables	*17*	(13,774,954)	(13,774,954)
		(17,144,650)	(17,144,650)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("**L&R**"); and

(b) Financial liabilities measured at amortised cost ("**FL**")

	Note	**Carrying Amount** *RM*	**L&R/ (FL)** *RM*
2017			
Financial assets			
Trade and other receivables*		15,382,024	15,382,024
Cash and cash equivalents	*15*	59,425,300	59,425,300
		74,807,324	74,807,324
Financial liabilities			
Loans and borrowings	*16*	(4,800,679)	(4,800,679)
Trade and other payables**		(8,714,562)	(8,714,562)
		(13,515,241)	(13,515,241)

* excluding prepayments and goods and services tax receivable

** excluding goods and services tax payable

(b) Net gains and losses arising from financial instruments

	2018	2017
	RM	*RM*
Net (losses)/gains on:		
Financial assets at amortised cost		
— Bad debts written off	**(12,505)**	—
— Foreign exchange differences	**193,309**	—
— Finance income	**832,224**	—
	1,013,028	—
Loans and receivables		
— Bad debt written off	**—**	(9,347)
— Foreign exchange differences	**—**	(1,446,924)
— Finance income	**—**	189,953
	—	(1,266,318)
Financial liabilities at amortised cost		
— Foreign exchange differences	**(2,084,239)**	20,105
— Finance costs	**(274,621)**	(376,973)
	(2,358,860)	(356,868)
	(1,345,832)	(1,623,186)

25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group adopted IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* on its financial statements. The Group generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by IFRS 9, the Group has elected not to restate the comparatives.

Impacts on financial statements

The following tables summarise the impacts arising from the adoption of IFRS 15 and IFRS 9 on the Group's financial statements for the financial year ended 31 December 2017. Upon adoption of IFRS 15 and IFRS 9, there is no impact on the Group's financial statements as of 1 January 2017.

a. ***Consolidated statement of financial position***

	31 December 2017		
	As previously reported	**IFRS 15 adjustments**	**As restated**
	RM	*RM*	*RM*
Total assets	133,468,975	—	133,468,975
Deferred tax liabilities	(2,319,439)	70,147	(2,249,292)
Contract liabilities	—	(292,278)	(292,278)
Others	(15,450,806)	—	(15,450,806)
Total liabilities	(17,770,245)	(222,131)	(17,992,376)
Reserves	(51,049,108)	222,131	(50,826,977)
Others	(64,649,622)	—	(64,649,622)
Total equity	(115,698,730)	222,131	(115,476,599)
Total equity and liabilities	(133,468,975)	—	(133,468,975)

b. *Consolidated statement of profit or loss and other comprehensive income*

	As previously reported *RM*	IFRS 15 adjustments *RM*	As restated *RM*
For the year ended 31 December 2017			
Revenue	96,523,837	(292,278)	96,231,559
Cost of sales	(65,029,580)	—	(65,029,580)
Gross profit	31,494,257	(292,278)	31,201,979
Other income	652,722	—	652,722
Selling and distribution expenses	(5,647,423)	—	(5,647,423)
Administrative expenses	(20,012,924)	—	(20,012,924)
Other expenses	(1,480,735)	—	(1,480,735)
Profit from operations	5,005,897	(292,278)	4,713,619
Finance income	189,953	—	189,953
Finance costs	(376,973)	—	(376,973)
Net finance costs	(187,020)	—	(187,020)
Profit before taxation	4,818,877	(292,278)	4,526,599
Income tax expense	(4,408,046)	70,147	(4,337,899)
Profit for the year	410,831	(222,131)	188,700
Other comprehensive expense for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(2,748,679)	—	(2,748,679)
Total comprehensive expense for the year	(2,337,848)	(222,131)	(2,559,979)

	As previously reported	As restated
Basic and diluted earnings per ordinary share (expressed in Sen):	0.04	0.02

c. ***Consolidated statement of cash flows***

	As previously reported *RM*	IFRS 15 adjustments *RM*	As restated *RM*
For the year ended 31 December 2017			
Profit before tax	4,818,877	(292,278)	4,526,599
Adjustments for:			
Change in contract liabilities	—	292,278	292,278
Others	(9,599,087)	—	(9,599,087)
Net cash used in operating activities	(4,780,210)	—	(4,780,210)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is engaged in the manufacturing and trading of food products. The core products include coconut cream powder and low fat dessicated coconut, manufactured at the Group's manufacturing facility located at Bagan Datoh, Perak, Malaysia (the "**Perak Plant**"), which is equipped with a multi-stage spray dryer which is fully automated and monitored centrally ensuring high quality and stable production. 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 Group is committed to delivering high quality and safe food products and services, meeting customers' expectations and complying with legal requirements, and continually improving customers' satisfaction and having a quality management team. It implements comprehensive and strict quality assurance procedures throughout all stages of the production process from the procurement of raw materials to the packaging and delivery of the finished products. In this regard, the Group has been accredited with various certifications in relation to quality management and food safety.

