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S&P INTERNATIONAL HOLDING LIMITED

椰豐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1695)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June		
	2021	2020	% of change
	<i>RM</i>	<i>RM</i>	
	(Unaudited)	(Unaudited)	
Revenue	43,494,431	42,635,761	2
Loss from operations	(8,689,006)	(7,320,983)	19
Net finance costs	(261,168)	(369,175)	(29)
Income tax credit	—	5,022	(100)
Loss attributable to:			
Owners of the Company	(8,949,570)	(7,684,067)	16
Non-controlling interest	(604)	(1,069)	(43)
	<u>(8,950,174)</u>	<u>(7,685,136)</u>	<u>16</u>

Consolidated Statement of Financial Position

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)	% of Change
Cash and cash equivalents	24,286,102	32,592,186	(25)
Loans and borrowings	34,002,646	37,355,415	(9)
Net current assets	37,444,093	52,771,138	(29)
Net assets	109,511,205	116,395,184	(6)

KEY FINANCIAL RATIOS

	Six months ended 30 June 2021 (Unaudited)	2020 (Unaudited)	Change (% points)
Gross profit margin	3.1%	9.8%	(68.4)
Return on equity (annualised)	(6.3%)	(6.5%)	(3.1)

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	
Current ratio (times) [#]	2.5	4.1	(39.0)

[#] *Dividing current assets by current liabilities*

INTERIM FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of S&P International Holding Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (“**1H2021**”) together with the comparative unaudited figures for the corresponding period in 2020 (“**1H2020**”) and certain audited figures as at 31 December 2020. All amounts set out in this announcement are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		RM	RM
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	5	43,494,431	42,635,761
Cost of sales		(42,151,336)	(38,446,839)
Gross profit		1,343,095	4,188,922
Other income	6	206,848	231,036
Selling and distribution expenses		(2,072,881)	(1,704,493)
Administrative expenses		(5,459,490)	(6,404,089)
Other expenses		(2,706,578)	(3,632,359)
Loss from operations		(8,689,006)	(7,320,983)
Finance income	7	174,593	216,330
Finance costs	8	(435,761)	(585,505)
Net finance costs		(261,168)	(369,175)
Loss before taxation		(8,950,174)	(7,690,158)
Income tax credit	9	—	5,022
Loss for the period	10	(8,950,174)	(7,685,136)
Other comprehensive income for the period			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		2,066,195	3,328,133
Total comprehensive loss for the period		(6,883,979)	(4,357,003)

	Six months ended 30 June	
	2021	2020
	RM	RM
<i>Notes</i>	(Unaudited)	(Unaudited)
Loss attributable to:		
Owners of the Company	(8,949,570)	(7,684,067)
Non-controlling interest	(604)	(1,069)
	<u>(8,950,174)</u>	<u>(7,685,136)</u>
Loss for the period	<u>(8,950,174)</u>	<u>(7,685,136)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(6,883,118)	(4,354,871)
Non-controlling interest	(861)	(2,132)
	<u>(6,883,979)</u>	<u>(4,357,003)</u>
Total comprehensive loss for the period	<u>(6,883,979)</u>	<u>(4,357,003)</u>
Basic and diluted loss per share		
(expressed in Sen)	11	
	<u>(0.83)</u>	<u>(0.71)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
		<i>RM</i>	<i>RM</i>
	<i>Notes</i>	(Unaudited)	(Audited)
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	12	94,677,690	89,780,173
Right-of-use assets	13	5,583,673	5,569,969
Deferred tax assets		33,655	33,655
		100,295,018	95,383,797
Current assets			
Inventories	14	15,659,540	19,663,151
Current tax asset		612,886	476,405
Trade and other receivables	15	20,091,728	14,783,933
Derivative financial asset	16	—	262,940
Pledged time deposits	17	2,000,000	2,000,000
Cash and cash equivalents	18	24,286,102	32,592,186
		62,650,256	69,778,615
Total Assets		162,945,274	165,162,412
<u>Equity and Liabilities</u>			
Equity			
Share capital		5,941,706	5,941,706
Share premium		58,707,916	58,707,916
Reserves		44,789,641	51,678,323
Total equity attributable to equity shareholders of the Company		109,439,263	116,327,945
Non-controlling interest		71,942	67,239
Total Equity		109,511,205	116,395,184

