



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

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)  
Stock Code 股份代號: 1695



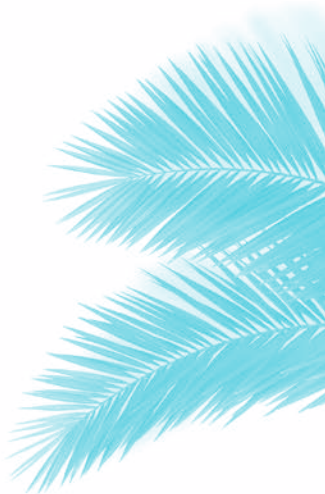

# INTERIM REPORT

## 中期報告 2020





# CONTENTS

- 2 Corporate Information
  - 5 Financial Highlights
  - 7 Interim Condensed Consolidated  
Statement of Profit or Loss and Other  
Comprehensive Income
  - 9 Interim Condensed Consolidated  
Statement of Financial Position
  - 11 Interim Condensed Consolidated  
Statement of Changes in Equity
  - 12 Interim Condensed Consolidated  
Statement of Cash Flows
  - 14 Notes to the Interim Condensed  
Consolidated Financial Information
  - 33 Management Discussion and Analysis
  - 48 Corporate Governance and Other  
Information
- 
- 

## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

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

#### Independent Non-Executive Directors

Mr. Fung Che Wai, Anthony  
Mr. Ng Hock Boon  
Mr. Chong Yew Hoong  
(retired on 22 May 2020)  
Mr. Lim Sey Hock  
(appointed on 1 August 2020)

### BOARD COMMITTEES

#### Audit Committee

Mr. Fung Che Wai, Anthony (*Chairman*)  
Mr. Ng Hock Boon  
Mr. Chong Yew Hoong  
(retired on 22 May 2020)  
Mr. Lim Sey Hock  
(appointed on 1 August 2020)

#### Remuneration Committee

Mr. Chong Yew Hoong (*Chairman*)  
(retired on 22 May 2020)  
Mr. Lim Sey Hock (*Chairman*)  
(appointed on 1 August 2020)  
Mr. Ng Hock Boon  
Mr. Tang Koon Fook

#### Nomination Committee

Mr. Tang Koon Fook (*Chairman*)  
Mr. Ng Hock Boon  
Mr. Chong Yew Hoong  
(retired on 22 May 2020)  
Mr. Lim Sey Hock  
(appointed on 1 August 2020)



## Corporate Information (Continued)

### **Sanctions Oversight Committee**

Mr. Lee Sieng Poon (*Chairman*)  
Ms. Wong Yuen Lee

### **COMPANY SECRETARY**

Sir Kwok Siu Man KR *FCIS, FCS*

### **AUTHORISED REPRESENTATIVES**

Mr. Tang Koon Fook  
Sir Kwok Siu Man KR *FCIS, FCS*

### **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### **HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA**

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

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

### **COMPANY'S WEBSITE**

[www.spfood.com](http://www.spfood.com)

### **LEGAL ADVISER**

*As to Hong Kong law:*  
TC & Co, Solicitors

### **INDEPENDENT AUDITORS**

KPMG PLT, Chartered Accountants  
(Retired on 22 May 2020)

Mazars PLT, Chartered Accountants  
(Appointed on 22 May 2020)



## Corporate Information (Continued)

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **LISTING INFORMATION**

#### **Place of Listing**

Main Board of The Stock Exchange of  
Hong Kong Limited

#### **Stock Code**

1695

#### **Board Lot**

5,000 shares

### **PRINCIPAL BANKERS**

HSBC Bank Malaysia Berhad  
CIMB Bank Berhad  
Public Bank Berhad

### **INVESTOR RELATIONS CONTACT**

[info@spfood.com](mailto:info@spfood.com)



# Financial Highlights

## KEY FINANCIAL PERFORMANCE

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited		
	Six months ended 30 June		
	2020	2019	% of
	RM	RM	change
Revenue	42,635,761	34,133,885	24.9
(Loss)/Profit from operating activities	(7,320,983)	1,738,438	>(100)
Net finance (costs)/income	(369,175)	84,884	>(100)
Income tax credit/(expense)	5,022	(546,988)	>100
(Loss)/Profit attributable to:			
Owners of the Company	(7,684,067)	1,284,827	>(100)
Non-controlling interest	(1,069)	(8,493)	87.4
	(7,685,136)	1,276,334	>(100)

### Consolidated Statement of Financial Position

	30 June	31 December	% of
	2020	2019	
	RM	RM	change
	(Unaudited)	(Audited)	
Cash and cash equivalents	30,371,894	25,606,417	18.6
Loans and borrowings	41,402,935	33,613,755	23.2
Net current assets	54,545,040	52,582,889	3.9
Net assets	115,888,077	120,245,080	(3.6)

## KEY FINANCIAL RATIOS

	Unaudited Six months ended		% of change
	30 June 2020	2019	
Gross profit margin	9.8%	31.0%	(21.3)
Return on equity (annualised)	(6.5%)	2.1%	>(100)

