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 2020

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

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

	2020	2019	**% of change**
	RM	*RM*	
Revenue	**88,675,007**	68,327,729	30
Loss from operations	**(1,242,881)**	(1,830,927)	(32)
After charging:			
Net finance costs	**(524,082)**	(378,831)	38
Income tax (expense)/credit	**(1,180,243)**	345,590	>100
Loss for the year	**(2,947,206)**	(1,864,168)	58

Consolidated Statement of Financial Position as at 31 December

	2020	2019	**% of change**
	RM	*RM*	
Cash and cash equivalents	**32,592,186**	25,606,417	27
Loans and borrowings	**37,355,415**	33,613,755	11
Total assets less current liabilities	**148,154,935**	149,683,934	(1)
Net assets	**116,395,184**	120,245,080	(3)

KEY FINANCIAL RATIOS FOR THE YEAR ENDED 31 DECEMBER

	2020	2019	**% change/ change in % point**
Gross profit margin	**11.8%**	23.7%	(50)
Return on equity	**(2.5%)**	(1.5%)	67
Current ratio (times)[#]	**4.1**	4.0	2.5

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 2020 ("**FY2020**"), together with the comparative figures for the year ended 31 December 2019 ("**FY2019**") 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 2020

	Note	**2020** *RM*	2019 *RM*
Revenue	*5*	**88,675,007**	68,327,729
Cost of sales		**(78,174,794)**	(52,152,935)
Gross profit		**10,500,213**	16,174,794
Other income	*6*	**3,512,268**	870,524
Selling and distribution expenses		**(3,511,032)**	(4,674,581)
Administrative expenses		**(11,704,489)**	(13,826,881)
Other expenses		**(39,841)**	(374,783)
Loss from operations		**(1,242,881)**	(1,830,927)
Finance income	*7*	**541,143**	579,444
Finance costs	*8*	**(1,065,225)**	(958,275)
Net finance costs		**(524,082)**	(378,831)
Loss before taxation		**(1,766,963)**	(2,209,758)
Income tax (expense)/credit	*9*	**(1,180,243)**	345,590
Loss for the year	*10*	**(2,947,206)**	(1,864,168)

	Note	2020	2019
		RM	*RM*
Other comprehensive expense for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(902,690)**	(629,640)
Total comprehensive loss for the year		**(3,849,896)**	(2,493,808)
Loss attributable to:			
Equity shareholders of the Company		**(3,017,053)**	(1,844,444)
Non-controlling interest		**69,847**	(19,724)
Loss for the year		**(2,947,206)**	(1,864,168)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(3,920,950)**	(2,398,161)
Non-controlling interest		**71,054**	(95,647)
Total comprehensive loss for the year		**(3,849,896)**	(2,493,808)
Basic and diluted loss per ordinary share (expressed in Sen):	*11*	**(0.28)**	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**89,780,173**	90,918,093
Right-of-use assets	14	**5,569,969**	6,149,297
Deferred tax assets		**33,655**	33,655
		95,383,797	97,101,045
CURRENT ASSETS			
Inventories	15	**19,663,151**	23,485,240
Current tax asset		**476,405**	2,157,471
Trade and other receivables	16	**14,783,933**	13,670,848
Derivative financial asset	17	**262,940**	63,700
Pledged time deposits	18	**2,000,000**	5,000,000
Cash and cash equivalents	19	**32,592,186**	25,606,417
		69,778,615	69,983,676
TOTAL ASSETS		**165,162,412**	167,084,721
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**5,941,706**	5,941,706
Share premium		**58,707,916**	58,707,916
Reserves	20	**51,678,323**	55,599,273
Total equity attributable to equity shareholders of the Company		**116,327,945**	120,248,895
Non-controlling interest		**67,239**	(3,815)
TOTAL EQUITY		**116,395,184**	120,245,080

	Note	**2020**	2019
		RM	*RM*
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	*21*	**29,396,206**	28,300,928
Lease liabilities	*22*	**95,101**	171,549
Deferred tax liabilities		**2,268,444**	966,377
		31,759,751	29,438,854
CURRENT LIABILITIES			
Loans and borrowings	*21*	**7,959,209**	5,312,827
Lease liabilities	*22*	**170,897**	314,510
Trade and other payables	*23*	**7,658,151**	10,720,794
Contract liabilities	*24*	**1,219,220**	1,034,755
Current tax liabilities		**—**	17,901
		17,007,477	17,400,787
TOTAL LIABILITIES		**48,767,228**	46,839,641
TOTAL EQUITY AND LIABILITIES		**165,162,412**	167,084,721
TOTAL ASSETS LESS CURRENT LIABILITIES		**148,154,935**	149,683,934

