

JBfoods



JB FOODS LIMITED
ENHANCING OUR FOCUS & VALUE
ANNUAL REPORT 2023

TABLE OF CONTENTS

| | |
|--------------------------------------|----|
| CORPORATE PROFILE..... | 02 |
| OUR BUSINESS..... | 03 |
| OUR PRODUCTS..... | 04 |
| CHAIRMAN'S STATEMENT..... | 05 |
| CEO'S STATEMENT..... | 07 |
| FINANCIAL HIGHLIGHTS..... | 09 |
| OPERATIONS AND FINANCIAL REVIEW..... | 10 |
| BOARD OF DIRECTORS..... | 12 |
| EXECUTIVE OFFICERS..... | 16 |
| SUSTAINABILITY REPORT..... | 17 |
| CORPORATE INFORMATION..... | 59 |
| FINANCIAL CONTENTS..... | 60 |

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 world, 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 mass, cocoa butter and cocoa powder.

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 mass, cocoa butter and cocoa powder.

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

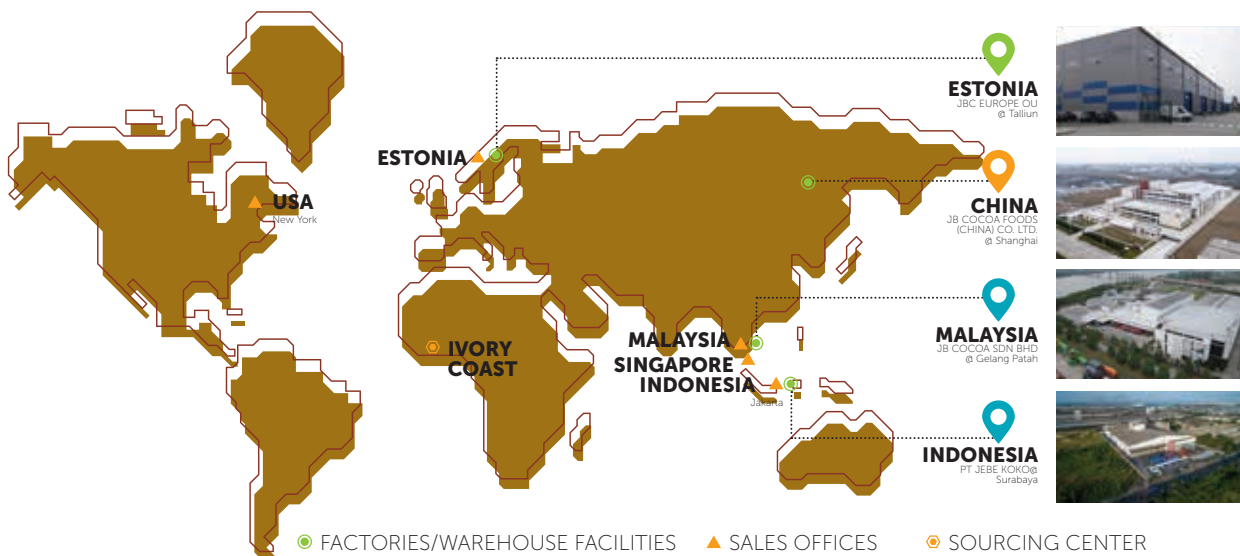
- Halal Certificate
- Kosher Certificate
- HACCP Certificate
- Rainforest Alliance
- FSSC 22000
- Fairtrade USA
- Fairtrade International
- Project Non-GMO



120,000 MT
COCOA BEANS
EQUIVALENT
PER YEAR



60,000 MT
COCOA BEANS
EQUIVALENT
PER YEAR



OUR PRODUCTS



COCOA BUTTER

We produce natural and deodorised cocoa butter, which is used in the production of chocolates.



COCOA MASS

We offer various cocoa mass, based on cocoa bean origins to meet customer requirements.



COCOA POWDER

We produce a wide range of cocoa powder of varying PH value, application and fat content, used to make cocoa beverages, as well as flavourings and coatings of food and beverage, and confectionary products.



CHAIRMAN'S STATEMENT

“We prioritise transparency, integrity, and accountability in all our interactions and decisions, ensuring that the needs and concerns of shareholders, customers, employees, and communities are given due consideration.”

• Mr. Chin Koon Yew •
Chairman



IN A NUTSHELL - 2023

Throughout 2023, we witnessed a notable increase in demand for our products, particularly in the cocoa ingredient sector. This robust demand translated into a strong revenue figure of US\$595.8 million, underscoring the strength of our market positioning and the quality of our offerings.

Looking ahead, while we acknowledge the challenges we faced in 2023, we remain reliable in our commitment to delivering long-term value to our shareholders. We are actively pursuing strategies to optimise our operations, enhance efficiency, and capitalise on emerging opportunities in the market.

BUSINESS SUSTAINABILITY

For several years now, we have been deeply committed to sustainability efforts, actively engaging with local communities in countries such as Ivory Coast, Ecuador, Nigeria, and Indonesia. Through collaborative initiatives, we have ventured to create positive impact and promote economic development within these communities.

As a member of the World Cocoa Foundation (WCF), and as a signatory of the Cocoa and Forest Initiative (CFI), JB Cocoa has remained steadfast in aligning with the vision of WCF. Our commitment to these initiatives underscores our dedication to creating more sustainable supply chains and mitigating deforestation and forest degradation in our cocoa sourcing regions. Moreover, we actively support cooperatives and cocoa-producing communities in their pursuit of economic empowerment and growth.

Year by year, our sustainability expansion endeavours have been growing consistently. Our collaboration with farmers has seen significant growth as well, expanding from 20,000 farmers in 2022 to 24,800 farmers this year, spanning across Ivory Coast, Nigeria, Ecuador, and Indonesia, offering sustainability programs to our major partners. Through collaboration, we harness collective wisdom and expertise to chart a course towards a more sustainable and responsible future.

As we reflect on these achievements, I am immensely proud of the dedication and commitment demonstrated by our team and our partners. Together, we are making tangible strides towards a more sustainable and resilient cocoa industry, while simultaneously uplifting the livelihoods of the communities we serve.

OUTLOOK & GROWTH STRATEGIES

At JB Cocoa, safeguarding the interests of our stakeholders is a fundamental aspect of our corporate ethos. We prioritise transparency, integrity, and accountability in all our interactions and decisions, ensuring that the needs and concerns of shareholders, customers, employees, and communities are given due consideration. Through our commitment to sustainability, ethical business practices, and strong corporate governance, we aim to create enduring value and foster trust among our stakeholders. By actively engaging with and listening to their feedback, we strive to build lasting relationships based on mutual respect and shared objectives. Ultimately, our goal is to uphold the well-being and prosperity of all our stakeholders while driving sustainable growth and making a positive impact in the communities we serve.

CHAIRMAN'S STATEMENT

DIVIDEND

The Group has paid out interim dividend of 0.20 Singapore cents per share in September 2023, which represents a pay-out ratio of 25% for FY2023. This is consistent with the pay-out ratio of above 20% for the past five years.

ACKNOWLEDGEMENT

On behalf of the Board, I extend our sincerest appreciation to the Group's leadership for their tireless efforts, dedication, and passion in driving our mission forward. Your hard work and commitment to excellence have been instrumental in achieving our strategic objectives and delivering exceptional results. We are proud of the culture of innovation and collaboration that thrives within our organization, and we recognize the invaluable contributions of each and every staff member. Together, we have navigated challenges and embraced opportunities, strengthening our position as a leader in our industry. Thank you for your unwavering commitment and invaluable contributions to our collective success.

CHIN KOON YEW

Independent Director and Chairman

CEO'S STATEMENT



“As I reflect on the year, I am struck by three defining words: Resilience, Collaboration, and Innovation, which encapsulate our collective response to the challenges we have faced and the opportunities we have seized.”

- Tey How Keong -
Chief Executive Director

FY2023 IN REVIEW

During the year in review, the Group achieved higher sales but net profit declined amidst unprecedented sharp volatility in cocoa bean prices.

The Group's revenue increased by USD86.2 million or 16.9% from USD509.6 million to USD595.8 million for the year ending 31 December 2023 ("FYE 2023"), mainly arising from higher shipment volume and increase in the average selling price due to higher cocoa bean prices, which has increased from about USD2,400/MT in January 2023 to about USD4,800/MT as of end of December 2023.

There are fair value mark-to-market losses of USD12.3 million relating to hedging activities, which was recognised in the cost of sales as of year end due to unprecedented sharp price volatility of cocoa bean.

Finance costs increased by USD8.8 million or 131.9% from USD6.7 million to USD15.5 million, mainly due to increase in the trade bills utilisation resulting from higher cocoa bean price, higher financing interest rate, and additional financing costs incurred on the Sukuk and term loan to the construction-in-progress in Ivory Coast factory.

As a result of the above, the Group's profit after tax decreased by USD14.8 million from USD16.7 million to USD1.9 million.

MARKET CHALLENGES

Throughout the onset of the year, beginning in January 2023, West Africa experienced a decrease in gross exports of cocoa beans compared to the same period in the previous year. This decline, coupled with adverse weather conditions and disease, signalled supply deficits, and led to elevated cocoa prices. These challenges have posed significant obstacles for cocoa business players globally.

ENHANCING FOCUS & VALUE

As I reflect on the year, I am struck by three defining words: Resilience, Collaboration, and Innovation, which encapsulate our collective response to the challenges we have faced and the opportunities we have seized. Despite the challenges posed by market turbulence, our *resilience* remains firm. Driven by our optimism, we confidently navigate market volatility that encouraged by rising cocoa prices and increased freight rates. These positive indicators reinforce our determination to persevere and thrive in the ever-changing landscape of the industry.

We remain steadfast in our commitment to fostering *collaboration* efforts aimed at aligning with consumer trends towards sustainability, governance, and accountability. These principles serve as our guiding light, driving us to innovate and adapt to meet the evolving needs and expectations of our customers and stakeholders.

CEO'S STATEMENT

Innovation remains pivotal in our quest for progress, as we leverage technological advancements and creative solutions to minimise energy usage in our production operations. Building upon our recent investments in solar panels, machinery efficiency enhancements, and renewable energy adoption, we are primed to explore new avenues for sustainable practices throughout our operations. Embracing a culture of continuous innovation, we are committed to staying at the forefront of industry trends and pioneering solutions that not only meet but exceed the evolving needs and expectations of our customers and stakeholders.

Cocoa bean prices have reached historical highs in recent months, doubling from one year ago, we will cautiously manage our Group's cashflow and will adopt a conservative and prudent stance in our operations or any capital expenditure.

ACKNOWLEDGMENT

I extend my heartfelt gratitude to our stakeholders, whose unwavering support and guidance have been vital in shaping our strategic direction and driving sustainable growth. To our customers, who place their trust in us each day, thank you for your loyalty and commitment. Your feedback and insights inspire us to continually innovate and improve, ensuring that we exceed your expectations and deliver exceptional value.

To our esteemed business partners, I express my sincere appreciation for your collaboration and dedication to our shared success. Your expertise, resources, and commitment to excellence have been instrumental in achieving our goals and advancing our mission.

I wish to express our appreciation to our Board members for their active participation in board deliberations and for their guidance, counsel and advice. Last but not least, to my employees, your innovative ideas, tireless work ethic, and exceptional teamwork, have demonstrated the qualities that make JB Cocoa a beacon of excellence. I am truly honoured to lead such an exceptional team.

TEY HOW KEONG

Chief Executive Officer



FINANCIAL HIGHLIGHTS

| FINANCIAL RESULTS (USD' million) | FY2023 | FY2022 | FY2021 | FY2020 | FY2019 |
|----------------------------------|--------------|--------|--------|--------|--------|
| REVENUE | 595.8 | 509.6 | 448.8 | 417.8 | 352.5 |
| EBITA | 24.6 | 33.7 | 29.5 | 34.3 | 43.0 |
| PBT | 1.5 | 19.3 | 18.4 | 22.5 | 31.7 |
| PROFIT ATTRIBUTABLE TO EQUITY | 1.9 | 16.7 | 13.9 | 19.4 | 26.2 |

| FINANCIAL POSITION (USD' million) | FY2023 | FY2022 | FY2021 | FY2020 | FY2019 |
|-----------------------------------|----------------|---------|---------|---------|---------|
| NON-CURRENT ASSETS | 137.6 | 123.4 | 109.8 | 114.2 | 95.9 |
| CURRENT ASSETS | 607.1 | 347.8 | 338.6 | 268.9 | 268.7 |
| CURRENT LIABILITIES | (514.9) | (258.3) | (259.1) | (204.3) | (213.3) |
| NON-CURRENT LIABILITIES | (52.8) | (33.5) | (22.4) | (22.1) | (9.9) |
| SHAREHOLDERS' EQUITY | 177.1 | 179.4 | 166.9 | 156.6 | 141.4 |
| CASH AND BANK BALANCES | 26.3 | 21.6 | 27.9 | 20.5 | 16.6 |

| RATIOS | FY2023 | FY2022 | FY2021 | FY2020 | FY2019 |
|-----------------------------------|--------------|--------|--------|--------|--------|
| NET ASSET VALUE PER SHARE (CENTS) | 58.41 | 59.17 | 55.04 | 51.64 | 46.64 |
| NET GEARING (TIMES) | 1.38 | 0.87 | 1.08 | 0.99 | 1.11 |

OPERATIONS AND FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Group's revenue increased by USD86.2 million or 16.9% from USD509.6 million to USD595.8 million for the year ended 31 December 2023 ("FYE 2023") mainly due to higher shipment volume and increase in the average selling price due to higher cocoa bean prices, which has increased from about USD2,400/MT in January 2023 to about USD4,800/MT as at end of December 2023.

The cost of sales increased by USD94.0 million or 20.4% from USD461.5 million to USD555.5 million in FY2023, mainly due to increases in cocoa bean price. There is fair value mark-to-market losses of USD12.3 million relating to hedging activities, which was recognised as at year end due to unprecedented sharp volatility in cocoa bean prices. Accordingly, the Group's gross profit has decreased by USD7.8 million or 16.3% from USD48.1 million to USD40.3 million.

Other losses of USD3.4 million was mainly due to foreign exchange losses arising from the Group's forward foreign exchange contracts denominated in Great British Pound ("GBP") and Euro Dollar ("EURO") due to strengthening of the respective currency against United States Dollars

("USD") on the purchase commitment and borrowings. This foreign exchange difference is the result and part of the hedging mechanism to manage our foreign exchange exposures. The corresponding exchange gain is embedded in the cost of sales and forward sales and purchase contracts.

The selling and distribution expenses decreased by USD1.6 million or 18.4% from USD8.7 million to USD7.1 million due to less storage and sales commission expenses. The finance costs increased by USD8.8 million or 131.9% from USD6.7 million to USD15.5 million, mainly due to increase in the trade bills utilisation resulting from higher cocoa bean price, higher financing interest rate, and additional financing costs incurred on the Sukuk and term loan due to the construction-in-progress in Ivory Coast factory.

As a result of the above, the Group's profit after tax decreased by USD14.8 million from USD16.7 million to USD1.9 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's non-current assets increased by USD14.2 million as at 31 December 2023, mainly due to capital expenditure incurred in plant and equipment amounting USD20.8 million, particularly for the construction-in-progress expenditure and machinery costs in our Ivory Coast factory, which was partially offset by the depreciation and amortisation charge of USD7.9 million on property, plant and equipment, investment properties, intangible assets and right-of-use assets.

The Group's current assets increased by USD259.3 million or 74.6% from USD347.8 million as at 31 December 2022 to USD607.1 million as at 31 December 2023, mainly due to the increase in inventories, trade and other receivables and derivative financial instruments.

