

**COMMITMENT  
TO SUSTAINABLE  
QUALITY**

**Annual  
Report  
2020**



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## CORPORATE PROFILE

**JB Foods Limited** ("JB Foods" or the "Group") started as a processor of wet cocoa beans to dry cocoa beans in the 1980s. Today, it has grown to be one of the major cocoa ingredient producers in the region, with a total processing capacity of 180,000 metric tonnes of cocoa beans equivalent per year, with two factories located at the Port of Tanjung Pelepas, a free trade zone in Johor, Malaysia, and in the Maspion Industrial Estates in Gresik, Indonesia, approximately 30 km from the Surabaya port.

The Group's principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa mass and cocoa cake.

JB Foods has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 2012.

## OUR BUSINESS

### PRINCIPAL BUSINESS

JB Foods Limited's core business is in the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa mass and cocoa cake.

Over the years, through its strong focus on product quality and development, the Group has honed its capability to develop and customise cocoa ingredient products to meet the varying and exacting requirements of globally diversified customers.

Complying with the highest standards of food safety, the Group ensures that its quality products consistently meet or exceed its customers' expectations. With its technical know-how, product expertise and proprietary blending methods, the Group has gained widespread recognition from its global customers.

The Group's products are sold primarily under the "JB COCOA" brand name to a worldwide customer base ranging from international trade houses to end users such as food and beverage and confectionery manufacturers.

### PRODUCTION FACILITIES MALAYSIA

The Group's first cocoa processing facility is located in the Port of Tanjung Pelepas, a strategic logistics hub within a free trade zone in Johor, Malaysia. This has enabled the Group to significantly reduce land logistics costs, as well as delivery time, while closely monitoring the shipment of its containers.



### INDONESIA

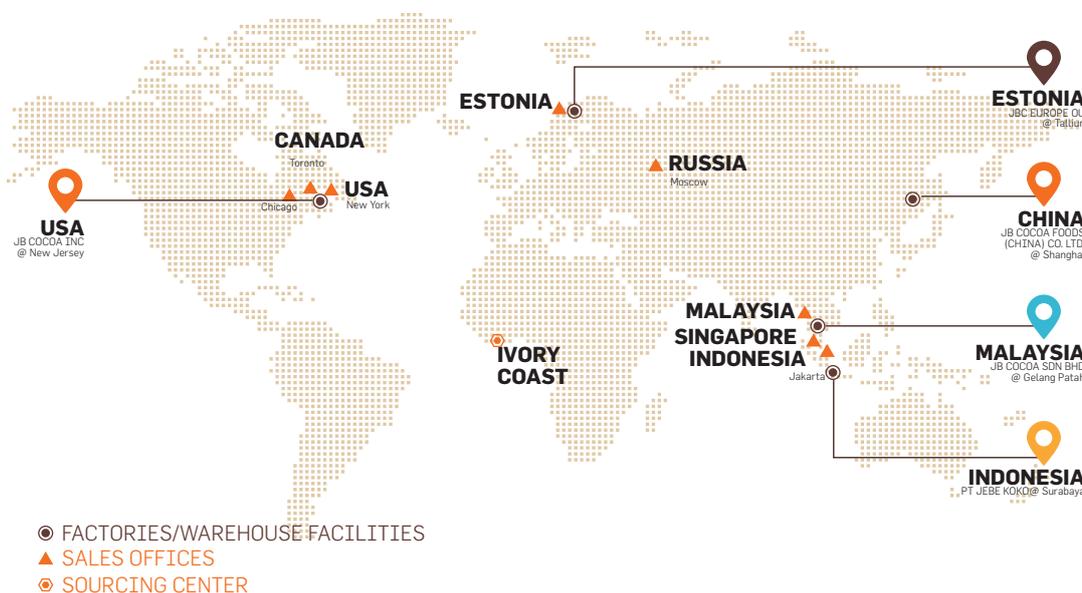
In 2014, the Group exercised its call option to acquire an 80% equity interest in PT Jebe Koko, a cocoa bean processing facility. This facility is located in the Maspion Industrial Estate in Gresik, Indonesia, approximately 30 km from the Surabaya port, and focuses on processing raw cocoa beans sourced domestically in Indonesia.

### AWARDS AND CERTIFICATIONS AWARDS

- Certification of Excellence, Industry Excellence Award for the consumer product sector 2007/2008
- Malaysian Commodities Industry Award 2011 for Best Processing Plant
- Best Cocoa Grinder Award 2012

### CERTIFICATIONS

- Halal Certificate
- Kosher Certificate
- HACCP Certificate
- UTZ Chain of Custody Standard/Rainforest Alliance Certificate
- FSSC 22000 Certificate



## OUR PRODUCTS



### COCOA CAKE

Refined into cocoa powder, or processed in-house.

### COCOA POWDER

Produces a wide range of cocoa powder in varying pH value, application and fat content, used for making cocoa beverages as well as flavourings and coatings in the manufacture of food and beverage and confectionery products.

Customises recipes to specific taste and appearance based on customer specifications.



### COCOA BUTTER

Produces natural and deodorised cocoa butter which is mainly used in the production of chocolates.



### COCOA MASS

Made from precisely selected cocoa beans. We offered various types of mass based on the cocoa beans origin to meet our customer requirement.

Through precise control of temperature, pressure and humidity, the taste, flavour and appearance of cocoa liquor can be enhanced.



## CHAIRMAN'S STATEMENT



Amidst all the challenges and uncertainties we were able to grow the Group's revenue by 18.5% to a record USD417.8 million and registered a net profit of USD19.4 million for FY2020.

### DEAR VALUED SHAREHOLDERS,

#### FY2020 REVIEW

The year 2020 was a year unlike any other, one in which the world faced unprecedented challenges. It was an extraordinary year for the Group and we are proud of how our organisation has responded resiliently to the challenges during these turbulent times. Amidst all the challenges and uncertainties, we were able to grow the Group's revenue by 18.5% to a record USD417.8 million and registered a net profit of USD19.4 million for FY2020.

The financial performance bears testament to the Group's leadership and foresight to put in place a crisis management framework which allowed the management to react speedily according to the playbook at the start of the crisis. As the COVID-19 pandemic unfolded before us, the Group took swift and decisive actions to ensure employees safety and operational and business continuity. None of this would have been possible without the dedication, resilience, and agility of our colleagues around the world.

#### BUSINESS SUSTAINABILITY

Sustainability is at the heart of our organisation and is an integral part of the Group's strategy. Our Board of Directors believes in making a positive impact to all our stakeholders, which include shareholders, employees, business partners, and communities, through good and fair practices as well as progressive solutions.

Traceability and transparency remain paramount in achieving sustainability in the cocoa supply chain. Our customers and their consumers are also increasingly interested not only in where their food comes from but how it is grown and by whom. In addition, the Group is mindful of the challenges to sustainable cocoa production such as deforestation, farmer livelihoods, human rights, climate change, and more. We will continue to take progressive steps to ensure we are meeting our public commitments on these issues.

A key success factor to sustainable cocoa farming is to adopt good agricultural and business practices as they result in better yields and income for the farmers. We are committed to sustainable cocoa farming to ensure long-term supply of fine flavour cocoa and higher yields for cocoa farmers which will in turn support our Group's long-term sustainability goal. A strong commitment to sustainable cocoa farming also allows us to respond to increasing customers' demand for sustainable cocoa products.

In keeping with our strong commitment to sustainable cocoa, we have supported the setup of 5 cocoa support centres ("CSC") in selected districts of Indonesia to train farmers and equip them with professional knowledge on good agricultural practices. We also participated in a lead farmer program in Indonesia that provides local leading farmers with seedlings, fertilisers and nursery facilities to encourage the adoption of sustainable agricultural practices. We have also started similar initiatives in West Africa and Latin America during the current financial year.

#### OUTLOOK AND GROWTH STRATEGIES

According to IMF's World Economic Outlook Update, amid exceptional uncertainty, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022<sup>1</sup>. The 2021 forecast is revised up by 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies<sup>1</sup>. Although recent vaccination exercises have raised hopes of an early turnaround in the pandemic later this year, it is still too early to tell as renewed waves and new variants of the virus pose concerns for the global economic outlook. The cocoa industry also faces uncertainty as a result of the newly instated USD400 per tonne Living Income Differential that has been implemented in Ghana and Cote d'Ivoire.

<sup>1</sup> World Economic Outlook Update (January 2021) Policy Support and Vaccines Expected to Lift Activity, <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update#:~:text=Amid%20exceptional%20uncertainty%2C%20the%20global,and%204.2%20percent%20in%202022.&text=Many%20countries%2C%20particularly%20low%20income,rise%20further%20during%20the%20pandemic.>

## CHAIRMAN'S STATEMENT

Global cocoa and chocolate market size will continue to grow in the long-term owing to the robust growth trajectory of the global chocolate confectionery industry. According to Euromonitor, chocolate confectionery was worth over \$100 billion in retail sales globally in 2020 and the global market is expected to grow sales by an average of 4.4% each year over the next 5 years<sup>2</sup>. New product developments in different sectors of the food industry are also stimulating the growth in the cocoa and chocolate market.

The Group will continue to innovate to provide customised solutions for our global clients so that they can meet the demands of a rapidly changing consumer landscape. We will continuously streamline and improve our operations so that we will remain competitive in the industry. Finally, the Group remains vigilant on how to best adjust to the dynamic situation posed by the pandemic.

### DIVIDEND

The Board is proposing a final dividend of 1.5 Singapore cents per share for FY2020, to be approved at the upcoming Annual General Meeting. Coupled with the interim dividend of 0.5 Singapore cent per share that was paid out in September 2020, the total dividend for FY2020 will be 2.00 Singapore cents per

share. This represents a pay-out ratio of 22.6% for FY2020, which is consistent with the more than 20% pay-out ratio for the past 3 years.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my thanks and appreciation to all our stakeholders and look forward to their continuing trust and support as the Group journeys to become a global cocoa ingredient producer. Our advancement would not have been possible without the trust and support from them, particularly during these challenging times. I would also like to thank all the management and staff for their strong commitment, dedication and resilience. Last but not least, I would also like to take this opportunity to extend my deepest appreciation to my fellow Board members for your wise counsel and guidance.

Stay safe, stay healthy!

### CHUA CHEOW KHOON, MICHAEL

Independent Director and Non-Executive Chairman  
1 April 2021

<sup>2</sup> Top Chocolate Trends for 2021 and Beyond, <https://www.barry-callebaut.com/en-US/manufacturers/trends-insights/top-chocolate-trends-2021-and-beyond>



## CEO'S STATEMENT



JB Foods managed to achieve yet another significant milestone where the Group's revenue exceeded USD\$400 million for the first time ever as the Group continues to strive to be a world-class cocoa ingredient producer.

### DEAR VALUED SHAREHOLDERS,

#### FY2020 IN REVIEW

The COVID-19 pandemic has disrupted businesses and upended livelihoods as well as caused considerable changes to the way we live, work and travel over the past year. Our business was not spared either. Nonetheless, amidst this unprecedented crisis, JB Foods managed to achieve yet another significant milestone where the Group's revenue exceeded USD400 million for the first time ever as the Group continues to strive to be a world-class cocoa ingredient producer.

The movement control orders imposed by the Malaysia and Indonesia governments in March 2020 caused our manufacturing operations to operate at reduced capacity as a result of having to observe the health and safety standard operating procedures imposed by the authorities. We observed some disruptions at the ports as well as with truck and courier delivery services due to lockdowns and reduced manpower supporting daily supply chain activities. On the other hand, the lockdown imposed by most countries has led to a slowdown in global consumption and demand for cocoa ingredients. Customer sentiment weakened considerably with some customers requesting to postpone shipments in view of the slowdown in consumption.

Fortunately, we were able to quickly activate our emergency response plan in the markets that we operate in by rearranging work and production schedules to ensure supply chain activities can still operate smoothly. Our strategy to stay close to our suppliers in the cocoa bean producing countries also bore fruit during the outbreak. We found ourselves on relatively strong footing, ensuring steady cocoa bean supply during times when there were restrictions placed on the flow of goods across international borders. On the demand side, we communicated more closely with our customers to understand

their immediate challenges and requirements so that we are able to fulfil their needs in a timely manner. Overall, we are pleased to have bolstered our reputation and strengthened our relationships with customers and suppliers during these unprecedented times, as this will serve as a strong foundation for future value creation.

#### CHALLENGES AND FUTURE PROSPECTS

The COVID-19 pandemic has been the defining feature of 2020 and it has triggered global shifts on economic, social and political fronts. While many expect the world's transition toward normalcy by the end of 2021 with several vaccines being authorised for use around the world, the emergence of more-infectious variants of SARS-CoV-2 and a slow start to vaccine rollout raise real risks to the timeline. In addition, the pandemic has dramatically raised tensions in many parts of the world, particularly in countries that are struggling to overcome dislocations caused by the coronavirus outbreak. So, while Brexit negotiations and China-US tensions will continue to reverberate in 2021, the world now also faces geopolitical risks that have emerged as a result of the ongoing pandemic. The Group is cognisant of the uncertainties which may pose greater headwinds to our business and we will closely monitor the developments in the industry and take prudent measures in executing our strategy.

On the other hand, the imposition of USD400 per tonne Living Income Differential ("LID") in Ghana and Cote d'Ivoire has resulted in significant volatility in the cocoa bean price as not all customers are receptive to accepting and absorbing the full costs of the LID. This is causing some uncertainties to the pricing structure in the industry during the short term. There is a possibility that the Group may not be able to fully pass on the resulting higher cocoa bean costs to the customers and this may affect the processing margin and profitability of the Group for FY2021.

## CEO'S STATEMENT

We remain optimistic and believe that the cocoa consumption environment will continue its growth trajectory once the COVID-19 pandemic has passed. According to Euromonitor, Europe's 33 billion euros chocolate confectionery market is forecasted to grow at a CAGR of 2.8% from 2020 to 2025<sup>1</sup> while the second largest market, North America, is projected to grow 3.5% annually for the next 5 years<sup>2</sup>. APAC, the third largest market for chocolate confectionery after Europe and North America, will continue to be a strong growth market for chocolate confectionery globally and is forecasted to increase at a CAGR of 4.1% from 2020 to 2025<sup>3</sup>.

According to the ICCO's January 2021 market report, cocoa butter prices followed a downward trend, while the opposite occurred for cocoa powder since early 2020<sup>4</sup>. COVID-19 has put pressure on global demand for chocolate which had an impact on the demand for cocoa butter. On the contrary, demand for cocoa powder is on the rise due to the increasing demand from

the food and beverages as well as the confectionery segments. The shift to at home occasions due to the pandemic is reshaping and accelerating change in consumer behaviour and this trend may continue until the world returns to normalcy.

The Group endeavours to increase shareholders' value by continuously growing our business and building on our existing strengths. The Group's long-term strategy is based on three main pillars, which are the expansion of production capacity, innovation in product development and processes, as well as enhancing our marketing initiatives in new or growing markets.

As part of the Group's long-term growth strategy, the Group has identified a three-storey industrial land and building at the Port of Tanjung Pelepas, Malaysia, which is located just next to the Group's existing factory. The Group does not foresee any additional major CAPEX expansion in the near term due to the COVID-19 pandemic situation. However, over the longer term, this purchase will contribute to an increase in the Group's manufacturing capacity, and the Group believes it will be able to maximise the scale of its operations from the enlarged manufacturing capacity.



## CEO'S STATEMENT

The Group is committed to innovate on its product development capability and continues to develop and widen its range of products to fulfil the varied requirements and cater to various segments of our customers. This will put us in a better position to assist our customers during their formulation process with cocoa ingredient products. We believe that this will allow us to further cement a stable and long-standing relationship with current customers and to expand our customer base. In recent years, most of the Group's key customers have changed their procurement behaviour and either outsource their non-core activities or maintain a Vendor Managed Inventory ("VMI") arrangement with us. We welcome this business model as the symbiotic relationship allows both parties to share risk and work together for mutual benefits.

Last but not least, the Group will continue to explore suitable opportunities to increase our market share. Over the years, we believe that we have established ourselves as a reliable cocoa ingredient supplier with a reputable brand and wide network to serve our end customers worldwide. In line with our plans to increase capacity, we intend to enhance our marketing initiatives to ensure an adequate demand for our products. We intend to continue to cultivate stronger and longer-term relationships with our existing customers. To this end, we intend to increase coordination and integration among our sales and marketing, operations, quality assurance and development departments to better serve our customer needs.

### ACKNOWLEDGEMENT

We would like to express our gratitude towards all shareholders, customers, and business partners for their constant support and unwavering trust in us. As we ride out the crisis together, we believe we will emerge much stronger and will be better positioned for the next wave of growth.

Last but not least, we wish to express our appreciation to our Board members for their active participation in board deliberations and for their guidance, counsel and advice, and to our staff for their dedicated service, efforts and commitment.

I wish you all a safe passage through this challenging period. Please stay positive and take care!

### TEY HOW KEONG

Chief Executive Officer  
1 April 2021

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<sup>1</sup> Discover the Top Chocolate Trends 2021 in Europe, <https://www.barry-callebaut.com/en-SG/manufacturers/trends-insights/europe-edition-top-chocolate-trends-2021>  
<sup>2</sup> Discover the Top Chocolate Trends 2021 in North America, <https://www.barry-callebaut.com/en-SG/manufacturers/trends-insights/north-america-edition-top-chocolate-trends-2021>  
<sup>3</sup> Discover the Top Chocolate Trends 2021 in Asia Pacific, <https://www.barry-callebaut.com/en-SG/manufacturers/trends-insights/asia-pacific-edition-top-chocolate-trends-2021>  
<sup>4</sup> Cocoa Market Report January 2021, <https://www.icco.org/wp-content/uploads/ICCO-Monthly-Cocoa-Market-Report-January-2021.pdf>

## FINANCIAL HIGHLIGHTS

<b>FINANCIAL RESULTS</b> (USD' million)	<b>FY2020</b>	<i>FY2019</i>	<i>FY2018</i>	<i>FY2017</i>	<i>FY2016</i>
REVENUE	417.8	352.5	327.1	295.6	300.6
GROSS PROFIT	49.2	51.9	49.4	31.9	13.6
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTISATION	34.3	43.0	41.6	24.1	11.2
PROFIT BEFORE TAX	22.5	31.7	34.1	16.9	4.4
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	19.4	26.2	26.8	14.2	3.8

<b>FINANCIAL POSITION</b> (USD' million)	<b>FY2020</b>	<i>FY2019</i>	<i>FY2018</i>	<i>FY2017</i>	<i>FY2016</i>
NON-CURRENT ASSETS	114.2	95.9	75.4	63.2	59.8
CURRENT ASSETS	268.9	268.7	172.9	134.4	143.8
CURRENT LIABILITIES	(204.3)	(213.3)	(120.8)	(110.6)	(128.4)
NON-CURRENT LIABILITIES	(22.1)	(9.9)	(5.4)	(2.9)	(1.4)
SHAREHOLDERS' EQUITY	156.6	141.4	122.1	84.1	73.9
CASH AND BANK BALANCES	20.6	16.6	13.4	15.6	7.1

<b>RATIOS</b>	<b>FY2020</b>	<i>FY2019</i>	<i>FY2018</i>	<i>FY2017</i>	<i>FY2016</i>
NET ASSET VALUE PER SHARE (CENTS) <sup>(1)</sup>	51.64	46.64	40.26	27.75	24.38
NET GEARING (TIMES) <sup>(2)</sup>	0.99	1.11	0.55	0.75	1.28

<sup>(1)</sup> Net asset value per share are computed based on the adjusted share capital of 303,199,966

<sup>(2)</sup> (Bank borrowings – Cash and bank balances)/shareholders' equity

## OPERATIONS AND FINANCIAL REVIEW

### INCOME STATEMENT

JB Foods' revenue increased by USD65.3 million or 18.5% from USD352.5 million for FY2019 to USD417.8 million for FY2020. This was mainly due to higher shipment volume, and the higher average selling prices of the cocoa ingredients due to increase in the cocoa bean price.

The increase in cocoa bean costs arising from the Living Income Differential imposed by Ghana and Cote d'Ivoire coupled with higher fixed direct overhead arising from lower utilisation of factory processing capacity contributed to a lower gross profit and gross profit margin in FY2020 as compared with FY2019. Consequently, the Group's gross profit declined 5.2% from USD51.9 million for FY2019 to USD49.2 million for FY2020.

The Group registered other losses (net) of USD2.1 million in FY2020 mainly due to higher foreign exchange losses incurred in FY2020 arising from the appreciation of British Pound Sterling ("GBP") for the Group's trade bills denominated in GBP.

Selling and distribution expenses increased by USD1.9 million or 28.8% from USD6.6 million in FY2019 to USD8.5 million in FY2020, mainly due to higher storage costs for the finished goods, higher export freight and handling cost incurred as a result of higher product shipment volume and increased in the freight costs due to shortage of the vessel towards the last quarter of year 2020.

Administrative expenses increased USD1.4 million or 14.1% from USD9.9 million in FY2019 to USD11.3 million in FY2020, mainly due to one-off professional fee and related expenses incurred in connection with the acquisition of the factory building.

Income tax expense decreased by USD2.4 million or 43.6% from USD5.5 million in FY2019 to USD3.1 million in FY2020 mainly due to lower profit generated in FY2020 as compared to FY2019.

As a result of the above, the Group registered a profit after tax of USD19.4 million in FY2020.

### BALANCE SHEET

The Group's non-current assets increased by USD18.3 million or 19.1% from USD95.9 million as at 31 December 2019 to USD114.2 million as at 31 December 2020, mainly due to capital expenditure incurred in property, plant and equipment and intangible assets in FY2020 amounting USD22.8 million and USD2.5 million respectively, partially offset by the depreciation and amortisation charge of USD6.9 million.

The Group's current assets increased by USD0.2 million or 0.1%, from USD268.7 million as at 31 December 2019 to USD268.9 million as at 31 December 2020, mainly due to increase in derivative financial instruments, income tax recoverable and cash and bank balances of USD3.2 million, USD0.5 million and USD3.9 million, partially offset by decrease in inventories, trade and other receivables of USD2.3 million and USD4.9 million respectively.

The Group's current liabilities decreased by USD9.0 million or 4.2%, from USD213.3 million as at 31 December 2019 to USD204.3 million as at 31 December 2020, mainly due to the decrease in trade and other payables, and short-term bank borrowings of USD7.7 million and USD9.1 million respectively partially offset by the increase in derivative financial instruments USD8.1 million.

The Group's non-current liabilities increased by USD12.2 million or 123.2% from USD9.9 million as at 31 December 2019 to USD22.1 million as at 31 December 2020 mainly due to increase in long term loan and deferred tax liabilities of USD11.5 million and USD0.5 million.

The Group's equity attributable to owners of the parent increased by USD15.2 million or 10.7% from USD141.4 million as at 31 December 2019 to USD156.6 million as at 31 December 2020, mainly due to profit generated in FY2020, partially offset by the dividend of USD4.9 million.

## OPERATIONS AND FINANCIAL REVIEW



### CASH FLOWS STATEMENT OF CASH FLOWS

USD'000	FY2020	FY2019
Net cash from/(used in) operating activities	35,760	(51,101)
Net cash used in investing activities	(24,344)	(26,864)
Net cash (used in)/from financing activities	(8,034)	81,141
Net change in cash and cash equivalents	3,382	3,176
Cash and cash equivalents at end of the year	19,950	16,447

The Group's cash and cash equivalent increased by USD3.5 million in FY2020, due to net cash inflows from operating activities of USD35.8 million, partially offset by net cash outflows from investing activities and financing activities of USD24.3 million and USD8.0 million respectively.

The net cash used in operating activities of USD35.8 million was mainly attributable to positive operating cash flows of USD39.4 million, net cash inflows in inventories, trade and other receivables of USD2.2 million and USD5.0 million respectively, partially offset by net cash outflows in trade and other payables of USD7.6 million and income tax paid of USD3.4 million.

The net cash used in investing activities of USD24.3 million was mainly due to the capital expenditure incurred in the purchase of property, plant and equipment.

The net cash used in financing activities of USD8.0 million was mainly due to dividend payment and interest paid of USD4.9 million and USD4.9 million, partially offset with net drawdown of bank borrowings of USD2.4 million.

## BOARD OF DIRECTORS



Mr Chua was appointed to the Board on 4 May 2012 as Lead Independent Director. With effect from 2 January 2013, he was appointed as Chairman of the Group. Mr Chua is an Executive Director of BMD Consulting Pte Ltd, a management consulting practice in Singapore. He has more than 30 years of experience in financial and management accounting, corporate finance, general management and management consultancy, and was formerly the Chief Investment Officer of Sapphire Corporation Limited. He has also previously served as an independent director on the boards of various other companies listed on the SGX-ST.

Mr Chua has held senior positions in multinational companies including the Singapore Technologies and Sembcorp group of companies. He graduated with a Bachelor of Business from the Charles Sturt University (Mitchell College of Advanced Education), Australia in 1977 and is a Fellow of CPA Australia.



Mr Goi Seng Hui was appointed to the Board on 1 March 2013 as Non-Independent, Non-Executive Director and Vice Chairman. He is the Executive Chairman of Tee Yih Jia Group, a global food and beverage group and GSH Corporation Ltd, a regional developer of premium residential and commercial properties, as well as the owner and operator of the 5-Star Sutera Harbour Resorts, Marina and Golf Course in Kota Kinabalu, Sabah, Malaysia.

In addition, Mr Goi serves as Vice Chairman of Envictus International Holdings Limited, and Non-Executive Chairman of Hanwell Holdings Ltd. He also has investments across a range of listed and private entities in numerous industries, such as food and beverage, leisure real estate, consumer essentials, renewable energy, healthcare, technology, distribution and logistics.

Mr Goi was appointed Singapore's Non-Resident Ambassador to the Federative Republic of Brazil on 20 April 2018, and Justice of the Peace by the President of the Republic of Singapore in 2020.

