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 2019

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE

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

	2019 *RM*	2018 *RM*	**% of change**
Revenue	**68,327,729**	79,989,035	(14.6)
(Loss)/Profit from operations	**(1,830,927)**	8,346,560	>100
After charging:			
Net finance (costs)/income	**(378,831)**	557,603	>100
Income tax credit/(expense)	**345,590**	(2,609,280)	>100
(Loss)/Profit for the year	**(1,864,168)**	6,294,883	>100

Consolidated Statement of Financial Position as at 31 December

	2019	2018	**% of**
	RM	*RM*	**Change**
Cash and cash equivalents	**25,606,417**	46,089,253	(44.4)
Loans and borrowings	**33,613,755**	3,369,696	>100
Total assets less current liabilities	**149,683,934**	127,148,132	17.7
Net assets	**120,245,080**	122,754,156	(2.0)

KEY FINANCIAL RATIOS FOR THE YEAR ENDED 31 DECEMBER

	2019	2018	**% change/ change in % point**
Gross profit margin	**23.7%**	32.3%	(8.6)
Return on equity	**(1.5%)**	5.1%	(6.7)
Current ratio (times)#	**4.0**	6.3	(36.5)

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

FINANCIAL INFORMATION

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of S&P International Holding Limited (the "**Company**") hereby announces the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 ("**FY2019**"), together with the comparative figures for the year ended 31 December 2018 ("**FY2018**") 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 2019

	Note	**2019** *RM*	2018 *RM*
Revenue	*4*	**68,327,729**	79,989,035
Cost of sales		**(52,152,935)**	(54,164,489)
Gross profit		**16,174,794**	25,824,546
Other income	*5*	**870,524**	490,483
Selling and distribution expenses		**(4,674,581)**	(4,515,258)
Administrative expenses		**(13,826,881)**	(10,828,866)
Other expenses		**(374,783)**	(2,624,345)
(Loss)/Profit from operations		**(1,830,927)**	8,346,560
Finance income	*6*	**579,444**	832,224
Finance costs	*7*	**(958,275)**	(274,621)
Net finance (costs)/income		**(378,831)**	557,603
(Loss)/Profit before taxation		**(2,209,758)**	8,904,163
Income tax credit/(expense)	*8*	**345,590**	(2,609,280)
(Loss)/Profit for the year	*9*	**(1,864,168)**	6,294,883
Other comprehensive (expense)/income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(629,640)**	889,813
Total comprehensive (expense)/income for the year		**(2,493,808)**	7,184,696

	Note	2019	2018
		RM	RM
(Loss)/Profit attributable to:			
Equity shareholders of the Company		**(1,844,444)**	6,295,729
Non-controlling interest		**(19,724)**	(846)
(Loss)/Profit for the year		**(1,864,168)**	6,294,883
Total comprehensive (expense)/income attributable to:			
Equity shareholders of the Company		**(2,398,161)**	7,185,725
Non-controlling interest		**(95,647)**	(1,029)
Total comprehensive (expense)/income for the year		**(2,493,808)**	7,184,696
Basic and diluted (loss)/earnings per ordinary share of par value HK$0.01 each (the "Share") (expressed in Sen):	*10*	**(0.17)**	0.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**2019** *RM*	2018 *RM*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**90,918,093**	49,839,306
Right-of-use assets	*12*	**6,149,297**	—
Goodwill	*13*	**—**	—
Deferred tax assets		**33,655**	—
		97,101,045	49,839,306
Current assets			
Inventories	*14*	**23,485,240**	25,330,420
Current tax asset		**2,157,471**	318,577
Trade and other receivables	*15*	**13,670,848**	20,235,346
Derivative financial asset	*16*	**63,700**	—
Pledged time deposits	*17*	**5,000,000**	—
Cash and cash equivalents	*18*	**25,606,417**	46,089,253
		69,983,676	91,973,596
TOTAL ASSETS		**167,084,721**	141,812,902
EQUITY AND LIABILITIES			
Equity			
Share capital		**5,941,706**	5,941,706
Share premium		**58,707,916**	58,707,916
Reserves		**55,599,273**	58,012,702
Total equity attributable to equity shareholders of the Company		**120,248,895**	122,662,324
Non-controlling interest		**(3,815)**	91,832
TOTAL EQUITY		**120,245,080**	122,754,156
Liabilities			
Non-current liabilities			
Loans and borrowings	*19*	**28,300,928**	2,906,435
Lease liabilities	*20*	**171,549**	—
Deferred tax liabilities		**966,377**	1,487,541
		29,438,854	4,393,976
Current liabilities			
Loans and borrowings	*19*	**5,312,827**	463,261
Lease liabilities	*20*	**314,510**	—
Trade and other payables	*21*	**11,542,434**	13,774,954
Contract liabilities	*22*	**213,115**	392,000
Current tax liabilities		**17,901**	34,555
		17,400,787	14,664,770
TOTAL LIABILITIES		**46,839,641**	19,058,746
TOTAL EQUITY AND LIABILITIES		**167,084,721**	141,812,902
TOTAL ASSETS LESS CURRENT LIABILITIES		**149,683,934**	127,148,132