	30 June 2020	31 December 2019	
Current ratio (times)#	3.7	4.0	(7.5)

# Dividing current assets by current liabilities



# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2020</b>	2019
		<b>RM</b>	RM
	Notes	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	5	<b>42,635,761</b>	34,133,885
Cost of sales		<b>(38,446,839)</b>	(23,561,570)
<b>Gross profit</b>		<b>4,188,922</b>	10,572,315
Other income	6	<b>231,036</b>	107,393
Selling and distribution expenses		<b>(1,704,493)</b>	(1,500,571)
Administrative expenses		<b>(6,404,089)</b>	(6,704,439)
Other expenses		<b>(3,632,359)</b>	(736,260)
<b>(Loss)/Profit from operating activities</b>		<b>(7,320,983)</b>	1,738,438
Finance income	7	<b>216,330</b>	353,257
Finance costs	8	<b>(585,505)</b>	(268,373)
Net finance (costs)/income		<b>(369,175)</b>	84,884
(Loss)/Profit before taxation		<b>(7,690,158)</b>	1,823,322
Income tax credit/(expense)	9	<b>5,022</b>	(546,988)
<b>(Loss)/Profit for the period</b>	10	<b>(7,685,136)</b>	1,276,334
<b>Other comprehensive income for the period</b>			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		<b>3,328,133</b>	69,746
<b>Total comprehensive (loss)/income for the period</b>		<b>(4,357,003)</b>	1,346,080



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

For the six months ended 30 June 2020

	Note	<b>Six months ended 30 June 2020 RM (Unaudited)</b>	2019 RM (Unaudited)
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company		(7,684,067)	1,284,827
Non-controlling interest		(1,069)	(8,493)
<b>(Loss)/Profit for the period</b>		<b>(7,685,136)</b>	1,276,334
<b>Total comprehensive (loss)/ income attributable to:</b>			
Owners of the Company		(4,354,871)	1,357,394
Non-controlling interest		(2,132)	(11,314)
<b>Total comprehensive (loss)/ income for the period</b>		<b>(4,357,003)</b>	1,346,080
<b>Basic and diluted (loss)/ earnings per share (expressed in Sen)</b>	11	<b>(0.71)</b>	0.12



# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	30 June 2020 RM (Unaudited)	31 December 2019 RM (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	89,665,834	90,918,093
Right-of-use assets	13	5,897,690	6,149,297
Deferred tax assets		33,655	33,655
		<b>95,597,179</b>	<b>97,101,045</b>
<b>Current assets</b>			
Inventories	14	15,952,674	23,485,240
Current tax asset		2,309,428	2,157,471
Trade and other receivables	15	20,892,531	13,670,848
Derivative financial asset	16	334,000	63,700
Pledged time deposits	17	5,000,000	5,000,000
Cash and cash equivalents	18	30,371,894	25,606,417
		<b>74,860,527</b>	<b>69,983,676</b>
<b>Total Assets</b>		<b>170,457,706</b>	<b>167,084,721</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital		5,941,706	5,941,706
Share premium		58,707,916	58,707,916
Reserves		51,244,402	55,599,273
Total equity attributable to equity shareholders of the Company		<b>115,894,024</b>	<b>120,248,895</b>
Non-controlling interest		(5,947)	(3,815)
<b>Total Equity</b>		<b>115,888,077</b>	<b>120,245,080</b>



Interim Condensed Consolidated  
Statement of Financial Position (Continued)

As at 30 June 2020

	Notes	30 June 2020 RM (Unaudited)	31 December 2019 RM (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	19	33,174,311	28,300,928
Lease liabilities	20	113,454	171,549
Deferred tax liabilities		966,377	966,377
		<b>34,254,142</b>	<b>29,438,854</b>
<b>Current Liabilities</b>			
Loans and borrowings	19	8,228,624	5,312,827
Lease liabilities	20	265,694	314,510
Trade and other payables	21	10,754,697	11,542,434
Contract liabilities		1,048,571	213,115
Current tax liabilities		17,901	17,901
		<b>20,315,487</b>	<b>17,400,787</b>
<b>Total Liabilities</b>		<b>54,569,629</b>	<b>46,839,641</b>
<b>Total equity and liabilities</b>		<b>170,457,706</b>	<b>167,084,721</b>
<b>Total assets less current liabilities</b>		<b>150,142,219</b>	<b>149,683,934</b>



# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity shareholders of the Company					Non-controlling		
	Share capital	Share premium	Other Reserve	Translation reserve	Retained earnings	Total	interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
(Audited)								
<b>At 1 January 2019, as previously reported</b>	5,941,706	58,707,916	150,200	(1,855,327)	59,717,829	122,662,324	91,832	122,754,156
Adjustment on initial application of IFRS 16, net of tax	–	–	–	–	(15,268)	(15,268)	–	(15,268)
<b>As at 1 January 2019, restated</b>	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)
<b>Total comprehensive loss for the year</b>	–	–	–	(553,717)	(1,844,444)	(2,398,161)	(95,647)	(2,493,808)
<b>At 31 December 2019/1 January 2020</b>	5,941,706	58,707,916	150,200	(2,409,044)	57,858,117	120,248,895	(3,815)	120,245,080
(Unaudited)								
Foreign currency translation differences for foreign operations	–	–	–	3,329,196	–	3,329,196	(1,063)	3,328,133
Other comprehensive income/(expense) for the period	5,941,706	58,707,916	150,200	3,329,196	–	3,329,196	(1,063)	3,328,133
Loss for the period	–	–	–	–	(7,684,067)	(7,684,067)	(1,069)	(7,685,136)
<b>Total comprehensive income/(loss) for the period</b>	–	–	–	3,329,196	(7,684,067)	(4,354,871)	(2,132)	(4,357,003)
<b>At 30 June 2020</b>	5,941,706	58,707,916	150,200	920,152	50,174,050	115,894,024	(5,947)	115,888,077