		30 June	31 December
		2021	2020
		<i>RM</i>	<i>RM</i>
	<i>Notes</i>	(Unaudited)	(Audited)
<u>Liabilities</u>			
Non-current liabilities			
Loans and borrowings	19	25,830,870	29,396,206
Lease liabilities	20	128,592	95,101
Deferred tax liabilities		2,268,444	2,268,444
		<u>28,227,906</u>	<u>31,759,751</u>
Current Liabilities			
Loans and borrowings	19	8,171,776	7,959,209
Lease liabilities	20	312,809	170,897
Trade and other payables	21	15,865,651	7,658,151
Contract liabilities		855,927	1,219,220
		<u>25,206,163</u>	<u>17,007,477</u>
Total Liabilities		<u>53,434,069</u>	<u>48,767,228</u>
Total equity and liabilities		<u>162,945,274</u>	<u>165,162,412</u>
Total assets less current liabilities		<u>137,739,111</u>	<u>148,154,935</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Other Reserve	Translation reserve	Retained earnings			
	RM	RM	RM	RM	RM			
(Audited)								
As at 1 January 2020	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/ 1 January 2021	5,941,706	58,707,916	150,200	(3,312,941)	54,841,064	116,327,945	67,239	116,395,184
(Unaudited)								
Foreign currency translation differences for foreign operations	—	—	—	2,066,452	—	2,066,452	(257)	2,066,195
Other comprehensive income/ (expense) for the period	—	—	—	2,066,452	—	2,066,452	(257)	2,066,195
Loss for the period	—	—	—	—	(8,949,570)	(8,949,570)	(604)	(8,950,174)
Total comprehensive loss for the period	—	—	—	2,066,452	(8,949,570)	(6,883,118)	(861)	(6,883,979)
At 30 June 2021	5,941,706	58,707,916	150,200	(1,246,489)	45,891,494	109,444,827	66,378	109,511,205

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021	2020
		RM (Unaudited)	RM (Unaudited)
Cash flows from operating activities			
Loss before tax		(8,950,174)	(7,690,158)
Adjustments for:			
Depreciation of property, plant and equipment	10	3,067,843	2,523,531
Depreciation of right-of-use assets	10	353,772	326,417
Property, plant and equipment written off	10	—	34,039
Inventory written off	10	157,578	—
Net loss on unrealised foreign exchange differences		2,760,569	2,843,627
Finance costs	8	435,761	585,505
Finance income	7	(174,593)	(216,330)
Operating loss before working capital changes		(2,349,244)	(1,593,369)
Decrease in inventories		3,846,033	7,532,566
Increase in trade and other receivables		(5,070,992)	(7,462,622)
Increase/(Decrease) in trade and other payables		6,210,900	(3,871,383)
(Decrease)/Increase in contract liabilities		(363,293)	835,456
Cash generated from/(used in) operations		2,273,404	(4,559,352)
Income tax paid		(136,481)	(146,935)
Net cash from/(used in) operating activities		2,136,923	(4,706,287)
Cash flows used in investing activities			
Acquisition of property, plant and equipment		(7,965,360)	(1,305,311)
Acquisition of right-of-use assets		—	(74,810)
Decrease in derivative financial asset		262,940	—
Interest received		174,593	216,330
Net cash used in investing activities		(7,527,827)	(1,163,791)