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to equity shareholders of the Company							
	Share capital *RM*	**Share premium** *RM*	**Other reserve** *RM*	**Translation reserve** *RM*	**Retained earnings** *RM*	**Total** *RM*	**Non-controlling interest** *RM*	**Total equity** *RM*
At 1 January 2018	5,941,706	58,707,916	150,200	(2,745,323)	53,422,100	115,476,599	—	115,476,599
Foreign currency translation differences for foreign operations	—	—	—	889,996	—	889,996	(183)	889,813
Other comprehensive income for the year	—	—	—	889,996	—	889,996	(183)	889,813
Profit for the year	—	—	—	—	6,295,729	6,295,729	(846)	6,294,883
Total comprehensive income for the year	—	—	—	889,996	6,295,729	7,185,725	(1,029)	7,184,696
Acquisition of a subsidiary	—	—	—	—	—	—	92,861	92,861
At 31 December 2018	5,941,706	58,707,916	150,200	(1,855,327)	59,717,829	122,662,324	91,832	122,754,156
At 1 January 2019, as previously reported	5,941,706	58,707,916	150,200	(1,855,327)	59,717,829	122,662,324	91,832	122,754,156
Adjustment on initial application of IFRS 16, net of tax	—	—	—	—	(15,268)	(15,268)	—	(15,268)
As at 1 January 2019, restated	5,941,706	58,707,916	150,200	(1,855,327)	59,702,561	122,647,056	91,832	122,738,888
Foreign currency translation differences for foreign operations	—	—	—	(553,717)	—	(553,717)	(75,923)	(629,640)
Other comprehensive expense for the year	—	—	—	(553,717)	—	(553,717)	(75,923)	(629,640)
Loss for the year	—	—	—	—	(1,844,444)	(1,844,444)	(19,724)	(1,864,168)
Total comprehensive expenses for the year	—	—	—	(553,717)	(1,844,444)	(2,398,161)	(95,647)	(2,493,808)
At 31 December 2019	**5,941,706**	**58,707,916**	**150,200**	**(2,409,044)**	**57,858,117**	**120,248,895**	**(3,815)**	**120,245,080**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
(Loss)/Profit before tax		**(2,209,758)**	8,904,163
Adjustments for:			
Bad debts written off	*9*	**—**	12,505
Depreciation of property, plant and equipment	*11*	**2,534,910**	2,172,761
Depreciation of right-of-use assets	*12*	**571,605**	—
Deposit paid for a land acquisition written off	*9*	**—**	196,020
Finance costs	*7*	**958,275**	274,621
Finance income	*6*	**(579,444)**	(832,224)
Net (gain)/loss on unrealised foreign exchange differences	*9*	**(309,866)**	2,122,922
Impairment loss on goodwill	*9*	**—**	515,513
Plant and equipment written off	*9*	**5,380**	19,476
Operating profit before changes in working capital		**971,102**	13,385,757
Change in inventories		**1,845,180**	4,984,642
Change in trade and other receivables		**6,029,159**	(2,137,431)
Change in trade and other payables		**(1,319,022)**	2,224,847
Change in contract liabilities		**(178,885)**	99,722
Cash generated from operations		**7,347,534**	18,557,537
Tax refunded		**382,187**	—
Income tax paid		**(2,373,702)**	(4,681,040)
Net cash from operating activities		**5,356,019**	13,876,497

	Note	2019 RM	2018 RM
Cash flows from investing activities			
Acquisition of property, plant and equipment	*(i)*	**(19,917,422)**	(27,285,010)
Acquisition of a subsidiary, net of cash and cash equivalents acquired		**—**	85,021
Interest received		**579,444**	832,224
Investment in pledged time deposits		**(5,000,000)**	—
Net cash used in investing activities		**(24,337,978)**	(26,367,765)
Cash flows from financing activities			
Capital element of leases liabilities paid		**(254,334)**	—
Drawdown from new borrowings	*(i)*	**1,174,562**	—
Interest and other borrowing costs paid		**(935,609)**	(274,621)
Interest element of leases liabilities paid		**(22,666)**	—
Repayments of loans and borrowings		**(748,240)**	(1,430,983)
Net cash used in financing activities		**(786,287)**	(1,705,604)
Net decrease in cash and cash equivalents		**(19,768,246)**	(14,196,872)
Cash and cash equivalents at 1 January		**46,089,253**	59,425,300
Effect of foreign exchange rate changes		**(714,590)**	860,825
Cash and cash equivalents at 31 December	*18*	**25,606,417**	46,089,253

Note (i) **Acquisition of property, plant and equipment**

During the year ended 31 December 2019, the Group acquired property, plant and equipment with an aggregate cost of RM49,619,676 (2018: RM27,285,010) of which RM29,702,254 (2018: Nil) were financed by bank loans.

Cash outflows for leases as a lessee

	Note	2019 RM	2018 RM
Included in net cash from operating activities			
Payment relating to short-term leases	*9*	**(255,777)**	—
Included in net cash from financing activities			
Interest paid in relation to lease liabilities	*7*	**(22,666)**	—
Payment of lease liabilities		**(254,334)**	—
Total cash outflows for leases		**(532,777)**	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Group is engaged in manufacturing and distribution of food products. The core products include coconut cream powder and low fat desiccated coconut. The Group also manufactures other food products such as non-dairy creamer and other traditional South-east Asian traditional food ingredients such as rice dumplings (ketupat) and toasted coconut paste (kerisik).

The Company was incorporated as an exempted company and registered with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 November 2016. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at 31/F., 148 Electric Road, North Point, Hong Kong.

The Company's issued Shares have been listed and traded on The Main Board of the Stock Exchange since 11 July 2017 (the "**Listing**").