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity shareholders of the Company						Non-	
	Share capital	Share premium	Other reserve	Translation reserve	Retained earnings	Total	controlling interest	Total equity
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
At 1 January 2019	5,941,706	58,707,916	150,200	(1,855,327)	59,702,561	122,647,056	91,832	122,738,888
Foreign currency translation differences for foreign operations	—	—	—	(553,717)	—	(553,717)	(75,923)	(629,640)
Other comprehensive expense for the year	—	—	—	(553,717)	—	(553,717)	(75,923)	(629,640)
Loss for the year	—	—	—	—	(1,844,444)	(1,844,444)	(19,724)	(1,864,168)
Total comprehensive loss for the year	—	—	—	(553,717)	(1,844,444)	(2,398,161)	(95,647)	(2,493,808)
At 31 December 2019	5,941,706	58,707,916	150,200	(2,409,044)	57,858,117	120,248,895	(3,815)	120,245,080
Foreign currency translation differences for foreign operations	**—**	**—**	**—**	**(903,897)**	**—**	**(903,897)**	**1,207**	**(902,690)**
Other comprehensive expense for the year	**—**	**—**	**—**	**(903,897)**	**—**	**(903,897)**	**1,207**	**(902,690)**
Loss for the year	**—**	**—**	**—**	**—**	**(3,017,053)**	**(3,017,053)**	**69,847**	**(2,947,206)**
Total comprehensive loss for the year	**—**	**—**	**—**	**(903,897)**	**(3,017,053)**	**(3,920,950)**	**71,054**	**(3,849,896)**
At 31 December 2020	**5,941,706**	**58,707,916**	**150,200**	**(3,312,941)**	**54,841,064**	**116,327,945**	**67,239**	**116,395,184**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	**2020** *RM*	2019 *RM*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,766,963)**	(2,209,758)
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**6,376,962**	2,534,910
Depreciation of right-of-use assets	*14*	**706,942**	571,605
Finance costs	*8*	**1,065,225**	958,275
Finance income	*7*	**(541,143)**	(579,444)
Net gains on unrealised foreign exchange differences	*10*	**(1,551,546)**	(309,866)
Property, plant and equipment written off	*10*	**46,590**	5,380
Operating profit before changes in working capital		**4,336,067**	971,102
Change in inventories		**3,822,089**	1,845,180
Change in trade and other receivables		**(1,121,275)**	6,029,159
Change in trade and other payables		**(1,984,288)**	(2,140,662)
Change in contract liabilities		**184,465**	642,755
Cash generated from operations		**5,237,058**	7,347,534
Tax refunded		**1,965,644**	382,187
Income tax paid		**(499,194)**	(2,373,702)
Net cash generated from operating activities		**6,703,508**	5,356,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	*(i)*	**(5,285,632)**	(19,917,422)
Interest received		**541,143**	579,444
Decrease/(Increase) in pledged time deposits		**3,000,000**	(5,000,000)
Net cash used in investing activities		**(1,744,489)**	(24,337,978)

	Note	2020 RM	2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of lease liabilities paid	*(iii)*	**(347,675)**	(254,334)
Drawdown from new borrowing	*(iii)*	**8,394,227**	1,174,562
Interest and other borrowing costs paid	*(iii)*	**(929,939)**	(935,609)
Interest element of lease liabilities paid	*(iii)*	**(18,925)**	(22,666)
Repayments of loans and borrowings	*(iii)*	**(4,052,411)**	(748,240)
Net cash generate from/(used in) financing activities		**3,045,277**	(786,287)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**8,004,296**	(19,768,246)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**25,606,417**	46,089,253
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(1,018,527)**	(714,590)
CASH AND CASH EQUIVALENT AT 31 DECEMBER	*19*	**32,592,186**	25,606,417

(i) Acquisition of property, plant and equipment

During the year ended 31 December 2020, the Group acquired property, plant and equipment with an aggregated cost of RM5,285,632 (2019: RM49,619,676) of which nil (2019: RM29,702,254) were financed by bank loans.

(ii) Cash outflows for leases as a lessee

	2020 RM	2019 RM
Included in net cash from operating activities		
Payment relating to short-term leases	**27,346**	255,777
Included in net cash from financing activities		
Interest paid in relation to lease liabilities	**18,925**	22,666
Payment of lease liabilities	**347,675**	254,334
Total cash outflows for leases	**393,946**	532,777

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities:

Loans and borrowings

	2020	2019
	RM	*RM*
At 1 January	**33,613,755**	3,369,696
Cash flows:		
Drawdown from new borrowing	**8,394,227**	1,174,562
Repayment of loans and borrowings	**(4,052,411)**	(748,240)
Interest paid	**(929,939)**	(935,609)
Non-cash:		
Interest expense	**1,046,300**	935,609
Acquisition of property, plant and equipment	**—**	29,702,254
Foreign exchange movement	**(716,517)**	115,483
At 31 December	**37,355,415**	33,613,755

Lease liabilities

	2020	2019
At 1 January	**486,059**	412,384
Cash flows:		
Capital element of lease liabilities paid	**(347,675)**	(254,334)
Interest paid	**(18,925)**	(22,666)
Non-cash:		
Interest expense	**18,925**	22,666
Acquisition of new lease	**127,614**	328,009
At 31 December	**265,998**	486,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The Company was incorporated as an exempted company and registered with limited liability in the Cayman Islands under the Companies 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 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 FY2020 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 ("**IASs**") 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 Main Board of Stock Exchange (the "**Listing Rules**"). Significant accounting policies adopted by the Group are set out in Note 3.