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
<i>Notes</i>	(Unaudited)	(Unaudited)
Cash flows from/(used in) financing activities		
Draw down from bank loans	—	8,575,000
Repayments of bank loans	(4,243,440)	(780,063)
Interest and other borrowing costs paid	(426,834)	(574,114)
Capital element of finance leases paid	(192,073)	(106,911)
Interest element of finance leases paid	(8,927)	(11,391)
	<hr/>	<hr/>
Net cash generated from financing activities	(4,871,274)	7,102,521
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		
	(10,262,178)	1,232,443
Cash and cash equivalents at 1 January	32,592,186	25,606,417
Effect of foreign exchange rate changes	1,956,094	3,533,034
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	18	30,371,894
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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 Group is principally engaged in the manufacturing and distribution of coconut related food and beverage products such as coconut cream powder (the “**CCP**”), low fat desiccated coconut (the “**LFDC**”), coconut milk, coconut water and coconut spread. The Group also manufactures other food products such as non-dairy creamer and other traditional South-east Asian food ingredients such as rice dumplings (ketupat) and toasted coconut paste (kerisik). The Company’s shares (the “**Shares**”) in issue have been listed on the Main Board of the Stock Exchange 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 with limited liability on 8 November 2016, which 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.

This interim condensed consolidated financial information of the Group for 1H2021 (the “**Interim Condensed Consolidated Financial Information**”), which has not been audited, was reviewed and approved for issue by the Board on 26 August 2021.

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.

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 2020 (“**FY2020**”) and described in the annual report of the Company for FY2020 (the “**2020 Annual Report**”), except for the adoption of the following, which became effective for the financial years beginning on or after 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform — Phase 2
- Amendment to IFRS 16, COVID-19 Related Rent Concessions

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 2020 Annual Report.

5. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are the manufacturing and distribution of coconut related food and beverage products such as CCP, LFDC, coconut milk, coconut water, coconut spread and other related products.

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

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— Coconut related food and beverage products	40,595,194	41,179,752
— Others	2,899,237	1,456,009
	<u>43,494,431</u>	<u>42,635,761</u>

The chief operating decision maker of the Group assess the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the manufacturing and distribution of CCP, LFDC, coconut milk, coconut water and other related products. Therefore, management considers that there is only one operating segment under the requirements of IFRS 8, Operating Segments. In this regard, no segment information is presented.

Geographical information

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

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
South East Asia	18,120,674	14,171,664
Middle East	6,557,742	8,697,000
West Indies	11,107,960	12,788,881
North America	1,290,748	2,025,540
East Asia	3,199,265	1,594,925
Other regions	3,218,042	3,357,751
	<u>43,494,431</u>	<u>42,635,761</u>

6. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Income arising from subleasing of right-of-use assets	90,000	102,000
Others	116,848	129,036
	<u>206,848</u>	<u>231,036</u>

7. FINANCE INCOME

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Interest income of financial assets calculated using the effective interest method at amortised cost	<u>174,593</u>	<u>216,330</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Interest expense of financial liabilities that are not at fair value through profit and loss	426,834	574,114
Interest expense on lease liabilities	8,927	11,391
	<u>435,761</u>	<u>585,505</u>

9. INCOME TAX CREDIT

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

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Current tax — Malaysian income tax		
Current period	—	—
Over provision in prior year	—	5,022
	—	5,022
Deferred tax		
Origination of temporary differences	—	—
	—	5,022
	<u>—</u>	<u>5,022</u>

10. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Auditors' remuneration	143,075	149,000
Depreciation of property, plant and equipment	3,067,843	2,523,531
Depreciation of right-of-use assets	353,772	326,417
Property, plant and equipment written off	—	34,039
Inventory written off	157,578	—
Net loss on foreign exchange differences	2,706,578	3,632,359
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	6,872,185	7,353,449
— Contributions to Employees' Provident Fund	461,549	496,881

11. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
Loss attributable to equity shareholders of the Company (expressed in RM)	<u>(8,949,570)</u>	<u>(7,684,067)</u>
Weighted average number of Shares (unit)	<u>1,080,000,000</u>	<u>1,080,000,000</u>
Basic loss per Share (expressed in Sen)	<u>(0.83)</u>	<u>(0.71)</u>