At the date of this announcement, the Company's ultimate parent company is TYJ Holding Limited ("**TYJ**"), a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability on 8 November 2016. TYJ is wholly owned by Mr. Tang Koon Fook, 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 the year ended 31 December 2019 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual IFRSs, International Accounting Standards ("**lASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622, the Laws of Hong Kong) 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 below.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the financial statements, the Group has adopted all applicable new and revised IFRSs for the current and prior accounting periods, except for any new standards or interpretations that will be effective for the accounting period beginning on or after 1 January 2020. The new and revised accounting standards, amendments and interpretations issued that will be effective for the accounting period beginning on or after 1 January 2020 are set out below. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Effective for annual periods beginning on or after 1 January 2020

- Amendments to IFRS 3, *Business Combinations — Definition of a Business*
- Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Material*
- Amendments to IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures — Interest Rate Benchmark Reform*

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17, *Insurance Contracts*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to IAS 1, *Presentation of Financial Statements — Classification of Liabilities as Current or Non-current*

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

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

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

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

(d) Use of estimates and judgements

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

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

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

(i) ***Valuation of inventories***

The cost of inventories is calculated using the weighted average method. The primary raw materials is coconuts, which is a commodity, and its cost generally affected by markets factors such as price fluctuations, market supply and demand, logistics and transportation costs. The cost of coconuts is adjusted with anticipated wastages and losses in the production process in order to derive the inventory standard costs. The inventory standard costs are affected by the extraction yield from the coconuts, which is dependent on the maturity and quality of the coconuts. This assessment requires significant judgement and estimation. The carrying amount of the inventories is disclosed in Note 14.

(ii) ***Determining the lease term***

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

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 FY2018, except for IFRS 16, *Leases*, which effective for annual periods beginning on or after 1 January 2019. The impact arising from the changes are disclosed in Note 29.

4. REVENUE AND SEGMENT INFORMATION

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

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

	2019	2018
	RM	*RM*
Revenue from contracts with customers		
— Coconut related products	**66,944,126**	78,729,819
— Others	**1,383,603**	1,259,216
	68,327,729	79,989,035

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 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.

	2019	2018
	RM	*RM*
West Indies	**17,687,124**	24,310,019
South East Asia	**15,841,160**	17,930,899
Middle East	**17,213,660**	16,995,650
North America	**4,763,894**	5,208,574
East Asia	**3,627,724**	3,193,807
Other regions	**9,194,167**	12,350,086
	68,327,729	79,989,035

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

	2019	2018
	RM	*RM*
Malaysia	**97,078,806**	49,813,814
Singapore	**22,239**	25,492
	97,101,045	49,839,306

Major customer

There was only one major customer with revenue equal to or more than 10% (2018: 10%) of the Group's total revenue for the year as follows:

	2019	2018
	RM	*RM*
Company A (including all common control companies)	**20,582,069**	28,897,334

5. OTHER INCOME

	2019	2018
	RM	*RM*
Rental income	**204,000**	204,000
Others	**666,524**	286,483
	870,524	490,483

6. FINANCE INCOME

	2019	2018
	RM	*RM*
Interest income of financial assets calculated using the effective interest method at amortised cost	**579,444**	832,224

7. FINANCE COSTS

	2019	2018
	RM	*RM*
Interest expense of financial liabilities that are not at fair value through profit or loss	**935,609**	274,621
Interest expense on lease liabilities	**22,666**	—
	958,275	274,621

8. INCOME TAX (CREDIT)/EXPENSE

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

	2019	2018
	RM	*RM*
Current tax — Malaysian Income Tax		
Current year	**177,828**	3,168,831
Under provision in respect of prior years	**26,579**	165,896
	204,407	3,334,727
Deferred tax		
Origination and reversal of temporary differences	**(162,904)**	(525,232)
Over provision in respect of prior years	**(387,093)**	(200,215)
	(549,997)	(725,447)
	(345,590)	2,609,280

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 the 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 2019 and 2018, 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 2019 and 2018.

Malaysian Income Tax has been provided at the statutory tax rate of 24% (2018: 24%) on the estimated chargeable income arising in Malaysia for the year ended 31 December 2019.

9. (LOSS)/PROFIT FOR THE YEAR

	Note	2019 RM	2018 RM
(Loss)/Profit for the year is arrived at after charging/(crediting):			
Auditors' remunerations:			
— Audit fees			
KPMG		**399,000**	399,000
Other auditors		**17,689**	8,032
— Non-audit fees			
Local affiliate of KPMG		**—**	50,000
Material expenses/(income)			
Bad debts written off		**—**	12,505
Depreciation of property, plant and equipment	*11*	**2,534,910**	2,172,761
Deposit paid for a land acquisition written off		**—**	196,020
Impairment loss on goodwill		**—**	515,513
Net loss/(gain) on foreign exchange differences:			
— Realised		**347,783**	(231,992)
— Unrealised		**(309,866)**	2,122,922
Personnel expenses (including Directors' emoluments):			
— Wages, salaries and other benefits		**12,485,733**	11,670,737
— Contributions to Employees' Provident Fund		**944,485**	862,499
Plant and equipment written off		**5,380**	19,476
Expenses/(income) arising from leases			
Depreciation of right-of-use assets		**571,605**	—
Expenses relating to short-term leases		**255,777**	—
Income from subleasing of right-of-use assets		**(204,000)**	(204,000)
Rental expenses in accordance to IAS17		**—**	441,397

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per Share was based on the loss attributable to ordinary shareholders of RM1,844,444 for FY2019 (2018: profit attributable to ordinary shareholders of RM6,295,729) and the weighted average number of Shares outstanding of 1,080,000,000 (2018: 1,080,000,000) Shares.