Financial Review

The Group's revenue was approximately RM80.0 million for FY2018, representing a decrease of approximately 16.9%, or RM16.2 million, when compared with that for FY2017 of approximately RM96.2 million (as restated). The decrease in sales was largely attributed to a drop in sales volume of coconut related products, as discussed in the section below.

The Group's cost of sales decreased by approximately 16.7%, or RM10.8 million, from approximately RM65.0 million for FY2017 to approximately RM54.2 million for FY2018, which was in tandem with the decrease in the sales volume and a drop in the price of the Group's major raw materials, namely coconuts and white kernel. Total gross profit for FY2018 decreased by approximately 17.3%, or RM5.4 million when compared with that for FY2017 in tandem with the decrease in revenue.

Meanwhile, the gross profit margin of the Group remained stable for FY2018 at 32.3% (FY2017: 32.4%, as restated).

Coconut related products

The Group's revenue is mainly derived from coconut related products. Revenue for such products for FY2018 was approximately RM78.7 million, representing a drop of approximately RM16.0 million as compared to that for FY2017 of approximately RM94.7 million (as restated). The decrease in revenue for coconut related products was attributed primarily due to the drop in sales volume from certain overseas markets resulting from the change in market conditions thereat.

Other revenue are mainly made up of sales of ketupat, freight charges to customers and sales of miscellaneous items. In FY2018, other revenue was approximately RM1.3 million, representing a marginal drop of RM0.2 million from RM1.5 million posted in FY2017.

Other income

In FY2018, other income comprised mainly rental income of RM0.2 million and sale of scrap items and other sundry income of RM0.3 million.

Selling and distribution expenses

The Group's selling and distribution expenses of approximately RM4.5 million for FY2018 was approximately RM1.1 million lower than those of approximately RM5.6 million for FY2017. This was in line with the reduced sales revenue in FY2018.

Administrative expenses

In FY2017, the Group's administrative expenses was RM20.0 million, which can be categorised into one-off Listing expenses of approximately RM13.2 million and recurring administrative expenses of approximately RM6.8 million. The Group's administrative expenses for FY2018 were approximately RM10.8 million, which represented an increase of approximately RM4.0 million over the recurring administrative expenses of FY2017. Such increase was due to an increase in staff and other related costs in line with the Group's factory and sales expansion plans.

Other expenses

The Group's other expenses for FY2018 were approximately RM2.6 million, which were mainly made up of net foreign exchange loss and an impairment loss on goodwill of approximately RM0.5 million. The net foreign exchange loss arose primarily from the fluctuation of RM against the United States Dollar ("**USD**") during FY2018.

Net finance income/(costs)

In FY2018, the Group recorded net finance income of RM0.6 million, as compared to net finance costs of RM0.2 million in FY2017. This net income was primarily derived from interest earned on unutilised net proceeds received by the Company from the IPO exercise (the "**Net Proceeds**"), pending their deployment for the Group's expansion plans.

Income tax expense

The Group's income tax expense decreased by approximately 39.5%, or RM1.7 million from approximately RM4.3 million for FY2017 to approximately RM2.6 million for FY2018, which was primarily in line with a decrease in the taxable profit as the one-off Listing expenses in FY2017 was not tax deductible.

Profit Attributable to equity Shareholders

The Group recorded a profit attributable to equity Shareholders of approximately RM6.3 million for FY2018, as compared to a profit of approximately RM0.2 million in FY2017 (as restated). This was attributable mainly to the one-off and non-recurring Listing expenses of approximately RM13.2 million incurred during FY2017 but the profit in FY2018 was offset by the lower gross profit and higher administrative expenses in FY2018.

Future Prospects and Strategies

The Group intends to grow and expand in tandem with the growing coconut related products industry. Initiatives have been put in place to capitalise on the vibrant industry outlook. The areas on which the management team places emphasis are, amongst others, widening of the global distribution network and strengthening of the Group's product innovation and development capabilities, and talent development and management initiatives to ensure sustainable growth of the Group.

In addition to the above, the Group is in the midst of implementing its business expansion plans which include expanding and upgrading the production facilities at its Perak Plant to, among others, produce coconut milk and coconut water. Based on the current schedule, it is expected that such expansion and upgrade will be completed by the second half of 2019, when such new products are expected to be launched commercially.

Liquidity, Financial Resources and Capital Structure

The Group maintains a solid financial position and as at 31 December 2018 was in a net cash position. The Group is able to meet its obligations when they become due in its ordinary and usual course of business.

Capital Structure

The Group's objectives when 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 the FY2018.

Cash Position

As at 31 December 2018, the Group's cash and cash equivalents were approximately RM46.1 million as compared with approximately RM59.4 million as at 31 December 2017. The decrease of approximately RM13.3 million in cash was mainly due to partial utilisation of the Net Proceeds for their intended use, during FY2018.

Loans and Borrowings

As at 31 December 2018, the loans and borrowings amounted to approximately RM3.4 million, representing a decrease of approximately RM1.4 million as compared to approximately RM4.8 million as at 31 December 2017, attributable primarily to net repayments of bank borrowings during FY2018.

Gearing Ratio

Gearing ratio equals to total debt divided by total equity. As at 31 December 2018, the gearing ratio was approximately 0.03 (2017: 0.04).