As at 30 June 2021 and 2020, the Company had not issued any dilutive potential Shares and hence, the diluted loss per Share is equal to the basic loss per Share.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land <i>RM</i>	Factory and other buildings <i>RM</i>	Plant and machinery <i>RM</i>	Motor vehicles <i>RM</i>	Furniture, fitting and equipment <i>RM</i>	Construction in progress <i>RM</i>	Total <i>RM</i>
Cost							
At 1 January 2020	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 2020/ 1 January 2021	8,997,828	26,370,302	74,586,239	689,720	4,437,684	4,683,654	119,765,427
Additions	—	133,750	1,573,241	—	65,756	6,192,613	7,965,360
Reclassifications	—	3,082,300	525,036	—	—	(3,607,336)	—
As of 30 June 2021	<u>8,997,828</u>	<u>29,586,352</u>	<u>76,684,516</u>	<u>689,720</u>	<u>4,503,440</u>	<u>7,268,931</u>	<u>127,730,787</u>
Accumulated depreciation							
At 1 January 2020	—	3,594,526	16,892,522	668,782	2,466,455	—	23,622,285
Charge for the year	—	797,778	5,065,512	10,131	503,541	—	6,376,962
Disposals	—	—	(6,504)	—	(2,746)	—	(9,250)
Write offs	—	—	—	—	(4,743)	—	(4,743)
At 31 December 2020/ 1 January 2021	—	4,392,304	21,951,530	678,913	2,962,507	—	29,985,254
Charge for the period	—	368,176	2,446,951	1,200	251,516	—	3,067,843
As of 30 June 2021	<u>—</u>	<u>4,760,480</u>	<u>24,398,481</u>	<u>680,113</u>	<u>3,214,023</u>	<u>—</u>	<u>33,053,097</u>
Carrying amounts							
As of 31 December 2020	8,997,828	21,977,998	52,634,709	10,807	1,475,177	4,683,654	89,780,173
As of 30 June 2021	<u>8,997,828</u>	<u>24,825,872</u>	<u>52,286,035</u>	<u>9,607</u>	<u>1,289,417</u>	<u>7,268,931</u>	<u>94,677,690</u>

13. RIGHT-OF-USE ASSETS

Group	Land <i>RM</i>	Buildings <i>RM</i>	Others <i>RM</i>	Total <i>RM</i>
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/ 1 January 2021	318,898	5,177,518	73,553	5,569,969
Additions	—	—	367,476	367,476
Depreciation	(30,457)	(166,956)	(156,359)	(353,772)
As at 30 June 2021	<u>288,441</u>	<u>5,010,562</u>	<u>284,670</u>	<u>5,583,673</u>

14. INVENTORIES

	30 June 2021 <i>RM</i> (Unaudited)	31 December 2020 <i>RM</i> (Audited)
Packaging and raw materials	9,006,780	5,471,251
Semi-finished goods	1,580,394	7,358,907
Finished goods	5,072,366	6,832,993
	<u>15,659,540</u>	<u>19,663,151</u>
The amount of inventories recognized as an expense is as follows:		
Carrying amount of inventories sold	<u>42,151,336</u>	<u>77,703,809</u>

15. TRADE AND OTHER RECEIVABLES

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Trade receivables	12,269,745	10,819,088
Deposits, prepayments and other receivables	7,821,983	3,964,845
	<u>20,091,728</u>	<u>14,783,933</u>

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

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Within 1 month	4,166,504	4,536,525
Over 1 month to 2 months	4,389,331	3,517,377
Over 2 months to 3 months	3,493,243	2,366,539
Over 3 months	220,667	398,647
	<u>12,269,745</u>	<u>10,819,088</u>

16. DERIVATIVE FINANCIAL ASSET

	30 June 2021		
	Nominal value RM	Assets RM	Liabilities RM
	(Unaudited)		
Derivatives at fair value through profit or loss			
— Forward exchange contracts	<u>—</u>	<u>—</u>	<u>—</u>

	31 December 2020		
	Nominal value <i>RM</i>	Assets <i>RM</i>	Liabilities <i>RM</i>
		(Audited)	
Derivatives at fair value through profit or loss			
— Forward exchange contracts	<u>7,493,540</u>	<u>262,940</u>	<u>—</u>

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.