	Number of ordinary shares	
	2019 *Sen*	2018 *Sen*
Basic (loss)/earnings per Share	**(0.17)**	0.58

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

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land *RM*	Leasehold land with unexpired lease period of more than 50 years *RM*	Factory buildings and other buildings *RM*	Plant and machinery *RM*	Motor vehicles *RM*	Furniture, fittings and equipment *RM*	Construction in progress *RM*	Total *RM*
Cost								
At 1 January 2018	3,797,046	415,170	19,078,690	21,629,522	677,720	2,284,712	317,424	48,200,284
Additions	—	—	902,010	1,200,073	—	467,984	24,714,943	27,285,010
Written-offs	—	—	—	(91,458)	—	(56,166)	—	(147,624)
At 31 December 2018, as previously reported	3,797,046	415,170	19,980,700	22,738,137	677,720	2,696,530	25,032,367	75,337,670
Adjustment on initial application of IFRS 16	—	(415,170)	(9,938,478)	—	—	—	—	(10,353,648)
At 1 January 2019, as restated	3,797,046	—	10,042,222	22,738,137	677,720	2,696,530	25,032,367	64,984,022
Additions	5,200,782	—	237,535	834,690	—	673,738	42,672,931	49,619,676
Disposals	—	—	—	(57,879)	—	—	—	(57,879)
Written-offs	—	—	—	—	—	(61)	(5,380)	(5,441)
Reclassifications	—	—	15,528,908	1,800	—	801,725	(16,332,433)	—
At 31 December 2019	**8,997,828**	**—**	**25,808,665**	**23,516,748**	**677,720**	**4,171,932**	**51,367,485**	**114,540,378**
Accumulated depreciation								
At 1 January 2018	—	160,528	6,585,295	14,181,691	632,494	1,893,743	—	23,453,751
Charge for the year	—	8,303	601,825	1,360,150	18,144	184,339	—	2,172,761
Written-offs	—	—	—	(77,709)	—	(50,439)	—	(128,148)
At 31 December 2018, as previously reported	—	168,831	7,187,120	15,464,132	650,638	2,027,643	—	25,498,364
Adjustment on initial application of IFRS 16	—	(168,831)	(4,184,218)	—	—	—	—	(4,353,049)
At 1 January 2019, *as restated*	—	—	3,002,902	15,464,132	650,638	2,027,643	—	21,145,315
Charge for the year	—	—	591,624	1,486,269	18,144	438,873	—	2,534,910
Disposals	—	—	—	(57,879)	—	—	—	(57,879)
Written-offs	—	—	—	—	—	(61)	—	(61)
At 31 December 2019	**—**	**—**	**3,594,526**	**16,892,522**	**668,782**	**2,466,455**	**—**	**23,622,285**
Carrying amounts								
At 31 December 2018	3,797,046	246,339	12,793,580	7,274,005	27,082	668,887	25,032,367	49,839,306
At 31 December 2019	**8,997,828**	**—**	**22,214,139**	**6,624,226**	**8,938**	**1,705,477**	**51,367,485**	**90,918,093**

12. RIGHT-OF-USE ASSETS

Group	Land	Buildings	Others	Total
	RM	*RM*	*RM*	*RM*
At 1 January 2019	456,836	5,848,362	87,695	6,392,893
Additions	—	237,060	90,949	328,009
Depreciation	(63,215)	(424,250)	(84,140)	(571,605)
At 31 December 2019	**393,621**	**5,661,172**	**94,504**	**6,149,297**

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

13. GOODWILL

	RM
Cost	
At 1 January 2018	—
Acquisition through business combination	515,513
At 31 December 2018, 1 January 2019 and 31 December 2019	515,513
Accumulated impairment loss	
At 1 January 2018	—
Impairment loss for the year	(515,513)
At 31 December 2018, 1 January 2019 and 31 December 2019	(515,513)
Carrying amount	
At 31 December 2018 and 31 December 2019	—

In 2018, an impairment loss on goodwill of RM515,513 was recognised in profit or loss due to the shortfall of recoverable amount and the carrying value of the subsidiary acquired.

14. INVENTORIES

	2019	2018
	RM	*RM*
Packaging and raw materials	**6,528,830**	5,357,262
Semi-finished goods	**15,104,539**	18,231,429
Finished goods	**1,851,871**	1,741,729
	23,485,240	25,330,420
The amount of inventories recognised as an expense is as follows:		
Carrying amount of inventories sold	**52,152,935**	54,164,489

15. TRADE AND OTHER RECEIVABLES

	2019	2018
	RM	*RM*
Trade receivables	**11,945,659**	14,243,657
Deposits, prepayments and other receivables	**1,725,189**	5,991,689
	13,670,848	20,235,346

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

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

	2019	2018
	RM	*RM*
Within 1 month	**4,508,410**	6,361,134
1 month to 2 months	**4,327,892**	3,979,570
2 months to 3 months	**2,719,850**	2,045,243
Over 3 months	**389,507**	1,857,710
	11,945,659	14,243,657