PLEDGE OF ASSETS

As at 31 December 2018, the assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	2018	2017
	RM	*RM*
Leasehold land	**246,339**	254,642
Freehold land	**97,046**	97,046
Factory buildings and other buildings	**10,091,943**	11,344,831
	10,435,328	11,696,519

CAPITAL EXPENDITURES

During FY2018, the Group had incurred capital expenditures of approximately RM27.3 million as compared to approximately RM5.2 million in FY2017. The expenditures were mainly related to the purchase of property, plant and equipment and construction work in progress.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2018 and 31 December 2017.

MATERIALS ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY2018, the Group had acquired a 90.6% stake in M. Ace (Thailand) Co. Ltd. for a total cash consideration of Thai Baht Three Hundred.

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2017.

USE OF NET PROCEEDS

On 11 July 2017, the Company completed its IPO by way of a global offering of 270,000,000 Shares at an issue price of HK$0.48 per Share and the Shares commenced trading on the Main Board of the Stock Exchange on the same day.

The Net Proceeds after deducting the relevant one-off and non-recurring Listing expenses 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 disclosed in the 2017 Annual Report.

The Group is in the process of implementing its business strategies as set out in the Prospectus and has utilised approximately RM26.8 million of the Net Proceeds as at 31 December 2018 by reference to the Section headed "Future Plans and Use of Proceeds" of the Prospectus. The following sets forth a summary of the allocation of the Net Proceeds and its utilisation as at 31 December 2018.

Use of Net Proceeds	**Approximate original allocation of the Net Proceeds** *(RM 'million)*	**Approximate percentage of the Net Proceeds** *(%)*	**Approximate actual amount of the Net Proceeds utilized as at 31 December 2018** *(RM 'million)*	**Approximate unused amount of the Net Proceeds as at 31 December 2018** *(RM 'million)*
Expanding and upgrading the production facilities at the Perak Plant	35.6	76.0%	(21.4)	14.2
Recommissioning of the Johor Plant	4.7	10.0%	—	4.7
Advertising and promotion expenses	1.2	2.5%	(1.2)	—
Investing in new equipment to enhance the research and development	1.2	2.5%	(0.1)	1.1
General corporate purposes and working capital	4.1	9.0%	(4.1)	—
Total	46.8*	100.0%	(26.8)	20.0

The unutilised Net Proceeds will be applied in the manner consistent with that mentioned in the Prospectus. The Directors are not aware of any material change to the planned use of proceeds as at the date of this announcement.

* 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".

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 in order to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

FINAL DIVIDEND

At the meeting of the Board held on 29 March 2019, the Board has resolved not to recommend the payment of any dividend to the Shareholders for FY2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held at 11:00 a.m. on Thursday, 30 May 2019 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 Saturday, 25 May 2019 to Thursday, 30 May 2019, 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 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 Friday, 24 May 2019.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 285 employees and 238 employees as at 31 December 2018 and 31 December 2017, respectively. Remuneration is determined by reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic inhouse 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 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 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 2018 and the date of this announcement, there was no outstanding share option granted under the Share Option Scheme and no share option lapsed or was exercised or cancelled during FY2018.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2018 and 31 December 2017 except as disclosed in Note 21 above.

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 FY2018.

EVENTS AFTER THE REPORTING PERIOD

On 13 March 2019, a subsidiary of the Company entered into a USD12.5 million secured term loan facility agreement with a Malaysian licensed bank (the "**Bank**") for the purpose of financing the subsidiary's expansion plan at Bagan Datoh, Perak. The term loan is repayable within 7 years and bears a floating rate interest based on London Inter-bank Offered Rates plus an agreed percentage.

The term loan is secured by freehold land and buildings of a subsidiary, specific debentures by the subsidiary incorporating specific charge over the machineries and equipment to be financed by the Bank, and a corporate guarantee in favour of the Bank from the Company. As at 29 March 2019, the Group has drawn down a total of USD5.0 million from this term loan.

Other than the above, no event that has a significant impact on the Group has occurred after the reporting period 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 FY2018, the Company had complied with all of the applicable code provisions of the CG Code. The Company is committed to 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.

The audit committee of the Company (the "**Audit Committee**"), consisting of three INEDs, namely Mr. Fung Che Wai Anthony (chairman of the Audit Committee), Mr. Chong Yew Hoong and Mr. Ng Hock Boon, 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 (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 FY2018.

INDEPENDENCE OF INEDS

The Company has received the annual confirmation of independence from each of the three INEDs, namely Mr. Fung Che Wai, Anthony, Mr. Chong Yew Hoong and Mr. Ng Hock Boon 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 THE AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated results of the Group for FY2018 (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 KPMG PLT

The figures in respect of the preliminary announcement of the Group Results have been agreed by the Group's independent auditors, KPMG PLT, to the amounts set out in the Group's draft consolidated financial statements for FY2018. The work performed by KPMG PLT 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 KPMG PLT on the preliminary announcement.

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

Hong Kong, 29 March 2019

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. Fung Che Wai, Anthony, Mr. Chong Yew Hoong and Mr. Ng Hock Boon.