Mr Goi was named "Businessman of the Year" at the Singapore Business Awards (2014) and at the 49th National Day Awards, Mr Goi was conferred the Public Service Star (Bar) – Bintang Bakti Masyarakat (Lintang), BBM (L) – by the President of Singapore for his contributions to the community. In 2015, he received the Long Service Award from Singapore's People's Action Party. He was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah, for his social and business contributions to Kota Kinabalu. In recognition of his numerous philanthropy works, he was awarded the SG50 Outstanding Chinese Business Pioneers Award and Enterprise Asia's Lifetime Achievement Award in 2015, as well as the Asian Strategy & Leadership Institute's Lifetime Achievement Award in 2016. In 2017, he was honoured for his contributions and success as an overseas Chinese by People's Tribune Magazine in Beijing, China. In 2018, he was conferred the Distinguished Business Leader Award at the World Chinese Economic Forum. In 2019, he was appointed Patron for Advancement and received the inaugural Benefactors Fellow Award from the Singapore University for Technology and Design, and conferred the Pearl of the Orient Award at the World Chinese Economic Forum.

He is also Enterprise 50 Club's Honorary Past President and Vice Chairman of IE Singapore's "Network China" Steering Committee, Regional Representative for Fuzhou City and Fujian Province, and council member of the Singapore-Zhejiang Economic and Trade Council, Singapore-Tianjin Economic and Trade Council and Singapore-Jiangsu Cooperation Council. He is currently the Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry, the Honorary Chairman for the International Federation of Fuqing Association, and Nanyang Gwee Clan Association, as well as the Honorary Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee. He is also an Honorary President of Kong Hwa School Alumni, a Senior Consultant of Su Tong Science & Technology Park, a Committee Member of Tan Kah Kee Foundation, and a Council Member of NTUC Club Management Council.

## BOARD OF DIRECTORS



**TEY HOW KEONG**  
CHIEF EXECUTIVE  
OFFICER

Mr Tey was appointed to the Board on 3 January 2012 and is responsible for the overall strategic, management and business development of the Group.

Mr Tey has over 25 years of experience in the cocoa business. He started his career in the cocoa business in November 1988 as sales manager of JB Cocoa Group Sdn Bhd. In August 1989, he was appointed as a director of Guan Chong Cocoa Manufacturer Sdn Bhd, a position which he remained in until October 2003 and played an active role in setting up its cocoa processing plant in Pasir Gudang.

In May 2000, Mr Tey established JB Cocoa Sdn Bhd, and under his leadership, the Group expanded over the years to become an active player within the cocoa ingredient production industry in Malaysia and foreign markets.

Mr Tey graduated in 1988 with a Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA.



**GOH LEE BENG**  
EXECUTIVE DIRECTOR

Mdm Goh was appointed to the Board on 4 May 2012 and is responsible for procurement of raw materials and managing the cocoa trading positions of the Group, which includes sourcing of cocoa beans and cocoa ingredient, managing the Group's cocoa hedging book, monitoring world cocoa trends, and marketing of cocoa butter.

Mdm Goh has over 25 years of experience in cocoa business. Upon graduation, Mdm Goh joined Guan Chong Cocoa Manufacturer Sdn Bhd in November 1989 as an executive and was responsible for logistics, operations and inventory management. She joined JB Cocoa Sdn Bhd in January 2003 and was appointed as its Executive Director in August 2003. She was responsible for sourcing of cocoa beans and supply chain management.

Mdm Goh graduated in 1989 with a Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA.



**CHIN KOON YEW**  
INDEPENDENT AND  
NON-EXECUTIVE  
DIRECTOR

Mr Chin was appointed to the Board on 18 February 2014 as an Independent Director. He has more than 10 years of experience in the cocoa and chocolate industry through his previous role as the Chief Financial Officer of Petra Foods Limited from 2001 to September 2013.

Prior to this, Mr Chin has held various senior positions at W R Grace, a US MNC, for over 17 years, culminating in the role of Chief Financial Officer for Asia Pacific in 1998. He has more than 30 years of experience in financial and general management in both MNC and Asian set-up.

Mr Chin completed his Association of Chartered Certified Accountant (ACCA) in 1980. He obtained a Master of Business Administration from Henley-Brunel University in 1996.



**LOO WEN LIEH**  
ALTERNATE DIRECTOR  
TO MR GOI SENG HUI

Mr Loo Wen Lieh was appointed on 23 May 2013 as an Alternate Director to Mr Goi Seng Hui. Mr Loo is the Group Financial Controller of the Tee Yih Jia (TYJ) Group, a leading frozen foods manufacturer in Singapore with distribution to more than 80 countries. In addition to investments in various industries, including property, technology and F&B, the TYJ Group also has stakes in several other Singapore public listed companies. In July 2018, Mr Loo has been appointed as Non-Executive and Non-Independent Director of GYP properties Limited, a company listed on the Mainboard of the SGX-ST.

From December 2002 to May 2007, Mr Loo was the Chief Financial Officer and Corporate Secretary of AGVA Corporation Limited and then Hengxin Technology Limited which were listed on the Mainboard of the SGX-ST. He was responsible for their Initial Public Offering, financial, tax and other related matters. He was also a manager with KPMG from July 2002 and left KPMG for one year from March 2000 to February 2001 as co-founder for a technology start-up.

Mr Loo graduated with a Bachelor of Accountancy from Nanyang Technological University in 1996 and is a Fellow Chartered Accountant of Singapore, an ACA of the Institute of Chartered Accountants in England and Wales, and an ASEAN Chartered Professional Accountant.

## EXECUTIVE OFFICERS



### WONG WING HONG

CHIEF FINANCIAL OFFICER

Mr Wong joined the Group in August 2014 as Corporate Planning Manager and is currently the Chief Financial Officer. He is overall responsible for the corporate, treasury, tax, finance and accounting functions of the Group.

Prior to joining the Group, Mr. Wong was a manager with BDO Singapore from November 2010 to August 2014 and Nexia Singapore from May 2007 to August 2010, where he was involved in the assurance and auditing, Initial Public Offerings, Reverse Take Over and related projects.

Mr Wong completed his Association of Chartered Certified Accountant ("ACCA") in 2010, and is a member of ACCA and Institute of Singapore Chartered Accountants.



### ONG KIM TECK

GROUP ENGINEERING MANAGER

Mr Ong joined the Group in April 2002 as Project Manager, following which he oversaw the construction of the processing facility in Port of Tanjung Pelepas, including design, installation of equipment, commissioning and maintenance activities. In July 2014, he was appointed as the Factory Manager and subsequently in April 2011, he was promoted to Operations Manager of the Group. In 2016, he was redesignated to Group Engineering Manager overseeing expansion and improvement projects of the Group.

Mr Ong graduated with a Bachelor of Engineering with Honours (School of Mechanical Engineering) from the University of Liverpool, United Kingdom in 1997 and obtained a Commonwealth Executive Master in Business Administration (CeMBA) from the Wawasan Open University in 2018.



### SAW POH CHIN

GROUP SALES AND MARKETING MANAGER

Ms Saw has over 15 years of experience in the cocoa business. She manages and markets the Group's products to international markets, and assists in product development activities. Ms Saw joined the Group in June 2002 as its quality and research and development manager. In December 2004, she was reassigned as the technical support manager and subsequently reassigned as technical sales manager in January 2007. In September 2010, she was re-designated as the Sales and Marketing and R & D Manager of the Group. She is overall responsible for marketing the Group's products, and leading the Group's product development activities.

Ms Saw graduated with a Bachelor of Science in Agricultural Sciences from the University of Nebraska, USA in 1998 and a Master of Science from the same university in 1999.

# SUSTAINABILITY REPORT

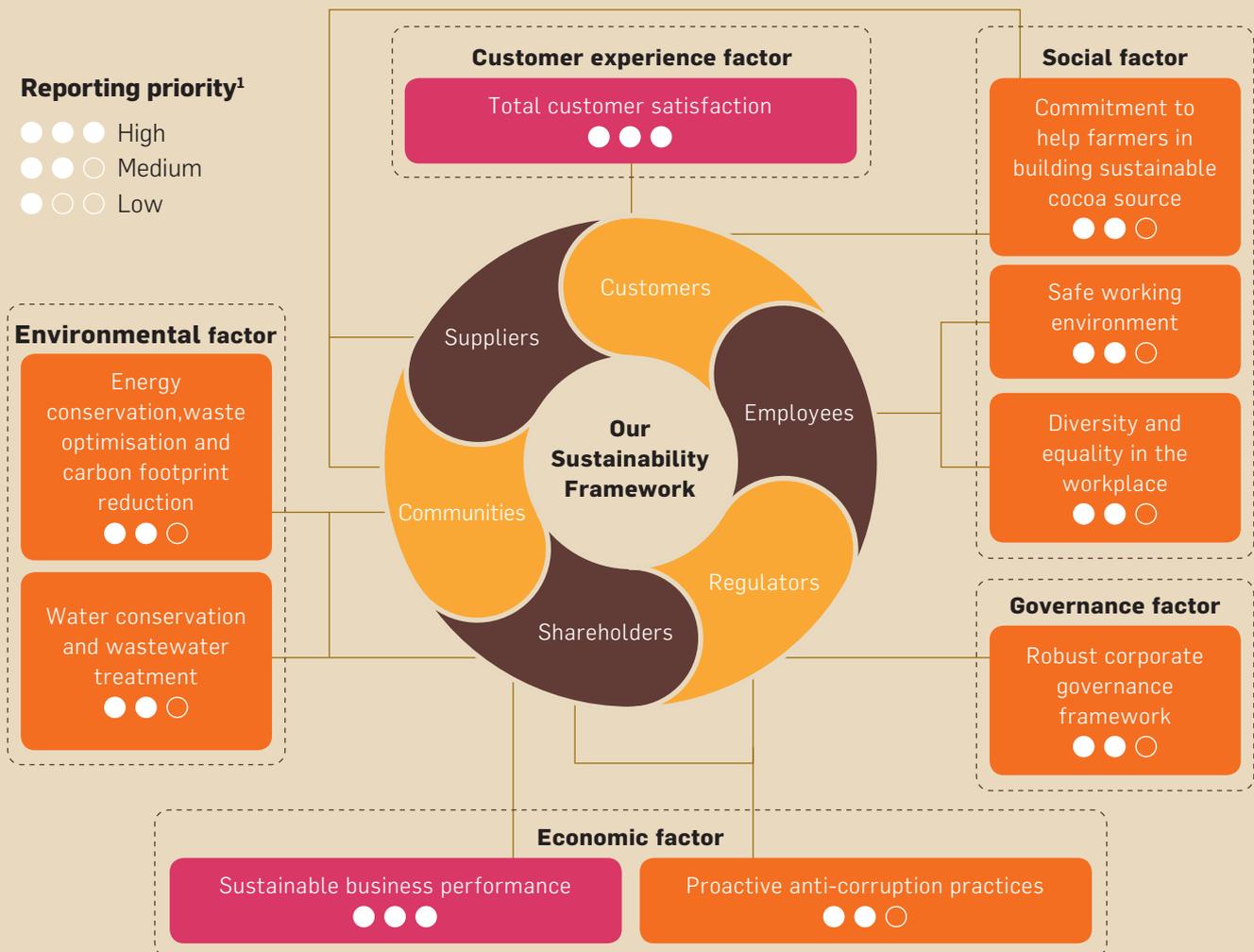
## 1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report ("Report"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") factors, economic performance and customer experience (collectively as "Sustainability Factors").

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long-term future of our Group. This commitment is reflected in our sustainable business strategy and the material Sustainability Factors shown in this Report.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

We work closely with our stakeholders in our value chain, comprising communities, customers, employees, regulators, shareholders and suppliers in deriving our sustainability strategy. An overview of our Sustainability Factors by stakeholder is as follows:



<sup>1</sup> Reporting priority refers to the ranking assigned to each Sustainability Factor based on the level of concern to stakeholders and the significance of our impacts on the economy, environment and society. Refer to section 7.3 for further details.

# SUSTAINABILITY REPORT

A summary of our sustainability performance in FY2020 is as follows:

Material factor and reporting priority	Sustainability performance	Our efforts
<b>Customer experience</b>		
Total customer satisfaction ● ● ●	<ul style="list-style-type: none"> <li>Our factories are certified under internationally recognised quality standards</li> <li>63% of our employees have served more than 3 years</li> <li>Turnover rate is 15%</li> </ul>	<ul style="list-style-type: none"> <li>Adopt market standards on product quality and safety</li> <li>Maintain a close presence and continuous communication with customers</li> </ul>
<b>Economic</b>		
Sustainable business performance ● ● ●	<ul style="list-style-type: none"> <li>Revenue is USD418 million</li> <li>Net profit attributable to owners of the parent is USD19 million</li> <li>Tax-exempt dividend of 2.00 Singapore cents per share<sup>2</sup></li> </ul>	Create long-term economic value for shareholders through consistent profits, dividend payments, robust balance sheet and strong operating cash flow.
Proactive anti-corruption practices ● ● ○	Zero incident of serious offence	<ul style="list-style-type: none"> <li>Adopt a zero tolerance stance towards any forms of corruption and bribery</li> <li>Implement a whistle blowing policy whereby a complainant can file a complaint without fear of reprisal</li> </ul>
<b>Environmental</b>		
Energy conservation, waste optimisation and carbon footprint reduction ● ● ○	<ul style="list-style-type: none"> <li>98% of energy consumed by Biomass Boiler is generated from discarded cocoa shells</li> <li>The usage of discarded cocoa shells to produce steam reduced reliance on diesel fuel and resulted in a reduction of approximately 3.7 million litres</li> <li>Cocoa shells sold to local poultry farmers as animal feed generated USD134k of income</li> </ul>	<ul style="list-style-type: none"> <li>Installation of biomass boiler to reduce carbon emissions</li> <li>Sale of cocoa shells to local poultry farmers as animal feed</li> </ul>
Water conservation and wastewater treatment ● ● ○	<ul style="list-style-type: none"> <li>2.29 m<sup>3</sup> of water per metric tonne of cocoa bean processed is consumed</li> <li>100% of wastewater generated was treated to remove pollutants before being released into waterways</li> </ul>	<ul style="list-style-type: none"> <li>Regular tracking and analysis of water consumption trends</li> <li>Treatment of wastewater generated to remove pollutants</li> </ul>
<b>Social</b>		
Commitment to help farmers in building sustainable cocoa source ● ● ○	We initiated various initiatives to promote sustainable cocoa farming	Ensure traceability and transparency and support farmers by delivering trainings on good agricultural, environmental and social practices

<sup>2</sup> Final dividend of 1.50 Singapore cents per share for FY2020 will be subject to the approval of the ordinary shareholders at the upcoming Annual General Meeting.

# SUSTAINABILITY REPORT

Material factor and reporting priority	Sustainability performance	Our efforts
<b>Social</b>		
<b>Safe working environment</b> ● ● ○	<ul style="list-style-type: none"> <li>Zero incident of workplace fatality</li> <li>10 incidents of non-fatal workplace injuries and resulting in 160 man-days lost.</li> </ul>	<ul style="list-style-type: none"> <li>A set of safety rules and regulations is in place and employees are provided with adequate health and safety training</li> <li>Safety committee is in place and safety audits are performed regularly</li> <li>Accidents are tracked and monitored regularly</li> </ul>
<b>Diversity and equality in the workplace</b> ● ● ○	<ul style="list-style-type: none"> <li>32% of senior management, 50% of middle management and 9% of staff are female</li> <li>15% of full-time employees is at least 40 years of age</li> <li>Ratio of employees with tertiary and non-tertiary education is 47%:53%</li> <li>Zero incident of unlawful discrimination against employees</li> </ul>	Select employees based on merit and competency
<b>Governance</b>		
<b>Robust corporate governance framework</b> ● ● ○	Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 75	An enterprise risk management framework is in place

The outbreak of Coronavirus disease 2019 ("COVID-19" or "Pandemic") and movement control measures in many countries have led to a slowdown in global consumption and demand for cocoa ingredients. As a result of the lockdown measures and health and safety standard operating procedures imposed by the authorities, our manufacturing operations in Malaysia and Indonesia have been operating at reduced capacity. We are closely monitoring the developments in the industry, including the potential effects of the outbreak of Pandemic and have taken prudent measures in executing our strategy. We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

## 2. OUR BUSINESS

We are principally involved in the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa mass and cocoa cake, under the brand name of JB Cocoa.



Suppliers



Processing



Customers

### Sourcing

Procurement of cocoa beans

### Operations

Process cocoa beans into cocoa cake, cocoa mass, cocoa butter and cocoa powder

### Point of Sale

- Sale of our products to international trade houses or cocoa powder millers
- End users such as confectionery, food and beverage manufacturers

# SUSTAINABILITY REPORT

### 3. REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option and Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework. The GRI content index can be found in the Appendix of this Report.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 (“UN Sustainability Agenda”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“SDGs”), which form an urgent call for action by all countries – developed and developing – in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

### 4. REPORTING PERIOD AND SCOPE

This Report is applicable for our Group’s financial year ended 31 December 2020 (“FY2020” or “Reporting Period”). A sustainability report will be published annually in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed 100% (FY2019: 100%) of the total revenue for the Reporting Period.

### 5. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: [investor@jbcocoa.com](mailto:investor@jbcocoa.com).

### 6. STAKEHOLDER ENGAGEMENT

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by operations of our Group.

We actively engage our key stakeholders through the following channels:

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised
1	Communities	Community initiatives	Ongoing	Sustainable agricultural and business practices
2	Customers	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Events such as exhibitions</li> <li>• Email communications</li> <li>• Phone calls</li> <li>• Teleconferences</li> </ul>	Regularly	<ul style="list-style-type: none"> <li>• Product quality and reliability</li> <li>• Customer service standards</li> </ul>
3	Employees	Email communications  Staff evaluation sessions	Regularly  Half-yearly	<ul style="list-style-type: none"> <li>• Equal employment opportunity</li> <li>• Workplace safety and health</li> <li>• Job security</li> <li>• Remuneration</li> </ul>
4	Regulators	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange and relevant government agencies/ bodies	As and when required	<ul style="list-style-type: none"> <li>• Environmental compliance</li> <li>• Corporate governance</li> </ul>

# SUSTAINABILITY REPORT

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised
5	Shareholders	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Annual reports</li> </ul>	Annually	<ul style="list-style-type: none"> <li>Sustainable business performance</li> <li>Market valuation</li> <li>Dividend payment</li> <li>Corporate governance</li> </ul>
		Result announcements on SGXNet	Half-yearly	
		<ul style="list-style-type: none"> <li>Material announcements on SGXNet</li> <li>Company's website (<a href="https://www.jbcocoa.com">https://www.jbcocoa.com</a>)</li> <li>Business publications</li> <li>Investor relations events</li> </ul>	Ongoing	
6	Suppliers	<ul style="list-style-type: none"> <li>Supplier evaluations</li> <li>Feedback sessions</li> <li>Email communications</li> </ul>	Regularly	Order volatility

Through the above channels, we seek to understand the views of our key stakeholders, communicate effectively with them and respond to their concerns.

## 7. POLICY, PRACTICE AND PERFORMANCE REPORTING

### 7.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. Our sustainability committee, which includes senior management executives and key managers from various functions, is led by our Chief Executive Officer ("CEO") and tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.



# SUSTAINABILITY REPORT

## 7.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



## 7.3 Materiality assessment

Under our SR Policy, each Sustainability Factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
● ● ●	High	Factors with high reporting priority are reported on in detail.
● ● ○	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
● ○ ○	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to stakeholders ("Stakeholders' Concern") and significance of our impacts on the economy, environment and society ("Business Impact").

## 7.4 Performance tracking and reporting

We track the progress of our material factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems. Our sustainability trends can be found in the Appendix of this Report.

# SUSTAINABILITY REPORT

## 8. MATERIAL FACTORS

Our materiality assessment performed for FY2020 involved our Group's senior management and key managers from various functions in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

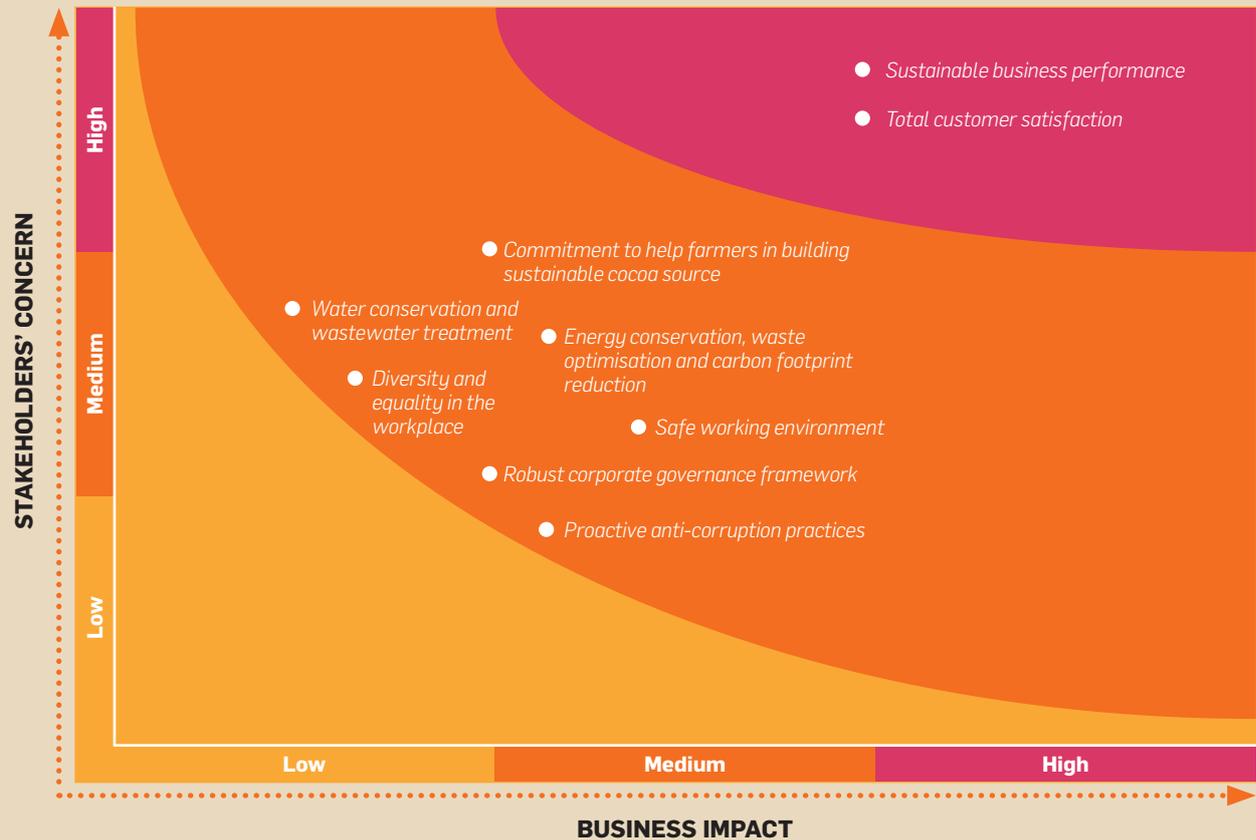
Presented below are a list of material Sustainability Factors and material factor matrix applicable to our Group:

### List of material Sustainability Factors

S/N	Material factor	SDG	Key stakeholder	Reporting priority
<b>Customer experience</b>				
1	Total customer satisfaction	Decent work and economic growth	Customers	● ● ●
<b>Economic</b>				
2	Sustainable business performance	Decent work and economic growth	Shareholders	● ● ●
3	Proactive anti-corruption practices	Peace, justice and strong institutions	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Regulators</li> </ul>	● ● ○
<b>Environmental</b>				
4	Energy conservation, waste optimisation and carbon footprint reduction	Affordable and clean energy	<ul style="list-style-type: none"> <li>• Communities</li> <li>• Shareholders</li> </ul>	● ● ○
5	Water conservation and wastewater treatment	Responsible consumption and production	<ul style="list-style-type: none"> <li>• Communities</li> <li>• Shareholders</li> </ul>	● ● ○
<b>Social</b>				
6	Commitment to help farmers in building sustainable cocoa source	Responsible consumption and production	<ul style="list-style-type: none"> <li>• Communities</li> <li>• Customers</li> <li>• Suppliers</li> </ul>	● ● ○
7	Safe working environment	Good health and well-being	Employees	● ● ○
8	Diversity and equality in the workplace	Reduced inequalities	Employees	● ● ○
<b>Governance</b>				
9	Robust corporate governance framework	Peace, justice and strong institutions	Regulators	● ● ○

# SUSTAINABILITY REPORT

## Material factor matrix



We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each key Sustainability Factor are presented as follows:

### 8.1 Total customer satisfaction

Building on the strength of our value proposition and customer-focused business model, we have established a strong relationship with our key customers which include Mars, Nestle, Hershey and Mondelez. We are committed to serve our customers through the provision of safe and consistent quality products that meet their requirements through the following measures:

#### Adoption of market standards

To maintain product quality and sustainable cocoa supply chain, our factories are certified under internationally recognised standards with details as follows:

Standard/certification	Focus of relevant standard/certification
HACCP certificate FSSC 22000	Manage the food hygiene and safety procedures in our operations
HALAL certificate Kosher Certificate	Ensure our operations comply with the Islamic dietary requirements Ensure our operations comply with the Kosher requirements
UTZ chain of custody standard/ Rainforest Alliance certificate	Ensure our products are physically and administratively related to UTZ certified producers who adopt sustainable farming methods and working conditions

## SUSTAINABILITY REPORT

As we are increasingly conscious of our social, environmental and economic responsibilities, we have registered ourselves as a Supplier Ethical Data Exchange (“Sedex<sup>3</sup>”) member and our factory is accessed under the Sedex Member Ethical Trade Audit (“SMETA”) to ensure that our operations comply with the relevant requirements on labour standards, health and safety, environment and business ethics.