The Group's current liabilities increased by USD256.6 million or 99.4%, from USD258.3 million as at 31 December 2022 to USD514.9 million as at 31 December 2023, mainly due to the increase in derivative financial instruments liabilities and short-term bank borrowings.



OPERATIONS AND FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF CASH FLOWS

| USD'000 | FY2023 | FY2022 |
|--|-----------------|----------|
| Net cash (used in)/from operating activities | (45,126) | 49,236 |
| Net cash used in investing activities | (20,610) | (13,814) |
| Net cash from/(used in) financing activities | 62,546 | (41,812) |
| Net change in cash and cash equivalents | (3,190) | (6,390) |
| Cash and cash equivalents at end of the year | 16,640 | 20,391 |

The Group's cash and cash equivalent decreased by USD3.8 million mainly due to the following:

The net cash used in operating activities of USD45.1 million was mainly attributable to:

- Negative outflows in changes in working capital of USD41.1 million arising from the outflows on the increased in the inventory, trade and other receivables, and partially offset with the inflows on the increased in trade and other payables; and
- Income tax paid of USD4.0 million

The net cash used in investing activities of USD20.6 million was mainly due to the capital expenditure incurred mainly in the construction-in-progress and machinery in the Ivory Coast factory.

The net cash generated from financing activities of USD62.5 million was mainly due to:

- Net drawdown of bank borrowings of USD83.5 million;
- Net Sukuk proceeds of USD10.9 million; and partially offset with
- Payment of dividend of USD4.1 million and interest paid of USD16.4 million; and
- Increase in the restricted cash of USD9.1 million



BOARD OF DIRECTORS



CHIN KOON YEW
INDEPENDENT,
NON-EXECUTIVE CHAIRMAN
AND CHAIRMAN OF AC
AND RISK COMMITTEE

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.



DR GOI SENG HUI
NON-INDEPENDENT,
NON-EXECUTIVE DIRECTOR
AND VICE CHAIRMAN

Dr Sam Goi is the Executive Chairman of Tee Yih Jia Food Manufacturing Pte Ltd and three Mainboard-listed companies – GSH Corporation Ltd, PSC Corporation Ltd and Tat Seng Packaging Group Ltd. He also serves as Vice Chairman of two other Mainboard-listed companies, namely, JB Foods Ltd and Envictus International Ltd, as well as Non-Executive and Non-Independent Director of Catalyst-listed Tung Lok Group Restaurants (2000) Ltd.

Dr Goi, who was conferred an Honorary Doctorate from Singapore University of Technology & Design (SUTD) in 2021, is a self-made entrepreneur and has diverse business interests in Singapore, China, Malaysia, United States, Europe and other parts of the world.

He is a strong supporter of trade and serves as the Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry and Honorary Life President of the Enterprise 50 Club. Dr Goi is the Vice Chairman of International Enterprise Singapore's "Network China" Steering Committee, Council Member of the Singapore Jiangsu Cooperation Council, Singapore Tianjin Economic and Trade Council and Singapore-Shandong Business Council. He is also Senior Consultant to Su Tong Science and Technology Park in China.

Dr Goi serves in various community and grassroots organisations. He is the Honorary Chairman of Ulu Pandan Citizens' Consultative Committee; Dunman High School Advisory Committee; Singapore Futsing Association and Nanyang Gwee Clan Association. In addition, he is the Honorary President of Kong Hwa School Alumni, Honorary Chairman of Tan Kah Kee Foundation, Honourable Chairman of Sian Chay Medical Institution, Council Member of NTUC Club Management Council, and Standing Committee Member of NTUC Club Management.

Dr Goi was awarded the Public Service Star (Bar), or BBM (L), by the Singapore Government, and the Panglima Gemilang Darjah Kinabalu (Datuk) by the Sabah Government in 2014, as well as the Long Service Award by Singapore's People's Action Party in 2015. In 2022, he received the PAP Commendation Medal for his contributions to the People's Action Party and country. He also received a Long Service Award for 25 years of service to the Ministry of Social and Family Development in 2023.

BOARD OF DIRECTORS

He was lauded for his contributions and success as an overseas Chinese by People's Tribune Magazine in Beijing, China in 2017 and was conferred the "Businessman of the Year Award" by Singapore's Business Times in 2014.

Over the years, he has received numerous awards for his leadership. These include:

- "Leadership Award in Philanthropy" from Singapore Tatler (2005)
- "Forbes Asia Top Philanthropists Award" (2013)
- "SG50 Outstanding Chinese Business Pioneers Award" from Singapore Chinese Chamber of Commerce & Industry (2015)
- "Lifetime Achievement Award" from Enterprise Asia (2015)
- "Lifetime Achievement Award" from Asian Strategy & Leadership Institute (2016)
- "Distinguished Business Leader Award" from World Chinese Economic Forum (2018)
- "Pearl of the Orient Award" from World Chinese Economic Forum (2019),
- "Benefactors Fellow Award" from SUTD (2019) for his role as Founding Chairman of its Advancement Sub-committee which raised more than S\$1.2 billion for the University.

One of SUTD's pioneer Board of Trustees, Dr Goi was appointed Patron for Advancement to help steer the University's continued fundraising efforts as well as garner partners and donors who have a heart for nurturing the next generation of leaders and innovators.

Dr 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.



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 30 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.

BOARD OF DIRECTORS



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 30 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.



LIM TONG LEE
INDEPENDENT,
NON-EXECUTIVE DIRECTOR
AND CHAIRMAN OF NC
AND RC

Mr Lim Tong Lee began his career in 1990 as an auditor with Ernst & Young in Malaysia, where he was involved in audit engagement of clients in various industries. He was promoted to Senior Auditor in 1994. He left Ernst & Young in 1995 and joined AmInvestment Bank Bhd as an Executive in its Corporate Finance division, where he was primarily involved in corporate advisory works.

He left in 1997 to join a property development company as its General Manager of Corporate Finance, where he was responsible for planning its IPO. He left the company and rejoined AmInvestment Bank Bhd in 1999 as Manager in its Corporate Finance division where he was responsible for corporate advisory works. In 2007, he was posted by AmInvestment Bank Bhd to AmFraser Securities Pte Ltd in Singapore as the Director/Head of Corporate Finance, where he was involved in leading the corporate finance department. In 2013, He left AmFraser Securities Pte Ltd and joined AmWater Investments Management Pte. Ltd. Singapore, as the Chief Investment Officer where he was responsible for private equity investments in water projects in North Asia.

He left Amwater Investments Management Pte Ltd in 2014 and joined Venstar Capital Management Pte Ltd in Singapore as a Senior Vice President where he was involved in private equity investments around North and South East Asia. He left the company and joined KGI Securities Pte Ltd in 2015 as its Head of Corporate Finance. In 2017, he left KGI Securities Pte Ltd. Since 2017, he provides corporate strategy and advisory works through Altitude Capital (Asia) Sdn Bhd which is founded by him.

BOARD OF DIRECTORS



LOO WEN LIEH
ALTERNATE DIRECTOR TO
DR GOI SENG HUI

Mr Loo Wen Lieh was appointed on 23 May 2013 as an Alternate Director to Dr Goi Seng Hui. Wen Lieh 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 significant stakes in several other Singapore public listed companies. Wen Lieh was appointed as the Director of the Tee Yih Jia Food Manufacturing Pte Ltd on 1 January 2023.

From December 2002 to May 2007, Wen Lieh was the Chief Financial Officer and Corporate Secretary of AGVA Corporation Limited and Hengxin Technology Limited where he was responsible for their Initial Public Offerings, financial, tax and other related matters. He was a manager with KPMG where he started his career from July 1996 to November 2002, during which he left KPMG for one year from March 2000 to February 2001 to be the co-founder for a technology start-up.

Wen Lieh 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

ONG KIM TECK

GROUP PROJECT & PROCUREMENT 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 20 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.

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.

SUSTAINABILITY REPORT

BOARD STATEMENT

JB Foods Limited (“**JB Foods**” or the “**Company**”), together with its subsidiaries (the “**Group**” or “**We**”), is pleased to present its sustainability report (“**Report**”) for the financial year (“**FY**”) ended 31 December 2023 (“**FY2023**” or “**Reporting Period**”).

The Board of Directors (“**Board**”) oversees the management and monitoring of our key sustainability factors under the sustainability pillars of economic, environmental, social and governance (collectively referred to as “**Sustainability Factors**”) and considers them in determining our strategic direction and policies. Having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, the Board determines the key Sustainability Factors, reviews the key Sustainability Factors annually and ensures that they stay relevant and current for the business. On top of that, the Board oversees the management in monitoring of the key Sustainability Factors.

Our sustainability framework is primarily driven by our key stakeholders’ concerns and it communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“**SDGs**”). We work closely with our stakeholders in our value chain and their inputs drive our sustainability focus on the SDGs and key Sustainability Factors as follows:



SUSTAINABILITY REPORT

1. SUSTAINABILITY PERFORMANCE AT A GLANCE

A summary of our key sustainability performance in FY2023 is as follows:

| Sustainability Pillar | Performance Indicator | Sustainability Performance | |
|-----------------------|---|----------------------------|--------|
| | | FY2023 | FY2022 |
| Economic | Economic value generated (USD million) ¹ | 598.27 | 510.75 |
| | Operating costs (USD million) ² | 539.84 | 476.82 |
| | Employee benefits expenses (USD million) | 14.00 | 13.18 |
| | Payments to providers of capital (USD million) ³ | 19.56 | 10.01 |
| | Income taxes to governments (USD million) | 3.99 | 6.17 |
| | Percentage of customers who gave a positive feedback rating for overall satisfaction (%) | >90 | >90 |
| Environmental | Water consumption (m ³) per metric tonne ("MT") of cocoa bean processed | 2.03 | 2.12 |
| | Percentage of wastewater treated to remove pollutants before releasing into waterways (%) | 100 | 100 |
| | Greenhouse gas ("GHG") emissions (tonnes CO ₂ e) | 60,822 | 56,661 |
| | GHG emissions intensity (tonnes CO ₂ e/MT of bean processed) | 0.35 | 0.37 |
| | Non-hazardous waste generated (MT) per MT of cocoa bean processed | 0.106 | 0.107 |
| Social | Number of workplace fatalities or high consequence work-related injuries ⁴ | – | – |
| | Number of recordable work-related injuries | 1 | 5 |
| | Number of recordable work-related ill health cases ⁵ | 7 | – |
| | Average training hours per employee | 14 | 31 |
| | Number of product returns due to food safety issues raised by customers | 3 | 1 |
| | Number of reported incidents of unlawful discrimination against employees ⁶ | – | – |
| Governance | Number of incidents of serious offence ("Corruption Incident") ⁷ | – | – |
| | Number of cyber security breaches resulting in losses of business data | – | – |

¹ Economic value generated includes revenue, other income and interest income, net of government grants and any unrealised gains.

² Operating costs include cost of sales, selling and distribution costs, administrative expenses, other expenses, net of depreciation, (write back of)/ impairment loss and write-off of property, plant and equipment, right-of-use asset and employee-related costs.

³ Payments to providers of capital include interest payments made to providers of financing and dividends paid to shareholders (if any).

⁴ High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within six months.

⁵ Work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work.

⁶ An unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to a company.

⁷ A Corruption Incident is defined as a serious offence that involves fraud or dishonesty and is being or has been committed against a company by its officers or employees. Such a serious offence is punishable by imprisonment for a term of not less than two years and the offence amounts to not less than S\$100,000.

SUSTAINABILITY REPORT

2. OUR BUSINESS

We are principally involved in the production and sale of cocoa ingredient products, comprising cocoa butter, cocoa powder, cocoa mass and cocoa cake, under the brand name of JB Cocoa. Our value chain is detailed as follows:



3. OUR PHILOSOPHY, VISION AND CORE VALUES

Our Philosophy

A discerning, progressive and committed cocoa ingredients producer that inspires and enables creativity, honouring and caring for the communities and environment

Our Vision

To be a World Class Premium Cocoa Manufacturer

Our Core Values

At JB Foods, the bedrock of our current business methodologies lies in 'TRUST' which forms the acronyms of our five Core Values 'Team-Minded', 'Respect', 'United', 'Sustainability' and 'Trustworthy'. 'TRUST' is the foundation of how we do our business today and their impact is evident across the various sections of this Report.



Team-Minded

embrace collective thinking, encourage engagement and collaboration to spur one another to greater growth.



Respect

that is open, consistent and two-way.



United

one mind and heart, working to the best of our organizational interest as one team, dedicated to collectively delivering value and impact to all stakeholders.



Sustainability

that is founded on the pillars of economic, environmental and social.



Trustworthy

committed to a culture of trust and collective ownership, firmly believing that.

SUSTAINABILITY REPORT

4. REPORTING PERIOD AND SCOPE

This Report is applicable for FY2023 and covers the following key operating entities⁸ within the Group which contributed to more than 90% (FY2022: more than 90%) of the Group's revenue for the Reporting Period:

| S/N | Entity | S/N | Entity |
|-----|----------------------------------|-----|---------------------------------|
| 1 | JB Foods | 7 | JB Cocoa Foods (China) Co., Ltd |
| 2 | JB Foods Global Pte Ltd ("JBFG") | 8 | JB Cocoa AG |
| 3 | JB Cocoa Sdn Bhd ("JBCM") | 9 | JB Cocoa CI |
| 4 | PT Jebe Koko ("JBKK") | 10 | JB Sourcing CI |
| 5 | PT Jebe Trading Indonesia | 11 | JBC Europe OU |
| 6 | JB Cocoa, Inc. | | |

5. REPORTING FRAMEWORK

This Report is prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules and with reference to the Global Reporting Initiative ("GRI") Standards for the Reporting Period. We chose to report using the GRI framework as it is an internationally recognised reporting framework. Refer to Appendix 1 of this Report for the GRI content index.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we 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 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures are produced based on the 11 recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

We relied on internal data monitoring and verification to ensure accuracy for this Report. An internal review was performed as part of our internal audit plan and we will work towards external assurance for our future sustainability reports.

6. 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: responsiblebusiness@jbcocoa.com.

7. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we identified and prioritised our engagements with key stakeholder groups. Key stakeholders are determined for each identified key Sustainability Factor and they include individuals or groups which could affect or could be affected by our activities.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders which include associations, the Board, communities, customers, employees, financial institutions, non-governmental organisations ("NGOs"), regulators, shareholders and suppliers.

⁸ Each of the entities not covered has immaterial contribution to the Group's revenue.

SUSTAINABILITY REPORT

We actively engage our key stakeholders through the following channels:

| S/N | Stakeholder | Engagement Channel | Engagement Frequency | Key Concern |
|-----|------------------------|--|----------------------|---|
| 1 | Associations | <ul style="list-style-type: none"> Community initiatives Company's website (https://www.jbcocoa.com) Events such as exhibitions, seminars and conferences | Ongoing | <ul style="list-style-type: none"> Traceability and sustainable supply chain practices Climate change Biodiversity Human rights |
| 2 | Board | Board meetings | Quarterly | <ul style="list-style-type: none"> Sustainable business performance Corporate governance |
| 3 | Communities | <ul style="list-style-type: none"> Community initiatives Company's website | Ongoing | Sustainable agricultural and business practices |
| 4 | Customers | <ul style="list-style-type: none"> Meetings Events such as exhibitions Email communications Phone calls Customer surveys | Ad hoc | <ul style="list-style-type: none"> Product quality and reliability Customer service standards |
| 5 | Employees | <ul style="list-style-type: none"> Email communications Company activities | Ad hoc | <ul style="list-style-type: none"> Equal employment opportunity Workplace safety and health Job security Remuneration |
| | | Internal newsletters | Bi-monthly | |
| | | Staff evaluation sessions | Half-yearly | |
| | | Company Surveys | Annually | |
| 6 | Financial institutions | <ul style="list-style-type: none"> Meetings Email communications Phone calls | Ad hoc | <ul style="list-style-type: none"> Sustainable business performance |
| 7 | NGOs | <ul style="list-style-type: none"> Community initiatives Company's website | Ongoing | <ul style="list-style-type: none"> Traceability and sustainable supply chain practices Climate change Biodiversity Human rights |
| 8 | Regulators | Consultations and briefings organised by key regulatory bodies such as Singapore Exchange and relevant government agencies/bodies | Ad hoc | <ul style="list-style-type: none"> Health, safety and environmental compliance Corporate governance |
| 9 | Shareholders | <ul style="list-style-type: none"> Annual general meetings Annual reports | Annually | <ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payment Corporate governance |
| | | <ul style="list-style-type: none"> Result announcements on SGXNet | Half-yearly | |
| | | <ul style="list-style-type: none"> Material announcements on SGXNet Company's website Business publications Investor relations events | Ongoing | |
| 10 | Suppliers | <ul style="list-style-type: none"> Meetings Supplier evaluations Feedback sessions Email communications | Ad hoc | <ul style="list-style-type: none"> Traceability, and sustainable supply chain practices Order volatility |

Through the above channels, we seek to understand the views of our key stakeholders in an effort for effective communication and prompt response to their concerns.