16. DERIVATIVE FINANCIAL ASSET

		2019	
	Nominal value	**Assets**	**Liabilities**
	RM	***RM***	***RM***
Derivatives at fair value through profit or loss			
— Forward exchange contract	**4,156,700**	**63,700**	**—**

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

17. PLEDGED TIME DEPOSITS

	2019	2018
	RM	*RM*
Time deposits pledged with a licensed bank	**5,000,000**	—

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

18. CASH AND CASH EQUIVALENTS

	2019	2018
	RM	*RM*
Cash on hand	**28,113**	131,662
Bank balances in licensed banks	**25,578,304**	45,957,591
Cash and cash equivalents in the consolidated statement of cash flows	**25,606,417**	46,089,253

19. LOANS AND BORROWINGS

	2019	2018
	RM	*RM*
Non-current		
Bank loans — secured	**28,300,928**	2,906,435
Current		
Bank loans — secured	**5,312,827**	463,261
	33,613,755	**3,369,696**

The bank loans are secured by freehold land, factory buildings and other buildings, right-of-use assets for a building, specific debentures by a subsidiary incorporating specific charge over the plant and machinery financed by the bank, time deposits pledged and the corporate guarantees given by the Company, as further described under "Pledge of Assets" section on page 30.

20. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current reporting periods and at the date of transition of IFRS 16:

	31 December 2019		1 January 2019	
	Present value of minimum lease payments	**Total minimum lease payments**	Present value of minimum lease payments	Total minimum lease payments
	RM	***RM***	*RM*	*RM*
Within 1 year	**314,510**	**329,796**	152,025	167,560
After 1 year but within 2 years	**110,592**	**115,425**	120,101	129,180
After 2 years but within 5 years	**60,957**	**62,200**	140,258	145,500
	171,549	**177,625**	260,359	274,680
	486,059	**507,421**	412,384	442,240
Less: total future interest expenses		**(21,362)**		(29,856)
Present value of lease liabilities		**486,059**		412,384

21. TRADE AND OTHER PAYABLES

	2019	2018
	RM	*RM*
Trade payables	**3,364,807**	3,501,209
Prepayments received from customers	**821,640**	584,608
Other payables and accruals	**7,355,987**	9,689,137
	11,542,434	13,774,954

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:

	2019	2018
	RM	*RM*
Within 1 month	**2,299,520**	2,195,529
1 month to 3 months	**864,951**	1,155,955
3 months to 6 months	**156,165**	147,300
Over 6 months	**44,171**	2,425
	3,364,807	3,501,209

22. CONTRACT LIABILITIES

	2019	2018
	RM	*RM*
Contract liabilities	**213,115**	392,000

The contract liabilities represent sales incentives to customers as at the end of the reporting period, and are expected to be recognised as revenue within a year.

The contract liabilities at the beginning of the reporting period of RM392,000 (2018:RM292,278) has been recognised as revenue during the financial year.

23. OTHER RESERVE

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

24. DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for FY2019 (2018: Nil).

25. CONTINGENCY

In 2018, a lawsuit was filed by a third party against the Group in a dispute of the sale and purchase of a plot of land. The plaintiff claimed the balance deposit of RM784,080 with interest and costs, whereas the Group filed a counterclaim for a refund of deposit paid previously amounting to RM196,020.

This lawsuit was settled out of court during the year ended 31 December 2019. The third party refunded a sum of RM60,000 to the Group. Accordingly, both the claim and counterclaim were withdrawn.

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:

	2019	2018
	RM	*RM*
Property, plant and equipment		
Authorised but not contracted for	**24,540,251**	33,164,728
Contracted but not provided for	**577,871**	35,022,792

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 is as follows:

	2019	2018
	RM	*RM*
Salaries and other benefits	**3,441,070**	2,726,664
Discretionary bonuses	**—**	—
Contributions to Employees' Provident Fund	**290,109**	302,828
	3,731,179	3,029,492

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

28. 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*	**Mandatorily at FVTPL** *RM*
2019				
Financial assets				
Trade and other receivables*		12,466,566	12,466,566	—
Derivatives financial asset	*16*	63,700	—	63,700
Pledged time deposits	*17*	5,000,000	5,000,000	—
Cash and cash equivalents	*18*	25,606,417	25,606,417	—
		43,136,683	43,072,983	63,700
Financial liabilities				
Loans and borrowings	*19*	(33,613,755)	(33,613,755)	—
Trade and other payables**	*21*	(11,507,842)	(11,507,842)	—
		(45,121,597)	(45,121,597)	—
2018				
Financial assets				
Trade and other receivables*		15,454,269	15,454,269	—
Cash and cash equivalents	*18*	46,089,253	46,089,253	—
		61,543,522	61,543,522	—
Financial liabilities				
Loans and borrowings	*19*	(3,369,696)	(3,369,696)	—
Trade and other payables	*21*	(13,774,954)	(13,774,954)	—
		(17,144,650)	(17,144,650)	—

* excluding prepayments and goods and services tax receivable.