Application of new or amended standards

In the current year, the Group has applied a number of new amendments that become effective mandatorily for the financial periods beginning on or after 1 January 2020. The adoption of the new standards and amendments does not have significant impact on the disclosures or on the amounts reported in these financial statements.

New or amended standards issued that are not yet effective

The Group has not applied the following standard and amendments that have been issued by the IASB but are not yet effective.

		Effective Date
Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IAS 1, IFRS 9, IFRS 16 and IFRS 41	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Use Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above standard and amendments are not expected to have significant impact on the financial position and financial performance of the Group when they become effective.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are consistent with those described in the Company's annual report for FY2019.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Impairment of property, plant and equipment

Annually, the Group carries out a review of impairment indication on property, plant and equipment. Where there is indicator of impairment, the Group estimates the recoverable amount of the property, plant and equipment. The recoverable amount of the property, plant and equipment is estimated based on value-in-use calculations and 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 which involve significant management's estimations based on various factors at the reporting date.

The Group assessed the carrying amounts of certain assets after considering the utilisation of those assets.

During the year ended 31 December 2020, the Group considered that no impairment loss was necessary. The Group has made key assumptions and estimates on the appropriate discount rate, estimated income and expenses. The discount rate adopted in the impairment test model by the Group was 10% (2019: 10%).

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.

	2020	2019
	RM	*RM*
Revenue from contracts with customers		
— Coconut related products	**86,407,524**	66,944,126
— Others	**2,267,483**	1,383,603
	88,657,007	68,327,729

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 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.

	2020	2019
	RM	*RM*
West Indies	**28,365,976**	17,687,124
South East Asia	**15,687,106**	15,841,160
Middle East	**26,361,507**	17,213,660
North America	**4,205,536**	4,763,894
East Asia	**3,411,756**	3,627,724
Other regions	**10,643,126**	9,194,167
	88,675,007	68,327,729

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

	2020	2019
	RM	*RM*
Malaysia	**95,383,797**	97,078,806
Singapore	**—**	22,239
	95,383,797	97,101,045

Major customers

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

	2020	2019
	RM	*RM*
Company A	**24,471,350**	20,582,069
Company B	**10,250,704**	1,746,386

6. OTHER INCOME

	2020	2019
	RM	*RM*
Rental income	**200,000**	204,000
Gain on foreign exchange	**2,699,419**	310,526
Others	**612,849**	355,998
	3,512,268	870,524

7. FINANCE INCOME

	2020	2019
	RM	*RM*
Interest income of financial assets calculated using the effective interest method at amortised cost	**541,143**	579,444

8. FINANCE COSTS

	2020	2019
	RM	*RM*
Interest expense of financial liabilities that are not at fair value through profit or loss	**1,046,300**	935,609
Interest expense on lease liabilities	**18,925**	22,666
	1,065,225	958,275

9. INCOME TAX EXPENSE/(CREDIT)

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

	2020	2019
	RM	*RM*
Current tax — Malaysian Income Tax		
Current year	**26,042**	177,828
(Over)/Under provision in prior years	**(147,866)**	26,579
	(121,824)	204,407
Deferred tax		
Origination and reversal of temporary differences	**(522,297)**	(162,904)
Under/(Over) provision in prior years	**1,824,364**	(387,093)
	1,302,067	(549,997)
	1,180,243	(345,590)

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

Hong Kong Profits Tax rate was 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 years ended 31 December 2020 and 2019, respectively. 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 2020 and 2019.

Malaysian Income Tax has been provided at the statutory tax rate of 24% (2019: 24%) on the estimated chargeable income arising in Malaysia for the year ended 31 December 2020.

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

	2020	2019
	RM	*RM*
Loss before tax	**(1,766,963)**	(2,209,758)
Taxation at applicable tax rate of 24% (2019: 24%)	**(424,071)**	(530,342)
Effect of non-deductible expenses	**654,328**	1,055,230
Effect of non-taxable income	**(873,494)**	(509,964)
Deferred tax assets not recognised	**146,982**	—
Under/(Over) provision in prior years	**1,676,498**	(360,514)
	1,180,243	(345,590)

10. LOSS FOR THE YEAR

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

	2020	2019
	RM	*RM*
Auditors' remunerations:		
— Auditors of the Company	**280,000**	399,000
— Other auditors	**15,267**	17,689
Material expenses/(income)		
Depreciation of property, plant and equipment	**6,376,962**	2,534,910
Net (gain)/loss on foreign exchange differences		
— Realised	**(800,949)**	347,783
— Unrealised	**(1,551,546)**	(309,866)
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	**14,020,644**	13,097,373
— Contributions to defined contribution plans	**949,803**	944,485
Property, plant and equipment written off	**46,590**	5,380
Expenses/(income) arising from leases		
Depreciation of right-of-use assets	**706,942**	571,605
Expenses relating to short-term leases	**27,346**	255,777
Income from subleasing of right-of-use assets	**(200,000)**	(204,000)

11. LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders of RM3,017,053 (2019: RM1,844,444) and the weighted average number of ordinary shares outstanding of 1,080,000,000 (2019: 1,080,000,000) ordinary shares.

	2020	2019
	Sen	*Sen*
Basic loss per ordinary share	**0.28**	0.17

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 current financial year.