17. PLEDGED TIME DEPOSITS

	30 June 2021 <i>RM</i> (Unaudited)	31 December 2020 <i>RM</i> (Audited)
Time deposits pledged with a licensed bank	<u>2,000,000</u>	<u>2,000,000</u>

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

	30 June 2021 <i>RM</i> (Unaudited)	31 December 2020 <i>RM</i> (Audited)
Cash on hand	62,632	74,826
Balances with licensed banks	<u>24,223,470</u>	<u>32,517,360</u>
Cash and cash equivalents	<u>24,286,102</u>	<u>32,592,186</u>

19. LOANS AND BORROWINGS

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Non-current		
Term loans — secured	25,830,870	29,396,206
Current		
Term loans — secured	<u>8,171,776</u>	<u>7,959,209</u>
	<u>34,002,646</u>	<u>37,355,415</u>

The bank loans are secured over certain assets of the Group as disclosed under “Pledge of Assets” on page 29 of this announcement.

20. LEASES

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Within 1 year	312,809	170,897
After 1 year but within 2 years	128,592	93,039
After 2 years but within 5 years	<u>—</u>	<u>2,062</u>
	<u>128,592</u>	<u>95,101</u>
	<u>441,401</u>	<u>265,998</u>

21. TRADE AND OTHER PAYABLES

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Trade payables	3,100,863	4,551,025
Other payables and accruals	12,764,788	3,107,126
	<u>15,865,651</u>	<u>7,658,151</u>

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

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

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Within 1 month	1,070,416	3,802,503
1 to 3 months	1,919,608	655,757
3 to 6 months	110,839	92,765
	<u>3,100,863</u>	<u>4,551,025</u>

22. OTHER RESERVE

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

23. DIVIDENDS

At a meeting of the Board held on 26 August 2021, the Directors resolved not to declare the payment of an interim dividend to the shareholders of the Company (the “Shareholders”) for 1H2021.

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:

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Property, plant and equipment		
Authorised but not contracted for	7,105,090	10,390,000
Contracted but not provided for	11,165,001	13,410,000
Total	<u>18,270,091</u>	<u>23,800,000</u>

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	
	2021	2020
	<i>RM</i>	<i>RM</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits	1,226,942	1,333,014
Contributions to Employees' Provident Fund	114,685	113,460
	<u>1,341,627</u>	<u>1,446,474</u>

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 CCP, LFDC, coconut milk, coconut water and coconut spread manufactured at the Group's manufacturing facility located at Bagan Datoh, Perak, Malaysia (the "**Perak Plant**"). The Group also manufactures other food products such as non-dairy creamer and other traditional South-east Asian food ingredients such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

During 1H2021, the Group achieved a nominal increase in revenue but due to the movement control restrictions imposed globally and locally as a result from the onset of the novel coronavirus disease 2019 (the "**COVID-19**") and the temporary suspension of the Group's CCP production located in the Perak Plant, as disclosed in the Company's announcement dated 12 May 2021 (the "**Temporary Suspension**"), the Group has underperformed as compared to 1H2020.

To comply with the standard operating procedures (the "**SOPs**") of the full movement control order (the "**FMCO**") and national recovery plan (the "**NRP**") as imposed by the Government of Malaysia, the allowed maximum work force capacity of the Perak Plant was 60% of the total registered workforce during the period from 1 June 2021 to 4 July 2021 and 80% from 5 July 2021 onwards. Such restrictions may subject to changes depending on the spread of the COVID-19 and the status of the vaccination program.