SUSTAINABILITY REPORT

8. POLICY, PRACTICE AND PERFORMANCE REPORTING

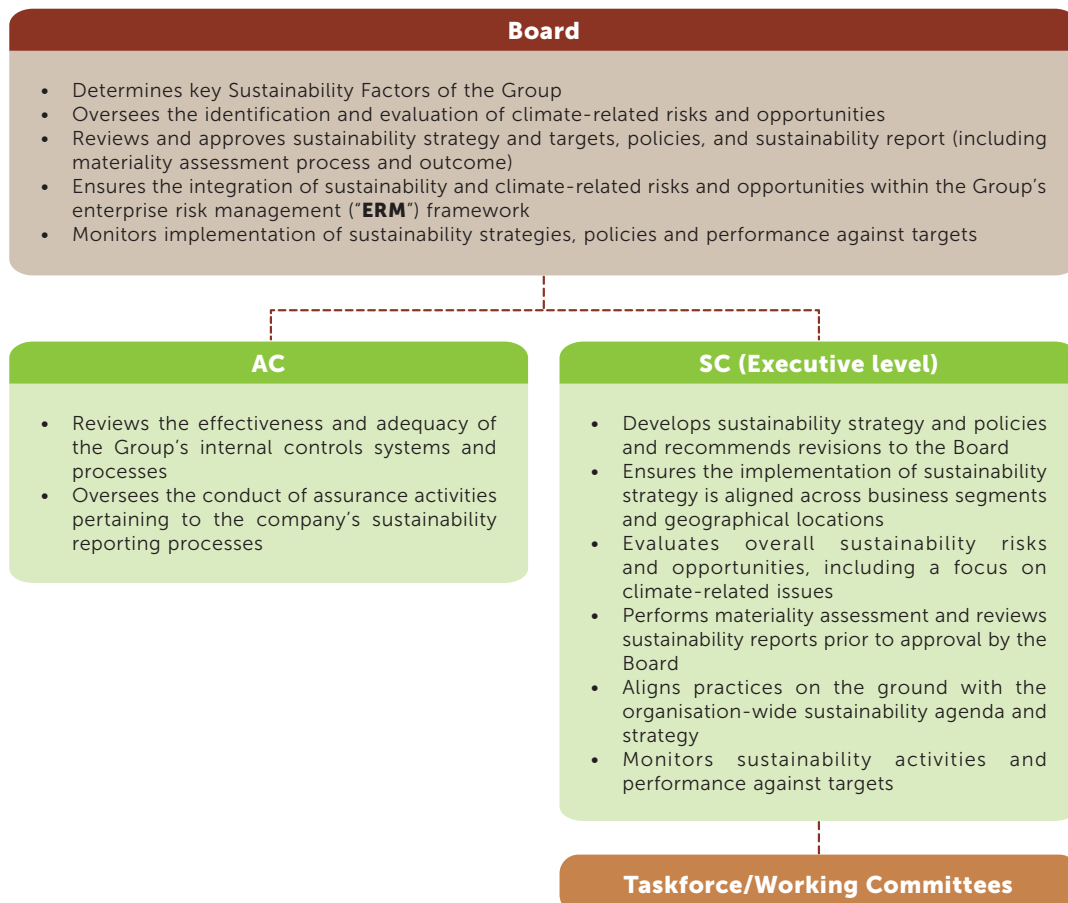
A sustainability reporting policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring key Sustainability Factors is in place and serves as a point of reference in the conduct of our sustainability reporting. Under this policy, we monitor, review and update our key Sustainability Factors from time to time, taking into account the feedback obtained from the engagement with our stakeholders as well as internal and external organisational developments. A sustainability report is published annually in accordance with our SR Policy.

8.1 Sustainability Governance Structure

The Board advises and provides oversight over the development of our sustainability strategy and performance targets. As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of SGX-ST Listing Rule 720 (7), we confirm that 100% of our directors attended one of the approved sustainability training courses.

Our sustainability strategy is spearheaded by an executive level sustainability committee ("**SC**"), led by our Chief Executive Officer ("**CEO**") and comprises senior management executives and managerial representatives from various functions. The SC is responsible for on-going communication with the Board and is tasked with developing the sustainability strategy and progress, performing materiality assessment (including climate-related risks and opportunities), considering stakeholders' priorities, setting goals and targets on how the Group can better implement sustainability initiatives and contribute to our decarbonisation journey. Our sustainability working committees from various functions are responsible for the day-to-day implementation of sustainability-related tasks and initiatives.

Besides the SC, the Board is also supported by the Audit Committee ("**AC**") on specific sustainability matters under their respective terms of reference. Our sustainability governance structure and the responsibilities of component parties are detailed as follows:



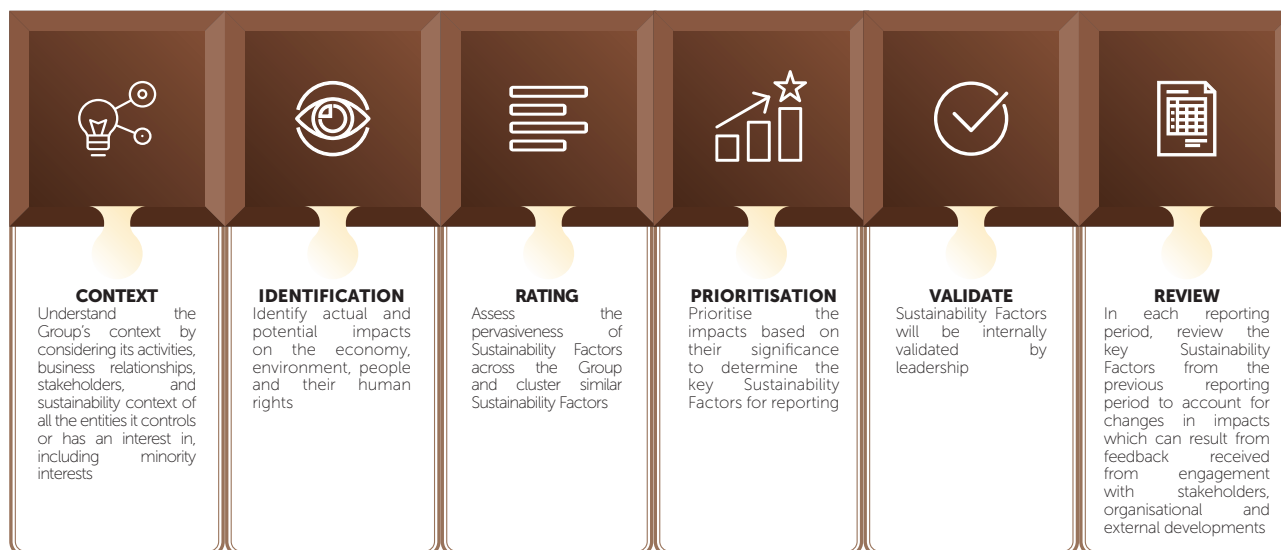
As we are still refining our sustainability performance indicator measuring, tracking and target setting mechanism, we will link key executives' remuneration to sustainability performance when the mechanism is more mature and stable.

SUSTAINABILITY REPORT

8.2 Sustainability Reporting Processes

Under our SR policy, our sustainability reporting process begins with an understanding of the Group’s context. This is followed by the ongoing identification and assessment of the Group’s impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of key Sustainability Factors disclosed in this Report.

Processes involved are as shown in the chart below:



8.3 Materiality Assessment

We constantly refine our management approach to adapt to the changing business landscape. The Group performs an annual materiality assessment to ensure that issues disclosed in our sustainability reports remain current, material, and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders.

Impacts, positive and negative, actual and potential, are assessed based on: (i) the likelihood of the occurrence of actual and potential negative and positive impacts; and (ii) their significance on the economy, environment, people and their human rights and contribution to sustainable development.

8.4 Performance Tracking and Reporting

We track the progress of our key Sustainability Factors by identifying the relevant performance indicator, measuring and monitoring them systematically. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused on our path to sustainability. We are committed to consistently enhance our performance-monitoring processes and improve our data capturing systems. We believe that there is always room for improvement in sustainability performance and we continuously seek improvement in our sustainability journey.

SUSTAINABILITY REPORT

9. KEY SUSTAINABILITY FACTORS

In FY2023, a stakeholder engagement session⁹ and materiality assessment were conducted by the SC to understand the concerns and expectations of our stakeholders. Through the engagement session and materiality assessment, factors with significant impacts on the economy, environment, people and their human rights were updated in this Report.

In this Report, we also reported our progress in managing these factors and set related targets to improve our sustainability performance. Our key Sustainability Factors are presented in the table below:

| S/N | Key Sustainability Factor | SDG | Key Stakeholder |
|----------------------|--|--|---|
| Economic | | | |
| 1 | Business Development and Expansion | Decent work and economic growth | <ul style="list-style-type: none"> • Board • Shareholders • Financial institutions |
| 2 | Customer Satisfaction | Decent work and economic growth | Customers |
| 3 | Sustainable Manufacturing | Responsible consumption and production | <ul style="list-style-type: none"> • Communities • Shareholders |
| Environmental | | | |
| 4 | Water Stewardship | Clean water and sanitation | <ul style="list-style-type: none"> • Communities • Shareholders |
| 5 | Energy Consumption, Climate Change and GHG Emissions | Affordable and clean energy | <ul style="list-style-type: none"> • Associations • Communities • NGOs • Regulators |
| 6 | Traceability and Sustainable Supply Chain Practices | Responsible consumption and production | <ul style="list-style-type: none"> • Associations • Communities • Customers • NGOs • Suppliers |
| 7 | Waste Management and Optimisation | Responsible consumption and production | <ul style="list-style-type: none"> • Communities • Regulators |
| 8 | Deforestation and Biodiversity | Life on land | <ul style="list-style-type: none"> • Associations • Communities • NGOs • Regulators |
| Social | | | |
| 9 | Safe Work and Well-Being | Good health and well-being | <ul style="list-style-type: none"> • Employees • Regulators |
| 10 | Talent Development | Quality education | <ul style="list-style-type: none"> • Employees |
| 11 | Food Safety, Product Quality and Nutrition | Decent work and economic growth | <ul style="list-style-type: none"> • Customers • Suppliers |
| 12 | Human Rights, Workplace Diversity and Labour Standards | Peace, justice and strong institutions | <ul style="list-style-type: none"> • Associations • Employees • Regulators • NGOs |
| 13 | Community Development | Responsible consumption and production | <ul style="list-style-type: none"> • Associations • Communities • Customers • NGOs • Suppliers |

⁹ We engaged the stakeholders of customers, employees and suppliers for our materiality assessment.

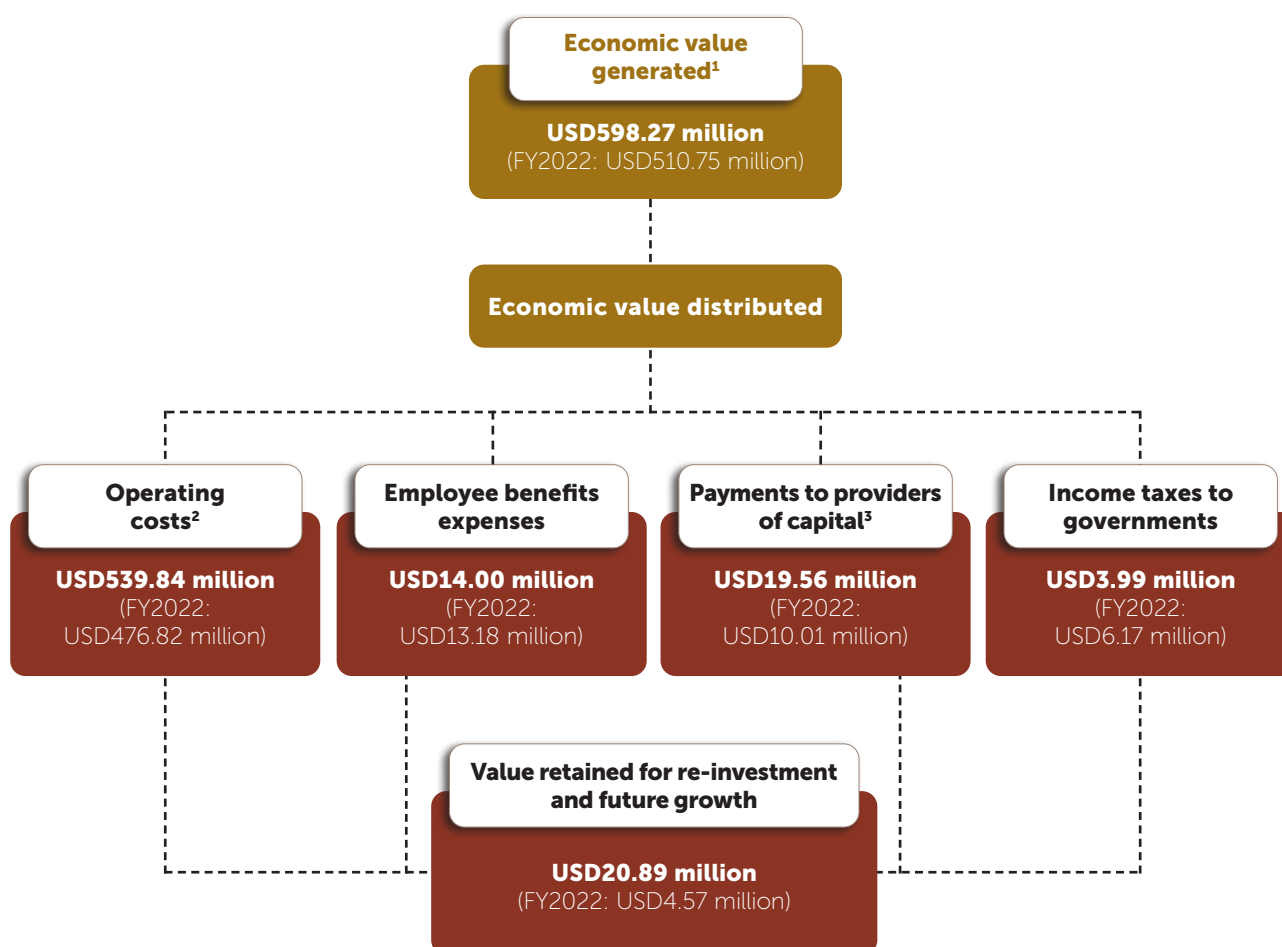
SUSTAINABILITY REPORT

| S/N | Key Sustainability Factor | SDG | Key Stakeholder |
|-------------------|------------------------------------|--|--|
| Governance | | | |
| 14 | Ethics and Integrity | Peace, justice and strong institutions | <ul style="list-style-type: none"> • Board • Regulators • Shareholders |
| 15 | Cyber Security and Data Protection | Peace, justice and strong institutions | <ul style="list-style-type: none"> • Customers • Regulators • Employees |

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

9.1 Business Development and Expansion

We are committed to creating long-term economic value for various stakeholders while exploring opportunities to develop and expand our business. In line with this commitment, value created in FY2023 was distributed as follows to enable a more sustainable future.