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 RM (Unaudited)	2019 RM (Unaudited)
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		(7,690,158)	1,823,322
Adjustments for:			
Depreciation of property, plant and equipment	10	2,523,531	1,182,717
Depreciation of right-of-use assets	10	326,417	57,857
Property, plant and equipment written off	10	34,039	—
Net loss on unrealised foreign exchange differences		2,843,627	561,898
Finance costs	8	585,505	268,373
Finance income	7	(216,330)	(353,257)
<b>Operating (loss)/profit before working capital changes</b>		<b>(1,593,369)</b>	3,540,910
Decrease/(Increase) in inventories		7,532,566	(2,201,763)
(Increase)/Decrease in trade and other receivables		(7,462,622)	3,274,557
Decrease in trade and other payables		(3,871,383)	(2,109,536)
Increase/(Decrease) in contract liabilities		835,456	(392,000)
<b>Cash (used in)/generated from operations</b>		<b>(4,559,352)</b>	2,112,168
Income tax paid		(146,935)	(1,817,176)
<b>Net cash (used in)/from operating activities</b>		<b>(4,706,287)</b>	294,992
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment		(1,305,311)	(37,950,542)
Acquisition of right-of-use assets		(74,810)	—
Interest received		216,330	353,257
<b>Net cash used in investing activities</b>		<b>(1,163,791)</b>	(37,597,285)



Interim Condensed Consolidated  
Statement of Cash Flows (Continued)

For the six months ended 30 June 2020

		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2020</b>	2019
		<b>RM</b>	RM
	Notes	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from/(used in) financing activities</b>			
Draw-down from bank loans		8,575,000	20,502,054
Repayments of bank loans		(780,063)	(225,087)
Interest and other borrowing costs paid		(574,114)	(260,598)
Capital element of finance leases paid		(106,911)	(54,020)
Interest element of finance leases paid		(11,391)	(7,775)
<b>Net cash generated from financing activities</b>		<b>7,102,521</b>	19,954,574
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,232,443</b>	(17,347,719)
Cash and cash equivalents at 1 January		25,606,417	46,089,253
Effect of foreign exchange rate changes		3,533,034	(138,767)
<b>Cash and cash equivalents at 30 June</b>	18	<b>30,371,894</b>	28,602,767

# Notes to the Interim Condensed Consolidated Financial Information

## 1. GENERAL INFORMATION

S&P International Holding Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 10 November 2016.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) is principally engaged in the manufacturing and distribution of coconut related food and beverage products such as coconut cream powder, low fat desiccated coconut, coconut milk, coconut water and other related products. The Company’s shares (the “**Shares**”) in issue have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 11 July 2017 (the “**Listing**”).

At the date of this interim report, the Company’s ultimate parent company is TYJ Holding Limited (“**TYJ**”), a company incorporated in the British Virgin Islands with limited liability on 8 November 2016, which is wholly owned by Mr. Tang Koon Fook, an executive Director and the chairman of the Company, who is also the sole director of TYJ.

This interim condensed consolidated financial information of the Group for the six months ended 30 June 2020 (“**1H2020**” and the “**Interim Condensed Consolidated Financial Information**”, respectively), which has not been audited, was reviewed and approved for issue by the board of directors of the Company (the “**Board**” and the “**Directors**”, respectively) on 28 August 2020.



## 2. BASIS OF PREPARATION

This Interim Condensed Consolidated Financial Information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board.

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted by the Group in the preparation of the Interim Condensed Consolidated Financial Information are consistent with those adopted in the preparation of the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”) and described in the annual report of the Company for FY2019 (the “**2019 Annual Report**”), except for the adoption of the following, which became effective for the financial years beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IAS 1 and IAS 8, *Definition of Material*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IFRS 16, *COVID-19 Related Rent Concessions*



Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The adoption of the above amendments to IFRSs in the current period has had no material impact on the Group's financial performance and financial position for the current and prior periods.

The Group has not early adopted any new accounting standards or amendments to standards and interpretations which have been issued but not yet effective. The Group will apply such accounting standards, amendments and interpretations that are applicable to the Group as and when they become effective.

### 4. ESTIMATES

The preparation of the Interim Condensed Consolidated Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Condensed Consolidated Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those disclosed in the 2019 Annual Report.



## 5. REVENUE AND SEGMENT INFORMATION

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

Revenue represented the sales value of coconut related food and beverage products, other non-coconut related food products, freight charges to customers and miscellaneous income, net of trade discounts, rebates and returns.

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>RM</b>	RM
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue from contracts with customers</b>		
– Coconut related food and beverage products	<b>41,179,752</b>	32,798,037
– Others	<b>1,456,009</b>	1,335,848
	<b>42,635,761</b>	34,133,885

Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 5. REVENUE AND SEGMENT INFORMATION

### (Continued)

The Board 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 related food and beverage products. Therefore, management considers that there is only one operating segment under the requirements of IFRS 8, *Operating Segments*. In this regard, no segment information is presented.

### Geographical information

The following table sets out information on the geographical locations of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	Six months ended 30 June	
	2020	2019
	RM	RM
	(Unaudited)	(Unaudited)
South East Asia	14,171,664	9,645,191
Middle East	8,697,000	9,382,530
West Indies	12,788,881	7,770,113
North America	2,025,540	1,851,830
East Asia	1,594,925	1,357,234
Other regions	3,357,751	4,126,987
	42,635,761	34,133,885



Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 6. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2020 RM (Unaudited)</b>	<b>2019 RM (Unaudited)</b>
Income arising from subleasing of right-of-use assets	<b>102,000</b>	102,246
Others	<b>129,036</b>	5,147
	<b>231,036</b>	107,393

## 7. FINANCE INCOME

	<b>Six months ended 30 June</b>	
	<b>2020 RM (Unaudited)</b>	<b>2019 RM (Unaudited)</b>
Interest income of financial assets calculated using the effective interest method at amortised cost	<b>216,330</b>	353,257

Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 8. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2020 RM (Unaudited)</b>	<b>2019 RM (Unaudited)</b>
Interest expense of financial liabilities that are not at fair value through profit and loss	574,114	260,598
Interest expense on lease liabilities	11,391	7,775
	<b>585,505</b>	<b>268,373</b>