** excluding sales and service tax payable.

(b) Net gains and losses arising from financial instruments

	2019	2018
	RM	*RM*
Net gains/(losses) on:		
Financial asset at fair value through profit or loss		
— Foreign exchange differences	**63,700**	—
Financial assets at amortised cost		
— Bad debts written off	**—**	(12,505)
— Foreign exchange differences	**(1,058,937)**	193,309
— Finance income	**579,444**	832,224
	(479,493)	1,013,028
Financial liabilities at amortised cost		
— Foreign exchange differences	**957,320**	(2,084,239)
— Finance costs	**(935,609)**	(274,621)
	21,711	(2,358,860)
	(394,082)	(1,345,832)

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the FY2019, the Group adopted IFRS 16, *Leases,* on its financial statements. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated — i.e. it is presented, as previously reported under IAS 17, *Leases* and related interpretations.

The following table explains the difference between operating lease commitments disclosed applying IAS 17 at 31 December 2018, and lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019.

	RM
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	259,990
Discounted using the incremental borrowing rate at 1 January 2019	250,117
Recognition exemption for short-term leases	(15,750)
Extension and termination options reasonably certain to be exercised	178,017
Lease liabilities recognised at 1 January 2019	412,384

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	Impact from initial application of IFRS 16	Carrying amount at 1 January 2019
	RM	*RM*	*RM*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	49,839,306	(6,000,599)	43,838,707
Right-of-use assets	—	6,392,893	6,392,893
Total assets	**141,812,902**	**392,294**	**142,205,196**
Reserves	58,012,702	(15,268)	57,997,434
Total equity	**122,754,156**	**(15,268)**	**122,738,888**
Lease liabilities (non-current)	—	260,359	260,359
Deferred tax liabilities	1,487,541	(4,822)	1,482,719
Lease liabilities (current)	—	152,025	152,025
Total liabilities	**19,058,746**	**407,562**	**19,466,308**
Total equity and liabilities	**141,812,902**	**392,294**	**142,205,196**
Total assets less current liabilities	**127,148,132**	**240,269**	**127,388,401**

The impacts of the adoption of IFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019 have not been presented on the basis that the impacts are not material.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is engaged in the manufacturing and distribution of coconut based food products. Its core products include coconut cream powder and low fat desiccated coconut, manufactured mainly 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).

The year 2019 has been anything but a challenging year. Coconut based food products market has undergone significant unforeseeable changes in market conditions. The Group's major market in West Indies and Middle East continued to slide in 2019 due to the changes in local immigration regulations in previous year, which was meant to curtail the number of foreign workers in those countries, and the increased market competition from new entrants in an already depressed market. Despite this market scenario, which the management believe will ease in the near future, the Group proceeded with its plant expansion and enhancement projects during the year, albeit having to incur more expenses giving rise to a poorer financial performance for the financial year ended 31 December 2019 than otherwise. The management view this as strategic and appropriate as these projects will help strengthen the Group's competitiveness through further automation of manufacturing and business processes and widening the Group's product range.

During the year, the Group has substantially installed a state-of-the-art ultra-high-temperature ("**UHT**") liquid production facility at our Perak Plant (the "**UHT Facility**"). We envisage to commence commercial production by the second quarter of 2020. The commissioning of this production facility will realise the Group's long held wish of producing liquid products such as coconut milk, coconut milk beverages and coconut water on our own and be distributed through various channel. This will provide fresh impetus for the Group's future revenue growth. As part of our strategic plan, we have intensified research and development efforts to develop products that are aligned to the new consumer trend and preferences which is expanding at a rapid rate.

The management team had also intensified sales and marketing efforts to promote our in-house brands. In this regard, we undertook a rebranding exercise to vitalise our brand image and to engage our customers through digital platforms. Furthermore, we have reorganise our distribution channels to provide greater focus on our various customer groups.

In summary, the management team is confident of realising the expected benefits flowing from the projects implemented in 2019 in terms of enhanced competitiveness in the years ahead. It is still optimistic of the growing global market demand for coconut based products although it may, in some ways, be dampened by logistic and transport issues arising from the current novel coronavirus disease (the "**COVID-19**") pandemic sweeping around the world. Most of the Group's coconut based food products are supplementary in nature to staple food of a large part of the populace of the world. As such, demand for our coconut based products going forward would remain high and stable.

Financial Review

For FY2019, the Group reported a loss after tax of RM1.9 million as compared to a profit after tax of RM6.3 million for FY2018. The adverse results for FY2019 could be attributed to a few main factors which include a loss of sales volume and the increases in selling and distribution expenses and administrative expenses, as further described below.

The Group recognised approximately RM68.3 million in revenue for FY2019, representing a decrease of approximately 14.6%, or RM11.7 million, when compared with that for FY2018 which was approximately RM80.0 million. The decrease in sales was largely attributed to a drop in the sales volume of coconut food products, due to the effects of changes in the business environment in major markets in which the Group operates and increase in intensity of market competition from new entrants in the Group's market.

The Group's cost of sales decreased by approximately 3.7%, or RM2.0 million, from approximately RM54.2 million for FY2018 to approximately RM52.2 million for FY2019. The cost of sales decreased disproportionately with reduction in sales due to (i) the increase in average cost of coconuts imported and (ii) the lower production volume in FY2019 as compared to that in FY2018, resulting in higher cost of production per unit.

Consequently, the gross profit margin of the Group for FY2019 reduced to 23.7% as compared to 32.3% for FY2018 and the gross profit for FY2019 of the Group decreased by approximately 37.4%, or RM9.6 million when compared with that for FY2018.

Coconut related products

The Group's revenue is mainly derived from sales of coconut food products. Revenue for such products for FY2019 was approximately RM66.9 million, representing a drop of approximately RM11.8 million or 15.0% as compared to that for FY2018 of approximately RM78.7 million. The decrease in revenue for coconut related products was primarily due to the drop in sales volume arising from the increase in price competition in certain markets.

