S&P INTERNATIONAL HOLDING LIMITED

椰豐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1695)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

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

	2021	2020	**% of change**
	RM	*RM*	
Revenue	**92,657,153**	88,675,007	4.49
Loss from operations	**(5,369,105)**	(1,242,881)	>100
After charging:			
Net finance costs	**(439,253)**	(524,082)	(16.18)
Income tax credit/(expense)	**2,403,141**	(1,180,243)	>100
Loss for the year	**(3,405,217)**	(2,947,206)	15.54

Consolidated Statement of Financial Position as at 31 December

	2021 *RM*	2020 *RM*	% of Change
Cash and cash equivalents	**13,331,950**	32,592,186	(59.09)
Loans and borrowings	**34,933,641**	37,355,415	(6.48)
Total assets less current liabilities	**140,946,224**	148,154,935	(4.87)
Net assets	**114,938,640**	116,395,184	(1.25)

KEY FINANCIAL RATIOS FOR THE YEAR ENDED 31 DECEMBER

	2021	2020	% change/ change in % point
Gross profit margin	**11.9%**	11.8%	0.1
Return on equity	**(3.0%)**	(2.5%)	(0.5)
Current ratio (times)[#]	**2.1**	4.1	2.0

[#] Dividing current assets by current liabilities as at the end of the reporting year.

FINANCIAL INFORMATION

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of S&P International Holding Limited (the "**Company**") hereby announces the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 ("**FY2021**"), together with the comparative figures for the year ended 31 December 2020 ("**FY2020**") and selected explanatory notes. All amounts set out in this announcement are presented in Malaysian Ringgit ("**RM**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021** *RM*	2020 *RM*
Revenue	*5*	**92,657,153**	88,675,007
Cost of sales		**(81,663,857)**	(78,174,794)
Gross profit		**10,993,296**	10,500,213
Other income	*6*	**2,002,370**	3,512,268
Selling and distribution expenses		**(4,330,383)**	(3,511,032)
Administrative expenses		**(10,623,802)**	(11,704,489)
Other expenses		**(3,410,586)**	(39,841)
Loss from operations		**(5,369,105)**	(1,242,881)
Finance income	*7*	**374,239**	541,143
Finance costs	*8*	**(813,492)**	(1,065,225)
Net finance costs		**(439,253)**	(524,082)
Loss before taxation		**(5,808,358)**	(1,766,963)
Income tax credit/(expense)	*9*	**2,403,141**	(1,180,243)
Loss for the year	*10*	**(3,405,217)**	(2,947,206)

	Note	2021	2020
		RM	*RM*
Other comprehensive income/(expense) for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**1,948,673**	(902,690)
Total comprehensive loss for the year		**(1,456,544)**	(3,849,896)
Loss attributable to:			
Equity shareholders of the Company		**(3,402,980)**	(3,017,053)
Non-controlling interest		**(2,237)**	69,847
Loss for the year		**(3,405,217)**	(2,947,206)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(1,453,888)**	(3,920,950)
Non-controlling interest		**(2,656)**	71,054
Total comprehensive loss for the year		**(1,456,544)**	(3,849,896)
Basic and diluted loss per ordinary share (expressed in Sen):	*11*	**(0.32)**	(0.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**2021** *RM*	2020 *RM*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**103,732,225**	89,780,173
Right-of-use assets	*14*	**5,260,107**	5,569,969
Deferred tax assets		**141,023**	33,655
TOTAL NON-CURRENT ASSETS		**109,133,355**	95,383,797
CURRENT ASSETS			
Inventories	*15*	**23,000,185**	19,663,151
Current tax asset		**1,838,896**	476,405
Trade and other receivables	*16*	**21,036,536**	14,783,933
Derivative financial asset	*17*	**—**	262,940
Pledged time deposits	*18*	**2,120,417**	2,000,000
Cash and cash equivalents	*19*	**13,331,950**	32,592,186
TOTAL CURRENT ASSETS		**61,327,984**	69,778,615
TOTAL ASSETS		**170,461,339**	165,162,412
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**5,941,706**	5,941,706
Share premium		**58,707,916**	58,707,916
Reserves	*20*	**50,224,435**	51,678,323
Total equity attributable to equity shareholders of the Company		**114,874,057**	116,327,945
Non-controlling interest		**64,583**	67,239
TOTAL EQUITY		**114,938,640**	116,395,184

	Note	2021 RM	2020 RM
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	*21*	**24,794,460**	29,396,206
Lease liabilities	*22*	**28,452**	95,101
Deferred tax liabilities		**1,184,672**	2,268,444
TOTAL NON-CURRENT LIABILITIES		**26,007,584**	31,759,751
CURRENT LIABILITIES			
Loans and borrowings	*21*	**10,139,181**	7,959,209
Lease liabilities	*22*	**239,679**	170,897
Trade and other payables	*23*	**17,223,916**	7,658,151
Contract liabilities	*24*	**1,912,339**	1,219,220
TOTAL CURRENT LIABILITIES		**29,515,115**	17,007,477
TOTAL LIABILITIES		**55,522,699**	48,767,228
TOTAL EQUITY AND LIABILITIES		**170,461,339**	165,162,412
TOTAL ASSETS LESS CURRENT LIABILITIES		**140,946,224**	148,154,935