13. PROPERTY, PLANT AND EQUIPMENT

2020

	Freehold land	Factory buildings and other buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Cost							
At 1 January	8,997,828	25,808,665	23,516,748	677,720	4,171,932	51,367,485	114,540,378
Additions	–	591,720	1,967,042	12,000	199,165	2,515,705	5,285,632
Disposals	–	–	(6,504)	–	(2,746)	–	(9,250)
Written-offs	–	–	–	–	(37,112)	(14,221)	(51,333)
Reclassifications	–	(30,083)	49,108,953	–	106,445	(49,185,315)	–
At 31 December	8,997,828	26,370,302	74,586,239	689,720	4,437,684	4,683,654	119,765,427
Accumulated depreciation							
At 1 January	–	3,594,526	16,892,522	668,782	2,466,455	–	23,622,285
Depreciation charge for the year	–	797,778	5,065,512	10,131	503,541	–	6,376,962
Disposals	–	–	(6,504)	–	(2,746)	–	(9,250)
Written-offs	–	–	–	–	(4,743)	–	(4,743)
At 31 December	–	4,392,304	21,951,530	678,913	2,962,507	–	29,985,254
Carrying amounts							
At 31 December	8,997,828	21,977,998	52,634,709	10,807	1,475,177	4,683,654	89,780,173

2019

	Freehold land	Factory buildings and other buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Cost							
At 1 January	3,797,046	10,042,222	22,738,137	677,720	2,696,530	25,032,367	64,984,022
Additions	5,200,782	237,535	834,690	—	673,738	42,672,931	49,619,676
Disposals	—	—	(57,879)	—	—	—	(57,879)
Written-offs	—	—	—	—	(61)	(5,380)	(5,441)
Reclassifications	—	15,528,908	1,800	—	801,725	(16,332,433)	—
At 31 December	8,997,828	25,808,665	23,516,748	677,720	4,171,932	51,367,485	114,540,378
Accumulated depreciation							
At 1 January	—	3,002,902	15,464,132	650,638	2,027,643	—	21,145,315
Depreciation charge for the year	—	591,624	1,486,269	18,144	438,873	—	2,534,910
Disposals	—	—	(57,879)	—	—	—	(57,879)
Written-offs	—	—	—	—	(61)	—	(61)
At 31 December	—	3,594,526	16,892,522	668,782	2,466,455	—	23,622,285
Carrying amounts							
At 31 December	8,997,828	22,214,139	6,624,226	8,938	1,705,477	51,367,485	90,918,093

14. RIGHT-OF-USE ASSETS

	Land	**Buildings**	**Others**	**Total**
	RM	*RM*	*RM*	*RM*
2020				
At 1 January 2020	**393,621**	**5,661,172**	**94,504**	**6,149,297**
Adjustment	**(13,808)**	**(48)**	**—**	**(13,856)**
Additions	**—**	**—**	**141,470**	**141,470**
Depreciation	**(60,915)**	**(483,606)**	**(162,421)**	**(706,942)**
At 31 December 2020	**318,898**	**5,177,518**	**73,553**	**5,569,969**
2019				
At 1 January 2019	456,836	5,848,362	87,695	6,392,893
Additions	—	237,060	90,949	328,009
Depreciation	(63,215)	(424,250)	(84,140)	(571,605)
At 31 December 2019	393,621	5,661,172	94,504	6,149,297

The Group leases a number of warehouses and land that run between 2 years and 3 years, with an option to renew the lease after that date.

15 INVENTORIES

	2020	2019
	RM	*RM*
Packaging and raw materials	**5,471,251**	6,528,830
Semi-finished goods	**7,358,907**	15,104,539
Finished goods	**6,832,993**	1,851,871
	19,663,151	23,485,240
The amount of inventories recognised as an expense is as follows:		
Carrying amount of inventories sold	**77,703,809**	51,459,394

16. TRADE AND OTHER RECEIVABLES

	Note	2020 RM	2019 RM
Trade receivables		**10,819,088**	11,945,659
Deposits, prepayments and other receivables	*16(a)*	**3,964,845**	1,725,189
		14,783,933	13,670,848

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

(a) Trade receivables

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

	2020 RM	2019 RM
Within 1 month	**4,536,525**	4,508,410
1 to 2 months	**3,517,377**	4,327,892
2 to 3 months	**2,366,539**	2,719,850
Over 3 months	**398,647**	389,507
	10,819,088	11,945,659

17. DERIVATIVE FINANCIAL ASSET

	Nominal value RM	Assets RM	Liabilities RM
2020			
Derivatives at fair value through profit or loss			
— Forward exchange contract	**7,493,540**	**262,940**	**—**
2019			
Derivatives at fair value through profit or loss			
— Forward exchange contract	4,156,700	63,700	—

Forward exchange contract is used to manage the foreign currency exposures arising from the Group's receivables denominated in currencies other than the functional currencies of Group's entities. The forward exchange contract has maturity of less than one year after the end of the reporting period.

18. PLEDGED TIME DEPOSITS

	2020	2019
	RM	*RM*
Time deposits pledged with a licensed bank	**2,000,000**	5,000,000

The current time deposits are pledged to a bank to secure a loan of a subsidiary for a tenure of 5 years with effective interest rates at 3.65% (2019: 3.30% to 3.65%) per annum. The maturities of these time deposits are 12 months (2019: 6 months and/or 12 months).

19. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	*RM*
Cash on hand	**74,826**	28,113
Bank balances in licensed banks	**32,517,360**	25,578,304
Cash and cash equivalents in the consolidated statement of cash flows	**32,592,186**	25,606,417

20. 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. ("**Edaran**"), Radiant Span Sdn. Bhd. ("**Radiant**"), Rasa Mulia Sdn. Bhd. ("**Rasa Mulia**") and Shifu Ingredients Sdn. Bhd. ("**Shifu**") acquired from the controlling shareholders on 29 December 2016 pursuant to the share swap as if the current group structure and share swap had occurred on 1 January 2016.

Other reserve of the Company represents the difference between the par value of the Company's shares issued and the equity in Edaran, Radiant, Rasa Mulia and Shifu acquired from the controlling shareholders on 29 December 2016.

21. LOANS AND BORROWINGS

	2020	2019
	RM	*RM*
Non-current		
Term loans — secured	**29,396,206**	28,300,928
Current		
Term loans — secured	**7,959,209**	5,312,827
	37,355,415	33,613,755

The bank loans are secured by freehold land, factory buildings and other buildings and specific debentures by a subsidiary incorporating specific charge over the plant and machinery financed by the bank as further described under "Pledge of Assets" section on page 36.

The bank loans are also secured by right-of-use assets for a building and a leasehold land (see Note 14), time deposits pledged (see Note 18) and the corporate guarantees given by the Company (see Note 27(b)).

22. LEASE LIABILITIES

	2020	2019
	RM	*RM*
Within 1 year	**170,897**	314,510
After 1 year but within 2 years	**93,039**	110,592
After 2 years but within 5 years	**2,062**	60,957
	95,101	171,549
	265,998	486,059

23. TRADE AND OTHER PAYABLES

	2020 RM	2019 RM
Trade payables	**4,551,025**	3,364,807
Other payables and accruals	**3,107,126**	7,355,987
	7,658,151	10,720,794

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 or goods receipt date, where applicable, is as follows:

	2020 RM	2019 RM
Within 1 month	**3,802,503**	2,299,520
1 to 3 months	**655,757**	864,951
3 to 6 months	**92,765**	156,165
Over 6 months	**—**	44,171
	4,551,025	3,364,807

24. CONTRACT LIABILITIES

	2020 RM	2019 RM
Contract liabilities		
Consideration received in advance	**1,015,382**	821,640
Other contract related liabilities		
Sales rebates	**203,838**	213,115
	1,219,220	1,034,755

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.

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

i. Fair value through profit or loss (“**FVTPL**”)
— Mandatorily required by IFRS 9

ii. Amortised costs (“**AC**”)

	Note	**Carrying amount** *RM*	**AC** *RM*	**FVTPL** *RM*
2020				
Financial assets				
Trade and other receivables*	*16*	**11,434,297**	**11,434,297**	**—**
Derivatives financial asset	*17*	**262,940**	**—**	**262,940**
Pledged time deposits	*18*	**2,000,000**	**2,000,000**	**—**
Cash and cash equivalents	*19*	**32,592,186**	**32,592,186**	**—**
		46,289,423	**46,026,483**	**262,940**
Financial liabilities				
Loans and borrowings	*21*	**37,355,415**	**37,355,415**	**—**
Trade and other payables**	*23*	**7,481,002**	**7,481,002**	**—**
		44,836,417	**44,836,417**	**—**

	Note	Carrying amount RM	AC RM	FVTPL RM
2019				
Financial assets				
Trade and other receivables*	*16*	12,466,566	12,466,566	—
Derivatives financial asset	*17*	63,700	—	63,700
Pledged time deposits	*18*	5,000,000	5,000,000	—
Cash and cash equivalents	*19*	25,606,417	25,606,417	—
		43,136,683	43,072,983	63,700
Financial liabilities				
Loans and borrowings	*21*	33,613,755	33,613,755	—
Trade and other payables**	*23*	10,686,202	10,686,202	—
		44,299,957	44,299,957	—

* excluding prepayments and goods and services tax receivable.

** excluding sales and service tax payable.

(b) Net gains and losses arising from financial instruments

	2020 ***RM***	2019 *RM*
Net gains/(losses) on:		
Financial asset at fair value through profit or loss		
— Foreign exchange differences	**199,240**	63,700
Financial assets at amortised cost		
— Foreign exchange differences	**1,165,653**	(1,058,937)
— Finance income	**541,143**	579,444
	1,706,796	(479,493)

	2020	2019
	RM	*RM*
Financial liabilities at amortised cost		
— Foreign exchange differences	**987,602**	957,320
— Finance costs	**(1,046,300)**	(935,609)
	(58,698)	27,711
	1,847,338	(394,082)

26. COMMITMENTS

Capital commitments

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

	2020	2019
	RM	*RM*
Property, plant and equipment		
Authorised but not contracted for	**10,390,000**	24,540,251
Contracted but not provided for	**13,410,000**	577,871

27. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purposes of the 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, as is as follows:

	2020	2019
	RM	*RM*
Salaries and other benefits	**2,554,928**	3,441,070
Contributions to defined contribution plans	**214,585**	290,109
	2,769,513	3,731,179

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 RM61,319,900 (2019: RM76,072,600) granted to a subsidiary, S&P Industries Sdn. Bhd.