### **Render good customer service**

Through our presence in Malaysia, Indonesia, the United States of America, People’s Republic of China and Republic of Estonia, we are able to better serve our customers through:

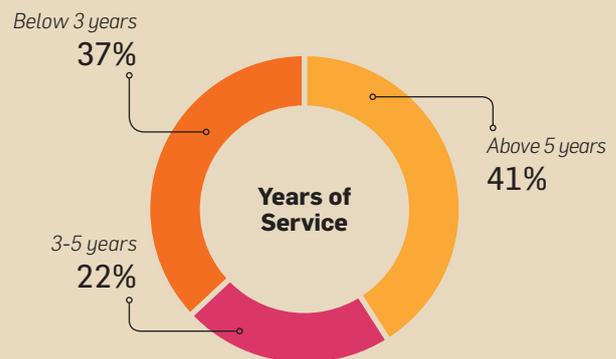
- Deeper understanding of our customers’ requirements, faster turnaround time and more responsive after-sales services; and
- Demonstration of our capability to develop and customise cocoa ingredient products to meet the varying and exacting requirements of globally diversified customers.

In addition, we collect customer feedback from various touchpoints such as sales teams and customer satisfaction surveys. Results of customer satisfaction surveys are analysed to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

### **Nurture a team of experienced employees**

The continued success of our business relies on a team of professional, skilled and experienced employees. Our Group is led by an experienced and dedicated management team spearheaded by our CEO. We believe that our team possesses an appropriate mix of multi-disciplinary skills and experience necessary for us to compete in the cocoa processing industry.

As at 31 December 2020, approximately 63% (FY2019: 56%) of the employees have more than 3 years of service in our Group and our turnover rate<sup>4</sup> is 15% (FY2019: 8%). The increase in turnover rate is mainly due to the turnover of foreign workers upon the expiry of their contracts. We will continuously work towards improving our turnover rate.



#### Target for FY2020

- Increase or maintain market presence subject to market conditions
- Improve or maintain employee retention rate subject to market conditions

#### Performance in FY2020

- Target partially met as follows:
- No material changes in our market presence
  - 63% of the employees have more than 3 years of service, which is an improvement from the previous year
  - There is an increase in turnover rate

#### Target for FY2021

- Increase or maintain market presence subject to market conditions
- Improve or maintain employee retention rate subject to market conditions

<sup>3</sup> Sedex is a leading ethical trade membership organisation, working with businesses to improve working conditions in global supply chain.

<sup>4</sup> Turnover rate is calculated by dividing the total number of resigned employees by the average number of employees for entities covered.

## SUSTAINABILITY REPORT

### 8.2 SUSTAINABLE BUSINESS PERFORMANCE

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of consistent profits, dividend payments and maintaining a robust balance sheet with strong operating cash flows.

In FY2020, our Group recorded revenue of USD418 million (FY2019: USD352 million) and net profit attributable to owners of the parent of USD19 million (FY2019: USD26 million). Our net profit decreased generally due to the following:

- Increase in selling and distribution expenses due to supply chain disruptions;
- Increase in cocoa bean costs arising from the Living Income Differential imposed by certain countries of origin;
- Higher fixed direct overhead costs arising from lower utilisation of factory processing capacity; and
- Higher depreciation and one-off professional fee and related expenses incurred in connection with the acquisition of the factory building.

The Board is proposing a final dividend of 1.50 Singapore cents per share for FY2020, to be approved at the upcoming Annual General Meeting. Coupled with the interim dividend of 0.50 Singapore cents per share (FY2019: 2.80 Singapore cents per share). Nonetheless, the dividend amount represents 22.6% (FY2019: 23.2%) of the Group's net profit attributable to owners of the parent in FY2020, which is largely consistent with the pay-out ratio for the preceding year.



Our operations in Malaysia and Indonesia were affected by the Movement Control Order ("Order") due to the Pandemic. To continue to meet the demands of our customers during the Order, we activated our emergency response plan and rearranged our working and production schedules to ensure that supply chain activities continue to run smoothly.

Details of our Group's economic performance can be found in the financial contents and audited financial statements of this Annual Report.

#### Target for FY2020

Maintain or improve our financial performance subject to market conditions whilst maintaining a dividend payout where practicable

#### Performance in FY2020

Target partially met as follows:

- Revenue grew to US\$418 million in spite of uncertain and challenging environment
- Net profit decreased in light of current market conditions.
- The pay-out ratio is largely consistent with the performance in the preceding year.

#### Target for FY2021

Maintain or improve our financial performance subject to market conditions whilst maintaining a dividend payout where practicable

# SUSTAINABILITY REPORT

## 8.3 PROACTIVE ANTI-CORRUPTION PRACTICES

We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2020, no serious offence was reported<sup>5</sup> (FY2019: zero).

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of serious offence	Target met as follows: Zero incident of serious offence	Maintain zero incident of serious offence

## 8.4 ENERGY CONSERVATION, WASTE OPTIMISATION AND CARBON FOOTPRINT REDUCTION

We believe that responsible usage of energy resources, waste optimisation and carbon footprint reduction help to preserve the environment and create long-term economic value to shareholders.

We have grown to be one of the major cocoa ingredient producers in the region with two operating factories located in Malaysia and Indonesia. To run our operations, we rely mainly on the following energy sources:

- Diesel for operating machineries and motor vehicles;
- Electricity for operating production equipment and office equipment such as lighting, office work and cooling; and
- Liquefied petroleum gas ("LPG") or natural gas for operating machineries, including machineries for bean drying and roasting.

The main waste materials generated in our operations are cocoa shells.

Under our commitment to energy conservation, waste optimisation and carbon footprint reduction, various measures and initiatives are adopted as follows:

### **Conversion of cocoa shell into biomass energy**

For our factory in Malaysia, we installed a biomass boiler in converting discarded cocoa shells to renewable energy ("Biomass Boiler"). During the Reporting Period, 98% (FY2019: 83%<sup>6</sup>) of energy consumed by the Biomass Boiler was generated from this renewable source. Moreover, the use of the renewable energy helped us to reduce reliance on diesel fuel which resulted in a reduction of approximately 3.7 million litres (FY2019: 3.1 million litres). The increase in the usage of renewable energy is mainly due to the installation of a new Biomass Boiler with improved efficiency as the end of FY2019.

### **Use of cocoa shells for animal feed**

In Indonesia, given that cocoa shells are rich in protein, cocoa shells generated in operations are sold to local poultry farmers as animal feed and a form of recycling. Such an arrangement generated approximately USD134k (FY2019: USD276k) of income during the Reporting Period. The decrease in income generated is mainly due to the transfer of cocoa shells generated from our Indonesia operations to our Malaysian plant for conversion into biomass energy instead of being sold to local poultry farmers.

### **Tap into renewable energy sources to reduce carbon emissions**

A major portion of our carbon footprint is generated during our key production processes such as the roasting of cocoa nibs to produce cocoa mass which rely on machines that operate on fuel such as diesel or liquefied petroleum gas. Our commitments to reduce our carbon footprint are illustrated in the following initiatives:

- With the installation of the Biomass Boiler, we use steam (a clean source of energy) to operate the said machines which reduces our carbon emissions by reducing our reliance on carbon-intensive energy sources such as diesel fuel; and
- During the Reporting Period, we entered into an energy optimisation project to install solar photovoltaic modules at our factory located in Malaysia to generate electricity. The phase 1 installation is targeted to complete by middle of FY2021 and will enable us to generate clean energy and at the same time, reduce our utility cost.

<sup>5</sup> A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by officers or employees of the Company.

<sup>6</sup> Figure has been restated as a correction.

## SUSTAINABILITY REPORT

### **Implement a preventive maintenance program**

A systematic maintenance program for operating equipment is in place to maintain energy efficiency in our processing factories.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or increase utilisation of renewable source of energy to power production processes	Target met as follows: Improvement in utilisation of renewable source of energy to power production process	Maintain or increase utilisation of renewable source of energy to power production processes

### **8.5 WATER CONSERVATION AND WASTEWATER TREATMENT**

We recognise the importance to manage our water consumption effectively as valuable water resources may be depleted and pollution may occur if water consumption and wastewater treatment are not managed properly. To achieve effective water management, we aim to minimise consumption and manage wastewater quality effectively.

We rely on water resources in our operations, primarily in the following processes:

Process	Description
Steam generation	Water is heated to generate steam for production purposes.
Cooling	Water is used as coolant to stabilise the fat content in cocoa powder and to enhance the stability, colour and appearance of cocoa powder.

As a result, wastewater is generated from the above processes. We focus on two key areas on water management which are as follows:

#### **Water consumption**

During the Reporting Period, we used 2.29 m<sup>3</sup> (FY2019: 2.08 m<sup>3</sup>) of water per metric tonne of cocoa bean processed. The increase in water consumption rate is mainly due to the increased water consumption from the butter deodorising plant which was commissioned at the end of FY2019.

Water conservation measures adopted by our factories include the following:

- A systematic maintenance program is implemented for operating equipment to maintain water efficiency; and
- Regular tracking and analysis of water consumption trends and corrective actions are taken when there are unusual consumption patterns.

#### **Water quality management**

During the Reporting Period, 100% (FY2019: 100%) of wastewater generated was treated to remove pollutants before being released into waterways.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or reduce water consumption rate and improve wastewater treatment process	Target partially met as follows: <ul style="list-style-type: none"> <li>• There is an increase in water consumption rate</li> <li>• 100% of wastewater was treated to remove pollutants before being released into waterways</li> </ul>	Maintain or reduce water consumption rate and improve wastewater treatment process

# SUSTAINABILITY REPORT

## 8.6 COMMITMENT TO HELP FARMERS IN BUILDING SUSTAINABLE COCOA SOURCE

Sustainability in the cocoa industry is centered on the cocoa farmers which comprise mainly smallholder farmers in developing countries in Africa and Asia. Such farmers face challenges such as ageing trees, pests, diseases and depleted soils. A key success factor to sustainable cocoa farming is to adopt good agricultural and business practices as they result in better yields and income for the farmers. Types of sustainable agricultural practices include the following:

Sustainable agricultural practice	Objective
Soil conservation	Prevent soil from becoming chemically altered by acidification or other chemical soil contamination through the use of soil conservation practices
Fertiliser application	Prevent loss of soil fertility through applying adequate and right-quality fertilisers to supplement the missing nutrients in the soil
Harvesting storage	Ensure harvesting is performed regularly to prevent pods from becoming over-ripe as they are more likely to become infected with disease
Storage	Ensure cocoa beans are packaged in clean bags that are sufficiently strong and properly sealed to prevent deterioration in quality

We are committed to sustainable cocoa farming to ensure long-term supply of fine flavour cocoa and higher yields for cocoa farmers which will in turn support our Group's long-term sustainability. A strong commitment to sustainable cocoa farming will also allow us to respond to increasing customers' demand for sustainable cocoa products.

In keeping with our strong commitment to sustainable cocoa, we teamed up with business partners to promote the following projects:

### **Project in Central Sulawesi**

We supported the setup of 5 cocoa support centers ("CSC") in selected districts of Central Sulawesi, Indonesia to train farmers on good agricultural practices. Under this program, our employees pay regular visits to farmers' fields and provide inputs on improving the farms' productivity. We also participated in a lead farmer program that provides local leading farmers with seedlings, fertilisers and nursery facilities to encourage the adoption of sustainable agricultural practices. The main purpose of this program is to develop demonstration farms and provide a mechanism for mutual support and exchange of ideas amongst farmers.

### **Project in Ivory Coast**

During the Reporting Period, we embarked on a new project in Ivory Coast which aims to provide assurance on the traceability and field activities of cocoa beans to address the main risks related to the cocoa supply chain, in areas such as farmers' living conditions and deforestation.

Under this project, we work closely with our suppliers to assist local farmers in obtaining UTZ certification to enhance traceability and transparency of cocoa bean source and support farmers by delivering trainings on good agricultural, environmental and social practices. We also facilitate the access to fertilisers and seedlings for the local farmers so as to improve productivity and therefore empower our farmers to improve their income.

As a partner of the Cocoa & Forest Initiative<sup>7</sup>, we are committed to strengthen transparency and accountability in our dedicated cocoa supply chain in Ivory Coast by implementing activities related to forest protection and restoration, sustainable cocoa production and farmers' livelihoods, community engagement and social inclusion.

Target for FY2020	Performance in FY2020	Target for FY2021
Continue with existing initiatives to promote sustainable cocoa farming	Target met as follows: We initiated various initiatives to promote sustainable cocoa farming	Continue with existing initiatives to promote sustainable cocoa farming

<sup>7</sup> The Cocoa & Forest Initiative is a public-private partnership bringing together governments of Ivory Coast and Ghana and chocolate and cocoa companies to end deforestation and promote forest restoration and protection in the cocoa supply chain.

# SUSTAINABILITY REPORT

## 8.7 SAFE WORKING ENVIRONMENT

A safe work environment allows our employees to work safely without the fear of getting injured. This helps to build loyalty amongst our employees and support the sustainability of our Group. Accordingly, we place priority in maintaining a safety and security conscious culture amongst our employees of all levels.

We recorded zero (FY2019: zero) workplace fatality during the Reporting Period and 10 (FY2019: 10) non-fatal workplace injuries resulting in 160 man-days lost (FY2019: 141) during the Reporting Period. The workplace accidents were mainly associated with hand and foot injuries. Lessons from the non-fatal workplace accidents are shared across business units to prevent recurrence and we will continuously work towards reducing both the occurrence and severity of workplace accidents.

Key measures adopted to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- Safety committee is in place and safety audits are performed regularly;
- New employees are briefed on safety procedures during orientation;
- Visual signs on safety are displayed at strategic locations within operating premises;
- Briefings and talks on occupational safety are organised regularly;
- Accidents are tracked and monitored regularly; and
- Employees are provided with adequate health and safety training.

In view of the Pandemic, we encouraged our employees to work from home and segregate our employees into teams to minimise interaction and risk of cross-infection. We have also implemented the following measures to protect our employees:

- Segregate our employees into teams to minimise interaction and risk of infection;
- Daily temperature screening at entrance;
- Social distancing at all sites and briefing on the best practices for social distancing;
- Provision of hand sanitisers at multiple areas; and
- Increased frequency of sanitising common areas.

**Sanitisation of common areas**



### Target for FY2020

Reduce the number of workplace accidents where applicable

### Performance in FY2020

Target met as follows:  
No material changes in the number of workplace accidents and man-days lost

### Target for FY2021

Reduce the number of workplace accidents and man-days lost where applicable

## SUSTAINABILITY REPORT

### 8.8 DIVERSITY AND EQUALITY IN THE WORKPLACE

We aim to provide a work environment for employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment. The total number of full-time employees in our Group as at 31 December 2020 is 625 (FY2019: 604).

On gender diversity, we view diversity in the Board level as an essential element in supporting sustainable development and in relation to the gender diversity with one (FY2019: one) female representation in the Board of Directors. The distribution of female employees by employee category is as follows:

Employee category	FY2020	FY2019
Senior management	32%	33%
Middle management	50%	47%
Staff	9%	9%

Given the nature of our business which is principally manufacturing in high heat environment, the gender ratio is geared towards male employees at the staff level (including operators).

On age diversity, matured workers are valued for their experience, vast knowledge and skills. As at 31 December 2020, 15% (FY2019: 15%) of the workforce is at least 40 years old.

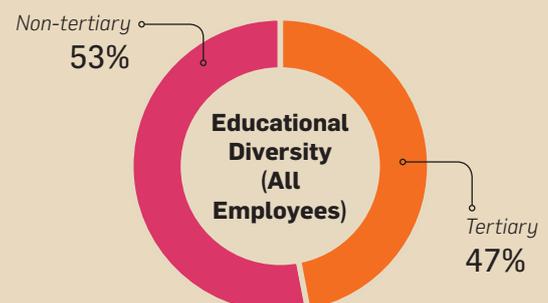
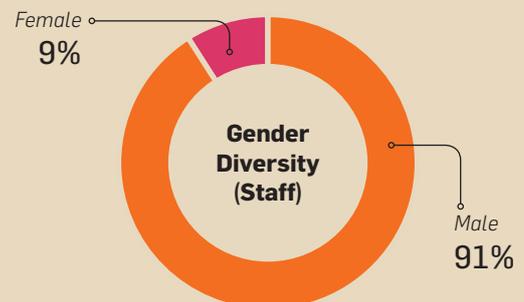
On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. The distribution of employees by educational level is as follows:

Education qualification	FY2020	FY2019
Tertiary	47%	43%
Non-tertiary	53%	57%
Total	100%	100%

To promote equal opportunity, we have in place various human resource related processes as follows:

- A formal interview assessment process is in place to guide interviewers to assess employees based on merit and competency;
- Staff assessment is performed regularly to evaluate the performance of employees and adjust their remuneration where justifiable; and
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.

During the Reporting Period, we maintain zero incident of unlawful discrimination against employees (FY2019: zero incident).



# SUSTAINABILITY REPORT

Target for FY2020	Performance in FY2020	Target for FY2021
Move towards a more balanced gender, age and educational diversity ratio	Target met as follows: <ul style="list-style-type: none"> <li>• No material changes in diversity ratios</li> <li>• Zero incident of discrimination against employees</li> </ul>	Maintain zero incident of unlawful discrimination against employees.

## 8.9 ROBUST CORPORATE GOVERNANCE FRAMEWORK

A high standard of corporate governance is integral in ensuring sustainability of our businesses as well as safeguarding shareholders' interest and maximising long-term shareholder value.

We have in place an enterprise risk management framework ("ERM framework"). Under the ERM framework, we regularly assess and review our Group's business and operational environment to better identify and manage emerging and strategic risks relating to our sustainability.

Our overall SGTI score assessed by National University of Singapore Business School is 75 for FY2020 (FY2019: 64).

You may refer to the Corporate Governance Report of this Annual Report for details on our corporate governance practices.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or improve SGTI score	Target met as follows: Our SGTI score improved by 11 points	SGTI score should not fall below 70 points

## 9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("SDGs"), which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDGs, we have identified a number of SDGs which we can contribute to through our business practices, products and services. The SDGs that we focus on and the related Sustainability Factors are as follows:

SDG		Our effort
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages	<u>Section 8.7 Safe working environment</u> We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable, sustainable, and modern energy for all	<u>Section 8.4 Energy conservation, waste optimisation and carbon footprint reduction</u> We constantly monitor and implement measures to improve our energy efficiency, as well as to increase the utilisation of renewable energy.

# SUSTAINABILITY REPORT

## SDG

## Our effort

**8** DECENT WORK AND  
ECONOMIC GROWTH



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

### Section 8.1 Total customer satisfaction

We recognise that maintaining high product quality and customer service standards are vital to the continued success of our business. This in turn helps to contribute to economic growth and employment, as well as long-term economic value for our shareholders.

### Section 8.2 Sustainable business performance

We contribute to economic growth through creating long-term economic value for our shareholders.

**10** REDUCED  
INEQUALITIES



Reduce inequality within and among countries

### Section 8.8 Diversity and equality in the workplace

We ensure equal employment opportunity for all, regardless of gender, age, and educational background.

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



Ensure sustainable consumption and production patterns

### Section 8.5 Water conservation and wastewater treatment

We implement measures that prevent the pollution of waterways by ensuring that hazardous chemicals and materials are removed from the wastewater produced in our operations before being released. This in turn helps to minimise the adverse impacts on human health and environment.

### Section 8.6 Commitment to help farmers in building sustainable cocoa source

We adopt various initiatives to ensure long-term sustainable supply of cocoa, as well as to achieve a higher yield for farmers.

**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels

### Section 8.3 Proactive anti-corruption practices

We carry out business with integrity by avoiding corruption in any form.

### Section 8.9 Robust corporate governance framework

We maintain a high standard of corporate governance framework to maintain the transparency of our business, safeguard our shareholders' interests and maximise long-term shareholder value.

# SUSTAINABILITY REPORT

## APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY2020	FY2019	FY2018
<b>Total customer satisfaction</b>				
1	Adoption of market standards	Certified with market standards relevant to product quality and safety		
2	Market presence	Continue to penetrate existing markets and expand into new markets		
3	Ratio of employees with more than 3 years of service	63%	56%	52%
4	Turnover rate	15%	8%	– <sup>8</sup>
<b>Sustainable business performance</b>				
5	Revenue	USD418 million	USD352 million	USD327 million
6	Net profit attributable to owners of the parent	USD19 million	USD26 million	USD27 million
7	Dividend in Singapore cents	2.00 cents <sup>9</sup>	2.80 cents	3.00 cents
<b>Proactive anti-corruption practices</b>				
8	Number of incident of serious offence	0	0	0
<b>Energy conservation, waste optimisation and carbon footprint reduction</b>				
9	Percentage of energy consumed by the Biomass Boiler that was generated from renewable source	96%	83% <sup>10</sup>	79% <sup>10</sup>
10	Diesel fuel saving	3.7 million litres	3.1 million litres	– <sup>8</sup>
11	Income generated from sale of cocoa shells	USD134k	USD276k	USD472k
<b>Water conservation and wastewater treatment</b>				
12	Water consumption per metric tonne of cocoa bean processed	2.29 m <sup>3</sup>	2.08 m <sup>3</sup>	2.20 m <sup>3</sup>
13	Percentage of wastewater treated	100%	100%	100%

<sup>8</sup> Not applicable as this is a newly disclosed performance indicator in FY2020

<sup>9</sup> Final dividend of 1.50 Singapore cents per share for FY2020 will be subject to the approval of the ordinary shareholders at the upcoming Annual General Meeting.

<sup>10</sup> Figure has been restated as a correction.

# SUSTAINABILITY REPORT

S/N	Performance indicator	Sustainability performance		
		FY2020	FY2019	FY2018
<b>Commitment to help farmers in building sustainable cocoa source</b>				
14	Initiatives to promote sustainable cocoa farming	Initiated various sustainable cocoa projects		
<b>Safe working environment</b>				
15	Number of workplace fatality	0	0	0
<b>Safe working environment</b>				
16	Number of non-fatal workplace injuries	10	10	20
17	Number of man-day lost	160	141	100
<b>Diversity and equality in the workplace</b>				
18	Ratio of female to total senior managers	32%	33%	34%
19	Ratio of female to total middle managers	50%	47%	45%
20	Ratio of female to total staff	9%	9%	9%
21	Ratio of employees who are at least 40 years old	15%	15%	14%
22	Ratio of employees with tertiary education	47%	43%	41%
23	Number of incident of unlawful discrimination against employees	0	0	— <sup>11</sup>
<b>Robust corporate governance framework</b>				
24	SGTI score	75	64	65

## APPENDIX 2 GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
<b>Organisational profile</b>			
102-1	Name of the organisation	Corporate Profile	02
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> <li>• Corporate Profile</li> <li>• Our Business</li> <li>• Our Products</li> </ul>	02 03 04
102-3	Location of headquarters	<ul style="list-style-type: none"> <li>• Corporate Information</li> <li>• Financial Contents &gt; Notes to the Financial Statements &gt; General</li> </ul>	39 74
102-4	Location of operations	<ul style="list-style-type: none"> <li>• Corporate Profile</li> <li>• Our Business</li> </ul>	02 03

<sup>11</sup> Not applicable as this is a newly disclosed performance indicator in FY2020.

## SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
102-5	Ownership and legal form	• Corporate Profile	02
		• Financial Contents > Notes to the Financial Statements > General	74
		• Financial Contents > Notes to the Financial Statements > Investments in Subsidiaries	96-98
		• Financial Contents > Statistics of Shareholdings	128-129
102-6	Markets served	• Our Business	03
		• Financial Contents > Notes to the Financial Statements > Segment Information	117-119
102-7	Scale of the organisation	• Our Products	04
		• Financial Highlights	10
		• Operations and Financial Review	11-12
		• Sustainability Report > Material Factors > Sustainable Business Performance	25
		• Sustainability Report > Material Factors > Diversity and Equality in the Workplace	30-31
		• Financial Contents > Statements of Financial Position	68
		• Financial Contents > Consolidated Statement of Comprehensive Income	69
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Diversity and Equality in the Workplace	30-31
102-9	Supply chain	• Our Business	03
		• Sustainability Report > Our Business	18
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the Reporting Period	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	31-32
102-13	Membership of associations	The Group is committed to global sustainable practices as a member of the World Cocoa Foundation, Cocoa Association of Asia, Cocoa Sustainability Partnership ("CSP") and Swiss Platform for Sustainable Cocoa.	-

# SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
<b>Strategy</b>			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	16-18
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> <li>Sustainability Report &gt; Material Factors &gt; Robust Corporate Governance Framework</li> <li>Financial Contents &gt; Corporate Governance Report</li> </ul>	31 41-58
<b>Governance</b>			
102-18	Governance structure	<ul style="list-style-type: none"> <li>Sustainability Report &gt; Policy Practice and Performance Reporting &gt; Reporting Structure</li> <li>Financial Contents &gt; Corporate Governance Report</li> </ul>	20 41-58
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	19-20
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	19-20
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	19-20
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> <li>Sustainability Report &gt; Stakeholder Engagement</li> <li>Sustainability Report &gt; Material Factors &gt; Total Customer Satisfaction</li> </ul>	19-20 23-24
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	Financial Contents > Notes to the Financial Statements > Investments in Subsidiaries	96-98
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	21
102-47	List of material topics	Sustainability Report > Material Factors	22-31
102-48	Restatements of information	Sustainability Report > Material Factors > Energy Conservation, Waste Optimisation and Carbon Footprint Reduction	26-27
102-49	Changes in reporting	None	-
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	19

## SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
102-51	Date of most recent report	2019 Annual Report > Sustainability Report	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	19
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	19
102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> <li>• Sustainability Report &gt; Reporting Framework</li> <li>• Sustainability Report &gt; GRI Content Index</li> </ul>	19 34-38
102-55	GRI content index	Sustainability Report > GRI Content Index	34-38
102-56	External assurance	We may seek external assurance in the future	-
<b>Management approach</b>			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	22-31
103-2	The management approach and its components	<ul style="list-style-type: none"> <li>• Sustainability Report &gt; Board Statement</li> <li>• Sustainability Report &gt; Policy, Practice and Performance Reporting</li> <li>• Sustainability Report &gt; Material Factors</li> </ul>	16-18 20-21 22-31
103-3	Evaluation of management approach	Sustainability Report > Material Factors	22-31
<b>Category: Economic</b>			
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>• Financial Highlights</li> <li>• Operations and Financial Review</li> <li>• Sustainability Report &gt; Material Factors &gt; Sustainable Business Performance</li> <li>• Financial Contents &gt; Notes to the Financial Statements &gt; Statements of Financial Position</li> <li>• Financial Contents &gt; Notes to the Financial Statements &gt; Consolidated Statement of Comprehensive Income</li> </ul>	10 11-12 25 68 69
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Proactive Anti-Corruption Practices	26

# SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
<b>Category: Environmental</b>			
302-1	Energy consumption within the organisation	Sustainability Report > Material Factors > Energy Conservation, Waste Optimisation and Carbon Footprint Reduction	26-27
303-5	Water consumption	Sustainability Report > Material Factors > Water Conservation and Wastewater Treatment	27
306-1	Water discharge by quality and destination	Sustainability Report > Material Factors > Water Conservation and Wastewater Treatment	27
306-2	Waste by type and disposal method	Sustainability Report > Material Factors > Energy Conservation, Waste Optimisation and Carbon Footprint Reduction	26-27
<b>Category: Social</b>			
403-9	Work-related injuries	Sustainability Report > Material Factors > Safe Working Environment	29
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Diversity and Equality in the Workplace	30-31
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report > Material Factors > Commitment to Help Farmers in Building Sustainable Cocoa Source	28

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

CHUA CHEOW KHOON MICHAEL  
*(Chairman and Lead Independent Director)*

GOI SENG HUI  
*(Non-Executive, Non-Independent and Vice Chairman)*

TEY HOW KEONG  
*(Chief Executive Officer)*

GOH LEE BENG  
*(Executive Director)*

CHIN KOON YEW  
*(Independent Director)*

LOO WEN LIEH  
*(Alternate director to Goi Seng Hui)*

### AUDIT COMMITTEE

CHUA CHEOW KHOON MICHAEL *(Chairman)*  
CHIN KOON YEW  
GOI SENG HUI

### REMUNERATION COMMITTEE

CHIN KOON YEW *(Chairman)*  
CHUA CHEOW KHOON MICHAEL  
TEY HOW KEONG

### NOMINATING COMMITTEE

CHUA CHEOW KHOON MICHAEL *(Chairman)*  
CHIN KOON YEW  
TEY HOW KEONG

### RISK COMMITTEE

CHIN KOON YEW *(Chairman)*  
GOI SENG HUI  
TEY HOW KEONG  
WONG WING HONG

### JOINT COMPANY SECRETARIES

ONG BENG HONG  
WONG WING HONG

### REGISTERED OFFICE

80 Robinson Road, #17-02  
Singapore 068898  
Tel: (65) 6222 8008  
Fax: (65) 6222 8001  
Website: www.jbcocoa.com

### SHARE REGISTRAR

In. Corp Corporate Services Pte. Ltd.  
(formerly known as RHT Corporate Advisory Pte. Ltd.)  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

### INDEPENDENT AUDITORS

BDO LLP  
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS  
600 North Bridge Road #23-01  
Parkview Square  
Singapore 188778  
Partner-in-charge: Adrian Lee Yu-Min  
(Appointed since the financial year ended 31 December 2017)

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# CORPORATE GOVERNANCE REPORT

The Board of Directors ("**the Board**") of JB Foods Limited (the "**Company**") and its subsidiaries (the "**Group**") is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

As required by the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the following report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**").

This report describes the corporate governance framework and practices of the Company that were in place for the financial year ended 31 December 2020 ("**FY2020**"), with specific references to the Code. The Company confirms that it has adhered to the principles and guidelines set out in the Code, where applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

## PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

### **The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.**

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and holds Management accountable for performance.

The Board's principal functions include:

- (a) reviewing the financial results of the Group, internal controls, external audit and resource allocation;
- (b) supervising and approving strategic direction of the Group;
- (c) reviewing the business practices and risk management of the Group;
- (d) approving the annual budgets and major funding proposals;
- (e) approving and monitoring major investments, divestments, mergers and acquisitions;
- (f) convening of shareholders' meetings;
- (g) assuming responsibility for corporate governance; and
- (h) considering sustainability issues as part of its strategic formulation.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. The Company's Constitution provides that no Director shall vote in regard to any contract, arrangement or transaction, or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted.

To facilitate effective management and support the Board in its duties, certain functions of the Board have been delegated to various Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") which have been constituted with clearly defined terms of reference. Matters which are delegated to Board Committees for more detailed appraisals are reported to and monitored by the Board. In order to strengthen and facilitate the Company's risk assessment and management systems, the Board had also established a Risk Committee on 1 April 2014 (the "**Risk Committee**", and together with the AC, NC and RC, collectively referred to herein as "**Board Committees**"). The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

## CORPORATE GOVERNANCE REPORT

In order to strengthen the independence of the Board, the Company has appointed Mr Chua Cheow Khoon Michael as Chairman of the Board and Lead Independent Director.

The Board has scheduled to meet at least four times a year. Besides the scheduled meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. The Company's Constitution provides for Directors to conduct meetings by teleconferencing or videoconferencing. The Board and Board Committees may also make decisions through circular resolutions.

Newly appointed Directors will be given appropriate briefings by the Management on the business activities of the Group, its strategic directions and the Company's corporate governance policies and practices, including amongst other matters, their roles, obligations, duties and responsibilities as members of the Board prior to their appointments. Such newly appointed Directors shall also, on request, travel to see the operations of the Group.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors of the Company and the Company has a training budget which can be used by the Directors to attend courses that they are interested in.

Management provides the Board with periodic updates covering operational performance, financial results, marketing and business development and other important and relevant information by various means, including but not limited to holding meetings with the Board or via email in which documents are circulated to the Board for their review or for their information.

The attendance of the Directors at meetings of the Board and Board Committees held during FY2020 are as follows:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee		Risk Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
<b>Director</b>										
Chua Cheow Khoon Michael	6	6	4	4	1	1	1	1	2	2
Tey How Keong	6	6	4	4	1	1	1	1	2	2
Goh Lee Beng	6	6	4	4	1	1	1	1	2	2
Goi Seng Hui (Alternate: Loo Wen Lieh) <sup>(1)</sup>	6	6	4	4	1	0	1	0	2	2
Chin Koon Yew	6	6	4	4	1	1	1	1	2	2

**Note:**

- (1) Mr Loo Wen Lieh was appointed as Alternate Director to Mr Goi Seng Hui on 23 May 2013. An Alternate Director is not required to attend a board meeting if the director to whom he is appointed as alternate director is present at such board meeting.

Directors are furnished regularly with information from Management about the Group as well as the relevant background information relating to the business to be discussed at meetings of the Board and Board Committees. As a general rule, notices are sent to Directors at least one week in advance of such meetings, followed by the board papers, in order for Directors to be adequately prepared for meetings. The Directors also have separate and independent access to the Company's Management and the Joint Company Secretaries to facilitate separate and independent access.

# CORPORATE GOVERNANCE REPORT

One Joint Company Secretary or his/her representative administers and attends all Board and Board Committee meetings of the Company and prepares minutes of meetings. Together with members of the Company's Management, the Joint Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Cap.50 of Singapore and the SGX-ST and other rules and regulations that are applicable to the Company are met. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

The appointment and the removal of the Joint Company Secretaries are subject to the Board's approval.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

**The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

As at the date of this Annual Report, the Board comprises five Directors, of whom two are Independent Directors and one is a Non-Executive Director. The two Independent Directors of the Company are Mr Chua Cheow Khoon Michael and Mr Chin Koon Yew. The current number of Independent Directors complies with Rule 210(5) (c) of the Listing Manual of the SGX-ST, which requires the Board to have at least two non-executive Directors who are independent and free of any material business or financial connection with the Company. The current composition of the Board also complies with the Code's requirement that non-executive directors make up a majority of the Board. As the Chairman, Mr Chua Cheow Khoon Michael, is independent, Independent Directors are not required to make up a majority of the Board; however, Independent Directors make up at least one-third of the Board, bringing a strong independent element to the Board. The Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The profiles of the Directors are found in the "Board of Directors" section of this Annual Report.

The Board's policy in identifying nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of age or gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge, attributes and gender (with one female Executive Director on the Board) provide for effective direction of the Group. In reviewing the appointments of new Directors (if any), the Board together with the NC ensures that it sets relevant objectives to promote and achieve diversity on the Board. In discharging their duties, the Board and the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Company. The main objective is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company.

The Board through the NC has examined the size and composition of the Board and Board Committees and is of the view that each of the Board and Board Committees is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process. The NC is also of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience.

The Board members as of the date of this Annual Report are:

Mr Chua Cheow Khoon Michael	:	Chairman and Lead Independent Director
Mr Goi Seng Hui	:	Non-Independent Non-Executive Director and Vice Chairman
Mr Tey How Keong	:	Chief Executive Officer and Executive Director
Mdm Goh Lee Beng	:	Executive Director
Mr Chin Koon Yew	:	Independent Director
Mr Loo Wen Lih	:	Alternate Director to Mr Goi Seng Hui

# CORPORATE GOVERNANCE REPORT

The Company has in place an NC which determines the independence of each Director annually based on the definition of independence as set out in the Code. Under the Code, an independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. Under Rule 210(5) of the Listing Manual of the SGX-ST, a Director will not be independent if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the RC.

The Independent Directors will assist to develop strategy and goals for the Group and regularly assess the performance of the Management.

A Director who is not an employee of the Group and who is not the immediate family member of an employee of the Group and who has no relationship with the Group or its officers or its substantial shareholders which could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company, is considered to be independent. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

In the event that any Independent Director has served on the Board for nine years or more, the NC will subject the independence of such a Director to particularly rigorous review and explain why such a Director should still be considered independent in the Annual Report. In addition, the Company will seek the approval of (i) shareholders excluding shareholders who are also the Directors, the CEO and the associates of the Directors and CEO and (ii) all shareholders, in separate resolutions, for the continued appointment of such Independent Directors.

Mr Chua Cheow Khoo Michael was first appointed to the Board as an Independent Director on 4 May 2012 and will therefore have served on the Board for more than nine years from 4 May 2021. The NC has reviewed and considered Mr Chua Cheow Khoo Michael to be independent based on the definition and criteria set out in the Code and the Listing Manual of the SGX-ST. Amongst other reasons, Mr Chua Cheow Khoo Michael has throughout his appointment continuously and constructively challenged and held robust discussions with the Management on business and other decisions and remained objective in the discharge of his duties and responsibilities. Mr Chua Cheow Khoo Michael will be retiring and seeking re-election at the forthcoming AGM. He will also be seeking approval for his re-appointment as an Independent Director via separate two-tier resolutions to be voted upon by shareholders pursuant to Rule 210(5) (d) (iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022.

The Independent Directors meet at least once annually without the presence of the other Directors.

## **PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

As at the date of this Annual Report, the roles of Chairman and Chief Executive Officer ("**CEO**") are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Mr Chua Cheow Khoo Michael, the Lead Independent Director, is the Chairman of the Board and Mr Tey How Keong assumes the role of CEO of the Company.

As Chairman, Mr Chua Cheow Khoo Michael is responsible for leading the Board and facilitating its effectiveness and his duties include promoting a culture of openness and debate at the Board, facilitating the effective contribution of all directors and promoting high standards of corporate governance.

## CORPORATE GOVERNANCE REPORT

The CEO is responsible for the formulation of the Group's strategic directions and expansion plans, and managing the Group's overall business development.

The separation of the roles of the Chairman and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO.

In view of the above, the Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

### PRINCIPLE 4: BOARD MEMBERSHIP

**The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

As at the date of this Annual Report, the NC comprises the following members, a majority of whom, including the chairman, are independent:

Mr Chua Cheow Khoo Michael (Chairman)

Mr Chin Koon Yew

Mr Tey How Keong

The NC has written terms of reference that describe the responsibilities of its members. The principal functions of the NC are as follows:

- (a) reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the directors, the CEO and key management personnel;
- (b) reviewing on an annual basis the independence of the Independent Directors;
- (c) reviewing whether a director is adequately carrying out his duties as a director;
- (d) reviewing the performance of the Board and the Board Committees; and
- (e) reviewing and recommending candidates for appointment to the Board and Board Committees.

For new appointments to the Board, the NC will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the NC, in consultation with the Board, will determine the selection criteria and select the appropriate candidate for the position.

Mr Loo Wen Lih was appointed as Alternate Director to Mr Goi Seng Hui on 23 May 2013. The NC and the Board had approved Mr Loo Wen Lih's appointment after taking into account his experience, qualifications and ability to contribute to the Board in Mr Goi Seng Hui's absence. Mr Loo Wen Lih briefs Mr Goi Seng Hui on the matters discussed during Mr Goi Seng Hui's absence so that Mr Goi Seng Hui is kept up-to-date on matters concerning the Company.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments.

## CORPORATE GOVERNANCE REPORT

After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

Further to the above, the NC reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC reviewed the declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the NC is of the view that Mr Chua Cheow Khoon Michael and Mr Chin Koon Yew are independent of the Group and the Management.

All Directors submit themselves for re-nomination and re-election at regular intervals at least once every three years. One-third of the Directors will retire from office by rotation at the Company's annual general meeting ("**AGM**") each year. A retiring Director is eligible for re-election by the shareholders at the AGM.

Details of the appointment of Directors including the date of initial appointment, the date of last re-election, directorships in other listed companies and other principal commitments, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Chua Cheow Khoon Michael	70	4 May 2012	30 April 2018	<b>Present Directorships:</b> – <b>Past Directorships:</b> Cogent Holdings Limited (delisted with effect from 8 March 2018)	<b>Present:</b> Executive Director of BMD Consulting Pte Ltd <b>Past:</b> –
Goi Seng Hui	74	1 March 2013	30 April 2019	<b>Present Directorships:</b> Envictus International Holdings Limited Tung Lok Restaurants (2000) Ltd GSH Corporation Limited Hanwell Holdings Limited <b>Past Directorships:</b> Super Group Ltd (delisted with effect from 6 June 2017)	<b>Present:</b> – <b>Past:</b> –
Tey How Keong	55	3 January 2012	30 April 2019	<b>Present Directorships:</b> – <b>Past Directorships:</b> –	<b>Present:</b> Directorships in the Group's subsidiaries <b>Past:</b> –
Goh Lee Beng	55	4 May 2012	23 June 2020	<b>Present Directorships:</b> – <b>Past Directorships:</b> –	<b>Present:</b> – <b>Past:</b> –
Chin Koon Yew	65	18 February 2014	23 June 2020	<b>Present Directorships:</b> – <b>Past Directorships:</b> –	<b>Present:</b> – <b>Past:</b> –
Loo Wen Lieh	46	23 May 2013	–	–	–

# CORPORATE GOVERNANCE REPORT

The Directors who are retiring by rotation pursuant to Article 98 of the Constitution of the Company at the forthcoming AGM are Mr Chua Cheow Khoon Michael and Mr Tey How Keong. After assessing their respective contributions and performance, the NC is recommending each of Mr Chua Cheow Khoon Michael and Mr Tey How Keong for re-election at the forthcoming AGM.

As mentioned above, Mr Chua Cheow Khoon Michael will also be seeking approval for his re-appointment as an Independent Director via separate two-tier resolutions to be voted upon by shareholders pursuant to Rule 210(5) (d) (iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022.

## PRINCIPLE 5: BOARD PERFORMANCE

### **The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.**

The NC uses objective and appropriate quantitative and qualitative criteria to assess the performance of individual directors (including the Chairman), the various Board Committees and the Board as a whole. Assessment parameters include the attendance records of the directors at Board or Board Committee meetings, the level of participation at such meetings, the quality of Board processes and the business performance of the Group.

The NC assesses and recommends to the Board whether retiring directors are suitable for re-election. The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties to the Company.

The Board evaluation assessment is conducted by the NC by way of a Board evaluation where the NC completes a questionnaire seeking their views on various aspects of the performance of the individual Directors (including the Chairman), the Board Committees and the Board.

Each member of the NC shall abstain from making any recommendation and/or participating in any deliberation of the NC and from voting on any resolution in respect of his own performance or re-nomination as a Director. The Chairman will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:

- (i) the size and composition of the Board;
- (ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
- (iii) the Board's access to information;
- (iv) the accountability of the Board to the shareholders;
- (v) the observation of risk management and internal control policies by the Board; and
- (vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

# CORPORATE GOVERNANCE REPORT

To assess the effectiveness of each Board Committee, the factors evaluated by the NC include but are not limited to:

- (i) the size and composition of the Board Committee;
- (ii) the discussion and decision-making processes of the Board Committee (including the conduct of meetings by the Board Committee);
- (iii) the Board Committee's access to information;
- (iv) the accountability of the Board Committee to the Board; and
- (v) the performance of the Board Committees (including the Board Committee's performance in relation to the discharge of its principal responsibilities set out in the Code).

To assess the contribution of each individual Director (including the Chairman), the factors evaluated by the NC include but are not limited to:

- (i) his/her participation at the meetings of the Board;
- (ii) his/her ability to contribute to the discussion conducted by the Board;
- (iii) his/her ability to evaluate the Company's strengths and weaknesses and make informed business decisions;
- (iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
- (v) his/her compliance with the policies and procedures of the Group;
- (vi) his/her performance of specific tasks delegated to him/her;
- (vii) his/her disclosure of any related person transactions or conflicts of interest; and
- (viii) for Independent Directors, his/her independence from the Group and the Management.

The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

## **PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

As at the date of this report, the RC comprises the following members, a majority of whom, including the chairman, are independent:

Mr Chin Koon Yew (Chairman)

Mr Chua Cheow Khoon Michael

Mr Tey How Keong

The RC is not composed entirely of Non-Executive Directors as the participation of Mr Tey How Keong, the CEO and Executive Director, in the RC helps provide meaningful feedback in the setting of the Group's overall compensation packages due to his in-depth understanding of the Group's human resource capital as well as industry-specific benchmarks in respect of remuneration. The independence of the RC will not be compromised with the involvement of Mr Tey How Keong as the majority of the RC members, including the chairman of the RC, are Independent and Non-Executive Directors.

# CORPORATE GOVERNANCE REPORT

The RC has written terms of reference that describe the responsibilities of its members.

The RC will recommend to the Board a framework of remuneration for the Directors and key management personnel, and determine specific remuneration packages for each Executive Director as well as for the key management personnel. The recommendations of the RC will be referred to the Board for approval. The RC is responsible for considering, reviewing, approving and/or varying (if necessary) the entire specific remuneration package and service contract terms for each Director and key management personnel, including but not limited to directors' fees, salaries, allowances, bonuses, other benefits-in-kind and termination terms. Each member of the RC shall abstain from voting on any resolution in respect of his remuneration package.

If necessary, the RC may seek expert advice inside and/or outside the Company on the remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultant for FY2020.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.**

As part of its review, the RC ensures that remuneration packages of the Directors and the key management personnel are comparable with industry rates and with similar companies. In its annual review of the remuneration packages of the Directors and key management personnel, the RC considers the Group's relative performance and the contributions and responsibilities of the individual Directors as well as the financial and commercial position and needs of the Group.

Executive Directors are paid a basic salary pursuant to their respective service agreements. Each service agreement was valid for an initial period of three years with effect from the date of the Company's admission to the SGX-ST and had last been renewed for a further period of three years with effect from 1 January 2020. These service agreements provide for, *inter alia*, termination by either party upon giving not less than six months' notice in writing.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the Board Committees. The chairman of each Board Committee is compensated for his additional responsibilities. The RC and Board are of the view that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. Such fees are approved by the shareholders of the Company as a quarterly payment in arrears at the AGM of the Company.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

**The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

The level and mix of remuneration of the Company's Directors (rounded off to the nearest thousand dollars) and key management personnel for FY2020 are as follows:

Name of the Directors		Salary S\$'000	Bonus S\$'000	Other Benefits S\$'000	Director's Fees S\$'000	Total S\$'000
Tey How Keong	Executive	441	1,395	–	–	1,836
Goh Lee Beng	Executive	259	645	–	–	904
Chua Cheow Khoon Michael		–	–	–	66	66
Chin Koon Yew		–	–	–	54	54
Goi Seng Hui		–	–	–	42	42
Loo Wen Lieh		–	–	–	–	–
<b>Name of Top 4 Key Management Personnel S\$250,001 to S\$500,000</b>		%	%	%	%	%
Wong Wing Hong		68	21	11	–	100
<b>S\$250,000 and below</b>		%	%	%	%	%
Ong Kim Teck		65	21	14	–	100
Saw Poh Chin		70	27	3	–	100
Hong Peck Joo <sup>(1)</sup>		73	25	2	–	100

**Note:**

(1) Mr Hong Peck Joo ceased to be an executive officer and employee of the Group with effect from 17 August 2020.

The Company had 4 key management personnel for FY2020 (who are not also Directors or the CEO). The total remuneration for these 4 key management personnel amounted to S\$792,000 during FY2020.

During FY2020, none of the employee(s) of the Group who were immediate family members of a Director, the CEO or a substantial shareholder of the Company had remuneration exceeding S\$100,000 during the year.

At the AGM of the Company held on 30 April 2014, the Company, having obtained shareholders' approval, implemented an employee share option scheme ("ESOS") as a compensation scheme to promote higher performance and goals as well as to give recognition to the contributions and services of the Group's employees. Under the ESOS, the Company may grant options over the Company's shares to full-time employees who satisfy the eligibility criteria. For further details of the ESOS, please refer to the Appendix to the Company's Annual Report dated 15 April 2014, which may also be found on SGXNET (<https://www.sgx.com/securities/annual-reports-related-documents>). No option has been granted under the ESOS since the ESOS was adopted.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**

In order to further strengthen and facilitate the Company's risk assessment and management systems, the Board had also established a Risk Committee on 1 April 2014. As at the date of this Annual Report, the Risk Committee comprises the following members:

Mr Chin Koon Yew (Chairman)

Mr Tey How Keong

Mr Goi Seng Hui

Mr Wong Wing Hong

The Risk Committee has written terms of reference that describe the responsibilities of its members. The principal functions of the Risk Committee are as follows:

- (a) to advise the Board on the Company's overall risk tolerance and strategy;
- (b) oversee and advise the Board on the current risk exposures and future risk strategy of the Company;
- (c) in relation to risk assessment:
  - (i) keep under review the Company's overall risk assessment processes that inform the Board's decision making;
  - (ii) review regularly and approve the parameters used in these measures and the methodology adopted; and
  - (iii) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- (d) review the Company's capability to identify and manage new risk types;
- (e) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Company, and taking independent external advice where appropriate and available;
- (f) review reports on any material breaches of risk limits and the adequacy of proposed action;
- (g) keep under review the effectiveness of the Company's internal controls and risk management systems and review and approve the statements to be included in the annual report concerning the effectiveness of the Company's internal control and risk management systems;
- (h) review the Company's procedures for detecting fraud, including the whistleblowing policy (if any). The Risk Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- (i) monitor the independence of risk management functions throughout the organisation.

The Board has approved a Group Risk Management Framework ("ERM Framework") for the identification of key risks within the business which is aligned with the ISO 31000:2018 risk management framework. To enhance the effectiveness of the ERM framework, the Group implemented Orion ERM system, a third party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

# CORPORATE GOVERNANCE REPORT

Management presented its annual report to the AC, Risk Committee and the Board on the Group's risk profile and results of various assurance activities carried out during FY2020 on the adequacy of the Group's risk management and internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal and external audits performed by internal and external auditors. For FY2020, control self-assessment was performed using the Orion ERM system.

The Board has obtained a written confirmation from:

- (a) the CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, the Board, with the concurrence of the AC and Risk Committee, is satisfied that the Group's internal controls and risk management systems are adequate to address the financial, operational, compliance and information technology risks in its current business environment.

In addition, the Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC, Risk Committee and Board.

The Board acknowledges that it is responsible for the overall internal control and risk management framework, but recognises that all internal control and risk management systems contain inherent limitations and that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board notes that all internal control systems can provide only reasonable and not absolute assurance against the occurrence of material misstatement or loss, poor judgement in decision making, human error, fraud or other irregularities.

## PRINCIPLE 10: AUDIT COMMITTEE

### **The Board has an Audit Committee ("AC") which discharges its duties objectively.**

As at the date of this report, the AC comprises the following members, all of whom are non-executive and the majority of whom, including the chairman, are independent:

Mr Chua Cheow Khoo Michael (Chairman)

Mr Goi Seng Hui

Mr Chin Koon Yew

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities. The AC does not comprise former partners or directors of the Company's existing auditing firm within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm and for as long as they have any financial interest in the auditing firm.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of the Management, full discretion to invite any persons including a Director or an employee of the Group to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

## CORPORATE GOVERNANCE REPORT

The AC holds meetings periodically and has been entrusted with the following functions:

- (a) review the financial and operating results and accounting policies;
- (b) review the audit plans of the Company's external auditors and/or internal auditors, the scope of work and the results of the auditors' review and evaluation of the internal accounting control systems (including reviewing Management letters and Management responses);
- (c) evaluating the internal accounting control systems and ensuring coordination between the external auditors, the internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (d) review the external auditors' reports and the assurance from the CEO and the CFO on the financial records and financial statements;
- (e) review the cooperation given by the Company's officers to the external auditors and the internal auditors and the adequacy, effectiveness and independence of the external audit and the internal audit;
- (f) review the half yearly and annual, and quarterly (if applicable) financial statements of the Company and the Group and the results announcements before the submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;
- (g) review and evaluate the administrative, operating and internal accounting and financial control procedures and the policy and arrangements for concerns about possible improprieties financial reporting or other matters to be raised safely, independently investigated and appropriately followed up on;
- (h) review and make recommendation to the Board on the nomination of external auditors and internal auditors for appointment or re-appointment, matters relating to the resignation or dismissal of the external auditors and internal auditors and the remuneration and terms of engagement of the external auditors and internal auditors;
- (i) review interested person transactions falling within Chapter 9 of the Listing Manual of the SGX-ST, if any;
- (j) review and discuss with the external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (k) review any potential conflicts of interest;
- (l) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (m) review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Directors;
- (n) undertake such reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (o) generally undertake such other functions and duties which may be required by statute or the rules of the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time; and
- (p) reviewing the suitability of the Chief Financial Officer or equivalent.