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity shareholders of the Company							
Group	**Share capital**	**Share premium**	**Other reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
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	5,941,706	58,707,916	150,200	(3,312,941)	54,841,064	116,327,945	67,239	116,395,184
Foreign currency translation differences for foreign operations	–	–	–	1,949,092	–	1,949,092	(419)	1,948,673
Other comprehensive income for the year	–	–	–	1,949,092	–	1,949,092	(419)	1,948,673
Loss for the year	–	–	–	–	(3,402,980)	(3,402,980)	(2,237)	(3,405,217)
Total comprehensive loss for the year	–	–	–	1,949,092	(3,402,980)	(1,453,888)	(2,656)	(1,456,544)
At 31 December 2021	5,941,706	58,707,916	150,200	(1,363,849)	51,438,084	114,874,057	64,583	114,938,640

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(5,808,358)**	(1,766,963)
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**5,275,227**	6,376,962
Depreciation of right-of-use assets	*14*	**671,267**	706,942
Gain on termination of lease		**(13,922)**	—
Finance costs	*8*	**813,492**	1,065,225
Finance income	*7*	**(374,239)**	(541,143)
Net loss/(gain) on unrealised foreign exchange differences	*10*	**586,751**	(1,551,546)
Property, plant and equipment written off	*13*	**289,667**	46,590
Operating profit before changes in working capital		**1,439,885**	4,336,067
Change in inventories		**(3,337,034)**	3,822,089
Change in trade and other receivables		**(5,144,789)**	604,834
Change in trade and other payables		**5,962,805**	(576,394)
Change in contract liabilities		**693,119**	184,465
Cash (used in)/generated from operations		**(386,014)**	8,371,061
Tax refunded		**—**	1,965,644
Income tax paid		**(150,490)**	(499,194)
Net cash (used in)/generated from operating activities		**(536,504)**	9,837,511
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	*(i)*	**(16,557,225)**	(8,419,635)
Interest received		**374,239**	541,143
(Increase)/Decrease in pledged time deposits		**(120,417)**	3,000,000
Net cash used in investing activities		**(16,303,403)**	(4,878,492)

	Note	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of lease liabilities paid	*(iii)*	**(345,350)**	(347,675)
Drawdown from borrowings	*(iii)*	**2,862,865**	8,394,227
Interest and other borrowing costs paid	*(iii)*	**(825,332)**	(929,939)
Interest element of lease liabilities paid	*(iii)*	**(16,991)**	(18,925)
Repayments of loans and borrowings	*(iii)*	**(6,198,996)**	(4,052,411)
Net cash (used in)/generate from financing activities		**(4,523,804)**	3,045,277
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(21,363,711)**	8,004,296
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**32,592,186**	25,606,417
Effect of foreign exchange rate changes		**2,103,475**	(1,018,527)
CASH AND CASH EQUIVALENT AT 31 DECEMBER	*19*	**13,331,950**	32,592,186

(i) Acquisition of property, plant and equipment

	2021	2020
	RM	***RM***
Additions during the year	**19,516,946**	5,285,632
Payment for prior year acquisition	**—**	1,407,894
Deposit paid during the year	**2,690,924**	1,726,109
Deposit paid in prior year	**(1,726,109)**	—
Amount unpaid included in other payables	**(3,924,536)**	—
	16,557,225	8,419,635

(ii) Cash outflows for leases as a lessee

	2021	2020
	RM	***RM***
Included in net cash from operating activities		
Payment relating to short-term leases	**263,316**	27,346
Included in net cash from financing activities		
Interest paid in relation to lease liabilities	**16,991**	18,925
Payment of lease liabilities	**345,350**	347,675
Total cash outflows for leases	**625,657**	393,946

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

Loans and borrowings

	2021	2020
	RM	*RM*
At 1 January	**37,355,415**	33,613,755
Cash flows:		
Drawdown from borrowings	**2,862,865**	8,394,227
Repayment of loans and borrowings	**(6,198,996)**	(4,052,411)
Interest paid	**(825,332)**	(929,939)
Non-cash:		
Interest expense	**796,501**	1,046,300
Foreign exchange movement	**943,188**	(716,517)
At 31 December	**34,933,641**	37,355,415

Lease liabilities

	2021	2020
	RM	*RM*
At 1 January		
Cash flows:	**265,998**	486,059
Capital element of lease liabilities paid	**(345,350)**	(347,675)
Interest paid	**(16,991)**	(18,925)
Non-cash:		
Interest expense	**16,991**	18,925
Acquisition of new lease	**430,053**	127,614
Termination	**(82,570)**	—
At 31 December	**268,131**	265,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The Company was incorporated as an exempted company and registered with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 November 2016. The address of its registered office is 89, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands and its principal place of business in Hong Kong is located at 31/F., 148 Electric Road, North Point, Hong Kong.

The Company's ordinary shares in issue were listed and traded on The Main Board of the Stock Exchange since 11 July 2017 (the "**Listing**").

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The annual results set out in this announcement do not constitute the Group's financial statements for FY2021 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Main Board of Stock Exchange (the "**Listing Rules**"). Significant accounting policies adopted by the Group are set out in Note 3.