Both the COVID-19 restrictions and the Temporary Suspension of the Perak Plant have caused a decline in the productivity of the Group and an overall increase in the cost of sales during 1H2021 in consequence of increase in raw material and logistics costs and delay in delivery to both local and overseas customers.

The CCP production has resumed operation by stages as approved by the Department of Environment, Malaysia. Much effort has been made by the management team to gradually fulfill the backlog of orders.

On the other hand, the revenue from the ultra-high-temperature liquid production facility (the "**UHT**") has increased during 1H2021 due to the continuous demand from the local and overseas customers for liquid-based coconut food and beverage products.

The prospect for the global coconut demand remains positive in the long term. However, the COVID-19 has brought unprecedented challenges that is highly probable to remain as a threat to most businesses. The management team will continue to evaluate the business opportunities and explore sustainable strategies to remain competitive in the new normal.

FINANCIAL REVIEW

The Group recognized approximately RM43.49 million in revenue for 1H2021, representing an increase of approximately 2.01%, or RM0.85 million, when compared with that for 1H2020 of approximately RM42.64 million. The increase in revenue was largely attributed to the sales of other products such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

The Group's cost of sales increased by approximately 9.64%, or RM3.70 million, from approximately RM38.45 million for 1H2020 to approximately RM42.15 million for 1H2021. The increase in cost of sales was disproportionate with the increase in revenue as a result of (i) increased average cost of raw coconuts, which is the main component of the raw material costs for the Group, by approximately 12% and (ii) increased other raw and packaging materials and logistics costs due to supply shortages resulted from the various movement control orders as imposed by the Government of Malaysia and by the respective governments worldwide to combat the COVID-19.

Consequently, the gross profit of the Group for 1H2021 decreased by approximately RM2.85 million or 67.94% as compared to 1H2020 and the gross profit margin of the Group for 1H2021 was 3.09% as compared to 1H2020 at 9.82%.

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 1H2021 was RM40.60 million, representing a decrease of approximately RM0.58 million, when compared with that for 1H2020 of approximately RM41.18 million. The decrease in sales was largely attributed to the COVID-19 restrictions and Temporary Suspension as discussed in the Business Review section above.

Other revenue is mainly made up of sales of rice dumplings (ketupat), toasted coconut paste (kerisik), freight charges to customers and sale of miscellaneous items. In 1H2021, other revenue was approximately RM2.90 million, representing an approximately 100% increase from RM1.45 million posted in 1H2020.

OTHER INCOME

In 1H2021, the Group's other income comprised mainly rental income of RM0.09 million and sale of scrap items and other sundry income of RM0.12 million, the total of which decreased by approximately RM0.02 million for 1H2021 as compared to that of approximately RM0.23 million of 1H2020.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses of approximately RM2.07 million for 1H2021 were RM0.37 million higher than those of approximately RM1.70 million for 1H2020 due to increase in sales and distribution activities.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses of approximately RM5.46 million for 1H2021 were approximately RM0.94 million lower than those of approximately RM6.40 million for 1H2020. This was primarily attributed to cost-cutting measures implemented by the Group in response to the challenges caused by the COVID-19.

OTHER EXPENSES

The Group's other expenses for 1H2021 of approximately RM2.71 million related mainly to foreign exchange translation losses, represented by a decrease of approximately RM0.92 million than approximately RM3.63 million for 1H2020. The foreign exchange loss arose primarily from the fluctuations of the RM against the United States Dollar ("USD") during 1H2021.

NET FINANCE COSTS

In 1H2021, the Group incurred approximately RM0.26 million of net finance costs as compared to approximately RM0.37 million in 1H2020. The net finance costs incurred was mainly from the borrowings cost taken by the Group to finance the expansion of the Perak Plant, offset partially by the finance income generated from funds placed with licensed banks.

INCOME TAX EXPENSE

No provision of income tax expense has been made for 1H2021 and 1H2020 due to the loss position of the Group.

LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

The Group recorded a loss attributable to Equity Shareholders of approximately RM8.95 million for 1H2021 and approximately RM7.68 million for 1H2020. This was primarily attributed to the decrease in gross profit for reasons as discussed above.

FUTURE PROSPECTS AND STRATEGIES

Notwithstanding the loss reported for 1H2021, the Group remains optimistic on its long-term prospects and profitability due to the global demand of the coconut related products and beverages. The Group will continue to place emphasis on the growth of sales for coconut milk and coconut water to optimize its production capacity of the UHT.

Due to the new normal and uncertainties arising from the COVID-19, the Group will focus on developing sustainable strategies and investing in innovation to meet its customers' demand to achieve long-term competitiveness in the industry. The Group will continue to evaluate the effectiveness of these strategies, revive its business models and implement strategic cost-cutting measures based on the changing circumstances.

Last but not least, with the consistent growth in coconut related food and beverages products and the team efforts of the Group, the management team remain confident that the Group will achieve a gradual improvement of the bottom line.

EFFECTS OF COVID-19 ON OUR GROUP UP TO AUGUST 2021

Throughout 1H2021, the Government of Malaysia and governments of other countries over the world have implemented various movement control orders to contain the spread of the COVID-19. Prior to 1 June 2021, with strict adherence of the SOPs, the Group's Perak Plant was allowed to operate at 100% work force capacity, but since then, under the FMCO and subsequently the NRP as announced by the Government of Malaysia, the maximum work force capacity of the Perak Plant allowed was 60% of the total registered workforce and 80% from 5 July 2021 onwards. Such orders have resulted in the disruptions of the operation, supply and productivity of the Group.

On 16 August 2021, the Government of Malaysia has announced that for companies where their fully vaccinated workforce are between 80%-100%, they are allowed to operate at 100% work force capacity. Due to the confirmed COVID-19 positive cases as reported under Events after the Reporting Period on page 34 of this announcement, the vaccination plan that has been scheduled to be carried out in August 2021 is expected to be completed by end of September 2021.

Nevertheless, it will be an ongoing effort of the Directors to take appropriate timely measures to mitigate existing and potential challenges arising from the COVID-19 especially in its sourcing strategies and alternative distribution channels for the mitigation of the disruptions to the Group's 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 2021. The Group was able to repay its obligations when they became due in the ordinary and usual course of business in 1H2021.

CAPITAL STRUCTURE

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

CASH POSITION

As at 30 June 2021, the Group's cash and cash equivalents were approximately RM24.29 million, representing a reduction of approximately RM8.30 million as compared with those of approximately RM32.59 million as at 31 December 2020 as detailed in the Interim Consolidated Statement of Cash Flows on pages 8-9 of this announcement.

LOANS AND BORROWINGS

As at 30 June 2021, the loans and borrowings amounted to approximately RM34.00 million, representing a decrease of approximately RM3.35 million as compared to those of approximately RM37.35 million as at 31 December 2020 due to the repayment of the Group's term loan facility.

PLEDGE OF ASSETS

As at 30 June 2021 and 31 December 2020, the net book value of assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	30 June 2021 RM (Unaudited)	31 December 2020 RM (Audited)
Freehold land	1,227,196	1,227,196
Factory buildings and other buildings	20,284,867	20,647,958
Plant and machinery	43,352,686	44,899,378
	<u>64,864,749</u>	<u>66,774,352</u>

CAPITAL EXPENDITURES

During 1H2021, the Group had incurred capital expenditure of approximately RM7.97 million as compared to that of approximately RM1.30 million in 1H2020. The capital expenditure was mainly related to the purchase of property, plant and equipment which includes part of the expenditures incurred to restore the CCP production in the Group's Perak Plant.

GEARING RATIO

Gearing ratio equals total debt divided by total asset. As at 30 June 2021, the Group's gearing ratio was approximately 0.328 times (31 December 2020: 0.295 times).