The AC meets with the external auditors and the internal auditors without the presence of the Management at least once in every financial year.

## CORPORATE GOVERNANCE REPORT

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external and internal auditors.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. The aggregate amount of fees paid to the external auditors of the Group during the financial year under review for the audit and non-audit services are disclosed in Note 23 to the financial statements in this Annual Report.

The AC has also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. After taking into account that the resources and experience of BDO LLP and the audit engagement partner assigned to the audit, BDO LLP's other audit engagements, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by BDO LLP for the audit, the AC is of the opinion that BDO LLP's independence has not been compromised and BDO LLP is able to meet its audit obligations.

The AC has recommended and the Board approves the nomination for the re-appointment of BDO LLP as external auditors of the Company at the forthcoming AGM.

The auditors of the Company's subsidiaries are disclosed in Note 8 to the financial statements in this Annual Report. BDO LLP, Singapore was appointed in FY2020 to audit the accounts of the Company and JB Foods Global Pte. Ltd.. BDO PLT, Malaysia was appointed in FY2020 to audit the accounts of JB Cocoa Sdn Bhd and JB Cocoa Trading (M) Sdn Bhd. KAP Tanubrata Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited, was appointed in FY2020 to audit the accounts of PT Jebe Koko and PT Jebe Trading Indonesia. BDO China Shu Lun Pan CPA LLP was appointed in FY2020 to audit the accounts of JB Cocoa Foods (China) Co., Ltd.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The Company has put in place a whistle-blowing policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. Details of the whistle-blowing policy and arrangements have been made available to all employees of the Company.

There were no reported incidents pertaining to whistle-blowing which fell under the scope and purview of the whistle-blowing policy for FY2020.

The Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The Company has appointed Yang Lee & Associates ("**YLA**", "**IA**" or the "**Internal Auditors**") to perform such internal audit functions. Yang Lee & Associates is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory services. The firm was set up in 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing services, food & beverage, retail and property development industries.

The engagement team in respect of the internal audit work for the Company comprises two directors, a manager, an assistant manager and an associate. Each of the directors has more than 20 years of relevant experience whilst the manager has approximately 15 years of relevant experience. Yang Lee & Associates are not the external auditors of the Company and the AC noted the IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards), issued by the Institute of Internal Auditors. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors.

The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The Internal Auditors are independent of the Management and will report to the chairman of the AC on any material weaknesses and risks identified in the course of the audit which will also be communicated to Management. Management will accordingly update the AC on the status of the remedial action plans. To ensure the adequacy of the internal audit function, the AC reviews the Internal Auditors' scope of work on an annual basis and decides on the appointment, termination and remuneration of the head of the internal audit function.

## CORPORATE GOVERNANCE REPORT

The IA completed one (1) review in FY2020 in accordance with the internal audit plan approved by the AC under the risk management framework. The findings and recommendations of the IA, Management's responses, and Management's implementation of remedial actions have been reviewed by the AC.

The AC is satisfied with the adequacy and effectiveness of the current internal audit function and is of the view that the internal audit function is independent, effective and adequately resourced. The AC also believes that the system of internal controls and risk management maintained by the Company is adequate to safeguard shareholders' investment and the Company's assets.

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

The shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Shareholder meetings are the principal forum for communication with shareholders. Annual Reports and notices of the AGMs or any other shareholder meetings (as the case may be) are sent to all shareholders at least 14 days before the scheduled date of such meeting. The members of the Board Committees will be present at AGMs to answer questions relating to the work of these Board Committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis.

Resolutions to be passed at general meetings are always separate and distinct on each substantially separate issue so that shareholders are better able to exercise their right to approve or deny the issue or motion, unless the issues are interdependent and linked so as to form one significant proposal. All shareholders are given the opportunity to voice their views and to direct their queries regarding the resolutions or the business affairs of the Group to the Directors, including the chairperson of each of the Board Committees. All Directors attended the AGM of the Company held during FY2020.

The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote on behalf of the shareholder at shareholder meetings, save that no limit shall be imposed on the number of proxies for nominee companies.

Votes at all shareholder meetings will be taken by poll so that shareholders are accorded rights proportionate to their shareholding and all votes are counted. The procedures of the poll will be explained by the appointed scrutineers at the general meeting prior to the taking of the poll.

The Company's Constitution also allows the Directors to approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

The Company will publish minutes of shareholder meetings on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and key management personnel present at the meeting.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

**The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.**

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Company and does so through:

- (a) annual reports issued to all shareholders of the Company. Non-shareholders may access the SGX website for the Company's annual reports;
- (b) periodic and annual results announcements of its financial statements on the SGXNET;
- (c) other announcements on the SGXNET; and
- (d) press releases on major developments regarding the Group.

In presenting the annual financial statements and periodic announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects. In addition, the Company will also release timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Rules of SGX-ST. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price and/or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts.

The Company does not have an investor relations policy but maintains a website (<https://www.jbcocoa.com>) which allows the public to be aware of the Group's latest development and businesses. The shareholders can provide feedback to the Company via its electronic mail address or its registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that key management personnel may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

## PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.**

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include communities, customers, employees, regulators, shareholders and suppliers. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

Please refer to the Sustainability Report on pages 16 to 38 for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2020.

As mentioned above, the Company maintains a website (<https://www.jbcocoa.com>), which allows the stakeholders to communicate and engage with the Company.

# CORPORATE GOVERNANCE REPORT

## SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Listing Manual requires Singapore-listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance issued on 6 August 2018 (the “Code”) in their annual reports for the financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

Board Matters	Remuneration Matters	Shareholder Rights and Responsibilities
<p><b>The Board's Conduct of Affairs</b></p> <p><u>Principle 1</u></p> <p>Provision 1.1 Page 41</p> <p>Provision 1.2 Page 42</p> <p>Provision 1.3 Page 41</p> <p>Provision 1.4 Page 41-42</p> <p>Provision 1.5 Page 42</p> <p>Provision 1.6 Page 42</p> <p>Provision 1.7 Page 42-43</p> <p><b>Board Composition and Guidance</b></p> <p><u>Principle 2</u></p> <p>Provision 2.1 Page 44</p> <p>Provision 2.2 Page 43</p> <p>Provision 2.3 Page 43</p> <p>Provision 2.4 Page 43</p> <p>Provision 2.5 Page 44</p> <p><b>Chairman and Chief Executive Officer</b></p> <p><u>Principle 3</u></p> <p>Provision 3.1 Page 44</p> <p>Provision 3.2 Page 44-45</p> <p>Provision 3.3 Page 44</p> <p><b>Board Membership</b></p> <p><u>Principle 4</u></p> <p>Provision 4.1 Page 45</p> <p>Provision 4.2 Page 45</p> <p>Provision 4.3 Page 45</p> <p>Provision 4.4 Page 45-46</p> <p>Provision 4.5 Page 45-46</p> <p><b>Board Performance</b></p> <p><u>Principle 5</u></p> <p>Provision 5.1 Page 47</p> <p>Provision 5.2 Page 47</p>	<p><b>Procedures for Developing Remuneration Policies</b></p> <p><u>Principle 6</u></p> <p>Provision 6.1 Page 49</p> <p>Provision 6.2 Page 48</p> <p>Provision 6.3 Page 49</p> <p>Provision 6.4 Page 49</p> <p><b>Level and Mix of Remuneration</b></p> <p><u>Principle 7</u></p> <p>Provision 7.1 Page 49</p> <p>Provision 7.2 Page 49</p> <p>Provision 7.3 Page 49</p> <p><b>Disclosure on Remuneration</b></p> <p><u>Principle 8</u></p> <p>Provision 8.1 Page 50</p> <p>Provision 8.2 Page 50</p> <p>Provision 8.3 Page 50</p> <p><b>Accountability and Audit</b></p> <p><b>Risk Management and Internal Controls</b></p> <p><u>Principle 9</u></p> <p>Provision 9.1 Page 51-52</p> <p>Provision 9.2 Page 51</p> <p><b>Audit Committee</b></p> <p><u>Principle 10</u></p> <p>Provision 10.1 Page 53</p> <p>Provision 10.2 Page 52</p> <p>Provision 10.3 Page 52</p> <p>Provision 10.4 Page 54</p> <p>Provision 10.5 Page 53</p>	<p><b>Shareholder Rights and Conduct of General Meetings</b></p> <p><u>Principle 11</u></p> <p>Provision 11.1 Page 55</p> <p>Provision 11.2 Page 55</p> <p>Provision 11.3 Page 55</p> <p>Provision 11.4 Page 55</p> <p>Provision 11.5 Page 55</p> <p>Provision 11.6 Page 55</p> <p><b>Engagement with Shareholders</b></p> <p><u>Principle 12</u></p> <p>Provision 12.1 Page 56</p> <p>Provision 12.2 Page 56</p> <p>Provision 12.3 Page 56</p> <p><b>Managing Stakeholders Relationships</b></p> <p><b>Engagement with Stakeholders</b></p> <p><u>Principle 13</u></p> <p>Provision 13.1 Page 56</p> <p>Provision 13.2 Page 56</p> <p>Provision 13.3 Page 56</p>

# CORPORATE GOVERNANCE REPORT

## ADDITIONAL INFORMATION

### Dealing in Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, during FY2020, the Group adhered to the policy of, and issued half yearly reminders to its Directors, officers and employees on, the restrictions in dealing in the Company's securities during the period commencing one month before the announcement of the Group's half year and full year results, and ending on the date of such announcements. The Company did not deal in its own shares at any time during FY2020.

Directors, officers and employees are also reminded not to trade in the Company's securities at any time while in possession of unpublished price and/or trade sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

### Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons or related persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board.

During FY2020, the Group did not enter into any interested person transaction with a value of more than S\$100,000. The Group had, however, during FY2020, entered into related person transactions with a related person which is not an "interested person" as defined under Chapter 9 of the Listing Manual of the SGX-ST. The aggregate value of recurrent related person transactions of a revenue or trading nature conducted during FY2020 were as follows:

<b>Related Person</b>	<b>Aggregate value of all related person transactions entered into during the financial year under review (excluding transactions less than S\$100,000)</b> <b>FY2020</b> <b>USD'000</b>
Guan Chong Cocoa Manufacturer Sdn Bhd	
– Purchase of cocoa ingredients	8,061
– Sales of cocoa ingredients	648
GCB Cocoa Singapore Pte Ltd	
– Purchase of cocoa ingredients	2,776

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

### Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any director or controlling shareholder during the year under review.

## DIRECTORS' STATEMENT

The Directors of JB Foods Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

### 1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

Chua Cheow Khoon Michael  
Goi Seng Hui  
Tey How Keong  
Goh Lee Beng  
Chin Koon Yew  
Loo Wen Lieh (Alternate director to Goi Seng Hui)

### 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' STATEMENT

### 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in the name of director		Shareholdings in which director is deemed to have an interest	
	Balance at 1 January 2020	Balance at 31 December 2020	Balance at 1 January 2020	Balance at 31 December 2020
<b>Immediate and ultimate holding company</b>				
<u>(Number of ordinary shares)</u>				
Tey How Keong	270,000	270,000	–	–
Goh Lee Beng	105,000	105,000	–	–
<b>Company</b>				
<u>(Number of ordinary shares)</u>				
Tey How Keong	1,981,767	2,883,767	138,030,000	138,030,000
Goh Lee Beng	4,408,166	4,408,166	138,030,000	138,030,000
Goi Seng Hui	259,200	683,200	72,498,266	72,934,366
Chin Koon Yew	632,000	632,000	–	–

By virtue of Section 7 of the Act, Tey How Keong and Goh Lee Beng are deemed to have an interest in all related corporations of the Company. Tey How Keong is deemed to be interested in the shares held by his wife, Goh Lee Beng, and vice versa.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2021 in the shares of the Company have not changed from those disclosed as at 31 December 2020.

### 5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

## DIRECTORS' STATEMENT

### 6. AUDIT COMMITTEE

The audit committee comprises the following members, who are the directors at the date of the report:

Chua Cheow Khoon Michael (Chairman)  
Goi Seng Hui  
Chin Koon Yew

The audit committee has carried out its functions in accordance with section 201B (5), including reviewing the following, where relevant, with the executive Directors and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the results of the internal auditors examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Group's and the Company's financial and operating results and accounting policies;
- (c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's external and internal auditors;
- (f) the re-appointment of the external and internal auditors of the Company;
- (g) the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company;
- (h) the potential conflicts of interest and discuss with the external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (i) the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (j) the hedging policies and instruments and recommend, if any, to be implemented by the Company to the Directors; and
- (k) the suitability of the Chief Financial Officer or equivalent.

The audit committee confirmed that it has undertaken a review of all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting of the Company.

## DIRECTORS' STATEMENT

### 7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Tey How Keong  
Director

Goh Lee Beng  
Director

1 April 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of JB Foods Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 68 to 127, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

## 1 Valuation of inventories

### Key Audit Matter

As at 31 December 2020, the inventories of the Group amounted to approximately US\$178.8 million, which represents 47% of the total assets of the Group, and is one of the most significant balances on the consolidated statement of financial position.

Inventories of the Group, which comprise mainly raw materials (cocoa beans), work in progress and finished goods (processed cocoa ingredient products), are carried at lower of cost and net realisable value. The cost of cocoa ingredient products is computed using a formula in which cocoa bean purchase prices and selling prices of cocoa ingredient products are the key determinants.

We focused on the valuation of inventories because purchase prices of cocoa beans are subject to price volatility, estimated demand and related pricing. In addition, as the global cocoa market continues to be challenging amidst volatility in prices of cocoa beans and cocoa ingredient products, there is a risk that selling prices may be below cost which may result in an overstatement of inventories.

### Related Disclosures

Refer to Notes 2.7, 3.2(ii) and 9 of the accompanying financial statements.

### Audit Response

Our procedures included, amongst others, the following:

- Assessed the inventories costing formula and checked the computation of the cost of cocoa ingredient products for a sample of items which included checking the cocoa beans purchase prices to suppliers' invoices, cocoa ingredient products selling price to forward market rates and testing the application of the inventories costing formula;
- Assessed the net realisable values of the inventories by comparing the cost of cocoa beans and cocoa ingredient products, on a sample basis, to actual selling prices or contract prices for sales contracts secured and spot prices of cocoa beans and cocoa ingredient products subsequent to the year end; and
- Tested the inventory aging reports which management used as a basis to identify slow-moving inventories.

The results of our testing were satisfactory.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Lee Yu-Min.

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore

1 April 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 31 December		Company 31 December	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Non-current assets</b>					
Intangible assets	4	2,523	225	–	–
Investment properties	5	12,521	12,539	–	–
Property, plant and equipment	6	96,447	80,493	–	–
Right-of-use assets	7	2,404	2,533	–	–
Investments in subsidiaries	8	–	–	103,408	103,408
Fixed deposits	11	112	–	–	–
Deferred tax assets	18	150	128	–	–
		<b>114,157</b>	95,918	<b>103,408</b>	103,408
<b>Current assets</b>					
Inventories	9	178,811	181,100	–	–
Trade and other receivables	10	60,551	65,437	6,789	7,588
Prepayments		391	653	5	7
Derivative financial instruments	13	6,946	3,781	–	–
Current income tax recoverable		1,644	1,116	–	–
Cash and bank balances	11	20,534	16,594	29	9
		<b>268,877</b>	268,681	<b>6,823</b>	7,604
<b>Current liabilities</b>					
Trade and other payables	12	30,937	38,582	138	82
Lease liabilities	15	16	30	–	–
Derivative financial instruments	13	10,908	2,772	–	–
Bank borrowings	14	160,902	170,005	–	–
Current income tax payable		1,570	1,929	–	2
		<b>204,333</b>	213,318	<b>138</b>	84
<b>Net current assets</b>		<b>64,544</b>	55,363	<b>6,685</b>	7,520
<b>Non-current liabilities</b>					
Bank borrowings	14	15,062	3,523	–	–
Deferred capital grant	16	491	470	–	–
Provision for post-employment benefits	17	624	455	–	–
Deferred tax liabilities	18	5,938	5,419	–	–
		<b>22,115</b>	9,867	–	–
<b>Net assets</b>		<b>156,586</b>	141,414	<b>110,093</b>	110,928
<b>Capital and reserves</b>					
Share capital	19	113,963	113,963	113,963	113,963
Other reserves	20	(32,290)	(33,056)	(8,458)	(8,458)
Retained earnings	20	74,903	60,497	4,588	5,423
<b>Equity attributable to owners of the parent</b>					
		<b>156,576</b>	141,404	<b>110,093</b>	110,928
Non-controlling interests		10	10	–	–
<b>Total equity</b>		<b>156,586</b>	141,414	<b>110,093</b>	110,928

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 US\$'000	2019 US\$'000
Revenue	21	417,754	352,494
Cost of sales		(368,599)	(300,622)
<b>Gross profit</b>		<b>49,155</b>	51,872
<b>Other items of income</b>			
Interest income		131	89
Other (loss)/gains, net		(2,084)	1,418
<b>Other items of expense</b>			
Selling and distribution expenses		(8,498)	(6,609)
Administrative expenses		(11,317)	(9,925)
Finance costs	22	(4,910)	(5,152)
<b>Profit before income tax</b>	23	<b>22,477</b>	31,693
Income tax expense	24	(3,071)	(5,470)
<b>Profit for the financial year</b>		<b>19,406</b>	26,223
<b>Other comprehensive income:</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences, net of tax		728	(136)
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Re-measurement of post-employment benefits, net of tax	17	(23)	(47)
<b>Other comprehensive income for the financial year, net of tax</b>		<b>705</b>	(183)
<b>Total comprehensive income for the financial year</b>		<b>20,111</b>	26,040
<b>Profit attributable to:</b>			
Owners of the parent		19,406	26,223
Non-controlling interests		-	-
		<b>19,406</b>	26,223
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		20,111	26,040
Non-controlling interests		-	-
		<b>20,111</b>	26,040
Earnings per share			
- Basic and diluted (US\$ cents)	25	<b>6.4</b>	8.6

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	Note	Share capital US\$'000	Merger reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to the owners of the parent		Total equity US\$'000
							US\$'000	Non-controlling interest US\$'000	
<b>Balance as at 1 January 2020</b>		113,963	(25,472)	54	(7,638)	60,497	141,404	10	141,414
<b>Profit for the financial period</b>		-	-	-	-	19,406	19,406	-	19,406
<b>Other comprehensive income for the financial period</b>		-	-	-	-	(23)	(23)	-	(23)
Re-measurement of post-employment benefits, net of tax									
Foreign currency translation differences, net of tax					728	-	728	-	728
<b>Total comprehensive income for the financial period</b>		-	-	-	728	19,383	20,111	-	20,111
<b>Contribution by and distribution to owners</b>		-	-	-	-	(4,939)	(4,939)	-	(4,939)
Dividends on ordinary shares	26								
<b>Others</b>		-	-	38	-	(38)	-	-	-
Transfer to statutory reserve	20			92	(6,910)	74,903	156,576	10	156,586
<b>Balance as at 31 December 2020</b>		113,963	(25,472)	92	(6,910)	74,903	156,576	10	156,586

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	Note	Share capital US\$'000	Merger reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000		Retained earnings US\$'000	Equity attributable to the owners of the parent US\$'000		Total equity US\$'000
								Non-controlling interest US\$'000		
<b>Balance as at 1 January 2019</b>		113,963	(25,472)	27	(7,502)	41,051	122,067	10	122,077	
<b>Profit for the financial period</b>		-	-	-	-	26,223	26,223	-	26,223	
<b>Other comprehensive income for the financial period</b>		-	-	-	-	(47)	(47)	-	(47)	
Re-measurement of post-employment benefits, net of tax										
Foreign currency translation differences, net of tax					(136)	-	(136)	-	(136)	
<b>Total comprehensive income for the financial period</b>		-	-	-	(136)	26,176	26,040	-	26,040	
<b>Contribution by and distribution to owners</b>		-	-	-	-	(6,703)	(6,703)	-	(6,703)	
Dividends on ordinary shares	26									
<b>Others</b>		-	-	27	-	(27)	-	-	-	
Transfer to statutory reserve	20			54	(7,638)	60,497	141,404	10	141,414	
<b>Balance as at 31 December 2019</b>		113,963	(25,472)	54	(7,638)	60,497	141,404	10	141,414	

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<b>2020</b> <b>US\$'000</b>	<b>2019</b> <b>US\$'000</b>
<b>Operating activities</b>		
Profit before income tax	<b>22,477</b>	31,693
Adjustments for:		
Amortisation of intangible assets	<b>155</b>	143
Amortisation of right-of-use assets	<b>339</b>	285
Amortisation of deferred capital grant	<b>(10)</b>	(10)
Depreciation of investment properties	<b>296</b>	151
Depreciation of property, plant and equipment	<b>6,079</b>	5,619
Fair value loss/(gain) on derivative financial instruments	<b>4,971</b>	(697)
Reversal of loss allowance on trade receivables	<b>(91)</b>	(86)
Bad debt written off	<b>–</b>	15
Interest expense	<b>4,910</b>	5,152
Interest income	<b>(131)</b>	(89)
Write down/(reversal of write down) to net realisable value of inventories	<b>68</b>	(148)
Loss on disposal of property, plant and equipment	<b>5</b>	206
Property, plant and equipment written off	<b>168</b>	–
Gain on disposal of intangible assets	<b>(3)</b>	(50)
Provision for post-employment benefits	<b>142</b>	102
Operating cash flows before working capital changes	<b>39,375</b>	42,286
Inventories	<b>2,221</b>	(68,115)
Trade and other receivables	<b>4,980</b>	(20,782)
Prepayments	<b>262</b>	70
Trade and other payables	<b>(7,629)</b>	2,273
Cash from/(used in) operations	<b>39,209</b>	(44,268)
Income tax paid	<b>(3,449)</b>	(6,833)
Net cash from/(used in) operating activities	<b>35,760</b>	(51,101)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	<b>882</b>	16
Proceeds from disposal of intangible assets	<b>–</b>	50
Purchase of intangible assets	<b>(2,466)</b>	(47)
Purchase of property, plant and equipment	<b>(22,764)</b>	(18,318)
Prepayment of lease	<b>(105)</b>	(36)
Additions to investment properties	<b>(22)</b>	(8,618)
Interest received	<b>131</b>	89
Net cash used in investing activities	<b>(24,344)</b>	(26,864)

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 US\$'000	2019 US\$'000
<b>Financing activities</b>		
Drawdown of borrowings (Note A)	518,327	417,318
Repayments of borrowings (Note A)	(515,925)	(324,134)
Repayment of obligations under leases (Note 15)	(38)	(41)
Increased in fixed deposits	(549)	(147)
Dividend paid to owners of the parent	(4,939)	(6,703)
Interest paid	(4,910)	(5,152)
Net cash (used in)/from financing activities	(8,034)	81,141
Net change in cash and cash equivalents	3,382	3,176
Cash and cash equivalents at beginning of financial year	16,447	13,416
Effect of exchange rate changes on cash and cash equivalents	121	(145)
Cash and cash equivalents at end of financial year (Note 11)	19,950	16,447

**Note A: Reconciliation of liabilities arising from financing activities:**

	1 January 2020 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2020 US\$'000
			Interest expense US\$'000	Currency realignment US\$'000	
Bank borrowings	173,528	2,402	–	34	175,964

	1 January 2019 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2019 US\$'000
			Interest expense US\$'000	Currency realignment US\$'000	
Bank borrowings	80,361	93,184	–	(17)	173,528

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL

JB Foods Limited (the "Company") (Registration Number 201200268D) is a public company limited by shares, incorporated and domiciled in the Republic of Singapore. The Company's registered office address is at 80 Robinson Road #17-02 Singapore 068898. The principal place of business is at Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia. The Company was listed on Singapore Exchange Securities Trading Limited on 23 July 2012.

The Company's immediate and ultimate holding company is JB Cocoa Group Sdn Bhd, a company incorporated in Malaysia.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2020 were authorised for issue in accordance with a Directors' resolution dated 1 April 2021.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollar ("US\$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("US\$'000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires the management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

#### Changes in accounting policies

##### *New standards, amendments and interpretation effective from 1 January 2020*

The standards, amendments to standards, and interpretations, issued by Accounting Standard Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies (Continued)

*New standards, amendments and interpretations issued but not yet effective*

At the date of authorisation of these financial statements, the following SFRS(I) that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to SFRS(I) 16 : COVID-19-Related Rent Concessions	1 April 2021
Amendments to SFRS(I) 3 : Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 : Onerous Contract – Costs of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1 : Classification of Liabilities as Current or Non-current	1 January 2023

The Group does not expect any of these standards upon adoption will have a material impact to the Group.

### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 BASIS OF CONSOLIDATION (CONTINUED)

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's interest in its subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of subsidiaries, it derecognises the assets and liabilities of the subsidiaries and any non-controlling interests. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

#### *Acquisition of entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.
- No goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense for intangible assets with finite useful lives is recognised in profit or loss through the 'amortisation of intangible assets' line item.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### *Computer software licenses*

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful life of 5 years.

The useful life and amortisation method are reviewed at each financial year-end to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the computer software.

#### *Software under development*

Software under development represent items of system under development, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises direct costs of development during the period of development. Software under development is reclassified to appropriate category of intangible assets when it is completed and ready for use with amortisation commencing thereafter.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Depreciation is charged on other items of investment properties, using the straight-line method, so as to write off the cost over its estimated useful life range from 30 to 50 years.