Application of new or amended standards

In the current year, the Group has applied a number of amendments that become effective mandatorily for the financial periods beginning on or after 1 January 2021. The adoption of the amendments does not have significant impact on the disclosures or on the amounts reported in these financial statements.

New or amended standards issued that are not yet effective

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

		Effective Date
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The Company and other investment holding subsidiaries incorporated in the Cayman Islands, the BVI and Hong Kong have their functional currencies in Hong Kong Dollar ("**HK$**") and other subsidiaries established in Malaysia, Singapore and Thailand have their functional currencies in RM and Singapore Dollar and Thai Baht, respectively. As the Group mainly operates in Malaysia, RM is used as the presentation currency of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are consistent with those described in the Company's annual report for FY2020.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Impairment of property, plant and equipment

Annually, the Group carries out a review of impairment indication on property, plant and equipment. Where there is indicator of impairment, the Group estimates the recoverable amount of the property, plant and equipment. The recoverable amount of the property, plant and equipment is estimated based on value-in-use calculations and/or fair value less costs to sell. The value-in-use is determined by discounting the future cash flows generated from the continuing use of the property, plant and equipment and the projected cash flows were prepared based on the financial projections approved by the Directors. The values assigned to the key assumptions used in the calculations represent management's estimate of the future income and expenditure which involve significant management's estimations based on various factors at the reporting date. The Group assessed the recoverable amounts of certain assets after considering the utilisation of those assets and other factors.

During the year ended 31 December 2021, the Group considered that no impairment loss was necessary. The Group has made key assumptions and estimates on the appropriate discount rate, estimated income and expenses. The discount rate adopted in the impairment test model by the Group was 8% (2020: 10%).

5. REVENUE AND SEGMENT INFORMATION

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

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

	2021	2020
	RM	*RM*
Revenue from contracts with customers		
— Coconut related products	**86,659,048**	86,407,524
— Others	**5,998,105**	2,267,483
	92,657,153	88,675,007

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

Geographical information

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

	2021	2020
	RM	*RM*
West Indies	**17,671,144**	28,365,976
South East Asia	**35,553,869**	15,687,106
Middle East	**11,865,057**	26,361,507
North America	**5,387,633**	4,205,536
East Asia	**9,085,334**	3,411,756
Other regions	**13,094,116**	10,643,126
	92,657,153	88,675,007

The Group's non-current assets are all located in Malaysia with an aggregate amount of RM109,133,355 (2020: RM95,383,797).

Major customers

Company A and B are the customers (including all common control companies) with revenue equal or more than 10% (2020: 10%) of the Group's total revenue:

	2021	2020
	RM	*RM*
Company A	**22,884,062**	24,471,350
Company B	**13,329,162**	10,250,704

6. OTHER INCOME

	2021	2020
	RM	*RM*
Income from subleasing of right-of-use assets	**180,000**	200,000
Gain on foreign exchange	**734,805**	2,699,419
Others	**1,087,565**	612,849
	2,002,370	3,512,268

7. FINANCE INCOME

	2021	2020
	RM	*RM*
Interest income of financial assets calculated using the effective interest method at amortised cost	**253,822**	541,143
Interest income from pledged time deposit	**120,417**	—
	374, 239	541,143

8. FINANCE COSTS

	2021	2020
	RM	*RM*
Interest expense of financial liabilities that are not at fair value through profit or loss	**796,501**	1,046,300
Interest expense on lease liabilities	**16,991**	18,925
	813,492	1,065,225

9. INCOME TAX (CREDIT)/EXPENSE

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

	2021	2020
	RM	*RM*
Current tax — Malaysian Income Tax		
Current year	**89,679**	26,042
Over provision in prior years	**(1,301,680)**	(147,866)
	(1,212,001)	(121,824)
Deferred tax		
Origination and reversal of temporary differences	**(1,315,925)**	(522,297)
Under provision in prior years	**124,785**	1,824,364
	(1,191,140)	1,302,067
	(2,403,141)	1,180,243

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

Hong Kong Profits Tax rate was 8.25% on estimated assessable profits up to HK$2 million and 16.5% on any part of the estimated assessable profits over HK$2 million for the years ended 31 December 2021 and 2020, respectively. The Group is not subject to Hong Kong Profits Tax as it had no assessable income arising in and derived from Hong Kong for the years ended 31 December 2021 and 2020.

Malaysian Income Tax has been provided at the statutory tax rate of 24% (2020: 24%) on the estimated chargeable income arising in Malaysia for the year ended 31 December 2021.

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

	2021	2020
	RM	*RM*
Loss before tax	**(5,808,358)**	(1,766,963)
Taxation at applicable tax rate of 24% (2020: 24%)	**(1,394,006)**	(424,071)
Effect of non-deductible expenses	**646,343**	654,328
Effect of non-taxable income	**(478,583)**	(873,494)
Deferred tax assets not recognised	**—**	146,982
(Over)/Under provision in prior years	**(1,176,895)**	1,676,498
	(2,403,141)	1,180,243

10. LOSS FOR THE YEAR

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

	2021	2020
	RM	*RM*
Auditors' remunerations:		
— Auditors of the Company	**280,000**	280,000
— Other auditors	**19,208**	15,267
Material expenses/(income)		
Depreciation of property, plant and equipment	**5,275,227**	6,376,962
Net (gain)/loss on foreign exchange differences		
— Realised	**(242,128)**	(800,949)
— Unrealised	**586,751**	(1,551,546)
Personnel expenses (including Directors' emoluments):		
— Wages, salaries and other benefits	**13,452,150**	14,020,644
— Contributions to defined contribution plans	**932,683**	949,803
Property, plant and equipment written off	**289,667**	46,590

	2021	2020
	RM	*RM*
Expenses/(income) arising from leases		
Depreciation of right-of-use assets	**671,267**	706,942
Expenses relating to short-term leases	**263,316**	27,346
Income from subleasing of right-of-use assets	**(180,000)**	(200,000)

11. LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders of RM3,402,980 (2020: RM3,017,053) and the weighted average number of ordinary shares outstanding of 1,080,000,000 (2020: 1,080,000,000) ordinary shares.