Further details of the Group’s economic performance are disclosed in the financial contents and audited financial statements of this Annual Report.

SUSTAINABILITY REPORT

9.2 Customer Satisfaction

Building on the strength of our value proposition and customer-focused business model, we established a strong relationship with our key customers including Mars, Nestle, Hershey and Mondelez.

Our Product Portfolio



Cocoa Mass



Cocoa Butter



Cocoa Powder

Provide High Quality and Safe Products

We adopt market standards and best practices in our operations to ensure the quality and safety of our products and services. We attained Hazard Analysis and Critical Control Point ("**HACCP**"), Food Safety System Certification ("**FSSC**") 22000, Halal and Kosher certifications. This allows us to expand our customer reach to deliver products in compliance with customers' dietary requirements and food safety requirements. For further details on how we maintain product safety and consistency in quality, refer to Section 9.11.

Maintain Presence and Proximity to Whom We Serve

Through our presence in Singapore, Malaysia, Indonesia, United States of America, China, Estonia and Ivory Coast, we are able to better serve our customers through:

- Deeper understanding of our customers' requirements, shorter turnaround time and 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.

Proactively Gather Customer Feedback for Improvements and to Develop Strategies

We collect customer feedback from various touchpoints, such as reviews from the sales teams and customer satisfaction surveys. Customer feedback obtained through customer satisfaction surveys is 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 levels and provide inputs for strategies. During the Reporting Period, more than 90% (FY2022: more than 90%) of our customers gave us a positive feedback rating for overall satisfaction.

9.3 Sustainable Manufacturing

We are driven by our commitment to improve our operational and cost efficiency, whilst striking a balance with sustainability considerations.

In line with our commitment to sustainable manufacturing, we utilise technological advancements to improve our operational effectiveness and efficiency to reduce our impact on the environment with the following measures and initiatives:

- A biomass boiler is in place at our factory in Malaysia to convert discarded cocoa shells to renewable energy ("**Biomass Boiler**");
- A steam-operated cocoa bean dryer that utilises steam produced by the Biomass Boiler is installed;
- Solar photovoltaic modules ("**Solar PV**") are installed at our factory in Malaysia to generate clean energy;
- A systematic maintenance program is in place to maintain energy and water efficiencies for our operating equipment;
- Wastewater generated is treated to remove pollutants before releasing into the waterways; and
- Business processes are automated, where applicable, to improve operational efficiency and reduce manpower needs.

You may refer to sections '9.4 Water Stewardship' and '9.5 Energy Consumption, Climate Change and GHG Emissions' for details on our initiatives to optimise energy and water consumption.

SUSTAINABILITY REPORT

9.4 Water Stewardship

We recognise the importance of managing water resources effectively. To this end, we adopted a two-pronged approach in water management by optimising consumption and properly managing wastewater treatment.

We use water resources in our factory operations, primarily in the following processes:



Steam Generation

Water is heated to generate steam for production purposes.



Cooling

Water is used to reduce heat generated from various production processes.

Wastewater generated from the above processes is treated in order to prevent pollution to the environment. Details of our water management approach are as follows:

Water Consumption

Key statistics on water consumption and water consumption intensity during the Reporting Period are as follows:

| Performance Indicator | Unit of Measurement | FY2023 | FY2022 |
|-----------------------------|--|---------|---------|
| Water consumption | m ³ | 338,755 | 321,021 |
| Water consumption intensity | m ³ /MT of cocoa bean processed | 2.03 | 2.12 |

Our water consumption intensity reduced due to our increased efforts in controlling water consumption and constant reminders to our employees.

Water conservation measures implemented 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, followed by responding corrective actions when there are unusual consumption patterns.

Water Quality Management

Key statistics on effluent generated and effluent generated intensity during the Reporting Period are as follows:

| Performance Indicator | Unit of Measurement | FY2023 | FY2022 |
|------------------------------|--|--------|--------|
| Effluent generated | m ³ | 43,315 | 36,343 |
| Effluent generated intensity | m ³ /MT of cocoa bean processed | 0.26 | 0.24 |

During the Reporting Period, 100% (FY2022: 100%) of wastewater generated was treated by our internal water treatment plants in Malaysia and Indonesia to remove pollutants before being released into the waterways. The increase in volume of effluent generated was due to an increase in our production level at our Malaysia plant.

SUSTAINABILITY REPORT

9.5 Energy Consumption, Climate Change and GHG Emissions

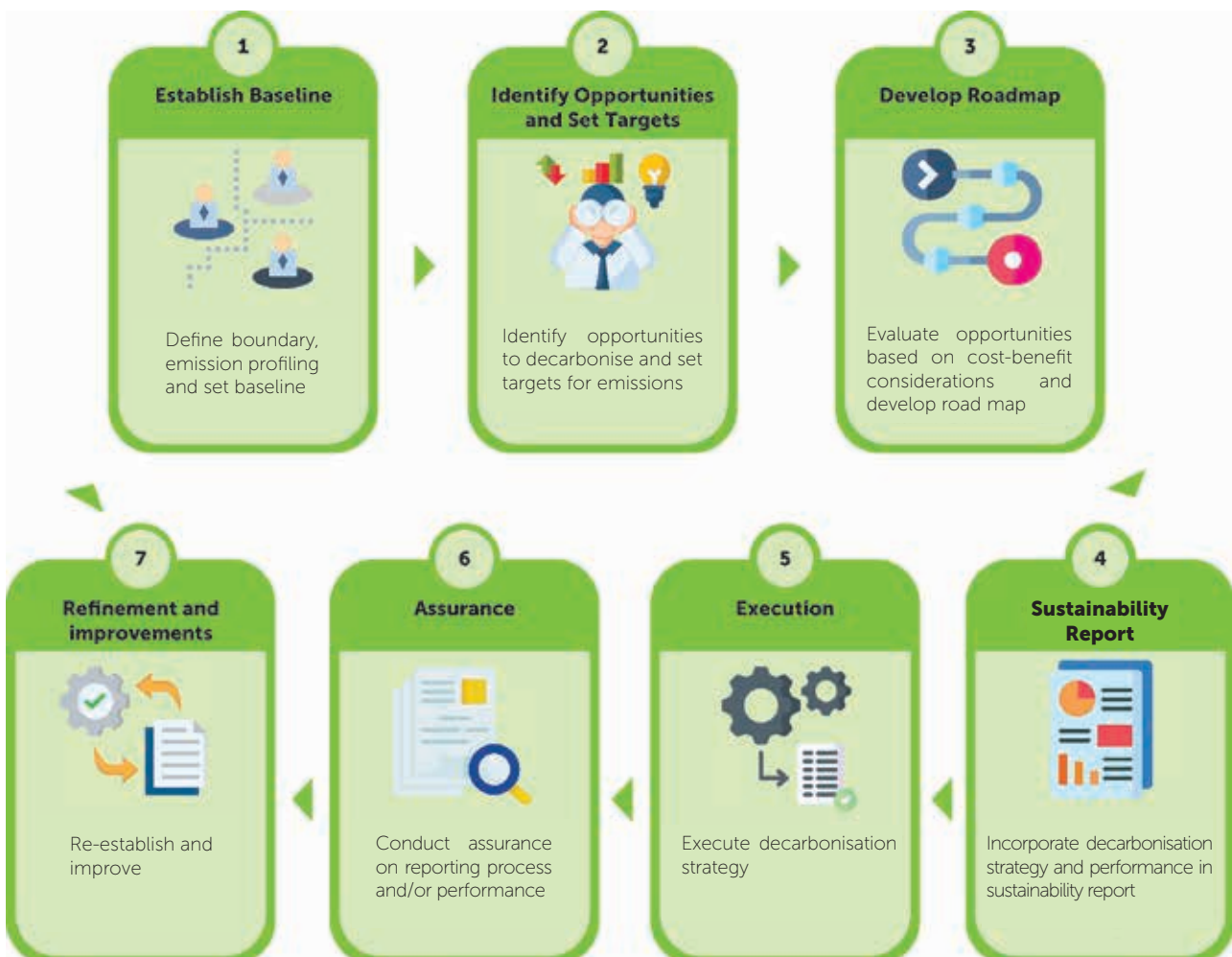
Our Commitment

We acknowledge that our energy consumption and the resultant GHG emissions contribute to climate change. Accordingly, we are committed to reduce our carbon footprint whilst open to capitalise on opportunities that may arise as we transition to become a low-carbon organisation.

Our Approach

We aim to reduce our carbon footprint and at the same time, establish operational resilience in delivering long-term and sustainable value to our stakeholders of communities, shareholders, employees, customers and suppliers. We adopted a balanced approach in effectively managing and minimising the impacts arising from our business operations.

To achieve our decarbonisation goals, we set up a seven-step continuous circular process for our decarbonisation efforts as follows:



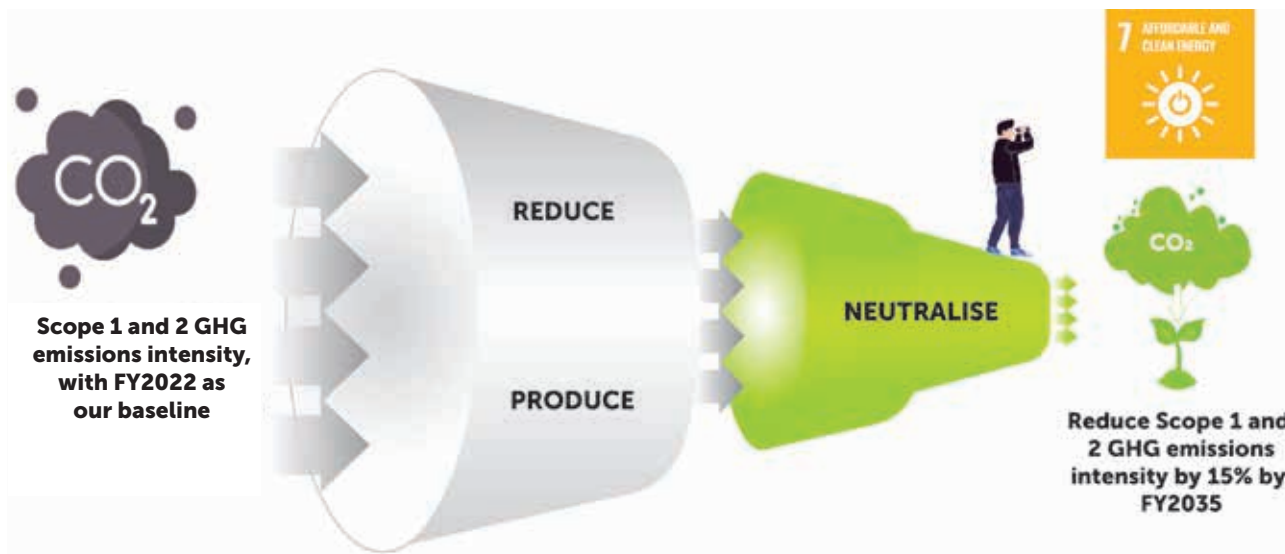
This year, we conducted a GHG emission profiling exercise for our Scope 1, 2 and 3 GHG emissions based on defined organisational boundaries. We track and monitor our Scope 1, 2 and applicable categories of Scope 3 GHG emissions closely while developing a mechanism to track their GHG emissions. We developed a climate change transition plan and will refine and improve our climate change transition plan as we progressively implement the plan, by considering changes in business operations, environment and market trends. Progress updates and performances will be provided in our sustainability reports with assurance on the reporting process covered by an internal review.

SUSTAINABILITY REPORT

Climate Change Transition Plan

Our climate change transition plan steers us toward decarbonisation journey. Under this plan, we commit to reduce our Scope 1 and 2 GHG emissions intensity by 15% and by FY2035, with FY2022 as our baseline¹⁰. Our climate change transition plan is focused on three strategic levers of reduce, produce and neutralise as follows:

Climate Change Transition Plan



Details of our strategic levers are as follows:

| Lever | Reduce | Produce | Neutralise |
|-------------|--|---|---|
| Description | <ul style="list-style-type: none"> Reduce GHG emissions intensity first within our operations and followed by our supply chain Replace existing energy source with low or zero-carbon sources to reduce GHG emissions | On-site generation of green or renewable energy | Neutralise unavoidable residual GHG emissions |
| Focus area | <ul style="list-style-type: none"> Energy efficiency <ul style="list-style-type: none"> – Machinery & Equipment – Lighting – Cooling Electric vehicles Clean energy | <ul style="list-style-type: none"> Solar energy Biomass | <ul style="list-style-type: none"> Renewable energy certificates (“REC”) Carbon credits |

¹⁰ FY2022 baseline covers the operations in Malaysia and Indonesia’s disclosed in the reporting scope of our sustainability report for FY2022.

SUSTAINABILITY REPORT

In line with our commitment to reduce GHG emissions and combat climate change, we continuously strive to improve our energy use and efficiency through the following key initiatives:

| Lever | Key Initiative | Description |
|------------|---|--|
| Reduce | Reduction in energy consumption through efficient machinery and equipment | Our initiatives on this front include: <ul style="list-style-type: none"> • Maintain machinery and equipment in good working condition to optimise energy efficiency; • Regular cleaning of filters for air-conditioning systems to reduce air flow resistance; • Adopt greener work practices such as switching off appliances when not in use and enabling power saving modes; and • Install chillers of higher energy efficiency. |
| | Reduction in energy consumption through energy efficiency – Lighting | Our initiatives on this front include: <ul style="list-style-type: none"> • Switching to energy-saving light emitting diode lighting where possible; and • Exploring the use of motion sensors in lighting systems to reduce energy consumption. |
| | Reduce in energy consumption with steam powered machine | A bean dryer system fuelled by steam produced from biomass boiler, is installed to complement our existing liquefied petroleum gas (“LPG”) operated bean dryer. This enhances the energy efficiency of the Biomass Boiler while creating more energy-saving opportunities when converting cocoa shells to cleaner energy. |
| | Replace diesel fuelled vehicles with electric vehicles | Our motor vehicles and forklifts are currently powered by diesel which emit more carbon dioxide than electric vehicles (“EVs”) per unit of distance travelled. We are exploring the adoption of EVs where practicable. |
| | Reduction through switching to renewable energy source | We are constantly exploring other opportunities to tap clean and green energy sources available in the operations. |
| Produce | Generation of renewable energy from cocoa shells | A biomass boiler is installed at our factory in Malaysia and generates renewable energy converted from discarded cocoa shells. This reduces our reliance on carbon-intensive energy source such as diesel fuel, resulting in a reduction in consumption of approximately 3.7 million litres (FY2022: 3.5 million litres) yearly. During the Reporting Period, 91% (FY2022: 93%) of steam consumed by our factory in Malaysia is produced by the biomass boiler. |
| | Generation of renewable energy from Solar PV | To achieve energy optimisation at our factory in Malaysia, we installed Solar PV to generate clean energy to fuel our operations. The solar power generated amounts to 1,145,256 kWh (FY2022: 1,391,703 kWh) and contributed to approximately 3% (FY2022: 3%) of the electricity consumed by our factory in Malaysia. |
| Neutralise | <ul style="list-style-type: none"> • REC • Carbon credits | We plan to explore the use of REC and carbon credits to offset unavoidable residual GHG emissions when the relevant markets mature. |

SUSTAINABILITY REPORT

Our Performance

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

- Diesel for operating motor vehicles;
- LPG and natural gas for operating machinery utilised for bean drying and roasting; and
- Electricity for operating production and office equipment such as lighting, offices and cooling.