The residual value, useful life and depreciation method of investment property are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment properties is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

### 2.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment that has already been recognised is added to the carrying amount of the item when it is probable that the future economic benefits associated with the item will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Factory buildings	
– factory buildings	2% – 5%
– renovation and safety	10%
Plant and machinery, tools and equipment	
– plant and equipment	5%
– crane and laboratory	8%
– factory equipment	10%
– pallet	20%
Office equipment, furniture and fittings	
– furniture and fittings, office equipment, telecommunication and data line	10%
– computers and signboard	20%
Motor vehicles	
– forklift	8%
– motor vehicles	12.5% – 20%

Capital work-in-progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Capital work-in-progress is reclassified to the appropriate category of property, plant and equipment when it is completed and ready for use with depreciation commencing thereafter.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed and adjusted as appropriate at the end of each financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 LEASES

#### *As lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 LEASES (CONTINUED)

*As lessee (Continued)*

#### Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying assets.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.8 to the financial statements.

*As lessor*

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### 2.7 INVENTORIES

Inventories, which comprise cocoa beans, cocoa ingredient products and stores and supplies are stated at the lower of cost and net realisable value.

Cost is calculated using the "weighted average" method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost includes direct materials, direct labour and attributable production overheads. Cost allocation to work-in-progress and finished goods was determined using a formula in which cocoa bean purchase prices and selling prices of cocoa ingredient products are the key determinants.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 INVENTORIES (CONTINUED)

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying values of those inventories to the lower of cost and net realisable value.

### 2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

### 2.9 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

#### **Financial assets**

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial assets (Continued)

##### Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding Good and Service tax ("GST") receivables, Value-Added tax ("VAT") receivables, and advances to third party suppliers) and cash and cash equivalents in the consolidated statement of financial position.

##### Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument. The Group has not designated any financial assets as FVTPL upon initial recognition.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 FINANCIAL INSTRUMENTS (CONTINUED)

#### **Financial assets** (Continued)

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### **Derivative financial instruments**

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

#### **Financial liabilities and equity instruments**

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs. The Group classifies ordinary shares as equity instruments.

##### Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss, financial guarantee contracts.

##### *Trade and other payables*

Trade and other payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, where applicable, using the effective interest method.

##### *Bank borrowings*

Bank borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of bank borrowings is recognised over the term of the bank borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.16).

Bank borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial liabilities and equity instruments (Continued)

##### Financial liabilities (Continued)

##### *Financial liabilities at fair value through profit or loss ("FVTPL")*

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

##### *Financial guarantee contracts*

The Company has issued corporate guarantees to banks for facilities provided to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss allowance determined in accordance with SFRS(I) 9.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligation is discharged, cancelled or they expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

### 2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances, short-term deposits and excludes any pledged deposits.

### 2.11 GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.13 REVENUE RECOGNITION

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). All of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

The Group's principal activities are the manufacturing and selling of cocoa ingredient products. Revenue from the sales of these products is recognised at a point in time when the products are delivered to customers. The Group's performance obligations are satisfied when the control of products are transferred to the customers on shipment. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within the credit term given.

The sale of cocoa ingredient products to customers includes a standard right of return for defective products or products that do not meet customer's specification. The Group's standard right of return which are satisfied by the exchanges by customers of cocoa ingredient products for another of the same type, quality, condition and price are not considered returns for the purpose of applying SFRS(I) 15.

#### Interest income

Interest income is recognised using the effective interest rate method.

#### Rental income

The Group, as a lessor, leases its investment properties under operating leases to non-related parties. Lease payments from operating leases are recognised as income on a straight-line basis (Note 2.6).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 RESEARCH AND DEVELOPMENT EXPENDITURE

Research costs are recognised in profit or loss as incurred. Deferred development costs arising from development expenditure on an individual product/project is recognised as an intangible asset only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and ability to measure reliably the expenditure during the development.

After initial recognition of development expenditure as an intangible asset, it is stated at cost less accumulated amortisation and impairment loss, if any.

### 2.15 EMPLOYEE BENEFITS

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

#### Defined benefit plans

Certain subsidiaries operates defined benefit plans, which are unfunded.

Defined benefit plans surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality government bonds that have maturity dates approximating to the term of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 EMPLOYEE BENEFITS (CONTINUED)

#### Defined benefit plans (Continued)

Net interest expenses/(income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit plans are recognised in the period in which the settlement occurs.

#### Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for unutilised annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

### 2.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

### 2.17 TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 TAXES (CONTINUED)

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

#### Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 TAXES (CONTINUED)

#### Sales tax (Continued)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 2.18 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

### 2.19 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

In preparing the financial statements of the individual entities, transactions in a currency other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are recognised in profit or loss for the period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

### 2.20 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1 CRITICAL JUDGEMENTS MADE IN APPLYING THE ACCOUNTING POLICIES

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

#### 3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Amortisation of intangible assets and depreciation of property, plant and equipment

The Group amortises the intangible assets and depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's intangible assets and property, plant and equipment.

Changes in the expected level of usage and technological developments could affect the economic useful lives of these assets which could then consequentially impact future amortisation charges and depreciation. The carrying amounts of the Group's intangible assets and property, plant and equipment as at 31 December 2020 are disclosed in Note 4 and Note 6, respectively to the financial statements.

(ii) Inventories valuation

Inventory is valued at the lower of cost and net realisable value. Cost is determined primarily using the "weighted average" method. The cost of cocoa ingredient products is computed using a formula in which cocoa bean purchase prices and selling prices of cocoa ingredient products are the key determinants. Market price is generally the merchandise's selling price quoted from the market of similar items. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. In addition, as the global cocoa market continues to be challenging amidst volatility in prices of cocoa beans and cocoa ingredient products, such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 December 2020 is disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### 3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indications of impairment in the investments in subsidiaries. The management's assessment of indicators is based on the expected future cash flows for the subsidiaries. The Company's carrying amount of investments in subsidiaries as at 31 December 2020 is disclosed in Note 8 to the financial statements.

(iv) Income taxes

The Group recognises expected income tax issues based on their best estimates of the likely taxes due. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions, in the financial year in which such determination is made. The carrying amount of the Group's current income tax recoverable as at 31 December 2020 was approximately US\$1,644,000 (2019: US\$1,116,000). The carrying amount of the Group's current income tax payable as at 31 December 2020 was approximately US\$1,570,000 (2019: US\$1,929,000).

The carrying amount of the Group's deferred tax assets and deferred tax liabilities as at 31 December 2020 are disclosed in Note 18 to the financial statements.

(v) Loss allowance for impairment of trade and other receivables

*Trade receivables*

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customer. The loss allowances of trade receivables as at 31 December 2020 are disclosed in Note 10 to the financial statements.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial year.

*Amounts due from subsidiaries and related parties*

Management determines whether there is significant increase in credit risk of these subsidiaries and related parties since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these subsidiaries and related parties. There is no significant increase in credit risk as at 31 December 2020. The carrying amounts of the Company's amount due from subsidiaries and related parties are disclosed in Note 10 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 4. INTANGIBLE ASSETS

	Computer software US\$'000	Software under development US\$'000	Others US\$'000	Total US\$'000
<b>Group</b>				
<b>Cost</b>				
Balance at 1 January 2020	706	13	27	746
Additions	2,466	–	–	2,466
Disposal	(8)	(10)	–	(18)
Transfer	3	(3)	–	–
Currency realignment	–	–	1	1
Balance at 31 December 2020	<b>3,167</b>	<b>–</b>	<b>28</b>	<b>3,195</b>
<b>Accumulated amortisation</b>				
Balance at 1 January 2020	511	–	10	521
Amortisation during the financial year	150	–	5	155
Disposal	(5)	–	–	(5)
Currency realignment	–	–	1	1
Balance at 31 December 2020	<b>656</b>	<b>–</b>	<b>16</b>	<b>672</b>
<b>Carrying amount</b>				
Balance at 31 December 2020	<b>2,511</b>	<b>–</b>	<b>12</b>	<b>2,523</b>
<b>Cost</b>				
Balance at 1 January 2019	800	13	27	840
Additions	47	–	–	47
Disposal	(141)	–	–	(141)
Balance at 31 December 2019	706	13	27	746
<b>Accumulated amortisation</b>				
Balance at 1 January 2019	514	–	5	519
Amortisation during the financial year	138	–	5	143
Disposal	(141)	–	–	(141)
Balance at 31 December 2019	511	–	10	521
<b>Carrying amount</b>				
Balance at 31 December 2019	195	13	17	225

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. INVESTMENT PROPERTIES

	Freehold land US\$'000	Building US\$'000	Capital work in progress US\$'000	Leasehold Building US\$'000	Total US\$'000
<b>Group Cost</b>					
Balance at 1 January 2020	1,951	5,034	238	5,720	12,943
Additions	–	–	22	–	22
Currency realignment	70	192	–	–	262
Balance at 31 December 2020	2,021	5,226	260	5,720	13,227
<b>Accumulated depreciation</b>					
Balance at 1 January 2020	–	375	–	29	404
Depreciation during the financial year	–	124	–	172	296
Currency realignment	–	6	–	–	6
Balance at 31 December 2020	–	505	–	201	706
<b>Carrying amount</b>					
Balance at 31 December 2020	2,021	4,721	260	5,519	12,521
<b>Cost</b>					
Balance at 1 January 2019	1,205	2,973	147	–	4,325
Additions	746	2,061	91	5,720	8,618
Balance at 31 December 2019	1,951	5,034	238	5,720	12,943
<b>Accumulated depreciation</b>					
Balance at 1 January 2019	–	253	–	–	253
Depreciation during the financial year	–	122	–	29	151
Balance at 31 December 2019	–	375	–	29	404
<b>Carrying amount</b>					
Balance at 31 December 2019	1,951	4,659	238	5,691	12,539

The rental income from the investment property of the Group which are leased out under operating leases, amounted to US\$1,040,000 (2019: US\$579,000). Direct operating expenses (including repair and maintenance) arising from the rental generating investment property amounted US\$169,000 (2019: US\$185,000).

As at 31 December 2020, the fair value for the investment properties located in Estonia and Malaysia were approximately US\$8,900,000 (2019: US\$8,500,000). The fair value for these properties were determined based on valuations performed by the external independent valuers with recent experience in the location and category on these properties. The valuations were arrived at by combination of:

- (i) Sales comparison approach – whereby sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as property size;
- (ii) Depreciated replacement cost approach – whereby an estimate is made of the replacement cost and then allowing for depreciation for economic, physical and functional obsolescence; and
- (iii) Discounted cash flow method – whereby an estimate of the amount receivable over the life of the property or the holding period in determining the present value of cash flows.

The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. Management considers that the fair value of the investment property which is based on level 3 of the fair value hierarchy is sensitive to these unobservable adjustments to the price per square feet, estimate rental rate and discount rate.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 5. INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2020, the fair value of the investment property located in United States of America was approximately US\$6,800,000 (2019: US\$6,800,000). The fair value was determined based on management's estimation by using the direct sales comparison approach by making reference to market evidence of transacted prices per square feet for comparable properties, adjusted for key attributes such as size, tenure, location, condition and prevailing market conditions. In estimating the fair value of the investment property, the highest and best use of the property is their current use. Management considers that the fair value of the investment property which is based on level 3 of the fair value hierarchy is sensitive to these unobservable adjustments to the price per square feet.

The leasehold building with a carrying amount of US\$5,519,000 (2019: Nil) has been pledged as security for banking facilities as disclosed in Note 14 to the financial statements.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US\$'000	Factory buildings US\$'000	Plant and machinery, tools and equipment US\$'000	Office equipment, furniture and fittings US\$'000	Motor vehicles US\$'000	Capital work-in- progress US\$'000	Total US\$'000
<b>Group</b>							
<b>Cost</b>							
Balance at 1 January 2020	1,851	33,179	79,575	1,607	1,207	4,447	121,866
Additions	–	547	4,064	207	52	17,894	22,764
Disposals	–	(26)	(8)	–	(143)	(815)	(992)
Written off	–	–	(2)	(101)	–	(73)	(176)
Reclassification	–	1,603	1,646	–	–	(3,249)	–
Currency realignment	–	287	14	3	8	34	346
Balance at 31 December 2020	1,851	35,590	85,289	1,716	1,124	18,238	143,808
<b>Accumulated depreciation</b>							
Balance at 1 January 2020	–	9,540	30,096	1,067	670	–	41,373
Depreciation for the financial year	–	1,309	4,470	166	134	–	6,079
Disposals	–	(1)	(5)	–	(96)	–	(102)
Written off	–	–	(1)	(7)	–	–	(8)
Currency realignment	–	13	3	1	2	–	19
Balance at 31 December 2020	–	10,861	34,563	1,227	710	–	47,361
<b>Carrying amount</b>							
Balance at 31 December 2020	1,851	24,729	50,726	489	414	18,238	96,447
<b>Cost</b>							
Balance at 1 January 2019	1,851	26,720	63,794	1,303	1,163	9,293	104,124
Additions	–	4,573	9,653	307	94	3,691	18,318
Disposals	–	–	(290)	(3)	(36)	–	(329)
Written off	–	–	(88)	–	(100)	–	(188)
Reclassification	–	1,941	6,508	–	86	(8,535)	–
Currency realignment	–	(55)	(2)	–	–	(2)	(59)
Balance at 31 December 2019	1,851	33,179	79,575	1,607	1,207	4,447	121,866
<b>Accumulated depreciation</b>							
Balance at 1 January 2019	–	8,344	26,115	913	677	–	36,049
Depreciation for the financial year	–	1,197	4,143	156	123	–	5,619
Disposals	–	(1)	(97)	(2)	(30)	–	(130)
Written off	–	–	(65)	–	(100)	–	(165)
Balance at 31 December 2019	–	9,540	30,096	1,067	670	–	41,373
<b>Carrying amount</b>							
Balance at 31 December 2019	1,851	23,639	49,479	540	537	4,447	80,493

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amounts of property, plant and equipment of the Group which were pledged as security for banking facilities (Note 14) are as follows:

	<b>2020</b> <b>US\$'000</b>	2019 US\$'000
Freehold land	1,851	1,851
Factory building	8,642	8,864
Capital work-in-progress	17,041	–

## 7. RIGHT-OF-USE ASSETS

	<b>Land use rights</b> <b>US\$'000</b>	<b>Leasehold lands</b> <b>US\$'000</b>	<b>Hostel and office</b> <b>US\$'000</b>	<b>Total</b> <b>US\$'000</b>
<b>Group</b>				
Balance at 1 January 2020	<b>1,218</b>	<b>1,285</b>	<b>30</b>	<b>2,533</b>
Additions	–	<b>105</b>	<b>24</b>	<b>129</b>
Amortisation charge	<b>(27)</b>	<b>(274)</b>	<b>(38)</b>	<b>(339)</b>
Currency realignment	<b>81</b>	–	–	<b>81</b>
At 31 December 2020	<b>1,272</b>	<b>1,116</b>	<b>16</b>	<b>2,404</b>
Balance at 1 January 2019				
– Reclassified from land use rights	1,260	–	–	1,260
– Reclassified from prepaid lease payments	–	1,468	–	1,468
Adoption of SFRS(I) 16	–	–	70	70
	1,260	1,468	70	2,798
Additions	–	36	–	36
Amortisation charge	<b>(26)</b>	<b>(219)</b>	<b>(40)</b>	<b>(285)</b>
Currency realignment	<b>(16)</b>	–	–	<b>(16)</b>
At 31 December 2019	1,218	1,285	30	2,533

The land use rights relate to the Group's interest in a leasehold land in the People's Republic of China which has a lease period of 50 years from 2016 to 2066. The leasehold building with a carrying amount of US\$1,272,000 (2019: US\$1,218,000) has been pledged as security for banking facilities as disclosed in Note 14 to the financial statements.

The leasehold lands represent the sub-leases of land at Port of Tanjung Pelepas, Malaysia and Surabaya, Indonesia which their respective lease periods ranging from 10 to 24 years.

The hostel and office are amortised over the lease periods ranging from 1 to 2 years.

## 8. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b> <b>31 December</b>	
	<b>2020</b> <b>US\$'000</b>	2019 US\$'000
Unquoted equity shares, at cost	<b>83,908</b>	66,408
Loan deemed as investment in a subsidiary	<b>19,500</b>	37,000
	<b>103,408</b>	103,408

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Loan deemed as investment in a subsidiary

As at 31 December 2020 and 2019, loan deemed as investment in a subsidiary comprised of non-trade receivables due from a subsidiary and accounted for as part of the net investment in subsidiary. The amount due from a subsidiary is not expected to be repaid within the next 12 months. Management monitors and assessed at each reporting date on any indicator of significant increase in credit risk on the loan deemed as investment in a subsidiary, by considering their performance ratios and any default in external debts. Management had concluded that there is no significant increase in credit risk as at 31 December 2020.

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Effective equity interest	
		31 December	
		2020	2019
		%	%
<u>Held by the Company</u>			
JB Cocoa Sdn Bhd <sup>(1)</sup> (Malaysia)	Production and sale of cocoa ingredients products	100	100
JB Foods Global Pte. Ltd. <sup>(2)</sup> (Singapore)	Procurement, sales and marketing of cocoa beans, cocoa ingredients and related products	100	100
JB Cocoa AG <sup>(3)</sup> (Switzerland)	Trading of cocoa ingredients products	100	100
JBC Europe OU <sup>(6)</sup> (The Republic of Estonia)	Property leasing	100	100
<u>Held by JB Cocoa Sdn Bhd</u>			
JB Cocoa Trading (M) Sdn. Bhd. <sup>(1)</sup> (Malaysia)	Dormant	100	100
<u>Held by JB Foods Global Pte. Ltd.</u>			
JB Cocoa Holding Inc <sup>(3)</sup> (United States of America)	Investment holding company	100	100
JB Cocoa Foods (China) Co., Ltd <sup>(5)</sup> (People's Republic of China)	Production and sale of cocoa ingredient products	100	100
PT Jebe Trading Indonesia <sup>(4)</sup> (Indonesia)	Trading of cocoa ingredient products	99.94	99.94
<u>Held by PT Jebe Trading Indonesia</u>			
PT Jebe Koko <sup>(4)</sup> (Indonesia)	Production and sale of cocoa ingredients products	99.92	99.92
<u>Held by JB Cocoa Holding Inc</u>			
JB Cocoa, Inc. <sup>(3)</sup> (United States of America)	Trading of cocoa ingredient products	100	100
JB Cocoa EBNJ LLC <sup>(3)</sup> (United States of America)	Property leasing	100	100
<u>Held by JB Cocoa AG</u>			
JB Cocoa CI <sup>(6)</sup> (Republic of Cote D'Ivoire)	Procurement of raw materials	100	100

(1) Audited by BDO PLT, Malaysia

(2) Audited by BDO LLP, Singapore

(3) Exempted from statutory audit

(4) Audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited

(5) Audited by BDO China Shu Lun Pan CPA LLP

(6) Audited by other auditors

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Issuance and allotment of additional shares in subsidiary

In October 2020, JB Foods Global Pte. Ltd., a 100% owned subsidiary of the Company issued and allotted additional 17,500,000 ordinary shares to the Company for a consideration of US\$17,500,000 settled by way of capitalising the same loan amount due from the subsidiary.

### **Significant restrictions**

Cash and bank balances of US\$2,121,000 (2019: US\$1,248,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

## 9. INVENTORIES

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Raw materials	<b>86,890</b>	97,266
Work-in-progress	<b>9,485</b>	6,367
Finished goods	<b>77,389</b>	73,374
Stores and supplies	<b>5,047</b>	4,093
	<b>178,811</b>	181,100

The cost of inventories recognised as expenses and included in "cost of sales" line item amounted to US\$346,807,000 (2019: US\$299,678,000). The cost of sales includes inventories written down of US\$68,000 (2019: inventories written back of US\$148,000) pursuant to a review of the net realisable value of the inventories during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December		31 December	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables				
– Third parties	<b>50,397</b>	53,900	–	–
– Loss allowance for trade receivables	–	(91)	–	–
	<b>50,397</b>	53,809	–	–
– Related party	<b>393</b>	703	–	–
	<b>50,790</b>	54,512	–	–
Other receivables				
– Third parties	<b>236</b>	69	–	–
– Subsidiaries	–	–	<b>3,289</b>	3,088
– GST/VAT receivables	<b>1,714</b>	1,878	–	–
– Dividend receivable due from subsidiaries	–	–	<b>3,500</b>	4,500
	<b>1,950</b>	1,947	<b>6,789</b>	7,588
Advances to third party suppliers	<b>3,748</b>	6,427	–	–
Deposits	<b>4,063</b>	2,551	–	–
Total trade and other receivables	<b>60,551</b>	65,437	<b>6,789</b>	7,588
Add: Cash and bank balances (Note 11)	<b>20,646</b>	16,594	<b>29</b>	9
Less: GST/VAT receivables	<b>(1,714)</b>	(1,878)	–	–
Less: Advances to third party suppliers	<b>(3,748)</b>	(6,427)	–	–
Financial assets at amortised costs	<b>75,735</b>	73,726	<b>6,818</b>	7,597

Trade receivables are non-interest bearing, unsecured and the normal trade term ranges from cash against documents to 120 (2019: cash against documents to 120) days from the date of the invoices. Other credit terms are assessed and approved on a case-by-case basis.

The amount due from a subsidiary which is unsecured, bear interest of 4% (2019: 4%) per annum and repayable on demand.

Movement in loss allowance for trade receivables from third parties are as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
At 1 January	<b>91</b>	177
Reversal of loss allowance	<b>(91)</b>	(86)
At 31 December	–	91

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
United States dollar	<b>29,606</b>	18,562	<b>3,600</b>	4,679
Pound sterling	<b>12,087</b>	26,408	–	–
Malaysian ringgit	<b>3,251</b>	9,503	–	–
Euro	<b>324</b>	368	<b>3,189</b>	2,909
Indonesia rupiah	<b>7,126</b>	5,008	–	–
Chinese renminbi	<b>7,354</b>	5,002	–	–
Others	<b>803</b>	586	–	–
	<b>60,551</b>	65,437	<b>6,789</b>	7,588

## 11. CASH AND BANK BALANCES

	Group 31 December		Company 31 December	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Current</b>				
Cash and bank balances	<b>19,120</b>	15,821	<b>29</b>	9
Fixed deposits	<b>1,414</b>	773	–	–
	<b>20,534</b>	16,594	<b>29</b>	9
<b>Non-current</b>				
Fixed deposit	<b>112</b>	–	–	–
	<b>20,646</b>	16,594	<b>29</b>	9

The interest rates and tenure of the current fixed deposits at the end of the reporting period range from 0.25% to 4.00% (2019: 0.25% to 5.25%) per annum and with maturity of 4 to 287 (2019: 2 to 30) days.

The interest rates and tenure of the non-current fixed deposit at the end of the reporting period is 2.50% (2019: Nil) per annum and with maturity of 685 (2019: Nil) days.

Included in non-current fixed deposit amounting to US\$112,000 (2019: Nil) and in current fixed deposit amounting to US\$584,000 (2019: US\$147,000) are pledged to financial institutions for bank guarantees.

Cash and bank balances are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
United States dollar	<b>12,313</b>	12,412	<b>5</b>	5
Pound sterling	<b>2,495</b>	955	–	–
Others	<b>5,838</b>	3,227	<b>24</b>	4
	<b>20,646</b>	16,594	<b>29</b>	9

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 11. CASH AND BANK BALANCES (CONTINUED)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2020 US\$'000	2019 US\$'000
Cash and bank balances as above	20,646	16,594
Less:		
Current fixed deposits pledged with licensed banks	(584)	(147)
Non-current fixed deposit pledged with licensed bank	(112)	-
Cash and cash equivalents per consolidated statement of cash flows	<u>19,950</u>	<u>16,447</u>

### 12. TRADE AND OTHER PAYABLES

	Group 31 December		Company 31 December	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Trade payables				
– Third parties	14,639	26,741	-	-
– Related parties	5,408	1,249	-	-
	<u>20,047</u>	27,990	-	-
Other payables				
– Third parties	2,298	2,810	18	4
– VAT payables	226	-	-	-
Accrued expenses	6,223	6,055	120	78
Advances from customers	550	207	-	-
Provisions	1,593	1,520	-	-
Total trade and other payables	<u>30,937</u>	38,582	<u>138</u>	82
Add: Bank borrowings (Note 14)	175,964	173,528	-	-
Add: Lease liabilities (Note 15)	16	30	-	-
Less: Advances from customers	(550)	(207)	-	-
Less: VAT payables	(226)	-	-	-
Less: Provisions	(1,593)	(1,520)	-	-
Total financial liabilities carried at amortised costs	<u>204,548</u>	210,413	<u>138</u>	82

Trade payables are non-interest bearing and the normal trade terms granted ranges from cash against documents to 90 (2019: cash against documents to 90) days from the date of the invoices.

Accrued expenses consist mainly of employee benefits and related expenses. Provisions consist mainly of customers claims in the normal course of business.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
United States dollar	<b>17,300</b>	23,854	<b>103</b>	–
Pound sterling	<b>6,383</b>	6,357	–	–
Singapore dollar	<b>459</b>	335	<b>35</b>	82
Others	<b>6,795</b>	8,036	–	–
	<b>30,937</b>	38,582	<b>138</b>	82

## 13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 31 December	
	2020 US\$'000	2019 US\$'000
<b>Derivative assets</b>		
Foreign currency forward contracts	<b>305</b>	134
Derivative cocoa bean contracts	<b>6,641</b>	3,647
	<b>6,946</b>	3,781
<b>Derivative liabilities</b>		
Foreign currency forward contracts	<b>1,175</b>	214
Derivative cocoa bean contracts	<b>9,733</b>	2,558
	<b>10,908</b>	2,772

### Foreign currency forward contracts

The Group uses foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Foreign currency forward contracts are used to hedge the Group's sales and purchases denominated in United States dollar, Chinese renminbi and Pound sterling for which firm commitments existed at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

#### Foreign currency forward contracts (Continued)

The following details the foreign currency forward contracts outstanding as at the end of the reporting period:

	Group 31 December	
	2020 US\$'000	2019 US\$'000
<b>Foreign currency forward contracts</b>		
Notional amount		
Buy United States dollar/Sell Pound sterling	<b>27,251</b>	19,177
Buy United States dollar/Sell Chinese renminbi	<b>5,015</b>	12,395
Buy United States dollar/Sell New Zealand dollar	<b>2,740</b>	–
Buy Euro/Sell United States dollar	<b>1,214</b>	–
Buy Pound sterling/Sell United States dollar	<b>4,439</b>	646
Buy Malaysian ringgit/Sell United States dollar	<b>3,993</b>	4,802
Buy Singapore dollar/Sell United States dollar	<b>1,930</b>	–
Others	<b>250</b>	464

As at the end of the reporting period, the settlement dates for foreign currency forward contracts range from 1 to 22 months (2019: 1 to 36 months).