	2021	2020
	Sen	*Sen*
Basic loss per ordinary share	**0.32**	0.28

The diluted loss per ordinary share is similar to the basic loss per ordinary share as the Group does not have any potential dilutive ordinary shares in issuance.

12. DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for FY2021 (2020: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

2021	Freehold land *RM*	Factory buildings and other buildings *RM*	Plant and machinery *RM*	Motor vehicles *RM*	Furniture, fittings and equipment *RM*	Construction in progress *RM*	Total *RM*
Cost							
At 1 January	8,997,828	26,370,302	74,586,239	689,720	4,437,684	4,683,654	119,765,427
Additions	–	267,463	4,351,913	–	196,071	14,701,499	19,516,946
Written-offs	–	–	(670,827)	–	(37,201)	(96,149)	(804,177)
Reclassifications	–	12,780,112	(6,835,260)	–	2,200	(5,947,052)	–
At 31 December	8,997,828	39,417,877	71,432,065	689,720	4,598,754	13,341,952	138,478,196
Accumulated depreciation							
At 1 January	–	4,392,304	21,951,530	678,913	2,962,507	–	29,985,254
Depreciation charge for the year	–	955,958	3,796,582	2,400	520,287	–	5,275,227
Written-offs	–	–	(480,989)	–	(33,521)	–	(514,510)
At 31 December	–	5,348,262	25,267,123	681,313	3,449,273	–	34,745,971
Carrying amounts							
At 31 December	8,997,828	34,069,615	46,164,942	8,407	1,149,481	13,341,952	103,732,225

2020	Freehold land	Factory buildings and other buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Cost							
At 1 January	8,997,828	25,808,665	23,516,748	677,720	4,171,932	51,367,485	114,540,378
Additions	—	591,720	1,967,042	12,000	199,165	2,515,705	5,285,632
Disposals	—	—	(6,504)	—	(2,746)	—	(9,250)
Written-offs	—	—	—	—	(37,112)	(14,221)	(51,333)
Reclassifications	—	(30,083)	49,108,953	—	106,445	(49,185,315)	—
At 31 December	8,997,828	26,370,302	74,586,239	689,720	4,437,684	4,683,654	119,765,427
Accumulated depreciation							
At 1 January	—	3,594,526	16,892,522	668,782	2,466,455	—	23,622,285
Depreciation charge for the year	—	797,778	5,065,512	10,131	503,541	—	6,376,962
Disposals	—	—	(6,504)	—	(2,746)	—	(9,250)
Written-offs	—	—	—	—	(4,743)	—	(4,743)
At 31 December	—	4,392,304	21,951,530	678,913	2,962,507	—	29,985,254
Carrying amounts							
At 31 December	8,997,828	21,977,998	52,634,709	10,807	1,475,177	4,683,654	89,780,173

14. RIGHT-OF-USE ASSETS

	Land	**Buildings**	**Others**	**Total**
	RM	*RM*	*RM*	*RM*
2021				
At 1 January	**318,898**	**5,177,518**	**73,553**	**5,569,969**
Additions	**—**	**305,737**	**124,316**	**430,053**
Depreciation	**(52,145)**	**(474,832)**	**(144,290)**	**(671,267)**
Termination	**(45,325)**	**—**	**(23,323)**	**(68,648)**
At 31 December	**221,428**	**5,008,423**	**30,256**	**5,260,107**
2020				
At 1 January	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	318,898	5,177,518	73,553	5,569,969

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

15 INVENTORIES

	2021	2020
	RM	*RM*
Packaging and raw materials	**7,901,961**	5,471,251
Semi-finished goods	**5,683,694**	7,358,907
Finished goods	**9,414,530**	6,832,993
	23,000,185	19,663,151
The amount of inventories recognised as an expense is as follows:		
Carrying amount of inventories sold	**81,093,132**	77,703,809

16. TRADE AND OTHER RECEIVABLES

	Note	2021 RM	2020 RM
Trade receivables	*16(a)*	**16,055,887**	10,819,088
Deposits, prepayments and other receivables	*16(b)*	**4,980,649**	3,964,845
		21,036,536	14,783,933

(a) Trade receivables

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

	2021 RM	2020 RM
Within 1 month	**6,426,225**	4,536,525
1 to 2 months	**4,551,834**	3,517,377
2 to 3 months	**4,719,041**	2,366,539
Over 3 months	**358,787**	398,647
	16,055,887	10,819,088

(b) Included in prepayments was an amount of RM2,690,924 (2020: RM1,726,109) represents the advance paid in relation to acquisition of machinery.