(c) Applicability of the Listing Rules relating to connected transactions

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

28. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 2 March 2021, S&P Industries Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company and as the Project Owner) has awarded a construction contract to S P Mega-Mariharta Sdn. Bhd. (an independent third party and as the Contractor) by way of the Letter of Award with contract sum of RM13.41 million (equivalent to approximately HK$25.66 million) in relation to construction works at the Group's Perak Plant for the purposes of facility expansion and upgrade, details as announced by the Company on 2 March 2021.

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).

Coconut based food and beverage industry has been in a challenging and competitive market conditions. The conditions were aggravated by the novel coronavirus (COVID-19) disease (the "**COVID-19**") in the year 2020. During the FY2020, the Group achieved a decent revenue growth but due to competitive selling price, significant increase in cost of raw coconut which is the main component of the raw material costs for the Group and the increase in logistic cost due to disruption of supply chain from the COVID-19, the Group have underperformed as compared to FY2019.

During the first half of the FY2020, the Group commenced the commercial operations of the ultra-high-temperature liquid production facility (the "**UHT Facility**") at our Perak Plant and the distribution of the new range of liquid products such as coconut milk, coconut milk beverages and coconut water through various channels.

Through the Group's product development strategy, the management team considered that the new range of liquid products will enhance the Group's revenue growth from rising popularity of veganism, growing demand for alternatives to conventional dairy products and the rising awareness about the health benefits of coconut milk. Further, the automation of the UHT Facility will also strengthen its competitiveness in reducing the manufacturing cost in the long run.

The management team will continue to develop new products to meet the customers preferences, create brand recognition and awareness and engage our customers through digital platform.

In a nutshell, the growth of global coconut demand has been dampened by the COVID-19. However, the management team remains optimistic of the future market demand of the coconut based food and beverage products and will review and revise our strategies and take preventive measures while implementing them under the COVID-19 restrictions.

Financial Review

For FY2020, the Group reported a loss after tax of RM2.9 million as compared to a loss after tax of RM1.9 million for FY2019. The adverse results for FY2020 were mainly attributed by an increase in cost of sales and under-provision of deferred tax and income tax expenses as described below.

The Group recognised approximately RM88.7 million in revenue for FY2020, representing an increase of approximately 29.8%, or RM20.3 million, when compared with that for FY2019 of approximately RM68.3 million. The increase in sales was largely contributed by the sales of the Group's coconut food and beverage products for the export market.

The Group's cost of sales increased by approximately 49.9%, or RM26.0 million, from approximately RM52.2 million for FY2019 to approximately RM78.2 million for FY2020. The increased in cost of sales was disproportionate with the increase in revenue as a result of (i) approximately 49.5% increase in average cost of raw coconuts, (ii) increase in expenses which included the depreciation of new liquid plant of approximately RM4.0 million which commenced operations in the first half of FY2020 and (iii) increase in logistic cost impacted by the COVID-19.

Consequently, the gross profit margin of the Group for FY2020 reduced to 11.8% as compared to 23.7% for FY2019 and the gross profit for FY2020 of the Group decreased by approximately 35.1%, or RM5.7 million when compared with that for FY2019.

Coconut related products

The Group's revenue is mainly derived from sales of coconut food and beverage products. Revenue for such products for FY2020 was approximately RM86.4 million, representing an increase of approximately RM19.5 million or 29.0% as compared to that for FY2019 of approximately RM66.9 million. The increase in revenue for coconut related products was primarily due to the increase in demand from export market.

Other revenue is mainly made up of sales of ketupat and kerisik, freight charges to customers and sales of miscellaneous items. In FY2020, other revenue was approximately RM2.27 million, representing an increase of RM0.89 million from RM1.38 million posted in FY2019.

Other income

In FY2020, other income comprised mainly gain on foreign exchange of RM2.7 million, rental income of RM0.2 million and sale of scrap items and other sundry income of RM0.6 million.

Selling and distribution expenses

The Group's selling and distribution expenses of approximately RM3.5 million for FY2020 was approximately RM1.2 million lower than those of approximately RM4.7 million for FY2019. The decrease in the selling and distribution expenses was attributed to slow down in marketing activities impacted by the COVID-19.

Administrative expenses

The Group's administrative expenses for FY2020 were approximately RM11.7 million, which represented a decrease of approximately RM2.1 million over those of RM13.8 million in FY2019. Such decrease was due to several cost-cutting measures in response to the challenges caused by the COVID-19.

Other expenses

The Group's other expenses for FY2020 were approximately RM0.04 million, which were mainly made up of realised foreign exchange loss, represented by a decrease of approximately RM0.33 million over those of RM0.37 million in FY2019. The foreign exchange loss arose primarily from the fluctuation of the RM against the United States Dollar ("**USD**") during FY2020.