## 9. INCOME TAX CREDIT/(EXPENSE)

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

	<b>Six months ended 30 June</b>	
	<b>2020 RM (Unaudited)</b>	<b>2019 RM (Unaudited)</b>
<b>Current tax – Malaysian income tax</b>		
Current period	—	(125,888)
Over/(Under) provision in prior year	5,022	(5,114)
	<b>5,022</b>	<b>(131,002)</b>
<b>Deferred tax</b>		
Origination of temporary differences	—	(415,986)
	<b>5,022</b>	<b>(546,988)</b>



## 10. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/Profit for the period is arrived at after charging:

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>RM</b>	RM
	<b>(Unaudited)</b>	(Unaudited)
Auditors' remuneration	<b>149,000</b>	190,730
Depreciation of property, plant and equipment	<b>2,523,531</b>	1,182,717
Depreciation of right-of-use assets	<b>326,417</b>	57,857
Property, plant and equipment written off	<b>34,039</b>	—
Net loss on foreign exchange differences	<b>3,632,359</b>	736,260
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	<b>7,353,449</b>	6,463,268
— Contributions to Employees' Provident Fund	<b>496,881</b>	471,632

Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Audited)
(Loss)/Profit attributable to equity shareholders of the Company (expressed in RM)	<b>(7,684,067)</b>	1,234,827
Weighted average number of Shares (unit)	<b>1,080,000,000</b>	1,080,000,000
Basic (loss)/earnings per share (expressed in sen)	<b>(0.71)</b>	0.12

As at 30 June 2020 and 2019, the Company had not issued any dilutive potential Shares and hence, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.



Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Factory and other buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fitting and equipment RM	Construction in progress RM	Total RM
<b>Cost</b>							
At 1 January 2019, as restated	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 2019/1 January 2020	8,997,828	25,808,665	23,516,748	677,720	4,171,932	51,367,485	114,540,378
Additions	–	32,050	322,942	–	94,330	855,989	1,305,311
Write-offs	–	–	–	–	(39,858)	–	(39,858)
Reclassifications	–	(30,083)	48,757,503	–	106,445	(48,833,865)	–
<b>As of 30 June 2020</b>	<b>8,997,828</b>	<b>25,810,632</b>	<b>72,597,193</b>	<b>677,720</b>	<b>4,332,849</b>	<b>3,389,609</b>	<b>115,805,831</b>
<b>Accumulated depreciation</b>							
At 1 January 2019, as restated	–	3,002,902	15,464,132	650,638	2,027,643	–	21,145,315
Charge for the year	–	591,624	1,486,269	18,144	438,873	–	2,534,910
Disposals	–	–	(57,879)	–	–	–	(57,879)
Write offs	–	–	–	–	(61)	–	(61)
At 31 December 2019/1 January 2020	–	3,594,526	16,892,522	668,782	2,466,455	–	23,622,285
Charge for the period	–	365,434	1,902,617	7,927	247,553	–	2,523,531
Write-offs	–	–	–	–	(5,819)	–	(5,819)
<b>As of 30 June 2020</b>	<b>–</b>	<b>3,959,960</b>	<b>18,795,139</b>	<b>676,709</b>	<b>2,708,189</b>	<b>–</b>	<b>26,139,997</b>
<b>Carrying amounts</b>							
As of 31 December 2019	8,997,828	22,214,139	6,624,226	8,938	1,705,477	51,367,485	90,918,093
<b>As of 30 June 2020</b>	<b>8,997,828</b>	<b>21,850,672</b>	<b>53,802,054</b>	<b>1,011</b>	<b>1,624,660</b>	<b>3,389,609</b>	<b>89,665,834</b>



Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

### 13. RIGHT-OF-USE ASSETS

Group	Land RM	Buildings RM	Others RM	Total RM
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)
<b>At 31 December 2019/ 1 January 2020</b>	393,621	5,661,172	94,504	6,149,297
Additions	—	—	74,810	74,810
Depreciation	(30,457)	(241,803)	(54,157)	(326,417)
<b>As at 30 June 2020</b>	<b>363,164</b>	<b>5,419,369</b>	<b>115,157</b>	<b>5,897,690</b>

### 14. INVENTORIES

	30 June 2020 RM (Unaudited)	31 December 2019 RM (Audited)
Packaging and raw materials	5,614,423	6,528,830
Semi finished goods	5,738,843	15,104,539
Finished goods	4,599,408	1,851,871
	<b>15,952,674</b>	23,485,240
The amount of inventories recognized as an expense is as follows:		
Carrying amount of inventories sold	<b>38,446,839</b>	52,152,935

## 15. TRADE AND OTHER RECEIVABLES

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Trade receivables	<b>18,928,518</b>	11,945,659
Deposits, prepayments and other receivables	<b>1,964,013</b>	1,725,189
	<b>20,892,531</b>	13,670,848

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

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Within one month	<b>8,861,943</b>	4,508,410
Over 1 month to 2 months	<b>5,447,993</b>	4,327,892
Over 2 months to 3 months	<b>3,959,090</b>	2,719,850
Over 3 months	<b>659,492</b>	389,507
	<b>18,928,518</b>	11,945,659

Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 16. DERIVATIVE FINANCIAL ASSET

	30 June 2020		
	Nominal value RM	Assets RM	Liabilities RM
	(Unaudited)		
Derivatives at fair value through profit or loss – Forward exchange contracts	22,200,250	334,000	–
	31 December 2019		
	Nominal value RM	Assets RM	Liabilities RM
	(Audited)		
Derivatives at fair value through profit or loss – Forward exchange contracts	4,156,700	63,700	–

Forward exchange contracts are 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 contracts have maturity of less than one year after the end of the reporting period.



Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 17. PLEDGED TIME DEPOSITS

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Time deposits pledged with a licensed bank	<b>5,000,000</b>	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 range from 3.30% to 3.65% per annum. The maturities of these time deposits are 6 months and/or 12 months.

## 18. CASH AND CASH EQUIVALENTS

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Cash on hand	<b>10,404</b>	28,113
Balances with licensed banks	<b>30,361,490</b>	25,578,304
Cash and cash equivalents	<b>30,371,894</b>	25,606,417

Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 19. LOANS AND BORROWINGS

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
<b>Non-current</b>		
Bank loans — secured	<b>33,174,311</b>	28,300,928
<b>Current</b>		
Bank loans — secured	<b>8,228,624</b>	5,312,827
	<b>41,402,935</b>	33,613,755

The bank loans are secured over certain assets of the Group as disclosed under “Pledge of Assets” on page 40.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

## 20. LEASES

The remaining contractual maturities of the Group's lease liabilities are as follows:

	30 June 2020		31 December 2020	
	Present value of minimum lease payments RM (Unaudited)	Total minimum lease payments RM (Unaudited)	Present value of minimum lease payments RM (Audited)	Total minimum lease payments RM (Audited)
<b>Total minimum lease payments</b>				
Less than one year	265,694	288,933	314,510	329,796
One to two years	98,176	106,340	110,592	115,425
More than two years	15,278	32,090	60,957	62,200
	379,148	427,363	486,059	507,421
<b>Less: total future interest expenses</b>		(48,215)		(21,362)
		379,148		486,059
<b>Lease liabilities included in the statement of financial position</b>				
Current	265,694		314,510	
Non-current	113,454		171,549	

Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 21. TRADE AND OTHER PAYABLES

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Trade payables	<b>3,314,033</b>	3,364,807
Prepayments received from customers	<b>847,394</b>	821,640
Other payables and accruals	<b>6,593,270</b>	7,355,987
	<b>10,754,697</b>	11,542,434

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

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Within one month	<b>3,075,238</b>	2,299,520
Over 1 month to 3 months	<b>232,590</b>	864,951
Over 3 months to 6 months	<b>—</b>	156,165
Over 6 months	<b>6,205</b>	44,171
	<b>3,314,033</b>	3,364,807



## 22. OTHER RESERVE

Other reserve of the Company represents the difference between the par value of the Shares issued and the equity in Edaran Bermutu Sdn. Bhd., Radiant Span Sdn. Bhd., Rasa Mulia Sdn. Bhd. and Shifu Ingredients Sdn. Bhd. acquired from the controlling shareholders on 29 December 2016 pursuant to the share swap as if the current group structure and share swap had occurred on 1 January 2016.

## 23. DIVIDENDS

At a meeting of the Board held on 28 August 2020, the Directors resolved not to declare the payment of an interim dividend to the shareholders of the Company (the “**Shareholders**”) for 1H2020.

## 24. CAPITAL COMMITMENTS

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

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
<b>Approved but not contracted for:</b>		
Property, plant and equipment	<b>23,098,340</b>	24,540,251
<b>Contracted but not provided for:</b>		
Property, plant and equipment	<b>553,037</b>	577,871
<b>Total</b>	<b>23,651,377</b>	25,118,122



Notes to the Interim Condensed  
Consolidated Financial Information (Continued)

## 25. RELATED PARTY TRANSACTIONS

### Identity of related parties

For the purpose of the interim condensed financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the related party are subject to common control. Related parties may be individuals or entities.

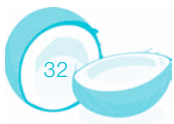
Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members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

### Key management personnel compensation

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

	Six months ended 30 June	
	2020 RM (Unaudited)	2019 RM (Unaudited)
Salaries and other benefits	1,333,014	1,646,349
Contributions to Employees' Provident Fund	113,460	148,721
Discretionary bonuses	—	—
	<b>1,446,474</b>	1,795,070

Key management's compensation is included in personnel expenses as disclosed in Note 10 above.



# Management Discussion and Analysis

## Business Review

The Group is engaged mainly in the manufacturing and distribution of coconut based food and beverage products. These include coconut cream powder (the “**CCP**”), low fat desiccated coconut (the “**LFDC**”), coconut milk and coconut water, and they are manufactured at the Group’s manufacturing facility located at Bagan Datoh, Perak, Malaysia (the “**Perak Plant**”). The Group also manufactures other food products such as non-dairy creamer and other traditional South-east Asian food ingredients, including rice dumplings (ketupat) and toasted coconut paste (kerisik).

The Group is committed to delivering high quality food products and services, meeting customers’ expectations and complying with legal requirements. It strives to continuously improve customers’ satisfaction and quality of its management processes. It implements strict and comprehensive quality assurance and control procedures throughout all stages of the production process, from the procurement of raw materials to the packaging and delivery of finished products. In this regard, the Group has been accredited with various certifications in relation to quality management and food safety.

During 1H2020, the Group commenced the commercial operations of the ultra-high-temperature liquid production facility at the Perak Plant (the “**UHT Facility**”) and the distribution of its new range of products such as coconut milk and coconut water, after obtaining all the relevant approvals and certifications. However, due to the onset of the novel coronavirus disease 2019 (the “**COVID-19**”), the commercial launch of such products was delayed by approximately two months. With the relaxation of the Movement Control Order (the “**MCO**”) (that had become the Conditional Movement Control Order (the “**CMCO**”) on 4 May 2020) in Malaysia, the Group took the opportunity to introduce such products into the marketplace, through both traditional sales channels such as hypermarkets, supermarkets and other bricks and mortar shops, as well as e-commerce channels.