17. DERIVATIVE FINANCIAL ASSET

Group	Nominal value *RM*	Assets *RM*	Liabilities *RM*
2021			
Derivatives at fair value through profit or loss			
— Forward exchange contract	—	—	—
2020			
Derivatives at fair value through profit or loss			
— Forward exchange contract	7,493,540	262,940	—

Forward exchange contract is used to manage the foreign currency exposures arising from the Group's receivables denominated in currencies other than the functional currencies of Group's entities. For FY2020, forward exchange contract has maturity of less than one year after the end of the reporting period.

18. PLEDGED TIME DEPOSITS

	2021 ***RM***	2020 *RM*
Time deposits pledged with a licensed bank	**2,120,417**	2,000,000

The current time deposits are pledged to a bank to secure a loan of a subsidiary for a tenure of 5 years with effective interest rates at 2.35% (2020:3.65%) per annum. The maturity of the time deposits are 12 months (2020: 12 months).

19. CASH AND CASH EQUIVALENTS

	2021 ***RM***	2020 *RM*
Cash on hand	**14,908**	74,826
Bank balances in licensed banks	**13,317,042**	32,517,360
Cash and cash equivalents in the consolidated statement of cash flows	**13,331,950**	32,592,186

20. OTHER RESERVE

Other reserve of the Group represents the difference between the par value of the Company's Shares issued and the aggregate amount of paid-up capital of Edaran Bermutu Sdn. Bhd. ("**Edaran**"), Radiant Span Sdn. Bhd. ("**Radiant**"), Rasa Mulia Sdn. Bhd. ("**Rasa Mulia**") and Shifu Ingredients Sdn. Bhd. ("**Shifu**") acquired from the controlling shareholders on 29 December 2016 pursuant to the share swap as if the current group structure and share swap had occurred on 1 January 2016.

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

21. LOANS AND BORROWINGS

	2021	2020
	RM	*RM*
Non-current		
Term loans — secured	**24,794,460**	29,396,206
Current		
Term loans — secured	**10,139,181**	7,959,209
	34,933,641	37,355,415

The bank loans are secured by freehold land, factory buildings and other buildings and specific debentures by a subsidiary incorporating specific charge over the plant and machinery financed by the bank, as further described under "Pledge of Assets" section on page 37.

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

22. LEASE LIABILITIES

	2021 *RM*	2020 *RM*
Within 1 year	**239,679**	170,897
After 1 year but within 2 years	**24,980**	93,039
After 2 years but within 5 years	**3,472**	2,062
	28,452	95,101
	268,131	265,998

23. TRADE AND OTHER PAYABLES

	Note	2021 *RM*	2020 *RM*
Trade payables	*23(a)*	**7,734,585**	4,551,025
Other payables and accruals	*23(b)*	**9,489,331**	3,107,126
		17,223,916	7,658,151

(a) As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date or goods receipt date, where applicable is as follows:

	2021 *RM*	2020 *RM*
Within 1 month	**4,912,303**	3,802,503
1 to 3 months	**2,096,087**	655,757
3 to 6 months	**726,195**	92,765
	7,734,585	4,551,025

(b) Included in other payables was an amount of RM3,924,536 (2020: nil) owing to supplier in relation to acquisition of machinery.

24. CONTRACT LIABILITIES

	2021	2020
	RM	*RM*
Contract liabilities		
Consideration received in advance	**1,305,285**	1,015,382
Other contract related liabilities		
Sales rebates	**607,054**	203,838
	1,912,339	1,219,220

The contract liabilities represent the consideration received in advance from customers as at the end of the reporting period are expected to be recognised as revenue within a year.

At the point of sale, a sales rebate and a corresponding adjustment to revenue are recognised for those sales rebate expected to be incurred. Management uses historical experience to estimate the number of sales rebate on a portfolio level using the expected value method.

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

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

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

ii. Amortised costs ("**AC**")

	Note	**Carrying amount** ***RM***	**AC** ***RM***	**FVTPL** ***RM***
2021				
Financial assets				
Trade and other receivables*	*16*	16,665,830	16,665,830	—
Pledged time deposits	*18*	2,120,417	2,120,417	—
Cash and cash equivalents	*19*	13,331,950	13,331,950	—
		32,118,197	32,118,197	—

	Note	**Carrying amount** *RM*	**AC** *RM*	**FVTPL** *RM*
Financial liabilities				
Loans and borrowings	*21*	34,933,641	34,933,641	—
Trade and other payables**	*23*	16,979,074	16,979,074	—
		51,912,715	51,912,715	—

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

* excluding prepayments and goods and services tax receivable.