The energy consumption and energy consumption intensity during the Reporting Period are as follows:

| Performance Indicator | Unit of Measurement | FY2023 | FY2022 |
|------------------------------|-------------------------------|---------|---------|
| Energy consumption | gigajoule ("GJ") | 485,298 | 469,256 |
| Energy consumption intensity | GJ/MT of cocoa bean processed | 2.91 | 3.10 |

The reduction in energy consumption intensity is mainly attributed to the improvement in energy efficiency of our gas boiler in the plant at Indonesia. We will continue to monitor our usage, perform regular tracking, analyse electricity consumption trends and take corrective actions when there are unusual consumption patterns so as to ensure sustainable consumption of energy resources.

Key statistics on our GHG emissions during the Reporting Period are as follows:

| Performance Indicator | Unit of Measurement | FY2023 | FY2022 |
|--|---|--------|------------------|
| GHG emissions | | | |
| Direct GHG emissions (Scope 1) ¹¹ | tonnes CO ₂ e | 19,161 | 18,321 |
| Indirect GHG emissions (Scope 2) ¹² | tonnes CO ₂ e | 41,070 | 38,340 |
| Indirect GHG emissions (Scope 3) ¹³ | tonnes CO ₂ e | 584 | NA ¹⁴ |
| Total GHG emissions | tonnes CO ₂ e | 60,822 | 56,661 |
| GHG emissions intensity | tonnes CO ₂ e/MT of bean processed | 0.35 | 0.37 |

¹¹ Direct GHG emissions (Scope 1) mainly arise from consumption of diesel, LPG and natural gas controlled by the Company and they are calculated based on the GHG Emissions Measurement and Reporting Guidelines published by the National Environment Agency of Singapore.

¹² GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.

¹³ Data for our indirect Scope 3 GHG emissions are limited to employee commuting (category 7) for JBFG, JBCM and JBKK.

¹⁴ No comparative data is available as we started to disclose Scope 3 GHG emissions in FY2023.

SUSTAINABILITY REPORT

9.6 Traceability and Sustainable Supply Chain Practices

We are committed to ensuring that our dealings with our suppliers are conducted with a high level of transparency, corporate and industry ethical standards and fairness to improve traceability in our supply chain and monitor the origins of raw materials used in our production process.

In keeping with our commitment to traceability and sustainable supply chain practices, a traceability framework is in place and focuses on the following areas:

- Setting Expectations**
 A supplier code of conduct which focuses on good social and environmental practices among the suppliers is circulated and acknowledged by key suppliers. In addition, a deforestation free policy is in place to communicate and reinforce to our suppliers our commitment to end deforestation in our cocoa supply chain. Currently, 75% of our suppliers signed the supplier code of conduct to ensure ethical conduct in the workplace.
- Incorporating Environment, Social and Governance Considerations into Supplier Performance Checks**
 We conduct questionnaire audits and site audits minimally every three years on our key suppliers to evaluate their performance against our policies and expectations. We incorporated sustainability-related criteria into a supplier assessment scorecard, such as ethical trading initiatives, employee safety and health as well as energy, water, climate and waste management. We are committed to further enhance our supplier performance checks based on sustainability-related criteria.
- Adoption of Market Standards**
 To maintain sustainable cocoa supply chain, we ensure that our products are sourced from producers who are certified under the following internationally recognised certifications:

| Certification | Focus of Relevant Certification |
|-------------------------------------|--|
| Rainforest Alliance certificate | Ensure that our products are physically and administratively related to Rainforest Alliance certified producers who adopt sustainable farming practices and working conditions |
| Fairtrade International certificate | Ensure that our products are physically and administratively related to Fairtrade certified producers who adopt sustainable practices |
| Fairtrade USA certificate | |

- Remediation and Capability Building**
 We request key suppliers to address issues of poor performance through proper training and investing resources to improve sustainability management and performance.

9.7 Waste Management and Optimisation

We believe that effective waste management and optimisation will preserve the environment and create long-term economic value to shareholders. Key types of waste generated in our operations are as follows:

- Hazardous waste which includes sludge generated from wastewater treatment plant and hydraulic oil generated from plant maintenance; and
- Non-hazardous waste which includes cocoa shells and general waste such as broken pallets, torn gunny sacks, plastic, paper and food waste.

Key statistics on the amount of waste generated during the Reporting Period are as follows:

| Performance indicator | FY2023 | FY2022 |
|---|--------|--------|
| Amount of hazardous waste generated (MT) | 307 | 310 |
| Hazardous waste generated (MT) per MT of cocoa bean processed | 0.002 | 0.002 |
| Amount of non-hazardous waste generated (MT) | 17,670 | 16,193 |
| Non-hazardous waste generated (MT) per MT of cocoa bean processed | 0.106 | 0.107 |

SUSTAINABILITY REPORT

Under our commitment to waste management and optimisation, various measures and initiatives implemented include:

Proper Management of Waste

In line with our commitment to be environmentally friendly, we engaged licensed waste collectors to ensure that 100% (FY2022: 100%) of our hazardous waste is properly treated before disposal. We segregate our general waste into non-recyclable waste and recyclable waste for recycling prior to disposal at designated facilities near our operating factories located in Malaysia and Indonesia.

Conversion of Cocoa Shell into Renewable Energy

A biomass boiler is in place at our Malaysian factory to convert discarded cocoa shells to renewable energy and reduce our reliance on take out diesel fuel. You may refer to section 9.3 and 9.5 for further details on this initiative.

Use of Cocoa Shells for Animal Feed

As cocoa shells are rich in protein, cocoa shells from our Indonesian operations are sold to local poultry farmers as animal feed, as a form of recycling. Such an arrangement generated approximately USD405k (FY2022: USD361k) of income during the Reporting Period.

The increase in income generated from sale of cocoa shells is mainly due to an increase in cocoa beans processed in our Indonesian factory.

9.8 Deforestation and Biodiversity

The prevalence of low income amongst smallholder farmers in developing countries drives this specific group of farmers to seek more land for growing cocoa, which as a result leads to increased deforestation and reduced biodiversity.

In line with our commitment to zero deforestation and biodiversity protection, we adopted the following measures and initiatives:

- A deforestation free policy is in place, aligned with our core commitment to zero deforestation of natural forests or areas of High Conservation Value ("HCV")¹⁵ or High Carbon Stock ("HCS")¹⁶, and the promotion of effective restoration and long-term conservation of protected areas, as well as areas of special environmental interest, including forests and ecosystems within or adjoining the cocoa landscape;
- Regular review and enhancement of our supplier's code of conduct to reinforce and communicate our commitment to zero deforestation to our suppliers; and
- As a partner of the Cocoa & Forest Initiative¹⁷, we are committed to strengthening transparency and ensuring accountability in our cocoa supply chain at Ivory Coast by implementing activities related to forest protection, restoration, sustainable cocoa production, improvement of farmers' livelihoods, community engagement and social inclusion.

9.9 Safe Work and Well-Being

A safe working environment allows our employees to work safely without the fear of getting injured. This helps to build loyalty among our employees and support the sustainability of the Group. To build a safe working environment, we prioritise a culture of safety and security consciousness among our employees.

During the Reporting Period, we recorded zero workplace fatalities, zero high-consequence work-related injuries⁴, one recordable work-related injury, and seven recordable work-related ill health cases⁵. (FY2022: zero workplace fatalities, zero high consequences work-related injuries, five recordable work-related injuries and zero recordable work-related ill-health cases). The workplace work-related ill health cases were mainly associated with occupational noise induced hearing loss. We implemented several mitigation measures such as noise safety awareness campaign, enforcement of wearing hearing protective devices as well as the controlling of noise exposure for the employees.

¹⁵ As defined by HCV Network, HCV areas refer to natural habitats with biological, ecological, social or cultural values of outstanding significance at the national, regional or global level or of critical significance at the local level.

¹⁶ HCS areas refer to natural forests that store large amount of carbon and biodiversity. The conservation of HCS areas helps to reduce GHG emissions.

¹⁷ 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

Key measures adopted to manage health and safety in the working environment include:

- A set of safety rules and regulations is in place;
- Safety committees are 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;
- Monthly management meetings are conducted to discuss occupational health and safety matters;
- Accidents are tracked and monitored regularly;
- Employees are provided with adequate health and safety training; and
- Regular safety communication via emails are sent to employees to raise awareness on various safety topics.

9.10 Talent Development

Our people are our most valuable asset and key in ensuring that we remain competitive. We continue to invest in talent development and leadership competency as well as reinforcing shared values to boost organisational excellence.

Key initiatives taken to develop and retain our employees are as follows:

Nurture a Team of Highly Trained and Experienced Employees

We believe that effective training programs are vital to our long-term business sustainability. Our Human Resource ("HR") Department analyses the needs of various departments and compile them to develop an annual training plan. Internal and external training programs and briefings are conducted regularly for relevant employees to improve their competencies and soft skills. Such training covers areas such as food safety, employee health and safety, cyber security, problem solving, decision-making and business communication skills. Key statistics on training hours provided for our full-time employees are as follows:

| Disclosure | FY2023 | FY2022 |
|-------------------------------------|--------|--------|
| Overall | | |
| Total training hours | 11,469 | 22,642 |
| Average training hours per employee | 14 | 31 |
| Gender (Male) | | |
| Total training hours | 8,670 | 20,300 |
| Average training hours per employee | 14 | 35 |
| Gender (Female) | | |
| Total training hours | 2,799 | 2,342 |
| Average training hours per employee | 17 | 16 |
| Senior Management | | |
| Total training hours | 1,100 | 2,190 |
| Average training hours per employee | 14 | 28 |
| Middle management | | |
| Total training hours | 4,160 | 7,355 |
| Average training hours per employee | 24 | 47 |
| Staff | | |
| Total training hours | 6,210 | 13,097 |
| Average training hours per employee | 11 | 27 |

SUSTAINABILITY REPORT

Due to circuit breakers and lock downs arising from the Coronavirus disease, backlog training for FY2021 were delayed till FY2022, resulting in an overall increase in training hours recorded for FY2022. The nature of our training is cyclical, with training required conducted every two to three years. Accordingly, the total training hours declined for the Reporting Period.

The continued success of our business relies on a team of professional, skilled and experienced employees. The 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.

Key statistics on employee turnover and new hire rates of our full-time employees are as follows:

Turnover Rate

| Disclosure | FY2023 | FY2022 |
|----------------|--------|--------|
| Overall | | |
| Turnover rate | 8% | 14% |
| Gender | | |
| Male | 7% | 13% |
| Female | 11% | 15% |
| Age | | |
| Below 30 | 10% | 15% |
| 30 to 50 | 7% | 13% |
| Above 50 | 7% | 4% |

We will continue to work towards improving our turnover rate.

New Hire Rate

| Disclosure | FY2023 | FY2022 |
|----------------|--------|--------|
| Overall | | |
| New hire rate | 17% | 25% |
| Gender | | |
| Male | 17% | 22% |
| Female | 17% | 36% |
| Age | | |
| Below 30 | 28% | 34% |
| 30 to 50 | 12% | 20% |
| Above 50 | 11% | 22% |

SUSTAINABILITY REPORT

Undertake Employee Performance Appraisal and Career Development Review

Our employees receive regular feedback on their performance and career development. This encourages them to take self-initiated actions to improve their competencies. Key statistics on employees who received performance and career development reviews are as follows:

| Disclosure | FY2023 | FY2022 |
|------------------------------|------------|------------|
| Overall | 92% | 99% |
| Gender | | |
| Male | 93% | 100% |
| Female | 86% | 99% |
| Management categories | | |
| Senior management | 94% | 97% |
| Middle management | 92% | 100% |
| Staff | 92% | 100% |

Provide Competitive Employee Benefits

We care for our employees' well-being, family relationships and work-life balance through employee benefits for confirmed full-time employees, which include reimbursement of medical costs, maternity leave, paternity leave, continuous salary payment (with conditions) if employees are certified by designated doctors for prolonged illnesses or injuries.

Parental Leave

Key statistics on parental leave taken by eligible employees are as follows:

| Disclosure | FY2023 | | FY2022 | |
|---|--------|--------|---------------|---------------|
| | Male | Female | Male | Female |
| Number of employees entitled to parental leave | 37 | 12 | 46 | 11 |
| Number of employees who took parental leave | 37 | 12 | 46 | 11 |
| Number of employees who returned to work after parental leave ended | 37 | 11 | 46 | 11 |
| Number of employees who continued to be with us 12 months after they returned to work | 45 | 10 | 35 | 6 |
| Return to work rate of employees who took parental leave | 100% | 92% | 100% | 100% |
| Retention rate of employees who took parental leave | 98% | 91% | Not available | Not available |

SUSTAINABILITY REPORT

9.11 Food Safety, Product Quality and Nutrition

Food safety, product and nutritional quality are fundamental to our customers' health and safety. We affirm our commitment to food safety and quality in the supplier code of conduct circulated by our customers. In line with our commitment to deliver quality products to our customers and for long-term business sustainability, we adopted various policies and procedures to ensure that our factories comply with our customers' requirements, and relevant food safety requirements of the following internationally recognised standards:

| Standard/Certification | Focus of Relevant Standard/Certification |
|------------------------|---|
| HACCP certificate | Manage the food hygiene and safety procedures in our operations |
| FSSC 22000 | |
| HALAL certificate | Ensure that our operations comply with Islamic dietary requirements |
| Kosher certificate | Ensure that our operations comply with Kosher requirements |

Under the requirements of the above standards/certifications, we undertake the following actions to ensure food safety, product quality and nutrition:

- Circulate questionnaire to or perform site audits on key service contractors for external warehouses, key cocoa beans suppliers, key suppliers for direct materials, key suppliers for outsourced materials such as cocoa powder, cocoa mass and cocoa butter;
- Monitor the number of defects in finished goods, including cocoa mass, cocoa butter and cocoa powder;
- Track, investigate and take corrective actions on customer complaints and product returns that are related to food safety;
- Maintain a set of crisis management procedures and a contamination response team to handle food contamination caused by pathogens, malicious contamination and sabotage;
- Conduct regular training to familiarise employees with food handling, quality and food safety, HALAL, FSSC 22000 and Good Manufacturing Practices; and
- Conduct food safety briefings regularly to raise awareness on food safety risks and reinforce food safety standards.

In addition, we stay abreast of customers' demands and preferences and explore ways to enhance nutritional content or improve the ingredient content of products. During the Reporting Period, there were three (FY2022: one) product returns due to food safety issues raised by customers.

The three cases occurred primarily due to the degradation of ingredients used. An in-depth investigation was conducted to identify the root cause and mitigating actions were established and implemented to prevent reoccurrence. All three cases were clearly documented and lessons learnt were disseminated to our teams.

9.12 Human Rights, Workplace Diversity and Labour Standards

We acknowledge the importance of upholding human rights and understand that stringent human rights practices reinforce our reputation as a responsible organisation. Accordingly, we strive to address any form of forced and child labour across our supply chain by developing policies and measures to support integrity, fairness and a safe working environment for both our employees and personnel involved in our supply chain:

Human Rights

Our initiatives on this front include:

- A supplier code of conduct is circulated and acknowledged by our key suppliers which require them to pay living wages that are adequate to meet basic needs. They are also provided with guidance on alignment with our commitment of no forced labour and child labour, discrimination, harsh or inhumane labour treatment and excessive working hours;
- We are committed to uphold human rights under the supplier code of conduct circulated by our key customers;
- A modern slavery policy is in place to communicate our commitment to respect human rights;
- We registered ourselves as a Supplier Ethical Data Exchange ("Sedex")¹⁸ member and our Malaysian and Indonesian operations are audited by external auditors on compliance with the relevant requirements on labour standards, health and safety, environment and business ethics; and
- We assess suppliers based on employee health and safety criteria and labour practice guidelines of the Ethical Trade Initiative ("ETI") Base Code¹⁹, by sending questionnaires to them for completion or conducting site audits at their operating premises.