## Management Discussion and Analysis (Continued)

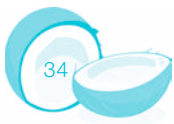
Sales of such new products have commenced in 1H2020, and are expected to contribute positively to the revenue growth of the Group. We intend to continue our efforts to intensify sales and distribution activities and initiatives in the second half of 2020 and beyond, to continue the growth momentum of our new range of products. In addition, our research and development team will continue their efforts to make innovations and to develop our product range.

### Financial Review

The Group's revenue was approximately RM42.6 million for 1H2020, representing an increase of approximately 24.9%, or RM8.5 million, when compared with that for the six months ended 30 June 2019 ("**1H2019**") of approximately RM34.1 million. The increase in revenue was largely attributed to more aggressive sales strategies adopted by the Group to secure more sales volume of coconut cream powder, and the revenue contribution from the Group's new product lines, coconut milk and coconut water, which were commercially launched in 1H2020.

The Group's cost of sales increased by approximately 63.1%, or RM14.9 million, from approximately RM23.6 million for 1H2019 to approximately RM38.5 million for 1H2020, due to the following reasons:

- (i) the sharp increase in the average purchase cost of raw coconuts, which is the main component of the raw material costs for the Group. The average purchase cost of raw coconuts increased from approximately RM0.65/kilogramme ("**kg**") in 1H2019 to approximately RM1.02/kg in 1H2020;
- (ii) increase in expenses which included depreciation of approximately RM1.4 million relating to the UHT Facility, which commenced commercial operations in 1H2020, being charged to cost of sales; and
- (iii) increases in raw and packaging material as well as production costs resulting from higher volume of sales in 1H2020 as compared to those of 1H2019.



## Management Discussion and Analysis (Continued)

The gross profit margin of the Group was lower for 1H2020 at 9.8% when compared to that of 1H2019 at 31.0%. The significant decrease was mainly due to the higher cost of sales as explained above, whereas the average selling price of the Group's products for 1H2020 was roughly the same as that of 1H2019. Meanwhile, total gross profit for 1H2020 decreased by approximately 61.3% or RM6.5 million when compared with that of approximately RM10.6 million for 1H2019.

**Further details on comparative changes in revenue and expenses are as follows:**

### Revenue

The Group's revenue is mainly derived from the sales of coconut related food and beverage products. Revenue for such products for 1H2020 was RM41.2 million, representing an increase of approximately RM8.4 million, when compared with that for 1H2019 of approximately RM32.8 million. The increase in sales was largely attributed to a more aggressive sales strategy to secure more volume of sales for coconut cream powder, and the revenue contribution from the Group's new product lines, namely coconut milk and coconut water.

Other revenue is mainly made up of sales of ketupat, freight charges to customers and sale of miscellaneous items. In 1H2020, other revenue was approximately RM1.5 million, representing a marginal increase of RM0.2 million from RM1.3 million posted in 1H2019.

### Other Income

In 1H2020, the Group's other income comprised mainly rental income of RM0.1 million and other sundry income of RM0.1 million, the total of which increased by approximately RM0.1 million for 1H2020 as compared to that of 1H2019.

## Management Discussion and Analysis (Continued)

### Selling and Distribution Expenses

The Group's selling and distribution expenses of approximately RM1.7 million for 1H2020 were RM0.2 million higher than those of 1H2019, in tandem with the higher revenue achieved in 1H2020.

### Administrative Expenses

The Group's administrative expenses of approximately RM6.4 million for 1H2020 were approximately RM0.3 million lower than those of approximately RM6.7 million for 1H2019. This was primarily attributable to cost-cutting measures implemented by the Group, in light of its financial performance.

### Other Expenses

The Group's other expenses for 1H2020 of approximately RM3.7 million related mainly to non-cash foreign exchange translation losses of the Group's borrowings, due to the appreciation of the United States Dollars (the "**USD**") against RM in 1H2020. The Group has drawn down a total of USD7.0 million long term loan from a licensed bank in Malaysia (the "**USD Bank Loan**"), while a subsidiary had obtained an inter-company loan from the Company (the "**USD Intercompany Loan**"), both of which were denominated in USD.

Both the USD Bank Loan and the USD Intercompany Loan were marked-to-market using the foreign exchange rate as at the end of 1H2020 which resulted in the non-cash foreign exchange translation losses. Meanwhile, the non-cash foreign exchange translation gain from the USD Intercompany Loan was recognized in Other Comprehensive Income and therefore not eliminated from Other Expenses.



## Net Finance Income/Costs

In 1H2020, the Group recorded net finance costs of approximately RM0.4 million, as compared to the net finance income of approximately RM0.1 million in 1H2019. The net finance costs in 1H2020 arose mainly from the loans and borrowings taken by the Group to finance the expansion of the Perak Plant, offset partially by finance income generated from deposits with licensed banks.

## Income Tax Expense

The Group's income tax expense for 1H2020 was much lower as compared to that of approximately RM0.5 million for 1H2019 as there was no income tax being charged to the Group for 1H2020 in view of the loss before tax for the period.

## (Loss)/Profit Attributable to Owners of the Company

The Group recorded a loss attributable to owners of the Company of approximately RM7.8 million for 1H2020, as compared to a profit attributable to owners of the Company of approximately RM1.3 million for 1H2019. This was primarily attributable to the decrease in gross profit and the increase in other expenses and other reasons as discussed above.