** excluding sales and service tax payable.

(b) Net gains and losses arising from financial instruments

	2021	2020
	RM	*RM*
Net gains/(losses) on:		
Financial asset at fair value through profit or loss		
— Foreign exchange differences	**(262,940)**	199,240
Financial assets at amortised cost		
— Foreign exchange differences	**924,070**	1,165,653
— Finance income	**374,239**	541,143
	1,298,309	1,706,796
Financial liabilities at amortised cost		
— Foreign exchange differences	**(1,005,753)**	987,602
— Finance costs	**(796,501)**	(1,046,300)
	(1,802,254)	(58,698)
	(766,885)	1,847,338

26. COMMITMENTS

Capital Commitments

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

	2021	2020
	RM	RM
Property, plant and equipment		
Authorised but not contracted for	**7,105,090**	10,390,000
Contracted but not provided for	**6,516,002**	13,410,000

27. RELATED PARTY TRANSACTIONS

Identity of related parties

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

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

a. Key management personnel remuneration

Remuneration of key management personnel of the Group, including amounts paid to the Company's Directors and certain of the highest paid employees as is as follows:-

	2021	2020
	RM	*RM*
Salaries and other benefits	**2,314,257**	2,554,928
Contributions to defined contribution plans	**203,220**	214,585
	2,517,477	2,769,513

Remuneration for key management personnel is included in personnel expenses as disclosed in Note 10 above.

b. Corporate guarantee by the company

The Company entered into corporate guarantees in favour of the banks, in respect of the banking facilities of RM62,895,500 (2020: RM61,319,900) granted to a subsidiary, S&P Industries Sdn Bhd.

c. Applicability of the Listing Rules relating to connected transactions

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

In the year 2021, there was a temporarily suspension of the CCP production due to malfunction of the cyclone system used, which caused emission of CCP and resulted to an estimated loss of the Group's revenue by approximately RM15 million as announced on 12 May 2021. The CCP production resume full operation in September 2021 and due to the demand of coconut milk was more than doubled, the Group has achieved a decent revenue growth in FY2021.

However, it remains a challenge for the Group due to the competitiveness of the market, significant gradual increase of cost of productions including but not limited to the vulnerability of coconut to world price fluctuations and the recent announcement made by the government of Malaysia to increase the monthly minimum wage rate from RM1,200 to RM1,500 effective from 1 May 2022 and likely continuous disruption of supply chain as a result of the novel coronovirus (COVID-19) disease (the "**COVID-19**").

As such, going forward, the Group will put effort to build a business model that can adapt to changing market conditions, key drivers and consumer needs, while reducing risk and improving its competitive position by continuing to diversify geographically in regions with rising awareness about the health benefits of coconut milk and coconut water.

In addition, the management team will continue to evaluate the market viability of new product to meet the customers preferences, enhance brand value and awareness through sustainable practices, improved profitability and operational excellence with state of-the-art technology and develop competencies and skills that increases job efficiency and effectiveness.

To conclude, the outlook of the global coconut demand remains positive and the management team will continue to put effort to manage the external factors of business environment to build a sustainable future of the Group and generate returns to the shareholders.

Financial Review

For FY2021, the Group reported a loss after tax of RM3.41 million as compared to a loss after tax of RM2.95 million for FY2020. The adverse results for FY2021 were mainly attributed by a reduction of other income, an increase in selling and distribution expenses and unrealized losses on foreign exchange as described below.

The Group recognised approximately RM92.66 million in revenue for FY2021, representing an increase of approximately 4.5%, or RM3.98 million, when compared with that for FY2020 of approximately RM88.68 million. The increase in sales was largely contributed by the sales of coconut milk and other food products such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

The Group's cost of sales increased by approximately 4.5%, or RM3.49 million, from approximately RM78.17 million for FY2020 to approximately RM81.66 million for FY2021. The increase in cost of sales was proportionate with the increase in revenue as the Group has gradually adjusted the selling price as a result of the increase in cost while remain competitive.

Consequently, the gross profit margin of the Group for FY2021 increased marginally to 11.9% as compared to 11.8% for FY2020 and the gross profit for FY2021 of the Group increased by approximately 4.7%, or RM0.49 million when compared with that for FY2020.

Coconut related products

The Group's revenue is mainly derived from sales of coconut food products. Revenue for such products for FY2021 was approximately RM86.66 million, representing an increase of approximately RM0.26 million or 0.30% as compared to that for FY2020 of approximately RM86.40 million. Despite a loss of revenue from the temporarily suspension of the CCP production as disclosed in the Business Review section above in FY2021, the demand for coconut milk in FY2021 has doubled as compared to FY2020.

Other revenue is mainly made up of sales of ketupat and kerisik, freight charges to customers and sales of miscellaneous items. In FY2021, other revenue was approximately RM6.00 million, representing an increase of RM3.73 million from RM2.27 million posted in FY2020.

Other income

In FY2021, other income comprised mainly gain on foreign exchange of RM0.73 million, income from subleasing of right-of-use assets of RM0.18 million and sale of scrap items and other sundry income of RM1.08 million, was approximately RM2.00 million, representing a reduction of RM1.50 million as compared to FY2020 which was mainly due to a reduction of gain on foreign exchange.

Selling and distribution expenses

The Group's selling and distribution expenses of approximately RM4.33 million for FY2021 was approximately RM0.82 million higher than those of approximately RM3.51 million for FY2020. The increase in the selling and distribution expenses was attributed to the digital branding and marketing activities performed.

Administrative expenses

The Group's administrative expenses for FY2021 were approximately RM10.62 million, which represented a decrease of approximately RM1.08 million over those of RM11.70 million in FY2020. Such decrease was due to several cost-cutting measures as part of the continuous efficiency improvement process.