#### Derivative cocoa bean contracts

The Group uses commodity future contracts and commodity options contracts to manage open sales and purchase commitments and movements in cocoa bean prices in the respective commodity markets. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure.

As at the end of reporting period, existing commitments in respect of derivative cocoa beans contracts outstanding are as follows:

	Group 31 December	
	2020 US\$'000	2019 US\$'000
<b>Commodity future contracts</b>		
Notional amount		
Sales	<b>179,488</b>	57,438
Purchases	<b>94,944</b>	32,352
<b>Commodity option contracts</b>		
Notional amount		
Sales	<b>30,364</b>	20,766
Purchases	<b>4,086</b>	5,951

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

### Derivative cocoa bean contracts (Continued)

The notional amount of the derivative cocoa bean contracts are denominated in the following currencies:

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
United States dollar	<b>247,537</b>	58,704
Pound sterling	<b>61,345</b>	57,803
	<b>308,882</b>	116,507

As at the end of the reporting period, the settlement dates for derivative cocoa bean contracts range from 1 to 19 months (2019: 1 to 17 months).

## 14. BANK BORROWINGS

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current</b>		
Trade bills	<b>156,533</b>	168,665
Term loan	<b>4,369</b>	1,340
	<b>160,902</b>	170,005
<b>Non-current</b>		
Term loan	<b>15,062</b>	3,523
Total	<b>175,964</b>	173,528

As at the end of each reporting period, the Group's trade bills facilities are secured by corporate guarantees issued by the Company.

The term loans are mainly secured by the subsidiaries' s investment property (Note 5), property and plant (Note 6), land use rights (Note 7) and corporate guarantee issued by the Company.

As at the end of the reporting period, the Group has banking facilities as follows:

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Banking facilities granted	<b>235,876</b>	222,951
Banking facilities utilised	<b>156,533</b>	168,665

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 14. BANK BORROWINGS (CONTINUED)

As at the end of the reporting period, the effective interest rates per annum are as follows:

	Group 31 December	
	2020 %	2019 %
Trade bills	<b>0.95 – 3.65</b>	1.52 – 4.31
Term loan	<b>1.50 – 5.40</b>	3.65 – 5.46

The trade bills have maturity periods ranging from 41 to 182 (2019: 36 to 181) days from the contractual date. The interest rates are fixed with the financial institutions during the contractual period. The term loans have maturity dates between 2022 and 2034.

Bank borrowings are denominated in the following currencies:

	Group 31 December	
	2020 US\$'000	2019 US\$'000
United States dollar	<b>151,884</b>	169,743
Pound sterling	<b>18,146</b>	343
Others	<b>5,934</b>	3,442
	<b>175,964</b>	173,528

### 15. LEASE LIABILITIES

	Rental of hostel and office US\$'000
<b>Group</b>	
At 1 January 2020	<b>30</b>
Addition	<b>24</b>
Interest expense (Note 22)	<b>1</b>
Lease payments	
– Principal portion	<b>(38)</b>
– Interest portion	<b>(1)</b>
At 31 December 2020	<b>16</b>
At 1 January 2019	
– Adoption of SFRS(I) 16	70
Interest expense (Note 22)	1
Lease payments	
– Principal portion	(40)
– Interest portion	(1)
At 31 December 2019	30

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Contractual undiscounted cash flows		
– Not later than a year	17	31
Less: Future interest expense	(1)	(1)
Present value of lease liabilities	<b>16</b>	30
Presented in consolidated statement of financial position		
– Current	<b>16</b>	30

Certain equipment of the Group are qualified for low value assets and the Group also leases certain equipment on the short-term basis in order to support the production deadlines. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

## 16. DEFERRED CAPITAL GRANT

	Group 31 December	
	2020 US\$'000	2019 US\$'000
<b>Cost</b>		
Balance at the beginning of financial year	503	510
Currency realignment	31	(7)
Balance at the end of the financial year	<b>534</b>	503
<b>Accumulated amortisation</b>		
Balance at the beginning of the financial year	(33)	(23)
Grant taken to profit or loss to match amortisation	(10)	(10)
Balance at the end of the financial year	<b>(43)</b>	(33)
<b>Carrying amount</b>		
Balance at the end of the financial year	<b>491</b>	470

The above capital grants represent governmental support for the purchase of land use rights in the People's Republic of China. The amount is recorded as deferred capital grant, and will be recognised as income over the period based on the amortisation of the underlying asset.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 17. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group provides for post-employment benefits for its employees for certain subsidiaries in Indonesia in the form of severance pay and long service awards in accordance with the local labour law in Indonesia. The provision is based on the calculation performed by an independent actuary using the "Projected Unit Credit" method. The number of employees who are entitled to post-employment benefits is 150 (2019: 158) employees.

Movements in provision for post-employment benefits are as follows:

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Balance at beginning of financial year	455	275
Provision in the current period	142	102
Re-measurement of post-employment benefits recognised in other comprehensive income	30	63
Currency realignment	(3)	15
Balance at end of financial year	<b>624</b>	455

The amounts recognised in profit or loss in respect of post-employment benefits are as follows:

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current service costs	107	78
Interest costs	35	24
	<b>142</b>	102

The principal actuarial assumptions used are as follows:

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	<b>3.64% – 7.83%</b>	8.00% per annum
Annual salary growth rate	<b>8% per annum</b>	8% per annum
Mortality table	<b>TMI – 2019</b>	TMI – 2011
Disability rate	<b>5% – 10% x TMI-2019</b>	5% – 10% TMI-2011
Retirement age	<b>56 years of age</b>	55 years of age

The schemes are exposed to a number of risks, including:

- Salary risk: increase in future salaries will increase the gross retirement benefits obligations.
- Interest rate risk: decrease/increase in the discount rate used will increase/decrease the defined benefit obligation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

### Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to the following actuarial assumptions, holding all other assumptions constant, is presented below:

Actuarial assumption	Reasonably possible change	Defined benefit obligation	
		Increase US\$'000	Decrease US\$'000
<b>31 December 2020</b>			
Discount rate	+/-1%	(85)	103
Growth in future salaries	+/-1%	104	(87)
<b>31 December 2019</b>			
Discount rate	+/-1%	(65)	78
Growth in future salaries	+/-1%	81	(68)

The average duration of the post-employment benefits at the end of the financial year is 15.4 years (2019: 15 years).

## 18. DEFERRED TAX ASSETS/LIABILITIES

	Group 31 December	
	2020 US\$'000	2019 US\$'000
<b>Deferred tax assets</b>		
Balance at beginning of financial year	128	160
Credit/(charge) to profit or loss	14	(32)
Currency realignment	8	-
Balance at end of financial year	150	128
<b>Deferred tax liabilities</b>		
Balance at beginning of financial year	5,419	4,579
Charge to profit or loss	526	856
Credit to other comprehensive income	(7)	(16)
Balance at end of financial year	5,938	5,419

The following are the major deferred tax assets recognised by the Group and the movements during the financial year.

<u>Deferred tax assets</u>	Deferred capital grant US\$'000
<b>Group</b>	
At 1 January 2020	128
Credit to profit or loss	14
Currency realignment	8
At 31 December 2020	150
At 1 January 2019	160
Charge to profit or loss	(32)
At 31 December 2019	128

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 18. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

The following are the major deferred tax liabilities recognised by the Group and the movements during the financial year.

<u>Deferred tax liabilities</u>	<b>Accelerated tax depreciation US\$'000</b>	<b>Others US\$'000</b>	<b>Total US\$'000</b>
<b>Group</b>			
At 1 January 2020	5,522	(103)	5,419
Charge/(Credit) to profit or loss	530	(4)	526
Credit to other comprehensive income	–	(7)	(7)
At 31 December 2020	<b>6,052</b>	<b>(114)</b>	<b>5,938</b>
At 1 January 2019	4,604	(25)	4,579
Charge/(Credit) to profit or loss	918	(62)	856
Credit to other comprehensive income	–	(16)	(16)
At 31 December 2019	5,522	(103)	5,419

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$13,245,000 (2019: US\$11,398,000). The Group determined that these profits will not be distributed in the foreseeable future. Therefore, no liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 19. SHARE CAPITAL

	<b>Group and Company</b>			
	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>Number of ordinary shares</b>		<b>US\$'000</b>	<b>US\$'000</b>
<b>Issued and fully paid-up</b>				
At beginning/end of the financial year	<b>303,199,966</b>	303,199,966	<b>113,963</b>	113,963

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 20. OTHER RESERVES AND RETAINED EARNINGS

	Group 31 December		Company 31 December	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Merger reserve	<b>25,472</b>	25,472	–	–
Statutory reserve	<b>(92)</b>	(54)	–	–
Exchange reserve	<b>6,956</b>	6,956	<b>8,458</b>	8,458
Foreign currency translation reserve	<b>(46)</b>	682	–	–
	<b>32,290</b>	33,056	<b>8,458</b>	8,458

### 20.1 MERGER RESERVE

Merger reserve represents:

- the difference of US\$22.7 million between the consideration paid and the share capital of a subsidiary acquired as a result of a restructuring exercise of the Group in 2012, and
- the difference of US\$2.8 million between the consideration paid for the cost of investment of US\$6.8 million and the interest in share capital of the acquired subsidiary, PT Jebe Koko, of US\$4 million in 2015.

### 20.2 STATUTORY RESERVE

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC), the subsidiary is required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

### 20.3 EXCHANGE RESERVE

The exchange reserve represents the change in presentation currency of the Group and of the Company from RM to US\$ in 2015.

### 20.4 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents the exchange differences relating to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency and is not distributable.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 20. OTHER RESERVES AND RETAINED EARNINGS (CONTINUED)

#### 20.4 FOREIGN CURRENCY TRANSLATION RESERVE (CONTINUED)

Movement in foreign currency translation reserve:

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning of the financial year	<b>682</b>	546
(Charged)/Credited to other comprehensive income	<b>(728)</b>	136
Balance at end of financial year	<b>(46)</b>	682

#### 20.5 RETAINED EARNINGS

Movement in the retained earnings of the Company is as follows:

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January	<b>5,423</b>	5,630
Total comprehensive income for the financial year	<b>4,104</b>	6,496
Dividends	<b>(4,939)</b>	(6,703)
At 31 December	<b>4,588</b>	5,423

### 21. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from sale of cocoa ingredients product to customers which are recognised at a point in time.

### 22. FINANCE COSTS

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest expenses		
– Trade bills	<b>3,964</b>	4,652
– Term loans	<b>315</b>	173
– Supply chain financing	<b>564</b>	326
– Lease liabilities (Note 15)	<b>1</b>	1
– Other	<b>66</b>	–
	<b>4,910</b>	5,152

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 23. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges/(credits):

	Group	
	2020 US\$'000	2019 US\$'000
<i>Cost of sales</i>		
Amortisation of right-of-use assets	162	219
Depreciation of property, plant and equipment	5,686	5,270
Factory utilities expenses	7,071	7,331
Fair value loss/(gain) on cocoa beans derivative contracts, net	4,182	(754)
Realised gain on cocoa beans derivative contracts	(703)	(234)
Write down to net realisable values of inventories	68	–
Reversal of write down to net realisable value of inventories	–	(148)
Short term leases		
– Rental of crane	12	13
– Rental of forklift	184	123
– Rental of equipment	14	4
	<b>3,666</b>	2,314
<i>Selling and distribution expenses</i>		
Outward freight	1,015	942
Haulage trucking	1,347	1,190
Handling and documentation		
<i>Administrative expenses</i>		
Audit fees		
– Auditors of the Company	65	65
– Other auditors	40	41
Non-audit fees		
– Auditors of the Company	1	1
Amortisation of intangible assets	155	143
Amortisation of right-of-use assets	177	66
Depreciation of property, plant and equipment	393	349
Depreciation of investment properties	296	151
Professional fee	951	515
Bad debt written off	–	15
<i>Other gains/(losses)</i>		
Loss on disposal of property, plant and equipment	(5)	(206)
Gain on disposal of intangible assets	3	50
Property, plant and equipment written off	(168)	–
Rental income from investment properties	1,040	579
Fair value loss on foreign currency contracts, net	(789)	(57)
Foreign exchange (loss)/gain, net	(3,766)	865
Reversal of loss allowance of trade receivables	91	86

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 23. PROFIT BEFORE INCOME TAX (CONTINUED)

Profit before income tax also includes:

	Group	
	2020 US\$'000	2019 US\$'000
<i>Employee benefit expenses</i>		
Salaries and other emoluments	10,566	11,110
Pension costs – defined contribution plan	653	621
Social security costs	108	101
Other staff related expenses	331	211
Defined employment benefit expenses	142	102
	<b>11,800</b>	12,145

The employee benefit expenses are recognised in the following line items in profit or loss:

	Group	
	2020 US\$'000	2019 US\$'000
Cost of sales	6,159	6,461
Administrative expenses	5,641	5,684
	<b>11,800</b>	12,145

Included in employee benefit expenses were Directors' remuneration and compensation of key management personnel as shown in Note 27 to the financial statements.

### 24. INCOME TAX EXPENSE

	Group	
	2020 US\$'000	2019 US\$'000
Current income tax		
– Current financial year	2,831	4,109
– (Over)/under provision in prior financial years	(276)	462
Withholding tax	4	11
	<b>2,559</b>	4,582
Deferred income tax		
– Current financial year	512	1,034
– Over provision in prior financial years	–	(146)
	<b>512</b>	888
	<b>3,071</b>	5,470

For the reconciliation between tax expense and accounting profit below, the Group has aggregated separate reconciliations prepared using the domestic rate in each individual jurisdiction as it provide more meaningful information to the users of its financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. INCOME TAX EXPENSE (CONTINUED)

	Group	
	2020 US\$'000	2019 US\$'000
Profit before income tax	<b>22,477</b>	31,693
Tax at the domestic rates applicable to profit in the countries where the Group operates	<b>4,342</b>	6,985
Tax concession	<b>(751)</b>	(1,119)
Effects of:		
– Income not subject to tax	<b>(313)</b>	(36)
– Singapore statutory stepped income exemption	<b>(12)</b>	(16)
– Expenses not deductible for income tax purposes	<b>559</b>	539
Utilisation of reinvestment allowance	<b>(518)</b>	(1,308)
Utilisation of deferred tax benefits not previously recognised	–	(18)
(Over)/under provision of tax expense in prior financial years	<b>(276)</b>	462
Over provision of deferred tax expense in prior financial years	–	(146)
Withholding tax	<b>4</b>	11
Others	<b>36</b>	116
	<b>3,071</b>	5,470

The Group operates mainly in Singapore, Malaysia, Indonesia and United States of America. The applicable corporate income tax rate ranges from 10% to 17% (2019: 10% to 17%) in Singapore, 24% (2019: 24%) in Malaysia, 22% (2019: 25%) in Indonesia and 21% (2019: 21%) in United States of America.

In previous financial year, a subsidiary in Singapore was approved as an approved global trading company (“AGTC”) by a Singapore government agency. As a result, with effect from 1 April 2019, the subsidiary enjoys a concessionary tax rate of 10% on qualifying transaction from trading of cocoa bean and cocoa ingredient products. The concession will expire on 31 December 2021.

## 25. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Group	
	2020	2019
Profit for the financial year attributable to owners of the parent (US\$'000)	<b>19,406</b>	26,223
Aggregate weighted number of ordinary shares applicable to basic and diluted profit per share ('000)	<b>303,200</b>	303,200
Basic and diluted earnings per share (US\$ cents)	<b>6.4</b>	8.6

The calculation of the basic and diluted earnings per share for the relevant periods is based on the profit attributable to owners of the parent for the financial years ended 31 December 2020 and 2019 divided by the aggregate weighted number of shares in the relevant periods.

The diluted earnings per share for the relevant periods are the same as the basic profit per share as the Group did not have any dilutive potential ordinary shares in the relevant periods.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 26. DIVIDENDS

	Group	
	2020 US\$'000	2019 US\$'000
Interim one-tier tax exempt dividend of S\$0.01 per ordinary share in respect of financial year ended 31 December 2019	–	2,230
Final tax exempt dividend of S\$0.02 per ordinary share in respect of financial year ended 31 December 2018	–	4,473
Interim one-tier tax exempt dividend of S\$0.005 per ordinary share in respect of financial year ended 31 December 2020	<b>1,091</b>	–
Final tax exempt dividend of S\$0.018 per ordinary share in respect of financial year ended 31 December 2019	<b>3,848</b>	–
	<b>4,939</b>	6,703

On 26 February 2019, the Company declared a final tax-exempt (one-tier) dividend S\$0.02 per ordinary share amounting to S\$6,063,999 (equivalent to US\$4,473,000) in respect of the financial year ended 31 December 2018. The dividend was paid out in previous financial year.

On 13 August 2019, the Company declared an interim one-tier tax exempt dividend of S\$0.01 per ordinary share amounting to S\$3,032,000 (equivalent to US\$2,230,000) in respect of the financial year ended 31 December 2019. The dividend was paid out in previous financial year.

On 23 June 2020, the Company declared a final tax-exempt (one-tier) dividend S\$0.018 per ordinary share amounting to S\$5,457,599 (equivalent to US\$3,848,000) in respect of the financial year ended 31 December 2019. The dividend was paid out in current financial year.

On 13 August 2020, the Company declared an interim one-tier tax exempt dividend of S\$0.005 per ordinary share amounting to S\$1,516,000 (equivalent to US\$1,091,000) in respect of the current financial year. The dividend was paid out in current financial year.

On 25 February 2021, the Board of Directors recommended a final tax-exempt (one-tier) dividend of S\$0.015 per ordinary share amounting to S\$4,547,599 in respect of the current financial year. The final tax-exempt (one-tier) dividend has not been recognised as a liability as at the end of the reporting period as it is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 27. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, in addition to those information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Subsidiaries</b>				
Advances to	–	–	–	2,844
Interest income	–	–	122	103
Dividend income	–	–	4,175	6,750
<b>Related parties*</b>				
Sale of goods	648	703	–	–
Purchase of goods	10,837	4,814	–	–

\* An entity controlled by members who have family relationships with two directors of the Company.

As at 31 December, the outstanding balances in respect of the above transactions have been disclosed in Note 10 and Note 12 to the financial statements.

## Compensation of key management personnel

The remuneration of directors and other members of the key management personnel of the Group and the Company during the financial year were as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Directors				
Short-term employee benefits	1,990	2,333	11	11
Directors' fee	118	119	118	119
	2,108	2,452	129	130
Other key management personnel				
Short-term employee benefits	547	700	–	–
Pension costs – defined contribution plan	27	28	–	–
	574	728	–	–
	2,682	3,180	129	130

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 28. COMMITMENTS

### 28.1 CAPITAL COMMITMENTS

As at the end of the reporting period, the Group has the following capital expenditure contracted for but not recognised in the financial statements:

	Group	
	2020 US\$'000	2019 US\$'000
Purchase of property, plant and equipment and intangible assets	<u>1,539</u>	<u>16,474</u>

### 28.2 LEASE COMMITMENTS (IN THE CAPACITY OF LESSOR)

The Group has entered into commercial property leases on its investment properties (Note 5). These non-cancellable leases have remaining lease terms between 1 and 2 years (2019: 1 and 3 years).

At each reporting date, maturity analysis of lease income receivables based on undiscounted lease payments to be received on an annual basis are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Not later than one financial year	<u>1,162</u>	1,021
Later than one year but not later than five years	<u>627</u>	1,418
	<u>1,789</u>	<u>2,439</u>

## 29. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief executive officer. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group operates in only one business segment which is production and sale of cocoa ingredients products and therefore no business segment information has been presented.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. SEGMENT INFORMATION (CONTINUED)

*Analysis by geographical segments*

	Malaysia US\$'000	Singapore US\$'000	United States of America US\$'000	Indonesia US\$'000	Others US\$'000	Elimination US\$'000	Consolidated US\$'000
<b>2020</b>							
<b>Revenue</b>							
External revenue	43,605	273,479	46,808	12,281	41,581	–	417,754
Inter-segment revenue	262,854	328,546	–	121,801	–	(713,201)	–
	<b>306,459</b>	<b>602,025</b>	<b>46,808</b>	<b>134,082</b>	<b>41,581</b>	<b>(713,201)</b>	<b>417,754</b>
<b>Results</b>							
Segment results	13,936	13,035	(984)	5,178	970	1,990	34,125
Interest income							131
Finance costs							(4,910)
Depreciation and amortisation							(6,869)
Profit before income tax							22,477
Income tax expense							(3,071)
Profit after income tax							<b>19,406</b>
<b>Additions to non-current assets</b>							
Property, plant and equipment	21,654	–	–	159	951	–	22,764
Investment properties	–	–	22	–	–	–	22
Right-of-use assets	–	24	–	105	–	–	129
Intangible assets	–	2,468	–	–	–	(2)	2,466
<b>Segment assets</b>	<b>212,738</b>	<b>329,585</b>	<b>18,378</b>	<b>100,477</b>	<b>22,840</b>	<b>(300,984)</b>	<b>383,034</b>
<b>Segment liabilities</b>	<b>134,089</b>	<b>153,228</b>	<b>18,489</b>	<b>64,519</b>	<b>9,804</b>	<b>(153,681)</b>	<b>226,448</b>
<b>2019</b>							
<b>Revenue</b>							
External revenue	154,821	131,927	35,262	8,617	21,867	–	352,494
Inter-segment revenue	164,575	373,398	–	115,530	3,510	(657,013)	–
	<b>319,396</b>	<b>505,325</b>	<b>35,262</b>	<b>124,147</b>	<b>25,377</b>	<b>(657,013)</b>	<b>352,494</b>
<b>Results</b>							
Segment results	22,081	17,295	175	4,554	539	(1,690)	42,954
Interest income							89
Finance costs							(5,152)
Depreciation and amortisation							(6,198)
Profit before income tax							31,693
Income tax expense							(5,470)
Profit after income tax							<b>26,223</b>
<b>Additions to non-current assets</b>							
Property, plant and equipment	17,537	34	19	571	157	–	18,318
Investment properties	5,720	–	91	–	2,807	–	8,618
Right-of-use assets	70	–	–	–	–	–	70
Intangible assets	1	46	–	–	–	–	47
<b>Segment assets</b>	<b>241,217</b>	<b>313,923</b>	<b>20,019</b>	<b>105,268</b>	<b>25,861</b>	<b>(341,689)</b>	<b>364,599</b>
<b>Segment liabilities</b>	<b>168,493</b>	<b>143,278</b>	<b>18,807</b>	<b>71,533</b>	<b>15,906</b>	<b>(194,832)</b>	<b>223,185</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 29. SEGMENT INFORMATION (CONTINUED)

*Analysis by geographical segments (Continued)*

The analysis by geographical segments is based on entities in the Group in the respective countries.

Revenue is based on the country and location of the customer in which goods are delivered and services are provided.

	Group	
	2020 US\$'000	2019 US\$'000
North America		
– United States of America	73,757	83,479
– Others*	20,530	10,798
Asia		
– China	50,987	33,363
– Others*	134,474	101,873
Europe		
– Russian Federation	47,436	51,311
– Others*	47,500	39,489
Others*	43,070	32,181
Total revenue	<u>417,754</u>	<u>352,494</u>

\* Others comprise countries where revenue derived was not material individually.

#### Major customers

Revenue from one customer (2019: one customer) of the Group's represents 13% (2019: 10%) of the total revenue.

#### Location of non-current assets

	Malaysia US\$'000	Singapore US\$'000	United States of America US\$'000	Indonesia US\$'000	Others US\$'000	Consolidated US\$'000
<b>Group</b>						
<b>2020</b>						
Non-current assets	<u>73,165</u>	<u>2,535</u>	<u>4,079</u>	<u>24,353</u>	<u>9,763</u>	<u>113,895</u>
<b>2019</b>						
Non-current assets	<u>56,709</u>	<u>298</u>	<u>4,108</u>	<u>26,215</u>	<u>8,460</u>	<u>95,790</u>

Non-current assets consist of intangible assets, property, plant and equipment, investment properties and right-of-use assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose them to credit risk, market risk (including foreign currency risk, interest rate risk and commodity price risk) and liquidity risk. The Group's overall financial risk management strategy focuses on the unpredictability of financial markets and seeks to minimize adverse effects from the volatility of financial markets on the Group's financial performance.

The Group uses financial instruments such as foreign currency forward contracts and derivative commodity contracts to hedge certain financial risk exposures.

The Board of directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

### 30.1 CREDIT RISK

The Group's exposure to credit risk, or the risk of counterparties defaulting, arise mainly from trade and other receivables. The Group manages the exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and cash equivalents and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes loss allowance on trade and other receivables for impairment that represents the expected credit loss in respect of the trade and other receivables as appropriate. The main components of this allowance are based on actual credit loss experience over the past two years and derived from historical data which management is at the view that customer conditions are representatives of the prevailing at the reporting date.