¹⁸ Sedex is a leading ethical trade membership organisation that works with businesses to improve working conditions in global supply chain.

¹⁹ ETI Base Code is founded on the conventions of the International Labour Organisation and its guidelines encompass no forced labour and child labour, no discrimination, no excessive working hours, freedom of association and right to collective bargaining, safe and hygienic working conditions and payment of living wages.

SUSTAINABILITY REPORT

Child Labour

Our initiatives on this front include:

- A child safeguarding policy is in place to provide our business partners with procedures on engaging with children, young people and vulnerable adults; and
- We conduct training and sensitisations for child labour awareness, survey and visit farmers to identify and monitor child labour cases in Ivory Coast and Nigeria. You may refer to section '9.13 Community Development' for further details on our initiatives to respect human rights.

During the Reporting Period, there were zero (FY2022: zero) reported incidents of non-compliance with labour standards assessed by the authorities and no (FY2022: zero) child labour below 18 years old were hired.

Workplace Diversity

We recognise that workplace diversity and equality form a prominent part of human rights. Accordingly, we aim to provide a work environment for employees that fosters fairness, equality and respect for social and cultural diversity, regardless of take out gender, age and educational background.

As at 31 December 2023, the Group has a total of 802 full-time employees and the majority of our employees are based in Malaysia with the following breakdown:

| Employee type | Singapore | Malaysia | Indonesia | Others | Total |
|---------------|-----------|----------|-----------|--------|-------|
| Full-time | 13 | 474 | 255 | 60 | 802 |
| % | 2% | 59% | 32% | 7% | 100% |



Gender Diversity (%)

On gender diversity, we view diversity at the Board level as an essential element in supporting sustainable development and have female representation of one (FY2022: one) out of six on the Board or 17% (FY2022: 17%) of the Board. Key statistics on gender diversity of our employees are as follows:

| Disclosure | FY2023 | | FY2022 | |
|----------------------------|--------|--------|--------|--------|
| | Male | Female | Male | Female |
| Employee categories | | | | |
| Senior management | 67% | 33% | 72% | 28% |
| Middle management | 51% | 49% | 48% | 52% |
| Staff | 91% | 9% | 90% | 10% |
| Employment type | | | | |
| Full-time | 80% | 20% | 79% | 21% |

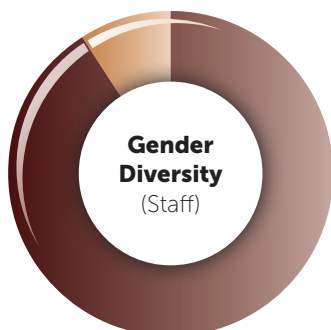
SUSTAINABILITY REPORT



Male = 67%
Female = 33%



Male = 51%
Female = 49%



Male = 91%
Female = 9%



Male = 80%
Female = 20%

As our business is principally manufacturing in high heat environment, the gender ratio is geared towards male employees at the staff level which include operators.

Age Diversity (%)

On age diversity, mature workers are valued for their experience, vast knowledge and skills. Key statistics on age diversity of our employees are as follows:

| Disclosure | FY2023 | | | FY2022 | | |
|----------------------------|----------|---------|----------|----------|---------|----------|
| | Below 30 | 30 – 50 | Above 50 | Below 30 | 30 – 50 | Above 50 |
| Employee categories | | | | | | |
| Senior management | 4% | 82% | 14% | 5% | 82% | 13% |
| Middle management | 24% | 73% | 3% | 26% | 71% | 3% |
| Staff | 40% | 57% | 3% | 47% | 51% | 2% |
| Employment type | | | | | | |
| Full-time | 33% | 64% | 3% | 38% | 59% | 3% |

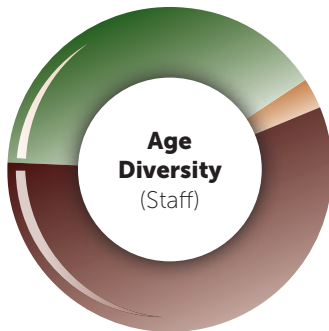
SUSTAINABILITY REPORT



Below 30 = 4%
30-50 = 82%
Above 50 = 14%



Below 30 = 24%
30-50 = 73%
Above 50 = 3%



Below 30 = 40%
30-50 = 57%
Above 50 = 3%

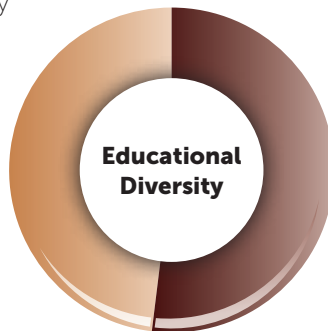


Below 30 = 33%
30-50 = 64%
Above 50 = 3%

Educational Diversity (%)

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

| Education qualification | FY2023 | FY2022 |
|-------------------------|--------|--------|
| Tertiary | 52% | 55% |
| Non-tertiary | 48% | 45% |



Tertiary = 52%
Non-tertiary = 48%

To promote equal opportunity, the following HR related processes are in place:

- A formal interview assessment process is in place to guide interviewers to assess employees based on merit and competency so as to recruit the right candidate with appropriate knowledge and expertise to contribute to the growth of our business;
- Staff assessment is performed regularly to evaluate the performance of employees and adjust their remuneration where justifiable to build a conducive and harmonious working environment; and
- Staff recruitment advertisements do not state age, race, gender or religious preferences as a requirement so as to ensure our hiring practices are fair, merit-based, and non-discriminatory.

During the Reporting Period, we maintained zero incidents of unlawful discrimination against employees (FY2022: zero incident).

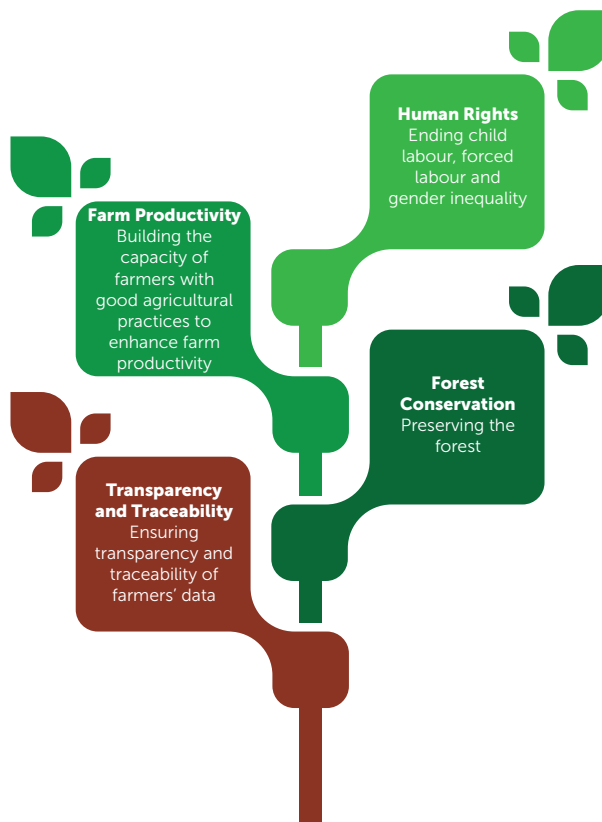
9.13 Community Development

We are committed to creating long-term positive impacts in the community through our community engagement initiatives. These initiatives reflect our commitment to giving back to society while ensuring sustainable business growth and enriching the lives of the local communities, farmers and small landholders within the origin countries of our cocoa bean supply, comprising Ivory Coast, Nigeria, Indonesia and Ecuador ("**Origin Countries**").

SUSTAINABILITY REPORT

In keeping with our strong commitment to sustainable cocoa, we team up with business partners to promote the following programs across the Origin Countries (collectively as “**Community Programs**”), focusing on four key areas (“**Focus Areas**”):

Geographical Presence of our Community Programs



Focus Areas of our Community Programs

SUSTAINABILITY REPORT

a. Transparency and Traceability

Transparency and traceability are at the heart of our approach to improve the well-being of cocoa communities, meet customers' demand for responsibly sourced products and preservation of forests. Our initiatives on this Focus Area are as follows:

Digitisation of Payments to Advance Financial Inclusion of Farmers

A key struggle faced by cocoa farmers is a lack of access to funds for financing investments in their farms and improving their quality of lives. Under our Community Programs, farmers receive premiums as an incentive for each MT of cocoa beans delivered. Official receipts are issued to them and digital records of the premiums paid are recorded in a traceability software to provide credible income records.

Cocoa Traceability

We trace the sustainable cocoa beans purchased directly from cocoa farmers under our Community Programs with the location mapping feature of our software. The location mapping feature utilises a global positioning system to accurately map the boundaries of the farms ("**Polygons**"). For further details on Polygons, you may refer to our Focus Area on forest conservation. During the Reporting Period, 100% of our sustainable cocoa beans purchased are traceable from farm to factory (FY2022: 100%).

b. Farm Productivity

We believe that training farmers on good agricultural practices can help in enhancing farmers' farm productivity and increasing their income to improve their quality of lives. In order to train farmers on good agricultural practices, we adopted the following initiatives around this Focus Area:

Provision of Farmer Training Programs

We adopted a Farmer Field School and peer learning approach to conduct training on good agricultural and environmental practices for the farmers under our Community Programs. The training approach involves on-farm training and hands-on group learning for small-scale farmers to learn how to solve common farming problems through sustainable agriculture. Based on their level of commitment to our Community Programs' activities, level of training attendance and adoption of good agricultural and environmental practices, 'best-in-class' farmers are selected to become trainers of subsequent training programs.

Coaching on Good Agricultural and Environmental Practices



Provision of Coaching for Farmers

Under our Community Programs, farmers receive personal coaching on good agricultural and environmental practices when enrolled in Farmer Development Plans ("**FDP**")²⁰. The FDP aims to improve farmers' income by increasing farm productivity in a sustainable way. Each farmer selected for the FDP is visited regularly by the field agents of our farmer organisations ("**Farmer Organisation Field Agents**"). During the farm visits, farmers are assessed on their agricultural and environmental practices and their socio-economic situation. Our farmer organisation Field Agents provide the farmers with recommendations to improve agricultural practices and farms' conditions and continuously monitor their progress.

²⁰ FDP refers to an internationally recognised farm investment plan that looks at the current activities of farmers and their households.

SUSTAINABILITY REPORT

Adoption of Cocoa Grafting Method in Indonesia



Cocoa Farms Renovation and Rehabilitation

Under our Community Programs, when farm productivity declines due to ageing trees, climate change effects or poor farm management which lead to pests, diseases and depleted soils, we recommend farmers to adopt farm rehabilitation practices such as pruning or grafting methods. We assess farm conditions and farmer's agricultural practices before providing practical recommendations. Planting new cocoa trees for farm renovation is also recommended as long as the trees are planted in the same cultivated area. During the Reporting Period, we provided more than 110,000 (FY2022: 70,000) cocoa seedlings to our farmers in Nigeria and Indonesia for the planting of new cocoa trees. We strongly promote the use of highly productive clones and multi-clones in the farms to increase their cocoa yields and to minimise the need to expand farmed areas which may result in deforestation. The cocoa seedlings are purchased from farmer nurseries set up through funds received through our Community Programs as well as from budwood gardens which are nurseries where sturdy and improved versions of plant varieties are tended for their buds to be used in plant propagation, particularly grafting. Our involvement also includes providing training to the farmer nursery operators for the improvement of nursery productivity.

c. Human Rights

Human rights risks such as child labour and gender inequality are higher with the prevalence of poverty amongst our cocoa farmers. In line with our commitment to respect human rights across our cocoa supply chain, we adopted the following initiatives on this Focus Area:

Child Labour Monitoring and Remediation Systems ("CLMRS")

A child safeguarding policy is in place based on a methodology promoted by Rainforest Alliance and based on our on-the-ground experience. A supplier code of conduct is in place that states our position on human rights, including child and forced labour.

During the Reporting Period, the farmers in our Community Programs in Ivory Coast and Nigeria are covered by CLMRS, which is an approach adopted to identify and monitor child labour cases. We also conduct child labour awareness training and sensitisations for the farmers. In Ivory Coast, a Child Protection Committee is set up in each farmer cooperative. The Child Protection Committee comprises administrator of each farmer cooperative, some members of the farming communities, our staff and members from a third-party NGO. We conduct regular monitoring visits and the findings from the monitoring visits are presented to the Child Protection Committee to discuss on appropriate measures that are required to tackle child labour cases that are identified. If immediate remedial actions are needed, each child labour case is studied by the Child Protection Committee to design a suitable action plan upon discussion with the farming communities.

SUSTAINABILITY REPORT

Empowering Women through Financial Inclusion

Under our Community Programs in Ivory Coast, we organise income generating activities for women from the farming communities to provide them with opportunities to diversify their sources of income. Women associations are set up in each farmer cooperative and each association is formed with a maximum of 35 women, united around the same income generating activity ("**Women Associations**").

In setting up each Women Association, we first assess and monitor the needs of its members. The aim of this assessment is to identify the income generating activity in which the women want to get involved in, study the profitability of the income generating activity, identify the existing resources they have to commence the activity and the additional investments and resources that would be required. Based on this needs assessment, we support the implementation of selected activities by providing training on agricultural techniques, materials, gear and input needed for the activities.

Empowering Women Through Gender Action Learning System ("GALS")

Our team members in Ivory Coast are trained on GALS for women empowerment in rural communities. GALS is a participatory methodology that aims to promote transformation and gender inclusion in all areas and rural contexts by supporting women in designing projects like income-generating activities, encouraging women to describe their vision by drawing and expressing themselves in local language upon which our trainers will develop plans for them to reach their vision. This methodology is suitable for rural communities where the illiteracy rate is high and it provides women with the opportunity to empower themselves through participating in visioning and planning processes and strengthening of social networks.

Empowering Women Through Training Programs

In Ecuador, female cocoa farmers' participation in cocoa production systems often faces situations of inequality and inequity, in key farming activities and income from cocoa production. They are usually not entitled to the same benefits as men in matters such as land tenure, education, technical assistance and credits that would allow them to develop a successful cocoa business.

To improve the socio-economic conditions of the female cocoa farmers in Ecuador, we assess the socio-economic situation of women and train female cocoa farmers as part of the "Women cocoa entrepreneurs" project. The training includes gender equity awareness training for both women and men on the importance of including women in the farm decisions and starting of new businesses, as well as training for women to develop their entrepreneurial skills on topics such as cocoa farm management, entrepreneurship and business plan development, money management and savings, customer services, accounting and taxes and access to credit.

Income-Generating Activities for Women Associations in Ivory Coast



GALS Training



Women Empowerment Training



SUSTAINABILITY REPORT

d. Forest Conservation

The prevalence of poverty amongst cocoa farmers drives farmers to seek more land for growing cocoa which will eventually lead to deforestation. In line with our commitment to preserve the forests and end deforestation, we put in place a deforestation free policy and supplier's code of conduct that states our position on the protection of forests and natural ecosystems. We are a signatory of the Cocoa & Forest Initiative for Ivory Coast, which aims to provide assurance on the traceability and field activities of cocoa beans and address the key risks related to the cocoa supply chain, in areas such as farmers' living conditions and deforestation. In addition, we adopted the following initiatives on this Focus Area:

Assessing the Risk of Deforestation

In line with our deforestation free commitment, all farms under our Community Programs are mapped with Polygons. We verify all Polygons collected across the Origin Countries to assess the potential risks of the farms expanding into protected forests and protected areas.