Other expenses

The Group's other expenses for FY2021 were approximately RM3.41 million, which were mainly made up of unrealised foreign exchange loss represented by an increase of approximately RM3.37 million over those of RM0.04 million in FY2020. The foreign exchange loss arose primarily from the fluctuation of RM against the United States Dollar ("**USD**") during FY2021.

Net finance costs

In FY2021, the Group incurred net finance costs of RM0.44 million as compared to the net finance costs of RM0.52 million in FY2020. The decrease in net finance cost was mainly due to the reduction of interest rate on borrowing facility in FY2021. The loans and borrowings facility was partially used to finance the Group's expansion plans and working capital financing.

Income tax credit/(expense)

The Group's income tax credit for FY2021 was approximately RM2.40 million as compared with income tax expenses of approximately RM1.18 million for FY2020. The income tax credit for FY2021 related mainly to overprovision of tax in prior years.

Loss attributable to equity shareholders

The Group recorded a loss attributable to equity shareholders of approximately RM3.41 million for FY2021 as compared to a loss of approximately RM2.95 million in FY2020. The increase in loss for FY2021 was due to a reduction of other income, an increase in selling and distribution cost and unrealized losses on foreign exchange incurred in FY2021.

Future Prospects and Strategies

Despite the loss after tax reported for FY2021, the Group remains optimistic on its long-term prospects and profitability due to growing consumer demand for healthier alternative food products. The management team will continue to emphasize on sales of coconut milk and coconut water.

The Group's strategies remain largely unchanged. The Group will continue to study its own shortcomings, analyse the strategy of its competitor to differentiate itself from the competition based on its' core capabilities and strengths.

The Group will continue to expand the sales network and enhance brand recognition and awareness through marketing and promotion campaigns, participate in exhibitions and provide updated product information on it's website.

In addition, the Group will continue to review its internal processes and drive cost-cutting measures for improvement in operational efficiencies affected by increasing cost.

Last but not least, the Group will continue to review its' strategy and adapt in the changing and challenging business environment by taking appropriate prompt measures to improve its' bottom line.

Significant events during the financial year

(a) From 1 January 2021 to 31 May 2021, depending on the COVID-19 condition in each states of Malaysia, the Government of Malaysia announced the implementation of Movement Control Orders (the "**MCOs**"), Conditional Movement Control Order (the "**CMCO**") and Recovery Movement Control Order (the "**RMCO**") (collectively known as "**Control Orders**") and a total lockdown from 1 June 2021 to 28 June 2021 to contain the spread of the COVID-19 locally.

On 15 June 2021, the Prime Minister of Malaysia introduced a four-phase National Recovery Plan (the "**NRP**") to help the country recover from the COVID-19 pandemic and its economic fallout. Different standard operating procedures (the "**SOPs**") were applied to each phase.

The Group has continued its operations during the Control Orders and NRP periods with strict compliance of the SOPs.

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

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

(b) In May 2021, the Group's CCP production at the Perak Plant operate by one of its subsidiaries, S&P Industries Sdn. Bhd., has been temporarily suspended due to malfunction of the cyclone system used in the CCP, which caused emission of CCP and resulted to an estimated loss of the Group's revenue by approximately RM15 million. The CCP production has resumed operation fully in September 2021.

Liquidity, Financial Resources and Capital Structure

The Group maintains a solid financial position and was in a net cash position as at 31 December 2021. The Group is able to meet its obligations when they become due in its ordinary and usual course of business.

Capital Structure

The Group's objectives in managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and sustain future development of the business.

There were no changes in the Group's approach to capital management during FY2021.

Cash Position

As at 31 December 2021, the Group's cash and cash equivalents were approximately RM13.33 million as compared with approximately RM32.59 million as at 31 December 2020. The decrease of approximately RM19.26 million in cash was mainly due to the capital expenditure incurred for the Perak Plant and the repayment of loans and borrowings during FY2021.

Loans and Borrowings

As at 31 December 2021, the loans and borrowings amounted to approximately RM34.93 million, representing an reduction of approximately RM2.43 million as compared to approximately RM37.36 million as at 31 December 2020, attributable primarily to repayment of loans and borrowings during FY2021.

Gearing Ratio

Gearing ratio equals to total debt divided by total asset. As at 31 December 2021, the gearing ratio was approximately 0.326 (2020: 0.295).

PLEDGE OF ASSETS

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

	2021	2020
	RM	*RM*
Freehold land	**1,227,196**	1,227,196
Factory buildings and other buildings	**20,929,624**	20,647,958
Plants and machinery within construction in progress	**38,461,067**	44,899,378
	60,617,887	66,774,352

CAPITAL EXPENDITURES

During FY2021, the Group had incurred capital expenditures of approximately RM19.52 million as compared to approximately RM5.29 million in FY2020. The expenditures related mainly to the purchase of property, plant and equipment and construction works of a new building at the Group's Perak Plant.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2021 and 31 December 2020.

MATERIALS ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2021.

USE OF NET PROCEEDS FROM THE LISTING

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

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

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

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

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

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

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

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

The Net Proceeds amounted to approximately HK$90.4 million (equivalent to approximately RM46.8 million based on Bank Negara Malaysia's midrate as at 29 December 2017 (being the last trading day of 2017) of HK$1.00:RM0.51795)) (the "**Year End HK$:RM Rate**").

As at 31 December 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 original allocation of the Net Proceeds and its utilisation as at 31 December 2021 (before re-allocation).