The Group has significant concentration of credit risk to 1 (2019: 2) group of counterparties which having similar characteristics and accounts for approximately 15% (2019: 37%) of the total trade receivables at the reporting date. The Company has no significant concentration of credit risk except for amounts due from subsidiaries as at 31 December 2020 and 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

#### 30.1 CREDIT RISK (CONTINUED)

The exposure of credit risk for trade receivables by geographical region is as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Asia		
– China	<b>7,439</b>	6,626
– Malaysia	<b>3,103</b>	5,730
– Others*	<b>11,537</b>	6,486
Europe		
– Russian Federation	<b>6,830</b>	15,392
– Others*	<b>7,929</b>	6,580
North America		
– United States of America	<b>5,380</b>	5,806
– Others*	<b>2,866</b>	2,587
Others*	<b>5,706</b>	5,305
	<b>50,790</b>	54,512

\* Others comprise countries where the credit risk exposure was not material individually.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables, which comprise a very large number of small balances.

The allowance matrix is based on actual credit loss experience over the past two years. The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management is at the view that customer conditions are representatives of the prevailing at the reporting date.

The table below provides information about the exposure to credit risk and expected credit loss from trade receivables of the Group as at 31 December 2020 and 2019.

	<b>31 December 2020</b>		
	<b>Weighted average loss rate</b>	<b>Gross receivable US\$'000</b>	<b>Impairment US\$'000</b>
<b>Group</b>			
Past due 1 to 30 days	<b>0%</b>	<b>8,085</b>	–
Past due 31 to 60 days	<b>0%</b>	<b>419</b>	–
Past due over 60 days	<b>0%</b>	<b>145</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 30.1 CREDIT RISK (CONTINUED)

	31 December 2019		
	Weighted average loss rate	Gross receivable US\$'000	Impairment US\$'000
<b>Group</b>			
Past due 1 to 30 days	0%	9,498	–
Past due 31 to 60 days	0%	910	–
Past due over 60 days	10%	887	(91)

The impairment losses at the Group related to several customers who had indicated that they were not able to repay their outstanding balances due to economic conditions.

#### Non-trade amounts due from subsidiaries

Management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The allowance on these balances is insignificant.

#### Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa1 to Baa1, based on Moody's ratings. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and cash equivalents has been measured on the 12-month expected loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

At the Group and the Company does not hold any collateral, the carrying amount of financial assets represents the maximum exposure to credit risk, except as follows:

	Company 31 December	
	2020 US\$'000	2019 US\$'000
Corporate guarantees provided to banking facilities of subsidiaries	<b>175,481</b>	173,018

For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 30.2 MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk and commodity price risk, including foreign currency forward contracts and derivative cocoa bean contracts to mitigate the risk.

#### (i) Foreign exchange risk management

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group and the Company. The currencies that give rise to this risk are primarily Pound Sterling ("GBP") (2019: GBP). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group may enter into forward foreign currency contracts to hedge against its foreign currency risk.

The Group has foreign operations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's and the Company's risk management policies to ensure that the net exposure is at an acceptable level.

#### Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2019: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only significant outstanding foreign currency denominated net financial assets or liabilities and adjusted for the translation at the end of the reporting period for a 5% (2019: 5%) change in foreign currency rates.

	<b>Increase/ (Decrease) Profit or loss Group US\$'000</b>
<b>2020</b>	
GBP/US\$	
Strengthened	<b>(497)</b>
Weakened	<b>497</b>
<b>2019</b>	
GBP/US\$	
Strengthened	1,033
Weakened	(1,033)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 30.2 MARKET RISK (CONTINUED)

#### (ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 14 to the financial statements.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and short term borrowings. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

#### *Interest rate sensitivity analysis*

The Group's results are not affected by changes in interest rates as the interest-bearing financial instruments are mainly carried at fixed interest rates and measured at amortised cost.

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### (iii) Commodity price risk

The manufacturing of the Group's products requires raw materials such as cocoa beans. The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with cocoa bean price movements in the respective commodity markets. The Group's business nature, to a certain extent, results in a natural hedge between the prices of cocoa beans (as raw materials) and manufactured cocoa products. The Group may enter into derivative cocoa beans contracts to manage the risk.

### 30.3 LIQUIDITY RISK

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages operating cash flows so as to ensure that all repayment needs are met. As part of the overall prudent liquidity management, the Group maintains sufficient levels of cash to meet working capital requirements.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table below includes both expected interest and principal cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

#### 30.3 LIQUIDITY RISK (CONTINUED)

	Less than 1 year US\$'000	More than 1 year US\$'000	Total US\$'000
<b>Group</b>			
<b>2020</b>			
Trade and other payables*	28,568	–	28,568
Bank borrowings	161,496	16,115	177,611
Lease liabilities	17	–	17
	<b>190,081</b>	<b>16,115</b>	<b>206,196</b>
<b>2019</b>			
Trade and other payables*	36,855	–	36,855
Bank borrowings	170,989	5,790	176,779
Lease liabilities	31	–	31
	207,875	5,790	213,665
<b>Company</b>			
<b>2020</b>			
Trade and other payables	138	–	138
Financial guarantee contracts	175,481	–	175,481
<b>2019</b>			
Trade and other payables	82	–	82
Financial guarantee contracts	173,018	–	173,018

\* excluded GST/VAT payables, advances from customers and provisions

In respect of derivative financial instruments as shown in Note 13 to the financial statements, the derivative liabilities are due within one financial year. Foreign currency forward contracts are settled on a gross basis while derivative cocoa bean contracts are settled on a net basis.

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

### 31. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages capital to ensure that the Group is able to continue as going concern and maintain an optimal capital structure so as to maximise shareholder value.

The Group is in compliance with externally imposed capital requirements which are the bank covenants in relation to the bank borrowings included in Note 14 to the financial statements and the requirements to maintain the statutory reserve, for the financial years ended 31 December 2020 and 2019.

The Group monitors capital based on a gearing ratio, which is total debt divided by total equity. Total debt of the Group consist of borrowings. Total capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, retained earnings and borrowings.

The Group's management constantly reviews the capital structure, and will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 32. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Bank borrowings	<b>175,964</b>	173,528
Total debt	<b>175,964</b>	173,528
Total equity	<b>156,576</b>	141,404
Gearing ratio	<b>1.12</b>	1.23

The Company's gearing ratio has not been presented as the Company does not have any borrowings.

## 33. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of the current financial assets and current financial liabilities approximate their fair values as at the end of the reporting period due to the relatively short period of maturity of these financial instruments. The fair value of non-current borrowings approximately their carrying amounts as these borrowings are subject to floating interest rates.

The Group's derivative financial instruments (financial assets and financial liabilities) are carried at fair value and considered as Level 2 hierarchy fair value measurement for financial years ended 31 December 2020 and 2019.

### Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the financial year.

The derivative financial instruments are not traded in active market. The management determines the fair value of derivative financial instruments through the valuation based on brokers' quotations. The key inputs to the calculations are the cocoa bean and foreign exchange spot and forward rates.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 34. EVENTS SUBSEQUENT TO REPORTING DATE

The Group notes that the second wave of the outbreak of COVID-19 Pandemic and lockdown control measures in many countries may continue to affect global consumption and demand for cocoa ingredients. The imposition of USD400/MT Living Income Differential in certain country origin has resulted in significant volatility in the cocoa bean price and may dampen the weak market sentiments and the Group may not be able to fully pass on the resulting higher cocoa bean costs to the customers. This may affect the processing margin and profitability of the Group for FY2021. Customer sentiments remain cautious.

The Group will closely monitor the developments in the industry, and take prudent measures in executing our strategy. However, the Group believes cocoa consumption environment will continue to be supported by the recovery of the economy after the COVID-19 Pandemic and the growing middle-income classes over the long term.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

## SHARE CAPITAL

Number of issued shares	:	303,199,966
Class of shares	:	Ordinary shares
Voting rights	:	On a poll-one vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	19	1.89	564	0.00
100 – 1,000	122	12.13	69,220	0.02
1,001 – 10,000	409	40.65	2,089,084	0.69
10,001 – 1,000,000	442	43.94	30,496,887	10.06
1,000,001 AND ABOVE	14	1.39	270,544,211	89.23
<b>TOTAL</b>	<b>1,006</b>	<b>100.00</b>	<b>303,199,966</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JB COCOA GROUP SDN BHD	138,030,000	45.52
2	TEE YIH JIA FOOD MANUFACTURING PTE LTD	72,934,366	24.05
3	KGI SECURITIES (SINGAPORE) PTE. LTD.	33,191,666	10.95
4	TENG NAM SENG	6,600,000	2.18
5	GOH LEE BENG	4,408,166	1.45
6	TEY HOW KEONG	2,883,767	0.95
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,764,632	0.91
8	CITIBANK NOMINEES SINGAPORE PTE LTD	2,519,000	0.83
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,531,858	0.51
10	DBS NOMINEES (PRIVATE) LIMITED	1,218,541	0.40
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,181,600	0.39
12	PHILLIP SECURITIES PTE LTD	1,164,799	0.38
13	OCBC SECURITIES PRIVATE LIMITED	1,098,500	0.36
14	UOB KAY HIAN PRIVATE LIMITED	1,017,316	0.34
15	TAN PENG KIM	955,000	0.31
16	GOI SENG HUI	930,100	0.31
17	TOH ONG TIAM	854,800	0.28
18	PEH TEIK SENG	840,000	0.28
19	ONG TONG YANG @WONG TONG YANG	740,000	0.24
20	RAFFLES NOMINEES (PTE.) LIMITED	689,295	0.23
	<b>TOTAL</b>	<b>275,553,406</b>	<b>90.87</b>

## PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 31 March 2021, based on the information provided and to the best of the knowledge of the Directors, the percentage of shareholding in the Company held in the hands of the public is approximately 16.58%. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

## STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
JB Cocoa Group Sdn Bhd	138,030,000	45.52	–	–
Tey Kan Sam @ Tey Hin Ken <sup>(2)</sup>	–	–	138,030,000	45.52
Lim Ah Bet @ Chabo <sup>(3)</sup>	–	–	138,030,000	45.52
Tey How Keong <sup>(4)</sup>	2,883,767	0.95	138,030,000	45.52
Goh Lee Beng <sup>(5)</sup>	4,408,166	1.45	138,030,000	45.52
ECOM Agroindustrial Corp. Limited	33,120,000	10.92	–	–
Unichocola Pte. Ltd. <sup>(6)</sup>	–	–	33,120,000	10.92
IECOM Pte. Ltd. <sup>(7)</sup>	–	–	33,120,000	10.92
Jorge Esteve Campdera and grandchildren <sup>(6)</sup>	–	–	33,120,000	10.92
Isabel Recolons Esteve and lineal descendents <sup>(7)</sup>	–	–	33,120,000	10.92
Tee Yih Jia Food Manufacturing Pte Ltd	72,934,366	24.05	–	–
Goi Seng Hui <sup>(8)</sup>	930,100	0.31	72,934,366	24.05

Notes:

- (1) The percentage is calculated based on the total issued and paid-up share capital of 303,199,966 shares.
- (2) Tey Kan Sam @ Tey Hin Ken holds 30.0% of the issued and paid-up share capital of JB Cocoa Group Sdn Bhd ("**JBC Group**"), and is also deemed interested in the 20.0% of the issued and paid-up share capital of JBC Group held by his spouse, Lim Ah Bet @ Chabo, and is therefore deemed interested in the 138,030,000 shares held by JBC Group.
- (3) Lim Ah Bet @ Chabo holds 20.00% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 30.00% of the issued and paid-up share capital of JBC Group held by her spouse, Tey Kan Sam @ Tey Hin Ken, and is therefore deemed interested in the 138,030,000 Shares held by JBC Group.
- (4) Tey How Keong holds 36.00% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 14.00% of the issued and paid-up share capital of JBC Group held by his spouse, Goh Lee Beng, and is therefore deemed interested in the 138,030,000 Shares held by JBC Group.
- (5) Goh Lee Beng holds 14.00% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 36.00% of the issued and paid-up share capital of JBC Group held by her spouse, Tey How Keong, and is therefore deemed interested in the 138,030,000 Shares held by JBC Group.
- (6) Unichocola Pte. Ltd. holds approximately 36.00% of the issued and paid-up share capital of ECOM Agroindustrial Corp. Limited ("**ECOM**"), and is therefore deemed interested in the 33,120,000 Shares held by ECOM. All the shares in the issued and paid-up share capital of Unichocola Pte. Ltd. are held by Glico PTC, L.L.C., as managing trustee to the Creston Union Trust. The Creston Union Trust is a discretionary trust and the beneficiaries of the Creston Union Trust are Jorge C. Esteve and his grandchildren. Jorge C. Esteve is the settlor of the Creston Union Trust.
- (7) IECOM Pte. Ltd. holds approximately 26.30% of the issued and paid-up share capital of ECOM, and is therefore deemed interested in the 33,120,000 Shares held by ECOM. All the shares in the issued and paid-up share capital of IECOM Pte. Ltd. are held by Ecire PTC, L.L.C., as trustee to the Robles Trust. The Robles Trust is a discretionary trust and the beneficiaries of the Robles Trust are Isabel R. Esteve and her lineal descendants. Isabel R. Esteve is the settlor of the Robles Trust.
- (8) Goi Seng Hui holds 99.98% of the issued and paid up capital of Tee Yih Jia Food Manufacturing Pte Ltd ("**TYJ Food Manufacturing**") and is therefore deemed interested in the 72,934,366 Shares held by TYJ Food Manufacturing.

# NOTICE OF ANNUAL GENERAL MEETING

## JB FOODS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 21200268D)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held by way of electronic means on **Wednesday, 28 April 2021 at 10:00 a.m.** to transact the following businesses as set out below.

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL <https://www.jbcocoa.com/announcement/>. A printed copy of this Notice will NOT be despatched to members.

### ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2020 together with the Director's Statement and the Auditors' Report thereon. **Resolution 1**
2. To declare a final tax-exempt (one-tier) cash dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2020. **Resolution 2**
3. To re-elect the following Directors who retire in accordance with Article 98 of the Company's Constitution and who, being eligible, offer themselves for re-election:

- (a) Mr Chua Cheow Khoon Michael
- (b) Mr Tey How Keong

**Resolution 3**  
**Resolution 4**

Mr Chua Cheow Khoon Michael will, upon re-election as a Director of the Company, remain as the Chairman of the Board of Directors, Lead Independent Director, Chairman each of the Nominating Committee and Audit Committee, member of the Remuneration Committee and will be considered independent of Management.

Mr Tey How Keong will, upon re-election as a Director of the Company, remain as an Executive Director and as a member each of the Remuneration Committee, Nominating Committee and Risk Committee.

4. That contingent upon the passing of Ordinary Resolution 3 above, and in accordance with Rule 210(5) (d) (iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") which will take effect on 1 January 2022, shareholders to approve Mr Chua Cheow Khoon Michael's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Chua Cheow Khoon Michael's retirement or resignation as Director; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 6 below. **Resolution 5**

*[See Explanatory Note (i)]*

5. That contingent upon the passing of Ordinary Resolution 5 above, and in accordance with Rule 210(5) (d) (iii) of the Listing Manual which will take effect on 1 January 2022, shareholders (excluding directors, the chief executive officer, and their associates) to approve Mr Chua Cheow Khoon Michael's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Chua Cheow Khoon Michael's retirement or resignation as Director; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 5 above. **Resolution 6**

*[See Explanatory Note (i)]*

## NOTICE OF ANNUAL GENERAL MEETING

6. To approve the payment of directors' fees of S\$162,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears. **Resolution 7**
7. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**
8. To transact any other business that may be transacted at an Annual General Meeting.

### SPECIAL BUSINESSES

9. To consider and, if thought fit, to pass the following resolutions with or without modifications:

#### ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES

**Resolution 9**

- (A) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
  - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
  - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (B) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (a) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below);

## NOTICE OF ANNUAL GENERAL MEETING

- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and
- (d) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

*[See Explanatory Note (ii)]*

10. **ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE JB FOODS EMPLOYEE SHARE OPTION SCHEME 2014** **Resolution 10**

That the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the rules of the JB Foods Employee Share Option Scheme 2014 (the "**Option Scheme**") pursuant to Section 161 of the Companies Act, Chapter 50, and to deliver existing Shares (including treasury shares, if any) and to allot and issue and/or transfer from time to time such number of fully paid-up Shares in the capital of the Company as may be required to be allotted and issued and/or transferred pursuant to the exercise of the Options under the Option Scheme, provided always that:

- (i) the aggregate number of Shares over which the Company may grant Options on any date (including the number of Shares which have been and to be issued upon the exercise of the Options in respect of all Options granted under the Option Scheme) shall not exceed fifteen per cent. (15%) of the total number of Shares of the Company (excluding treasury shares) on the day preceding that date; and
- (ii) the aggregate number of Shares to be offered to certain participants collectively and individually during the duration of the Option Scheme (subject to adjustments, if any, made under the Option Scheme) shall not exceed such limits or, as the case may be, sub-limits as may be prescribed in the Option Scheme.

**By Order of the Board**  
**Ong Beng Hong**  
**Joint Company Secretary**  
13 April 2021

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

- (1) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 April 2021 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2021" which has been uploaded together with this Notice on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.jbcocoa.com/announcement/>.

In particular, the Annual General Meeting will be held by way of electronic means and a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.00 a.m. on 25 April 2021, at the URL <https://conveneagm.com/sg/jbfoods>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Annual General Meeting by 27 April 2021. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the Annual General Meeting. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed.

A member may also submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 10.00 a.m. on 25 April 2021:

- (a) via the pre-registration website at the URL <https://conveneagm.com/sg/jbfoods>;
- (b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898; or
- (c) by email to [JBFAGM2021@jbcocoa.com](mailto:JBFAGM2021@jbcocoa.com).

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member's NRIC/Passport/UEN number;
- (c) the member's contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the Annual General Meeting as received from members either before or during the Annual General Meeting.

Please note that members will not be able to ask questions at the Annual General Meeting "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the Annual General Meeting.

- (2) **A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.** In appointing the Chairman of the Annual General Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL <https://www.jbcocoa.com/announcement/> and has also been made available on SGXNet.
- (3) The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the Annual General Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
- (a) if sent personally or by post, be deposited at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898; or
  - (b) if submitted by email, be received by the Company at [JBFAGM2021@jbcocoa.com](mailto:JBFAGM2021@jbcocoa.com),

in either case, not less than 72 hours before the time for holding the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

## NOTICE OF ANNUAL GENERAL MEETING

- (4) The instrument appointing the Chairman of the Annual General Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Annual General Meeting as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
- (5) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Annual General Meeting as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
- (6) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate in the Annual General Meeting ("**Relevant Intermediary Participants**") by (a) observing and/or listening to the Annual General Meeting proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the Annual General Meeting in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the Annual General Meeting as proxy to attend, speak and vote on their behalf at the Annual General Meeting, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the Annual General Meeting. CPF or SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 16 April 2021.
- (7) The Annual Report for the financial year ended 31 December 2020 may be accessed at the Company's website at the URL <https://www.jbcocoa.com/annual-report/> under "JB Foods Limited Annual Report 2020". The Annual Report has also been made available on SGXNet.

### Explanatory Notes:

- (i) Ordinary Resolutions 5 and 6 in items 4 and 5 above – On 6 August 2018, the Singapore Exchange Securities Trading Limited amended the Listing Manual following the publication of the Code of Corporate Governance 2018 by the Monetary Authority of Singapore. As part of the amendments to the Code of Corporate Governance 2018, certain guidelines from the Code of Corporate Governance 2012 were shifted into the Listing Manual for mandatory compliance. On 28 November 2018, the Singapore Exchange Securities Trading Limited issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the Listing Manual. Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independence designation of a Director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Chua Cheow Khoon Michael's continued appointment as an Independent Director prior to 1 January 2022, as he would have served for more than 9 years on the Board of the Company from 4 May 2021. Rule 210(5)(d)(iii) provides that continued appointment as Independent Director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding Directors, the Chief Executive Officer, and their associates.
- (ii) The Ordinary Resolution 9, if passed, will empower the Directors from the date of this Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, or when revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum as set out in the resolution.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), the publication of the names and comments of the members at the Annual General Meeting and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chua Cheow Khoon Michael and Mr Tey How Keong are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2021 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	<b>MR CHUA CHEOW KHOON MICHAEL</b>	<b>MR TEY HOW KEONG</b>
Date of Appointment	4 May 2012	3 January 2012
Dates of last re-appointment	26 April 2013 26 April 2016 30 April 2018	30 April 2014 25 April 2017 30 April 2019
Age	70	55
Country of principal residence	Singapore	Malaysia <sup>#</sup>
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("<b>NC</b>") and has reviewed and considered the qualification, work experience and suitability of Mr Chua Cheow Khoon Michael for re-appointment as Chairman of the Board, Lead Independent Director, Chairman each of the Nominating Committee and Audit Committee and as a member of the Remuneration Committee.</p> <p>The Board has reviewed and concluded that Mr Chua Cheow Khoon Michael possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.</p> <p>Mr Chua Cheow Khoon Michael is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Tey How Keong for re-appointment as Executive Director of the Company and as a member each of the Remuneration Committee, Nominating Committee and Risk Committee.</p> <p>The Board has reviewed and concluded that Mr Tey How Keong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive; responsible for the overall strategic, management and business development of the Group

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>MR CHUA CHEOW KHOON MICHAEL</b>	<b>MR TEY HOW KEONG</b>
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board, Lead Independent Director, Nominating Committee Chairman, Audit Committee Chairman, Remuneration Committee Member	Chief Executive Officer, Executive Director, Nominating Committee Member, Remuneration Committee Member, Risk Committee Member
Professional qualifications	Bachelor of Business from the Charles Sturt University (Mitchell College of Advanced Education), Australia (1977)  Fellow of CPA Australia	Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA (1988)
Working experience and occupation(s) during the past 10 years	1995 to Present – Executive Director of BMD Consulting Pte Ltd	Chief Executive Officer and Executive Director of the Company
Shareholding interest in the Company and its subsidiaries	Nil	140,913,767 shares as at 31 March 2021 (2,883,767 direct; 138,030,000 deemed)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Spouse of Mdm Goh Lee Beng, an Executive Director of the Company  Shareholder of JB Cocoa Group Sdn Bhd, a substantial shareholder of the Company  Son of Mr Tey Kan Sam @ Tey Hin Ken, a substantial shareholder of the Company  Son of Mdm Lim Ah Bet @ Chabo, a substantial shareholder of the Company
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes
Other Principal Commitments*  Including Directorships (for the last 5 years)  *“Principal Commitments” has the same meaning as defined in the Code.	Past (for the past 5 years):  Director of Cogent Holdings Limited (delisted with effect from 8 March 2018)  Present:  Executive Director of BMD Consulting Pte Ltd	Past (for the past 5 years):  N/A  Present:  Directorships in the Group's subsidiaries

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHUA CHEOW KHOON MICHAEL	MR TEY HOW KEONG
<b>Other Information</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>MR CHUA CHEOW KHOON MICHAEL</b>	<b>MR TEY HOW KEONG</b>
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHUA CHEOW KHOON MICHAEL	MR TEY HOW KEONG
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Prior Experience</b>		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Yes. Mr Chua Cheow Khoon Michael was previously a Director of Cogent Holdings Limited (delisted with effect from 8 March 2018) and Cedar Strategic Holdings Ltd.</p>	N/A

# Although Mr Tey How Keong principally resides in Malaysia, he works in Singapore for the Company and as such, is a tax resident of Singapore.

# JB FOODS LIMITED

(Company Registration No. 201200268D)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL <https://www.jbcocoa.com/announcement/>. A printed copy of this form of proxy will NOT be despatched to members.

### IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 April 2021 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2021" which has been uploaded together with the Notice of Annual General Meeting dated 13 April 2021 on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.jbcocoa.com/announcement/>.
2. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 16 April 2021.

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/UEN No.)  
of \_\_\_\_\_ (Address)

being a \*member/members of JB FOODS LIMITED (the "Company"), hereby appoint the Chairman of the Annual General Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held by way of electronic means on Wednesday, 28 April 2021 at 10:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against and/or abstain from voting on the Resolutions to be proposed at the Annual General Meeting as indicated hereunder.

Resolution No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*	No. of Votes Abstaining*
1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2020, the Directors' Statement and the Auditors' Report thereon.			
2	To declare a final tax-exempt (one-tier) cash dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2020.			
3	To re-elect Mr Chua Cheow Khoon Michael as a Director retiring under Article 98 of the Company's Constitution.			
4	To re-elect Mr Tey How Keong as a Director retiring under Article 98 of the Company's Constitution.			
5	Approval of Mr Chua Cheow Khoon Michael's continued appointment as an Independent Director in accordance with Rule 210(5) (d) (iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (" <b>Listing Manual</b> ") which will take effect on 1 January 2022.			
6	Approval of Mr Chua Cheow Khoon Michael's continued appointment as an Independent Director by shareholders (excluding directors, the chief executive officer, and their associates) in accordance with Rule 210(5) (d) (iii) of the Listing Manual which will take effect on 1 January 2022.			
7	To approve Directors' fees of S\$162,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears.			
8	To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration.			
9	To approve the proposed share issue mandate.			
10	To approve the proposed grant of authority to allot and issue shares under the JB Foods Employee Share Option Scheme 2014.			

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Total Number of Ordinary  
Shares Held

\_\_\_\_\_  
Signature(s) of Member(s)  
Or Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## NOTES

1. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company.
3. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the ordinary shares held by you.
4. The instrument appointing the Chairman of the Annual General Meeting as proxy must
  - (a) if sent personally or by post, be deposited at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898; or
  - (b) if submitted by email, be received by the Company at [JBFAGM2021@jbcocoa.com](mailto:JBFAGM2021@jbcocoa.com),

in either case, not less than 72 hours before the time set for the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

5. If sent personally or by post, the instrument appointing the Chairman of the Annual General Meeting as proxy of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the Chairman of the Annual General Meeting as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

Where an instrument appointing the Chairman of the Annual General Meeting as proxy is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
  - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
6. Where an instrument appointing the Chairman of the Annual General Meeting as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

## GENERAL

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Annual General Meeting as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.



**JB FOODS LIMITED**

(Company Register No : 201200268D)

80, Robinson Road, #17-02 Singapore 068898

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