## Future Prospects and Strategies

Notwithstanding the loss after tax reported for 1H2020, the Group remains optimistic about its long-term prospects and profitability. The growing consumer trend for vegan food products augurs well for the coconut-based food and beverage industry as coconut may be applied into a wide array of downstream food and beverage products. Demand is further bolstered by the increasing recognition of the nutritional benefits of coconut products. As such, the Group will continue focussing on utilising our core capabilities in product innovation to drive sales.

## Management Discussion and Analysis (Continued)

In addition, the Group will continue to increase brand recognition of its own brands through continuous and aggressive marketing and promotion campaigns via newly appointed distributors as well as through various digital platforms. The management team will also continue focussing on sales of coconut milk, coconut milk beverage and coconut water, including different variants, which are produced in-house at the UHT Facility. We envisage that these products will provide fresh impetus for the Group's future revenue growth.

Last but not least, we are sensitive towards market needs and consumer preferences of our products. The management team will make use of the Group's research and development capabilities and take a consumer-centric approach to meet the requirements and preferences of the consumers. The Group is cognizant of the market trends within the industry in which it operates, and will actively take steps to cater for such trends, including developing new product variants to suit consumer tastes, and leverage on the potential of coconut related products as a healthier alternative to dairy milk products and sweetened carbonated drinks.

### Effects of COVID-19 on Our Group in 1H2020

1H2020 coincided with the implementation of the MCO and the subsequent CMCO in Malaysia during the period from 18 March 2020 to 9 June 2020 in an effort to contain the spread of the COVID-19 locally. During the MCO period, all offices and business premises were ordered to be closed, but with certain exemptions. During the CMCO period, strict standard operating procedures (the "SOPs") were required to be adhered to for all businesses in order to continue their operations. Our Group is principally involved in one of the exempted sectors during the MCO period, i.e. food supply, and has adhered to the relevant SOPs during the CMCO period. We have, therefore, continued our factory operations during the MCO and CMCO periods and thereafter.



## Management Discussion and Analysis (Continued)

Such MCO and CMCO resulting from the onset of the COVID-19 and also similar measures enforced by various governments in the markets where the Group operates, created challenges to the Group's operations which included, amongst others, our supply chain, factory operations, and customer ordering processes.

As mentioned above, the commercial launch of our new product line was delayed as a result of the MCO. However, the relaxation brought about by the CMCO has allowed us to gradually introduce such products into the marketplace, albeit at a slower pace than was originally anticipated. Efforts are ongoing whereby the Directors will take available steps to mitigate existing and potential challenges arising from the COVID-19, in order to minimise disruptions to our business operations.

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 maintained a solid financial position and was in a net cash position as at 30 June 2020. The Group was able to repay its obligations when they became due in the ordinary and usual course of business in 1H2020.

#### **Capital Structure**

The Group believes in maintaining a strong capital base as well as the confidence of the investors, creditors and market to sustain future development of the business. The Group continues to maintain an optimal debt-to-equity ratio that complies with its debt covenants.



## Management Discussion and Analysis (Continued)

### Cash Position

As at 30 June 2020, the Group's cash and cash equivalents were approximately RM30.4 million, representing an increase of approximately RM4.8 million as compared with those of approximately RM25.6 million as at 31 December 2019, as detailed in the interim consolidated statement of cash flows on pages 12-13.

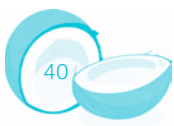
### Loans and Borrowings

As at 30 June 2020, the loans and borrowings amounted to approximately RM41.4 million, representing an increase of approximately RM7.8 million as compared to those of approximately RM33.6 million as at 31 December 2019, attributable primarily to the additional drawdown of term loan facility to partially finance the Group's expansion at the Perak Plant.

### Pledge of Assets

As at 30 June 2020 and 31 December 2019, the net book value of assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	<b>30 June 2020 RM (Unaudited)</b>	31 December 2019 RM (Audited)
Freehold land	<b>1,227,196</b>	1,227,196
Factory buildings and other buildings	<b>21,187,738</b>	21,374,138
Plant and machinery	<b>47,239,263</b>	48,126,469
Right-of-use assets for a building	<b>1,939,000</b>	1,981,000
Pledged time deposits	<b>5,000,000</b>	5,000,000
	<b>76,593,197</b>	77,708,803



## Capital Expenditures

For 1H2020, the Group had incurred capital expenditure of approximately RM1.3 million as compared to that of approximately RM38.0 million in 1H2019. The capital expenditure was mainly related to the purchase of property, plant and equipment and in line with the expansion plans of the Group.

## Gearing Ratio

Gearing ratio equals total debt divided by total equity. As at 30 June 2020, the Group's gearing ratio was approximately 0.36 time (31 December 2019: 0.28 time).

## Significant Investments and Plan for Material Capital Commitments

Save as disclosed in Note 24 on page 31, the Group did not hold any significant investments or have any plan for material capital commitments as at 30 June 2020.

## Materials Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during 1H2020 and 1H2019.

## Foreign Exchange Exposure

The Group undertakes certain transactions denominated in foreign currencies, mainly in USD and Hong Kong dollars ("HK\$"), and hence, is exposed to exchange rate fluctuations. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure closely and performs foreign currency transactions for the Group's cashflow needs in keeping the net exposure to an acceptable level.

## Management Discussion and Analysis (Continued)

### Employees and Remuneration Policies

The Group had 318 employees and 307 employees as at 30 June 2020 and 30 June 2019, respectively. Remuneration is determined by reference to 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 programmes conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience.

The Company has adopted a share option scheme (the “**Share Option Scheme**”) with effect from 11 July 2017 (the “**Adoption Date**”) to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company with a view to achieving the following objectives: (i) motivate eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. No share options have been granted since the Adoption Date. Therefore, as at 30 June 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 exercised or cancelled during 1H2020.