Original Use of Net Proceeds	**Approximate original allocation of the Net Proceeds**	**Approximate actual amount of the Net Proceeds utilized before 1 January 2021**	**Approximate actual amount of the Net Proceeds used in the year ended 31 December 2021**	**Approximate unused amount of the Net Proceeds as at 31 December 2021**	**Further Information**
	(RM' million)	*(RM' million)*	*(RM' million)*	*(RM' million)*	
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 and the full amount has been utilized as intended. 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	Change of planned utilisation and to be utilized by 31 Dec 2022. Please see below for details.
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 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.

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

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

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

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

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

Reference is made to the Company's announcement dated 2 March 2021, S&P Industries Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company) had awarded a construction contract to SP Mega-Mariharta Sdn. Bhd. (an independent third party) 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. The construction has been delayed due to the restrictions imposed during the COVID-19 pandemic. The expected completion time would be June 2022.

As at 31 December 2021, the remaining unutilised Net Proceeds amounted to approximately RM0.7 million which has been planned to be utilised by 31 December 2021. However, due to the spread of the COVID-19 which affected the progress of enhancing the R&D of the Group and the expected timeline for the full utilisation of the unutilised Net Proceeds has been changed to 31 December 2022.

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

FOREIGN EXCHANGE EXPOSURE

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

FINAL DIVIDEND

At the meeting of the Board held on 30 March 2022, the Board has resolved not to recommend the payment of any dividend to the Shareholders for FY2021 (2020: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held at 10:00 a.m. on Tuesday, 24 May 2022 at 27–1, Jalan PJU 5/13, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia and the notice of the AGM will be published and despatched in accordance with the requirements under the Company's articles of association and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' rights to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible for attending and voting at the forthcoming AGM, non-registered Shareholders must lodge their duly completed and stamped transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 18 May 2022.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 343 and 320 employees as at 31 December 2021 and 31 December 2020, respectively. Remuneration is determined by reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee and the Group's financial results. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programs conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience.

The Company has adopted a share option scheme (the "**Share Option Scheme**") with effect from 11 July 2017 to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company with a view to achieving the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As at 31 December 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 granted, exercised or cancelled during FY2021.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2021 and 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during FY2021.

EVENTS AFTER REPORTING PERIOD

The Board is not aware of any important event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

CORPORATE GOVERNANCE

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During FY2021, the Company had complied with all of the applicable code provisions of the CG Code. The Company is committed to implementing the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors (the "**INEDs**") so that there is a strong independent element on the Board which can effectively exercise independent judgement.

Throughout the FY2021 (save for the disclosure in the section headed "Compliance with the Listing Rules/Code Provisions" below), the Company had three INEDs, which was in compliance with the requirement of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The audit committee of the Company (the "**Audit Committee**") consists of three INEDs, namely Mr. Lee King Fui (chairman of the Audit Committee), Mr. Lim Sey Hock and Mr. Ng Hock Boon, and is responsible for reviewing the Company's corporate governance policies and the Company's compliance with the CG Code and will make recommendations to the Board accordingly.

COMPLIANCE WITH THE LISTING RULES/CODE PROVISIONS

Immediately following the resignation of Mr. Fung Che Wai, Anthony as an INED on 31 October 2021, the Company had only two INEDs, hence failing to meet the requirements of having (i) at least three INEDs on the Board under Rule 3.10(1) of the Listing Rules; (ii) INEDs who represent at least one-third of the Board under Rule 3.10A of the Listing Rules; and (iii) the minimum number of non-executive Directors for the formation of the Audit Committee under Rule 3.21 of the Listing Rules. On 1 January 2022, the Company appointed Mr. Lee King Fui as an INED and fulfilled the aforesaid requirements of the Listing Rules and the above code provision.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the Directors' transactions of listed securities of the Company. All the Directors have confirmed, upon specific enquiries made by the Company, that they had complied with the Model Code during FY2021.

INDEPENDENCE OF INEDS

The Company has received a confirmation of independence in writing from each of the three INEDs, namely Mr. Lee King Fui, Mr. Lim Sey Hock and Mr. Ng Hock Boon in accordance with Rule 3.13 of the Listing Rules, and confirms that all of the INEDs are independent. The Board has reviewed the independence of all INEDs and concluded that all of them are independent after taking into account the factors set out in the Listing Rules. Furthermore, the Board is not aware of the occurrence of any event which would cause it to believe that the independence of any of the INEDs has been impaired up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated results of the Group for FY2021 (the "**Group Results**") and is of the view that the Group Results have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORK OF MAZARS PLT

The figures in respect of the preliminary announcement of the Group Results have been agreed by the Group's independent auditors, Mazars PLT ("**Mazars**"), to the amounts set out in the Group's draft consolidated financial statements for FY2021. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently, no assurance has been expressed by Mazars on the preliminary announcement.

For and on behalf of
S&P International Holding Limited
Tang Koon Fook
Chairman and Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises seven Directors, including four executive Directors, namely Mr. Tang Koon Fook (Chairman), Mr. Lee Sieng Poon, Mr. Yap Boon Teong and Ms. Wong Yuen Lee; and three INEDs, namely Mr. Lee King Fui, Mr. Ng Hock Boon and Mr. Lim Sey Hock.