Adopting Good Agroforestry Practices

We distribute seedlings of multi-purpose trees to the farming communities under our Community Programs to promote agroforestry on cocoa farms. Agroforestry serves to optimise cocoa production through appropriate shade management, increase biodiversity, improved soil fertility and nutrients, and mitigate the apparition of pest and diseases. It diversifies farmers' sources of incomes and taps on increased tree density per hectare to capture GHG emissions from the atmosphere to reduce GHG emissions. We monitor the number of trees planted per farm per hectare. During the Reporting Period, over 140,000 (FY2022: 80,000) multi-purpose tree seedlings were distributed to our farming communities. By having different crops or varieties in their farms, the farmers can benefit from increased resilience to climate change and generate more regular income.

To promote the adoption of agroforestry practices, we created demonstration plots to showcase the benefits of agroforestry to farmers. The demonstration plots are accessible to all farmers within the farming communities. The farmers also receive on-site training on agroforestry practices by qualified trainers.

Planting of Multi-Purpose Tree Seedlings in Ivory Coast



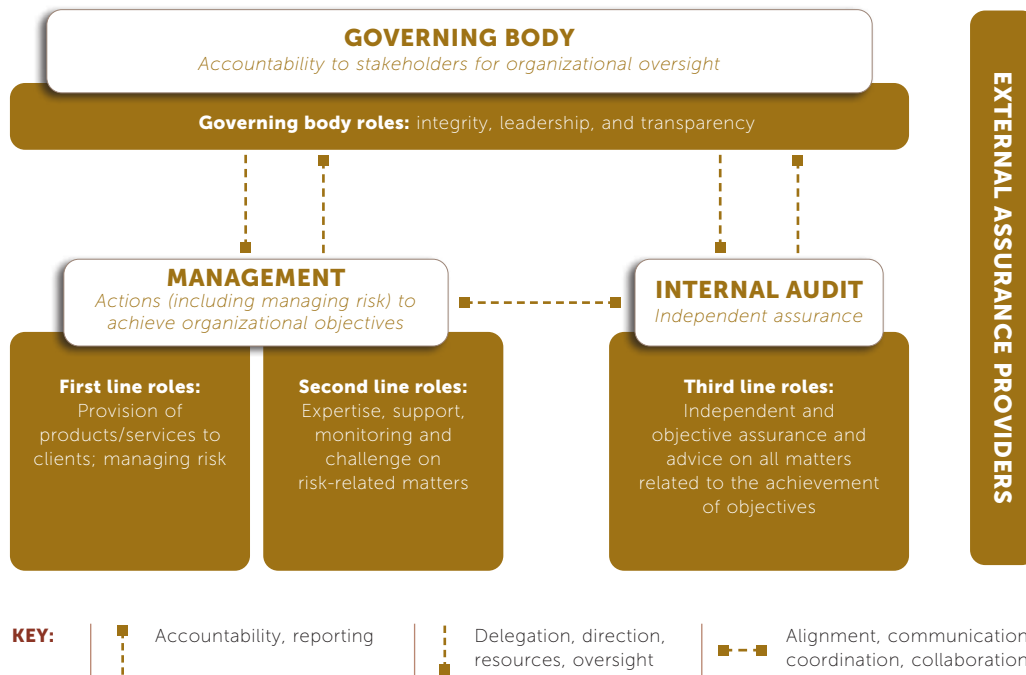
9.14 Ethics and Integrity

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

The Board is committed to fostering a culture of corporate compliance, ethical behaviour and business integrity to achieve greater transparency and to protect the interests of Shareholders.

SUSTAINABILITY REPORT

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model of the IIA

The Group is committed to carry out our business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore. We take a zero-tolerance approach to bribery and corruption and prohibit corruption in any forms, including extortion and bribery. A set of anti-corruption guidelines is in place to ensure that our business complies with all local regulatory requirements and international business standards. We also conduct regular HR and compliance refresher training to ensure that employees are familiarised with our rules and guidelines on anti-corruption, whistle blowing, conflicts of interest and compliance with ETI.

A whistle blowing policy is in place to provide a mechanism for employees to raise concerns about any malpractice(s) including possible improprieties in matters of financial reporting and others, at an early stage and in the right way. This policy serves to promote a culture of openness, accountability and integrity within the Group.

Adequate and effective risk management is a key component of good corporate governance. We maintain an ERM framework and under this framework, we regularly assess and review our businesses and operational environment to better identify and manage emerging and strategic risks relating to our sustainability. We believe that risks faced by the Group could be converted into opportunities and favourable results.

During the Reporting Period, no Corruption Incident was reported (FY2022: zero) and no incidents of non-compliances with the laws and regulations for which significant fines and/or non-monetary sanctions were incurred (FY2022: zero). You may refer to the Corporate Governance Report of this Annual Report for details for our corporate governance practices.

9.15 Cyber Security and Data Protection

Protection of our stakeholders' data and information is paramount to our industry. We are committed to ensuring that our Information Technology ("IT") and cyber security systems and processes are adequate, efficient and effective in protecting our information assets and client information.

SUSTAINABILITY REPORT

We take measures to safeguard against cyber security risk for both our internal and external stakeholders and implemented the following:

- An IT policy is implemented to govern our approach on managing cyber security risks;
- We incorporated cyber incident reporting procedures in our Crisis Management Procedures to strengthen our compliance with regulatory requirements;
- Cyber security training is provided for all employees to raise awareness;
- To protect our systems, anti-virus and firewalls are installed;
- Email security is implemented for filtering of phishing emails or emails containing malware/malicious links; and
- A cyber security threat response team is formed to handle emergencies arising from cyber security threats.

During the Reporting Period, there was zero (FY2022: zero) cyber security breach concerning losses of business data.

10. TARGETS AND PERFORMANCE HIGHLIGHTS

To measure our ongoing sustainability performance and drive continuous improvement, we developed a set of targets related to our key sustainability issues. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

| Legend | Progress tracking |
|--------|-------------------------------|
| ○○○ | New target |
| ●●● | Target achieved |
| ●●○ | On track to meet target |
| ●○○ | Not on track, requires review |

| S/N | Key Sustainability Factor | Target ²¹ | Current year progress |
|----------------------|--|--|-----------------------|
| Economic | | | |
| 1 | Business Development and Expansion | <u>Short-term</u> Maintain or improve economic value generated subject to market conditions | ●●● |
| 2 | Customer Satisfaction | <u>Ongoing and long-term</u> Achieve a positive rating from at least 90% of surveyed customers for overall satisfaction | ●●● |
| 3 | Sustainable Manufacturing | <u>Short-term</u> Design or continue with sustainable manufacturing process to minimise negative environmental and social impacts | ●●● |
| Environmental | | | |
| 4 | Water Stewardship | <u>Medium-term</u> Maintain or reduce water consumption intensity and improve wastewater treatment process | ●●● |
| 5 | Energy Consumption, Climate Change and GHG Emissions | <u>Medium-term</u> Reduce Scope 1 and 2 GHG emissions intensity by 15% and by FY2035, with FY2022 as baseline | ○○○ |
| 6 | Traceability and Sustainable Supply Chain Practices | <u>Short-term</u> Initiate or continue with sustainable supply chain practices | ●●● |

²¹ Time horizons for target settings are (i) short-term: before FY2025; (ii) medium-term: FY2025-FY2035; (iii) long-term: FY2035 onwards; and (iv) ongoing: continuous time horizon.

SUSTAINABILITY REPORT

| S/N | Key Sustainability Factor | Target ²¹ | Current year progress |
|-------------------|--|--|--|
| 7 | Waste Management and Optimisation | <u>Medium-term</u> Minimise the amount of waste generated in operations | ● ● ● |
| 8 | Deforestation and Biodiversity | <u>Ongoing and long-term</u> Initiate or continue with measures to achieve zero deforestation and protect biodiversity within our supply chain | ● ● ● |
| Social | | | |
| 9 | Safe Work and Well-Being | <u>Ongoing and long-term</u> <ul style="list-style-type: none"> Reduce the number of recordable work-related injuries Maintain zero workplace fatalities, high-consequence work-related injuries and recordable work-related ill health cases | ● ● ● |
| 10 | Talent Development | <u>Medium-term</u> <ul style="list-style-type: none"> Improve or maintain employee retention rate subject to market conditions Maintain or improve training hours for employees Maintain or improve percentage of employees who received regular performance and career development reviews | ● ○ ○ Training for FY2021 were delayed till FY2022 due to the epidemic, resulting in an overall increase in training hours recorded for FY2022. The nature of our training is cyclical, with training required conducted every two to three years. Accordingly, the total training hours declined for the Reporting Period. |
| 11 | Food Safety, Product Quality and Nutrition | <u>Ongoing and long-term</u> Maintain zero product return due to food safety issues raised by customers | ● ○ ○ The increase in product returns was due to the degradation of ingredients used. |
| 12 | Human Rights, Workplace Diversity and Labour Standards | <u>Ongoing and long-term</u> <ul style="list-style-type: none"> Maintain zero incidents of unlawful discrimination against employees Maintain zero reported incidents of non-compliance with labour standards assessed by the authorities | ● ● ● |
| 13 | Community Development | <u>Medium-term</u> Initiative or continue with existing initiatives to promote sustainable cocoa farming | ● ● ● |
| Governance | | | |
| 14 | Ethics and Integrity | <u>Ongoing and long-term</u> Maintain zero incidents of corruption | ● ● ● |
| 15 | Cyber Security and Data Protection | <u>Ongoing and long-term</u> Maintain zero incidents of cyber security breach concerning losses of business data | ● ● ● |

For certain key Sustainability Factors identified above, we are still in the process of setting the related medium and long-term targets as their historical data trends have yet to stabilize. We will disclose such targets in our future sustainability reports when the data trends have stabilized and subject to market trends.

SUSTAINABILITY REPORT

11. SUPPORTING THE SDGS

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 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 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>3 GOOD HEALTH AND WELL-BEING</p> | <p>Ensure healthy lives and promote well-being for all at all ages</p> <p><u>Section 9.9 Safe Work and Well-Being</u> We constantly utilise safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.</p> |
|  <p>4 QUALITY EDUCATION</p> | <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p><u>Section 9.10 Talent Development</u> We offer our employees extensive internal and external training to enhance their competencies as we believe in creating a rewarding working environment for our employees.</p> |
|  <p>6 CLEAN WATER AND SANITATION</p> | <p>Ensure availability and sustainable management of water and sanitation for all</p> <p><u>Section 9.4 Water Stewardship</u> We implement measures to help us to work towards achieving effective use of water resources. We also 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.</p> |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | <p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <p><u>Section 9.5 Energy Consumption, Climate Change and GHG Emissions</u> We constantly monitor and implement measures to improve our energy efficiency as well as to increase the utilisation of renewable energy.</p> |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <p>Promote sustained, inclusive and sustainable economic growth, and productive employment and decent work for all</p> <p><u>Section 9.1 Business Development and Expansion</u> As we explore business development and expansion opportunities, we continue to contribute to economic growth through creating long-term economic value for our shareholders.</p> <p><u>Section 9.2 Customer Satisfaction</u> We recognise that adhering to a high quality of product and customer service standards is vital in the continued success of our business. This in turn helps to contribute to economic growth as well as long-term economic value for our shareholders.</p> <p><u>Section 9.11 Food Safety, Product Quality and Nutrition</u> We recognise that food safety, quality products and nutrition are vital in the continued success of our business. This in turn helps to contribute to long-term economic value for our shareholders.</p> |

SUSTAINABILITY REPORT

| SDG | Our Effort |
|---|---|
|  <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality within and among countries</p> | <p><u>Section 9.12 Human Rights, Workplace Diversity and Labour Standards</u></p> <p>We ensure equal employment opportunity for all, regardless of gender, age, and educational background. Additionally, we implement measures to achieve sustainability in a holistic manner and comply with stringent human rights practices which include the prohibition against child labour and forced labour.</p> |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p> | <p><u>Section 9.3 Sustainable Manufacturing</u></p> <p>We focus on improving our operational efficiency in areas such as energy and water efficiencies, resource optimisation and utilisation of renewable energy sources.</p> <p><u>Section 9.7 Waste Management and Optimisation</u></p> <p>We implement measures to ensure that hazardous waste is properly treated before disposal and non-hazardous waste is either disposed in a proper manner, converted into renewable energy sources or recycled. This in turn helps to minimise the adverse impacts on human health and environment.</p> <p><u>Section 9.6 Traceability and Sustainable Supply Chain Practices</u></p> <p>We formalised policies and supplier code of conduct to communicate our commitment to zero tolerance on deforestation, exploitation of human rights, child labour, forced labour. We are also audited by external auditors on our compliance with labour and environmental standards. In addition, we initiate programs to improve the livelihoods of our farmers and traceability in our supply chain.</p> <p><u>Section 9.13 Community Development</u></p> <p>We adopt various initiatives to ensure a long-term sustainable supply of cocoa as well as to achieve a higher yield for farmers.</p> |
|  <p>15 LIFE ON LAND</p> <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> | <p><u>Section 9.8 Deforestation and Biodiversity</u></p> <p>We formalised a deforestation free policy and supplier code of conduct to align to our commitment to zero deforestation, restoration and preservation of protected areas.</p> |
|  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <p><u>Section 9.14 Ethics and Integrity</u></p> <p>We carry out business with integrity by avoiding corruption in any form and maintain a high standard of corporate governance to maintain the transparency of our business, safeguard our shareholders' interests and maximise long-term shareholder value.</p> <p><u>Section 9.15 Cyber Security and Data Protection</u></p> <p>We are committed to the privacy and security of data collected and generated in the course of our operations. We have an IT policy and implement measures to manage cyber security risks.</p> |

SUSTAINABILITY REPORT

12. TCFD DISCLOSURES

We are committed to support the recommendations by the TCFD and made our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Governance

a. Describe the board's oversight of climate-related risks and opportunities.

The Board determines the key Sustainability Factors of the Group, oversees the identification and evaluation of climate-related risks and opportunities, reviews and approve sustainability strategy and targets, policies and sustainability reports (including materiality assessment process and outcome).

b. Describe management's role in assessing and managing climate-related risks and opportunities.

Our sustainability strategy is spearheaded by the SC and led by our CEO. The SC includes senior management executives and managerial representatives from various functions and is tasked with on-going communication with the Board, the development of the sustainability strategy and progress, performing on materiality assessment (including climate-related risks and opportunities), consideration on stakeholders' priorities, goals as well as target setting on how the Group can better implement sustainability initiatives and contribute to our decarbonisation journey.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

With an increasing awareness of global climate crisis, we are more committed than ever towards sustainable conservation efforts. Our strategy is to transform the Group into a climate-resilient and future-fitted business. We recognise that climate change poses different types of risks to our business. Our overarching climate strategy is to identify, assess and mitigate potential impacts of climate-related physical risks and transition risks in our business.