### Contingent Liabilities

At 30 June 2020, the Group did not have any material contingent liabilities.



## 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;

## Management Discussion and Analysis (Continued)

- (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 mid-rate as at 29 December 2017 (being the last trading day of 2017) of HK\$1.00:RM0.51795)) (the "**Year End HK\$:RM Rate**").

As at 30 June 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 30 June 2020 (before re-allocation).

## Management Discussion and Analysis (Continued)

<b>Original Use of Net Proceeds</b>	<b>Approximate original allocation of the Net Proceeds (RM 'million)</b>	<b>Approximate actual amount of the Net Proceeds utilized before 1 January 2020 (RM 'million)</b>	<b>Approximate actual amount of the Net Proceeds used in the six months ended 30 June 2020 (RM 'million)</b>	<b>Approximate unused amount of the Net Proceeds as at 30 June 2020 (RM 'million)</b>
Expanding and upgrading the production facilities at the Perak Plant	35.6	35.6	–	–
Recommissioning of the Johor Plant	4.7	–	–	4.7
Advertising and promotion expenses	1.2	1.2	–	–
Investing in new equipment to enhance the R&D	1.2	0.1	0.4	0.7
General corporate purposes and working capital	4.1	4.1	–	–
<b>Total (Note)</b>	<b>46.8</b>	<b>41.0</b>	<b>0.4</b>	<b>5.4</b>

*Note:*

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

## 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.



## Management Discussion and Analysis (Continued)

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.

The Board will continuously assess the plans for use of the unutilised Net Proceeds, and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance of the Group.



## Corporate Governance and Other Information

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

As at 30 June 2020, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

#### (i) Long positions in the Shares

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

## Corporate Governance and Other Information (Continued)

### Notes:

1. Mr. Tang, the chairman of the Board and an executive Director, beneficially owned 100% of the issued share capital of TYJ Holding Limited ("**TYJ**") and he was deemed to be interested in 567,000,000 Shares held by TYJ by virtue of the SFO.
2. Mr. Lee, the managing Director and an executive Director, beneficially owned 100% of the issued share capital of Trinity Holding Limited ("**Trinity**") and he was deemed to be interested in 243,000,000 Shares held by Trinity by virtue of the SFO.
3. The percentages of shareholding interest in the Company shown in the table above are calculated on the basis of 1,080,000,000 Shares in issue as at 30 June 2020.

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

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

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, entered in the register referred to therein, or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

## Corporate Governance and Other Information (Continued)

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

As at 30 June 2020, so far as is known to the Directors, the following entities and persons (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

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

*Notes:*

1. TYJ was wholly and beneficially owned by Mr. Tang, the husband of Ms. Yeow. By virtue of the SFO, Ms. Yeow was deemed to be interested in the Shares held and deemed to be held by Mr. Tang.
2. Trinity was wholly and beneficially owned by Mr. Lee, the husband of Ms. Goh. By virtue of the SFO, Ms. Goh was deemed to be interested in the Shares held and deemed to be held by Mr. Lee.
3. The percentages of shareholding interest in the Company shown in the table above are calculated on the basis of 1,080,000,000 Shares in issue as at 30 June 2020

Save as disclosed above, as at 30 June 2020, so far as the Directors or chief executive of the Company are aware, no other entities or persons (other than a Director or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were, pursuant to section 336 of the SFO, recorded in the register referred to therein.



## Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of the Directors since the date of the 2019 Annual Report are set out below:

- With effect from 22 May 2020, Mr. Chong Yew Hoong has retired as an independent non-executive Director (the “**INED**”) and ceased to be the chairman of the remuneration committee of the Board (the “**RC**”), a member of each of the Board’s audit committee and the nomination committee (the “**Audit Committee**” and “**NC**”, respectively) due to his intention to devote more time on his other business commitments after the expiry of his appointment term on 22 May 2020. Further details were disclosed in the Company’s announcement dated 27 March 2020.
- With effect from 1 August 2020, Mr. Lim Sey Hock has been appointed as an INED, the chairman of the RC and a member of each of the Audit Committee and the NC. Further details were disclosed in the Company’s announcement dated 1 August 2020.

## Share Option Scheme

On 23 June 2017, the Shareholders approved and conditionally adopted the Share Option Scheme to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The Share Option Scheme became effective on the Listing Date. No option has been granted since then and up to the date of this interim report and therefore, there was no outstanding options as at 30 June 2020 and no options were exercised or cancelled or lapsed during 1H2020.

## Purchase, Sale or Redemption of Shares

The Company did not redeem its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during 1H2020 and up to the date of this interim report.

## Corporate Governance and Other Information (Continued)

### 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.

During 1H2020, the Company has applied and complied with all the applicable code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”).

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct regarding the Directors’ securities transactions and all the Directors have confirmed, upon specific enquiries made by the Company, that they had complied with the Model Code during 1H2020.

### Review of Interim Results by the Audit Committee

The Audit Committee was established on 8 June 2017 with written terms of reference in compliance with code provision C.3 of the CG Code and Rule 3.22 of the Listing Rules. Such written terms of reference were revised on 1 January 2019 to conform with the requirements of the CG Code and the Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for 1H2020 and this interim report and agreed to the accounting principles and practices adopted by the Group.

### Significant Events After the Reporting Period

The Board is not aware of any material event requiring disclosure that has taken place after 30 June 2020 and up to the date of this interim report.

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

Hong Kong, 28 August 2020





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

**HEADQUARTERS & PRINCIPAL PLACE OF BUSINESS**

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

Tel 電話 : +603-6157 2226 Fax 圖文傳真 : +603-6157 5226  
Email 網址 : info@spfood.com Website 電郵 : www.spfood.com