Other revenue is mainly made up of sales of ketupat, freight charges to customers and sales of miscellaneous items. In FY2019, other revenue was approximately RM1.4 million, representing a marginal increase of RM0.1 million from RM1.3 million posted in FY2018.

Other income

In FY2019, other income comprised mainly unrealised gain on foreign exchange of RM0.5 million, rental income of RM0.2 million and sale of scrap items and other sundry income of RM0.2 million.

Selling and distribution expenses

The Group's selling and distribution expenses of approximately RM4.7 million for FY2019 was approximately RM0.2 million higher than those of approximately RM4.5 million for FY2018. The increase in the selling and distribution expenses was attributed to (i) more aggressive sales and marketing efforts being undertaken in FY2019 in order to develop the brands under which the Group's products were sold, (ii) costs incurred on the appointment of new distributors in certain key markets and (iii) pre-launch costs incurred for the Group's upcoming new products to be rolled out in 2020.

Administrative expenses

The Group's administrative expenses for FY2019 were approximately RM13.8 million, which represented an increase of approximately RM3.0 million over those of RM10.8 million in FY2018. Such increase was due to an increase in staff and other related costs in line with the Group's factory and sales expansion plans.

Other expenses

The Group's other expenses for FY2019 were approximately RM0.4 million, which were mainly made up of realised foreign exchange loss. The foreign exchange loss arose primarily from the fluctuation of RM against the United States Dollar ("**USD**") during FY2019. In FY2018, other expenses comprised both realised and unrealised foreign exchange losses.

Net finance (costs)/income

In FY2019, the Group incurred net finance costs of RM0.4 million as compared to the net finance income of RM0.6 million in FY2018. The net finance costs were incurred primarily due to the interest charged on loans and borrowings drawn down to partially finance the Group's expansion plans.

Income tax credit/(expense)

The Group's income tax credit for FY2019 was approximately RM0.3 million as compared with income tax expense of approximately RM2.6 million for FY2018. The income tax credit for FY2019 related mainly to overprovision of deferred tax liabilities from previous year.

(Loss)/Profit attributable to equity Shareholders

The Group recorded a loss attributable to equity Shareholders of approximately RM1.8 million for FY2019 as compared to a profit of approximately RM6.3 million in FY2018. The loss for FY2019 was due to the lower revenue recorded in FY2019, resulting in lower gross profit contribution, which was inadequate to cover the expenses of the Group. This was exacerbated by the higher selling and distribution and administrative expenses in FY2019 as compared to those in FY2018, as the Group embarked on various initiatives to develop core capabilities as described above.

Future Prospects and Strategies

Despite the loss after tax reported for FY2019, the Group remains optimistic about its long term prospects and profitability.

We believe that the demand for coconut based products will remain strong in tandem with the growing consumer trend for vegan food products. The Group will continue to focus on utilising our core capabilities in product innovation to drive sales.

In addition, the Group will continue to increase brand recognition of our own brands through continuous and aggressive marketing and promotion campaigns via our newly appointed distributors as well as through various digital platforms.

The management team will also continue focusing on sales of coconut milk, coconut milk beverage and coconut water upon commencement of commercial operations of the UHT Facility in the second quarter of 2020. We envisage that these products will provide fresh impetus for the Group's future revenue growth.

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

Potential effects of COVID-19 on our Group

On 16 March 2020, the Government of Malaysia announced the implementation of the Movement Control Order (the "**MCO**") from 18 March 2020 until 31 March 2020 throughout Malaysia. On 25 March 2020, the Government of Malaysia further announced the extension of the MCO for additional two weeks from 1 April 2020 to 14 April 2020. This is an effort to contain the spread of COVID-19. During this time, all offices and business premises are ordered to be closed, but with certain exemptions. As our Group is principally involved in one of the exempted sectors, i.e. food supply, we have continued our factory operations since 18 March 2020 and up to the date of this announcement. However, all office staff are encouraged to work from home.

Such Movement Control Order resulting from the onset of COVID-19 pandemic, and also similar measures enforced by various governments in the markets where the Group operates, may create challenges to the Group's operations which, amongst others, are our supply chain, factory operations, and customer ordering processes. Efforts will be made by the Directors to mitigate potential challenges that may arise in order to minimise any disruptions to our business operations.

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

Liquidity, Financial Resources and Capital Structure

The Group maintains a solid financial position and was in a net cash position as at 31 December 2019. 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 FY2019.

Cash Position

As at 31 December 2019, the Group's cash and cash equivalents were approximately RM25.6 million as compared with approximately RM46.1 million as at 31 December 2018. The decrease of approximately RM20.5 million in cash was mainly due to the utilisation of cash resources for the Group's capital expenditures as described below.

Loans and Borrowings

As at 31 December 2019, the loans and borrowings amounted to approximately RM33.6 million, representing an increase of approximately RM30.2 million as compared to approximately RM3.4 million as at 31 December 2018, attributable primarily to drawdowns of loans and borrowings during FY2019 to partially finance the Group's capital expenditure as described below.

Gearing Ratio

Gearing ratio equals to total debt divided by total equity. As at 31 December 2019, the gearing ratio was approximately 0.28 (2018: 0.03).