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL CAPITAL COMMITMENTS

Save as disclosed in Note 24 on page 22 of this announcement, the Group did not hold any significant investments or have any plan for material capital commitments as at 30 June 2021.

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 1H2021 and 1H2020.

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 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 2021, the Group has utilised approximately RM46.1 million of the Net Proceeds, while approximately RM0.7 million remained unutilised. The following sets forth a summary of the revised allocation of the Net Proceeds and its utilisation as at 30 June 2021.

Original of Use of Net Proceeds	Approximate original allocation of the Net Proceeds (RM 'million)	Approximate actual amount of the Net Proceeds utilized before 1 January 2021 (RM 'million)	Approximate actual amount of the Net Proceeds used during the six months ended 30 June 2021 (RM 'million)	Approximate unused amount of the Net Proceeds as at 30 June 2021 (RM 'million)	Further Information
Expanding and upgrading the production facilities at the Perak Plant	35.6	35.6	—	—	The full amount has been utilized 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 utilized as intended.
Investing in new equipment to enhance the R&D	1.2	0.5	—	0.7	Planned to be utilized by 31 Dec 2021.
General corporate purposes and working capital	4.1	4.1	—	—	The full amount has been utilized as intended.
Total (Note)	46.8	41.4	4.7	0.7	

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 and 31 December 2020, the unutilised Net Proceeds amounted to approximately RM5.4 million (the “**Unutilised Net Proceeds**”). After due and careful consideration on the current business environment and the development needs of the Group, the Board has resolved to re-allocate part of the Unutilised Net Proceeds in the amount of RM4.7 million originally allocated for recommissioning of the Johor Plant to investing in coconut water collection station (the “**CW Station**”) at the Perak Plant.

The expected timeline for the fully 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.

Reference is made to the Company's announcement dated 2 March 2021, unless otherwise defined herein, capitalised terms used in this paragraph shall have the same meanings as those defined in the 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-Marihartta 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. For details, please refer to the announcement titled "Discloseable Transaction — Award of Construction Contract in Malaysia" dated 2 March 2021.

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.

Saved for the above, the Directors are not aware of any material change to the planned use of the Net Proceeds as at the date of this announcement.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly in USD and 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 foreign exchange exposure to an acceptable level.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 331 employees and 318 employees as at 30 June 2021 and 30 June 2020, respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programmes conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience.

The Company has adopted a share option scheme (the “**Share Option Scheme**”) with effect from 11 July 2017 (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.

As at 30 June 2021 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 1H2021.

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 1H2021.

EVENTS AFTER THE REPORTING PERIOD

During the month of August 2021, 29 employees of the Perak Plant were confirmed COVID-19 positive. The Perak Plant was ordered to close for 7 days from 19 August 2021 to 25 August 2021 and 230 employees (93% of the total registered workforce) were ordered to be quarantined for 10 days from 19 August 2021 to 28 August 2021 by the Ministry of Health, Malaysia and the Perak Plant is expected to resume operation on 30 August 2021.

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 applied and complied with all the applicable code provisions in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules for 1H2021.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the Directors’ securities transactions and all the Directors have confirmed, upon specific enquiries made by the Company, that they had complied with the Model Code during 1H2021.

REVIEW OF INTERIM GROUP RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board (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 under the CG Code and the Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for 1H2021 (the “**Interim Group Results**”) and agreed to the accounting principles and practices adopted by the Group.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

In accordance with the requirements under the Listing Rules, the interim report containing all the Company’s information set out in this announcement including the Interim Group Results will be published on the Company’s website (www.spfood.com) and of the Stock Exchange’s website (www.hkexnews.hk) in due course in the manner as required by the Listing Rules.

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

Hong Kong, 26 August 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 independent non-executive Directors, namely Mr. Fung Che Wai Anthony, Mr. Ng Hock Boon and Mr. Lim Sey Hock.