Net finance costs

In FY2020, the Group incurred net finance costs of RM0.5 million as compared to RM0.4 million in FY2019 due to interest charged for the additional draw down of loans and borrowings in FY2020. The loans and borrowings facility was partially used to finance the Group's expansion plans.

Income tax credit/(expense)

The Group's income tax expenses for FY2020 was approximately RM1.2 million as compared with income tax credit of approximately RM0.3 million for FY2019. The income tax expenses for FY2020 related mainly to under-provision of deferred tax expenses of approximately RM1.8 million from previous years.

Loss attributable to Equity Shareholders

The Group recorded a loss attributable to Equity Shareholders of approximately RM2.9 million for FY2020 as compared to RM1.8 million in FY2019. The loss for FY2020 was due to the higher cost of sales incurred in FY2020, resulting in lower gross profit contribution, which was inadequate to cover the expenses of the Group. This was aggravated by the under-provision of deferred tax expenses from previous years.

Future Prospects and Strategies

Despite the loss reported for FY2020, the Group remains optimistic on its long-term prospects and profitability due to growing consumer demand for healthier alternative food and beverage products. In addition to the sales of coconut cream powder and low fat desiccated coconut, the management team will place greater emphasis on the sales of coconut milk, coconut milk beverage and coconut water.

Due to the uncertainties in the business environment arising from the COVID-19 and in light of the increasing competition, the Group will study its own shortcomings, analyse the strategy of its competitors to differentiate from them based on our core capabilities and strengths.

The Group will continue to increase its brand recognition and awareness through marketing and promotion campaigns and evaluate the effectiveness of such marketing campaigns to ensure positive outcomes for the Group.

In addition, to ease the adverse impact of increasing cost, the Group will continue to review its internal processes and implement cost-cutting measures for improvement in operational efficiencies.

Last but not least, the Group will capitalise on the growing customer demand of the coconut based food and beverage products, review our strategies to remain competitive in the changing and challenging business environment in view of the COVID-19 and take appropriate measures to improve our bottom line.

Potential effects of COVID-19 on our Group

During the year 2020, resulting from the onset of the COVID-19 pandemic, the Government of Malaysia announced the implementation of Movement Control Order (the "**MCO**") Conditional Movement Control Order (the "**CMCO**") and Recovery Movement Control Order (the "**RMCO**") (collectively known as "**Control Orders**") in Malaysia on 18 March 2020 to contain the spread of the COVID-19 locally. Globally, similar measures were also implemented by the respective governments.

During the implementation period of the Control Orders, only those exempted businesses were permitted to operate with strict standard operating procedures (the "**SOPs**"). Our Group is principally involved in one of the exempted sectors during the Control Orders period, i.e. food supply. We have, therefore, continued our operations during the Control Orders period with strict compliance of the SOPs.

The Group considered that the potential impact of the COVID-19 which include, amongst others, our sourcing strategies and distribution network. The Directors will pay close attention to the development of the COVID-19 and put effort to mitigate the risk and impact on the supply chain disruptions by promptly evaluating our business continuity plans and alternative distribution channels.

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

Liquidity, Financial Resources and Capital Structure

The Group maintains a solid financial position and was in a net cash position as at 31 December 2020. 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 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 FY2020.

Cash Position

As at 31 December 2020, the Group's cash and cash equivalents were approximately RM32.6 million as compared with approximately RM25.6 million as at 31 December 2019. The increase of approximately RM7.0 million in cash was mainly due to the drawdown of new borrowings.

Loans and Borrowings

As at 31 December 2020, the loans and borrowings amounted to approximately RM37.4 million, representing an increase of approximately RM3.7 million as compared to approximately RM33.6 million as at 31 December 2019, attributable primarily to drawdowns of loans and borrowings during FY2020 to partially finance the Group's expansion plans.

Gearing Ratio

Gearing ratio equals to total debt divided by total asset. As at 31 December 2020, the gearing ratio was approximately 0.295 (2019: 0.28)

PLEDGE OF ASSETS

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

	2020	2019
	RM	*RM*
Freehold land	**1,227,196**	1,227,196
Factory buildings and other buildings	**20,647,958**	21,374,138
Plant and machinery (2019: within construction in progress)	**44,899,378**	48,126,469
	66,774,352	70,727,803

CAPITAL EXPENDITURES

During FY2020, the Group had incurred capital expenditures of approximately RM5.3 million as compared to approximately RM49.6 million in FY2019. The expenditures related mainly to the purchase of property, plant and equipment and construction works of a new building at the Group's Perak Plant.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2020 and 31 December 2019.

MATERIALS ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2020.

USE OF NET PROCEEDS FROM THE LISTING

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

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

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

(i) approximately HK$75.5 million, representing approximately 76.0% of the Net Proceeds for expanding and upgrading the Group's production facilities at the Perak Plant and facilitating the production of the Group's coconut milk products by acquiring and installing machinery and equipment for coconut milk production;

(ii) approximately HK$9.9 million, representing approximately 10.0% of the Net Proceeds will be used for recommissioning of the Group's production facility located at Parit Raja, Johor, Malaysia (the "**Johor Plant**"), which would increase the Group's annual maximum production capacity of its CCP and LFDC by approximately 2,000 metric tonnes ("**MT**") and 1,800 MT respectively;

(iii) approximately HK$2.5 million or 2.5% of the Net Proceeds will be used for advertising and promotion expenses, to facilitate the sales and marketing efforts of the Group in sourcing new customers in different countries;

(iv) approximately HK$2.5 million or 2.5% of the Net Proceeds will be used for investing in new equipment (such as oil extraction equipment) to enhance the Group's research and development (the "**R&D**") capabilities; and

(v) approximately HK$9.0 million or 9.0% of the Net Proceeds will be used for the Group's general corporate purposes and working capital.