PLEDGE OF ASSETS

As at 31 December 2019, the carrying amount of assets pledged to licensed banks for banking facilities granted to the Group were as follows:

	2019	2018
	RM	*RM*
Leasehold land	**—**	246,339
Freehold land	**1,227,196**	97,046
Factory buildings and other buildings	**21,374,138**	8,026,943
Plants and machinery within construction in progress	**48,126,469**	—
Right-of-use assets for a building	**1,981,000**	2,065,000
Pledged time deposits	**5,000,000**	—
	77,708,803	10,435,328

CAPITAL EXPENDITURES

During FY2019, the Group had incurred capital expenditures of approximately RM49.6 million as compared to approximately RM27.3 million in FY2018. 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 2019 and 31 December 2018.

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 FY2019.

USE OF NET PROCEEDS

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

The proceeds from the IPO after deducting the relevant one-off and non-recurring listing expenses (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**").

The Group has utilised approximately RM41.0 million of the Net Proceeds, while approximately RM5.8 million remains unutilised as at 31 December 2019. The following sets forth a summary of the allocation of the Net Proceeds and its utilisation as at 31 December 2019.

Use of Net Proceeds	Approximate original allocation of the Net Proceeds *(RM'million)*	Approximate percentage of the Net Proceeds *(%)*	Approximate actual amount of the Net Proceeds utilised during 2019 *(RM'million)*	Approximate actual amount of the Net Proceeds utilised as at 31 December 2019 *(RM'million)*	Approximate unused amount of the Net Proceeds as at 31 December 2019 *(RM'million)*
Expanding and upgrading the production facilities at the Perak Plant	35.6	76.0%	(14.2)	(35.6)	—
Recommissioning of the Parit Raja, Johor plant	4.7	10.0%	—	—	4.7
Advertising and promotion expenses	1.2	2.5%	—	(1.2)	—
Investing in new equipment to enhance the research and development	1.2	2.5%	—	(0.1)	1.1
General corporate purposes and working capital	4.1	9.0%	—	(4.1)	—
Total	46.8*	100.0%	(14.2)	(41.0)	5.8

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

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

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly in USD and HK$, and hence, exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure closely 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 27 March 2020, the Board has resolved not to recommend the payment of any dividend to the Shareholders for FY2019 (2018: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held at 11:00 a.m. on Friday, 22 May 2020 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 Tuesday, 19 May 2020 to Friday, 22 May 2020, 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 Monday, 18 May 2020.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 319 and 285 employees as at 31 December 2019 and 31 December 2018, 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 2019 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 FY2019.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2019 and 31 December 2018 other than as disclosed in Note 25 above.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during FY2019.

EVENTS AFTER REPORTING PERIOD

No event that has a significant impact on the Group has occurred after the reporting period and up to the date of this announcement.

CORPORATE GOVERNANCE

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

During FY2019, 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.

The audit committee of the Company (the "**Audit Committee**") consists of three INEDs, namely Mr. Fung Che Wai Anthony (chairman of the Audit Committee), Mr. Chong Yew Hoong 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.

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 FY2019.

INDEPENDENCE OF INEDS

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

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated results of the Group for FY2019 (the "**Group Results**") and is of the view that the Group Results have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORK OF KPMG PLT

The figures in respect of the preliminary announcement of the Group Results have been agreed by the Company's independent auditors, KPMG PLT (the "**Independent Auditors**" and "**KPMG**", respectively), to the amounts set out in the Group's draft consolidated financial statements for FY2019. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently, no assurance has been expressed by KPMG on the preliminary announcement.

INDEPENDENT AUDITORS

The Board hereby announces that, KPMG has informed the Board on 27 March 2020 that it will retire as the Independent Auditors upon the expiration of its current term of office at the forthcoming AGM and it wishes not to seek for re-appointment at the forthcoming AGM as KPMG and the Company has yet to reach a consensus on the fees for the audit of the respective financial statements of the Company and its subsidiaries for the year ending 31 December 2020 (the "FY2020 Audit").

The Board, with the recommendation of the Audit Committee, has resolved to propose the appointment of Mazars PLT as the new Independent Auditors to fill the vacancy following the retirement of KPMG, subject to the approval of the Shareholders at the forthcoming AGM and the relevant regulatory authority, and to hold office as Independent Auditors until the conclusion of the next following AGM of the Company.

KPMG has informed the Board and the Audit Committee that there are no circumstances connected with its retirement and not seeking for re-appointment as the Independent Auditors which need to be brought to the attention of the Shareholders and there is no disagreement of unresolved issue regarding the proposed change in auditors.

The Board and the Audit Committee have confirmed that there is no specific matter in respect of the proposed change in Independent Auditors which should be brought to the attention of the Shareholders. The Board is of the view that the change in Independent Auditors will not have any significant impact on the FY2020 Audit.

The Board would like to express its sincere gratitude to KPMG for its professional and quality services rendered to the Group in the past years.

The notice convening the AGM, together with a circular containing, among others, details of the proposed change of Independent Auditors will be despatched to the Shareholders 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, 27 March 2020

As at the date of this announcement, the Board comprises seven Directors, including four executive Directors, namely Mr. Tang Koon Fook (Chairman), Mr. Lee Sieng Poon, Mr. Yap Boon Teong and Ms. Wong Yuen Lee; and three INEDs, namely Mr. Fung Che Wai, Anthony, Mr. Chong Yew Hoong and Mr. Ng Hock Boon.