The Net Proceeds amounted to approximately HK$90.4 million (equivalent to approximately RM46.8 million based on Bank Negara Malaysia's midrate 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 Group has utilised approximately RM41.4 million of the Net Proceeds, while approximately RM5.4 million remained unutilised. The following sets forth a summary of the original allocation of the Net Proceeds and its utilisation as at 31 December 2020 (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 2020** *(RM'million)*	**Approximate actual amount of the Net Proceeds used during the year ended 31 December 2020** *(RM'million)*	**Approximate unused amount of the Net Proceeds as at 31 December 2020** *(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. Please see below for details
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	0.1	0.4	0.7	Planned to be utilised by 31 December 2021
General corporate purposes and working capital	4.1	4.1	—	—	The full amount has been utilised as intended
Total *(Note)*	46.8	41.0	0.4	5.4	

Note:

The Net Proceeds in RM were arrived at after taking into account the Year End HK$:RM Rate. Should there be any further movement in the foreign exchange rate until the actual utilisation of the Net Proceeds, any upward or downward differences will be taken into "general corporate purposes and working capital".

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

As at 30 June 2020, the unutilised Net Proceeds amounted to approximately RM5.4 million (the "**Unutilised Net Proceeds**"). After due and careful consideration on the current business environment and the development needs of the Group, the Board has resolved to re-allocate part of the Unutilised Net Proceeds in the amount of RM4.7 million originally allocated for recommissioning of the Johor Plant to investing in coconut water collection station (the "**CW Station**") at the Perak Plant.

The expected timeline for the full utilisation of the Unutilised Net Proceeds (including investing in the CW Station and investing in new equipment to enhance the R&D) is by 31 December 2021.

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

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

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

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

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

Reference is made to the Company's announcement dated 2 March 2021, S&P Industries Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company and as the Project Owner) has awarded a construction contract to S P Mega-Mariharta Sdn. Bhd. (an independent third party and as the Contractor) by way of the Letter of Award with contract sum of RM13.41 million (equivalent to approximately HK$25.66 million) in relation to construction works at the Group's Perak Plant for the purposes of facility expansion and upgrade. The construction would be funded by the internal resources of the Group, including the remaining net proceeds of RM4.7 million from the IPO originally allocated for recommissioning of the Johor Plant to investing in coconut water collection and internal resources of the Group.

Save 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 30 March 2021, the Board has resolved not to recommend the payment of any dividend to the Shareholders for FY2020 (2019: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held at 11:00 a.m. on Thursday, 20 May 2021 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 Friday, 14 May 2021 to Thursday, 20 May 2021, 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 Thursday, 13 May 2021.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 320 and 319 employees as at 31 December 2020 and 31 December 2019, 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 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 2020 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 FY2020.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2020 and 31 December 2019.

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 FY2020.

EVENTS AFTER REPORTING PERIOD

Event occurred after the reporting period and up to the date of this announcement was reported in Note 28 above.

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 FY2020, 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 FY2020 (save for the disclosure in the section headed "Compliance with the Listing Rules/Code Provisions" below), 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.

The audit committee of the Company (the "**Audit Committee**") consists of three INEDs, namely Mr. Fung Che Wai Anthony (chairman of the Audit Committee), Mr. Lim Sey Hock and Mr. Ng Hock Boon, and 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.

COMPLIANCE WITH THE LISTING RULES/CODE PROVISIONS

Immediately following the retirement of Mr. Chong Yew Hoong as an INED on 22 May 2020, the Company had only two INEDs, hence failing to meet the requirements of having (i) at least three INEDs on the Board under Rule 3.10(1) of the Listing Rules; (ii) INEDs who represent at least one-third of the Board under Rule 3.10A of the Listing Rules; (iii) the minimum number of non-executive Directors for the formation of the Audit Committee under Rule 3.21 of the Listing Rules; and (iv) a majority of INEDs for the Nomination Committee under code provision A.5.1 of the CG Code. On 1 August 2020, the Company appointed Mr. Lim Sey Hock as an INED and fulfilled the aforesaid requirements of the Listing Rules and the above code provision.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the Directors' transactions of listed securities of the Company. All the Directors have confirmed, upon specific enquiries made by the Company, that they had complied with the Model Code during FY2020.

INDEPENDENCE OF INEDS

The Company has received a confirmation of independence in writing from each of the three INEDs, namely Mr. Fung Che Wai, Anthony, Mr. Lim Sey Hock 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 AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated results of the Group for FY2020 (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 FY2020. 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.

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

Hong Kong, 30 March 2021

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. Ng Hock Boon and Mr. Lim Sey Hock.