In FY2023, the Group undertook a climate scenario analysis to identify and assess climate-related risks and opportunities for all our operations using the Representative Concentration Pathway ("RCP") adopted by the Intergovernmental Panel on Climate Change ("IPCC") as follows:

| Scenario | Description |
|--------------------|--|
| IPCC RCP 2.6/1.5°C | This scenario is in line with Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancements and behaviour changes as key mitigation strategy |
| IPCC RCP 8.5/4°C | The 'business-as-usual' scenario assumes that GHG emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce GHG emissions |

SUSTAINABILITY REPORT

Based on the scenarios above, we identified the potential impact of climate change, both physical and transitions risk on our business as well as climate-related opportunities which the Group can capitalise on as follows:

| Scenario | Climate-related Risk | Potential Impact | Our Response |
|--------------------|---|---|---|
| IPCC RCP 8.5/4°C | Physical Risk – Increased occurrence of natural disasters and severe weather conditions | Increased extreme weather events and occurrence of natural disasters such as drought, flooding and forest fire may lead to reduction in cocoa yield which in turn adversely affect the supply of the key raw materials (i.e., cocoa bean) for the production of our products. | The Group will continue to assess our supply chain, diversified sourcing from multiple locations to reduce raw material vulnerability due to increased extreme weather events and ensure steady supply of ingredients to meet the customer demand. |
| IPCC RCP 2.6/1.5°C | Transition Risk – Expansion of carbon pricing mechanism | Expansion in carbon tax coverage and increase in carbon tax rates which may lead to increased operating costs. | In view of this development, we will continue to reduce the GHG emissions generated from our operations and replace carbon intensive energy sources with low carbon sources to meet the rising needs and expectations of regulators and other relevant stakeholders. |
| | Transition Risk – Shift in customer preference | Rising demands of the transition to a low carbon economy and the shifts in consumer preferences for sustainable cocoa ingredient products will require the Group's attention to ensuring our products come from sustainable sourcing. | In response to these demands, we ensure that our products are sourced from producers who are certified under the internationally recognised certifications of Rainforest Alliance certificate, Fairtrade International certificate and Fairtrade USA certificate, to maintain a sustainable cocoa supply chain. |
| | Transition Risk – Reputation | Increased sustainability concerns or negative feedback from stakeholders which lead to loss of trust and confidence of investors and shareholders. | We are working towards becoming a low carbon organisation by using greener energy sources, green technology solutions and collaborate closely with business partners to promote green initiatives and programs. |

SUSTAINABILITY REPORT

The impact of the above climate-related risks is analysed on group-wide activities over the short term (before FY2025), medium term (FY2025 – FY2035) and long term (FY2035 onwards) with details as follows:

Warming scenario 1: 1.5°C warming (RCP 2.6)

| Risk | Significance of Financial Impact ²² | | |
|--|--|-------------|-----------|
| | Short Term | Medium Term | Long Term |
| Key Physical Risk Identified | | | |
| Physical Risk – Increased occurrence of natural disasters and severe weather conditions | ● | ● | ● |
| Key Transition Risk Identified | | | |
| Expansion of carbon pricing mechanism which may increase operating costs | ● | ● | ● |
| Shift in customer preference which may require the Group to obtain sustainable sourcing and gives rise to operating cost | ● | ● | ● |
| Increased sustainability concerns or negative feedback from stakeholders which may lead to loss of confidence | ● | ● | ● |

Warming scenario 2: > 4°C warming (RCP 8.5)

| Risk | Significance of Financial Impact | | |
|--|----------------------------------|-------------|-----------|
| | Short Term | Medium Term | Long Term |
| Key Physical Risk Identified | | | |
| Physical Risk – Increased occurrence of natural disasters and severe weather conditions | NA ²³ | | ● |
| Key Transition Risk Identified | | | |
| Expansion of carbon pricing mechanism which may increase operating costs | NA ²³ | | ● |
| Shift in customer preference which may require the Group to obtain sustainable sourcing and gives rise to operating cost | NA ²³ | | ● |
| Increased sustainability concerns or negative feedback from stakeholders which may lead to loss of confidence | NA ²³ | | ● |

Legend

● Minor ● Moderate ● Major

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

²² Significance of financial impact is determined based on the risk appetite established in accordance with the Group's climate scenario assessment.

²³ Not applicable as this scenario is unlikely in the short and medium term.

SUSTAINABILITY REPORT

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario 2: > 4°C warming) may result in major financial impact by FY2035. Under warming scenario 1: 1.5°C, there may be moderate level of financial impact in the medium and long-term arising from the combined effects of carbon tax increase, shift in consumer preference, rising expectation of stakeholders, increased cost of operating expenses and potential revenue loss. We incorporated these findings and considerations into our strategy, decision-making and ERM framework.

Risk Management

a. Describe the organisation's processes for identifying and assessing climate-related risks

b. Describe the organisation's processes for managing climate-related risks.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

We acknowledge that maintaining a sound system of climate-related risk management is imperative to safeguarding the interests of the Group and foster trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major climate-related risks relevant to our business, as well as reviewing key climate-related risk performance regularly.

Climate-related risk management is covered under our ERM framework whereby potential climate-related risks are identified, assessed, monitored and managed. Under the framework, business units and functions are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group's business objectives. Climate-related risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM assessment exercise and are subsequently presented to the AC along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related performance indicators.

Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The Group monitors, measures and reports its environmental performance such as energy consumption and GHG emissions in its sustainability reports. Monitoring and reporting these data and metrics enable the Group to identify areas of key climate-related risks and be more focused in its efforts.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

To support the climate change agenda, we disclose our Scope 1, Scope 2 and certain categories of Scope 3 GHG emissions in this Report and set climate related targets such as those related to GHG emissions.

Our disclosure on indirect Scope 3 GHG emissions included employee commuting (category 7) in FY2023. We aim to review our Scope 3 GHG emissions to better track and disclose our material Scope 3 GHG emissions and expand the reporting coverage of our Scope 3 GHG emissions on categories relevant to the Group when the data is available.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we set climate-related targets related to GHG emissions, water and waste. For further details, please refer to section '10 Targets and Performance Highlights' for the climate-related targets set.

SUSTAINABILITY REPORT

APPENDIX 1 GRI CONTENT INDEX

| Statement of use | JB Foods reported the information cited in the GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards. | |
|---------------------------------|--|--|
| GRI 1 used | GRI 1: Foundation 2021 | |
| GRI standard | Disclosure | Location |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 2-4 |
| | 2-2 Entities included in the organisation’s sustainability reporting | 20 |
| | 2-3 Reporting period, frequency and contact point | 20 |
| | 2-4 Restatements of information | None |
| | 2-5 External assurance | 20 |
| | 2-6 Activities, value chain and other business relationships | 2-4, 19 |
| | 2-7 Employees | 38-39 |
| | 2-8 Workers who are not employees | We have approximately 183 workers who are not employees as at 31 December 2023. They include workers who provide logistics, warehousing, cleaning and clerical services, security guards, consultants for support functions such as sales, office management and sustainability. |
| | 2-9 Governance structure and composition | 12-15, 22, 63-65 |
| | 2-10 Nomination and selection of the highest governance body | 66-68 |
| | 2-11 Chair of the highest governance body | 12, 65-69 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 12-15, 22, 51 |
| | 2-13 Delegation of responsibility for managing impacts | 22, 51 |
| | 2-14 Role of the highest governance body in sustainability reporting | 22, 51 |
| | 2-15 Conflicts of interest | 46-47, 62-64, 81 |
| | 2-16 Communication of critical concerns | 45-46, 75 |
| | 2-17 Collective knowledge of the highest governance body | 22, 63-65 |
| | 2-18 Evaluation of the performance of the highest governance body | 68-69 |
| | 2-19 Remuneration policies | 70-71 |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location |
|------------------------------------|--|---|
| | 2-20 Process to determine remuneration | 70-71 |
| | 2-21 Annual total compensation ratio | Information is not provided due to confidentiality constraints. |
| | 2-22 Statement on sustainable development strategy | 5-8, 17 |
| | 2-23 Policy commitments | 22, 37-38, 45-46 |
| | 2-24 Embedding policy commitments | 22, 37-38, 45-46 |
| | 2-25 Processes to remediate negative impacts | 45-46, 72-73, 75 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 45-46, 75 |
| | 2-27 Compliance with laws and regulations | 22, 37-38, 45-46 |
| | 2-28 Membership 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. |
| | 2-29 Approach to stakeholder engagement | 20-21, 24-25 |
| | 2-30 Collective bargaining agreements | As at 31 December 2023, 100% of our bargainable employees in Indonesia are covered by collective bargaining agreements. |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 23 |
| | 3-2 List of material topics | 24-25 |
| | 3-3 Management of material topics | 25-46 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 25 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 51 - 54 |
| | 201-3 Defined benefit plan obligations and other retirement plans | 112-113 |
| | 201-4 Financial assistance received from government | 112 |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 45-46, 72-73 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 45-46 |
| | 205-3 Confirmed incidents of corruption and actions taken | 45-46 |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location |
|--|--|----------|
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 31 |
| | 302-2 Energy consumption outside of the organization | 31 |
| | 302-3 Energy intensity | 31 |
| GRI 303: Water and Effluents 2018 | 303-4 Water discharge | 27 |
| | 303-5 Water consumption | 27 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 31 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 31 |
| | 305-3 Other indirect (Scope 3) GHG emissions | 31 |
| | 305-4 GHG emissions intensity | 31 |
| | 305-5 Reduction of GHG emissions | 28-30 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 32-33 |
| | 306-2 Management of significant waste-related impacts | 32-33 |
| | 306-3 Waste generated | 32-33 |
| | 306-4 Waste diverted from disposal | 32-33 |
| | 306-5 Waste directed to disposal | 32-33 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 35 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 36 |
| | 401-3 Parental leave | 36 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 33-34 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 33-34 |
| | 403-3 Occupational health services | 33-34 |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location |
|---|---|--|
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 33-34 |
| | 403-5 Worker training on occupational health and safety | 33-34 |
| | 403-6 Promotion of worker health | 33-34 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 33-34 |
| | 403-8 Workers covered by an occupational health and safety management system | 33-34 |
| | 403-9 Work-related injuries | 33-34 |
| | 403-10 Work-related ill health | 33-34 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 34-35 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 34-35 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 36 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 38-40, 63-65 |
| | 405-2 Ratio of basic salary and remuneration of women to men | Information is not provided due to confidential constraints. |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 40 |
| GRI 413: Local Communities 2016 | 413-2 Operations with significant actual and potential negative impacts on local communities | 26-34, 37-38, 40-46 |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 37 |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 37 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 46 |

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHIN KOON YEW
(Chairman and Lead Independent Director)

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

TEY HOW KEONG
(Chief Executive Officer)

GOH LEE BENG
(Executive Director)

LIM TONG LEE
*(Independent, Non-executive Director)
(Appointed on 1 July 2023)*

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

AUDIT COMMITTEE

CHIN KOON YEW *(Chairman)*

LIM TONG LEE

DR GOI SENG HUI

REMUNERATION COMMITTEE

LIM TONG LEE *(Chairman)*

CHIN KOON YEW

TEY HOW KEONG

NOMINATING COMMITTEE

LIM TONG LEE *(Chairman)*

CHIN KOON YEW

TEY HOW KEONG

RISK COMMITTEE

CHIN KOON YEW *(Chairman)*

DR GOI SENG HUI

TEY HOW KEONG

WONG WING HONG

JOINT COMPANY SECRETARIES

ONG BENG HONG

WONG WING HONG

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30 Cecil Street

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Singapore 049712

INDEPENDENT AUDITORS

BDO LLP

PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS

600 North Bridge Road #23-01

Parkview Square

Singapore 188778

Partner-in-charge: Leong Wenjie Stephen

(Appointed since the financial year ended 31 December 2022)

TABLE OF CONTENTS

| | |
|--|-----|
| CORPORATE GOVERNANCE REPORT | 61 |
| DIRECTORS' STATEMENT | 80 |
| INDEPENDENT AUDITOR'S REPORT | 83 |
| STATEMENTS OF FINANCIAL POSITION..... | 88 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME..... | 89 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 90 |
| CONSOLIDATED STATEMENT OF CASH FLOWS..... | 92 |
| NOTES TO THE FINANCIAL STATEMENTS | 94 |
| STATISTICS OF SHAREHOLDINGS..... | 136 |
| NOTICE OF ANNUAL GENERAL MEETING..... | 138 |
| ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION | 142 |
| PROXY FORM | |



CORPORATE GOVERNANCE REPORT

The Board of Directors (“**the Board**”) of JB Foods Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are 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 2023 (“**FY2023**”), 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.

CORPORATE GOVERNANCE REPORT

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.

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. Pursuant to Rule 720(7) of the Listing Manual, all the Directors have undergone training on sustainability matters as prescribed by SGX-ST.

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 FY2023 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 |
| Director | | | | | | | | | | |
| Chua Cheow Khoon Michael ⁽¹⁾ | 5 | 2 | 4 | 2 | 1 | 1 | 2 | 2 | 2 | 1* |
| Tey How Keong | 5 | 5 | 4 | 4* | 1 | 1 | 2 | 2 | 2 | 2 |
| Goh Lee Beng | 5 | 5 | 4 | 4* | 1 | 1* | 2 | 2* | 2 | 2* |
| Goi Seng Hui (Alternate: Loo Wen Lieh) ⁽²⁾ | 5 | 3 | 4 | 3 | 1 | 1* | 2 | 1* | 2 | 0 |
| Chin Koon Yew | 5 | 5 | 4 | 4 | 1 | 1 | 2 | 2 | 2 | 2 |
| Lim Tong Lee ⁽³⁾ | 5 | 4 | 4 | 3 | 1 | 0 | 2 | 1* | 2 | 2* |

Notes:

- (1) Mr Chua Cheow Khoon Michael had ceased to be a Director on 1 July 2023. Therefore, he did not attend the meetings held after 1 July 2023.
- (2) Mr Loo Wen Lieh was appointed as Alternate Director to Dr 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.
- (3) Mr Lim Tong Lee was appointed as a Director on 1 July 2023 and attended the Audit Committee and Nominating Committee meetings on 16 May 2023 by invitation. Mr Lim Tong Lee did not attend the other meetings held prior to his appointment.

* By Invitation

CORPORATE GOVERNANCE REPORT

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.

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 1967 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 Non-Executive, Independent Directors and one is a Non-Executive, Non-Independent Director. The two Independent Directors of the Company are Mr Chin Koon Yew and Mr Lim Tong Lee. 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 Chin Koon Yew, is independent as at the date of this Annual Report, 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. The Company has put in place a board diversity policy, which takes into consideration the normal selection criteria such as competencies, skills, extensive experience and knowledge, as well as gender, age and ethnicity. 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 consider the benefits of all aspects of diversity including, but not limited to, those described in the board diversity policy and select the appropriate candidate for the position. Details of the board diversity policy have been made available to all directors of the Company. 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.

CORPORATE GOVERNANCE REPORT

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. Notwithstanding the fact that the Board is of the view that the current Board is diverse and effective and in line with the board diversity policy, the Company has set internal targets and its progress in achieving the same as described in the table below.

| Diversity Targets, Plans and Timelines | Targets Achieved/ Progress Towards Achieving Targets |
|---|---|
| Gender | |
| To have at least 1 female Director on the board. | Target Achieved – As at the date of this Annual Report, there is 1 female Executive Director on the Board. This represents 20% of the Board. |
| Skills and Expertise | |
| <p>To ensure that the Director, as a group, possess:</p> <p>(a) a variety of skill sets, including in core competencies, domain knowledge and other fields of expertise, such as management, strategy and accounting; and</p> <p>(b) a mix of industry experience, management experience, business acumen and listed company board experience.</p> <p>The Company believes that diversity in skill sets would support the work of the Board and Board Committees and needs of the Company, and that an optimal mix of experience would help shape the Company's strategic objectives and provide effective guidance and oversight of Management and the Company's operations.</p> | <p>Target Achieved – As at the date of this Annual Report, the Board comprises Directors who, as a group, possess the identified core skills and experience.</p> <p>In terms of skill sets, the Board comprises Directors with a variety of skills and expertise in areas including management, strategy and accounting.</p> <p>In terms of experience, the Board comprises Directors who are corporate and business leaders and who collectively have experience in general business management, have served on public listed company boards and have international or regional experience.</p> <p>In terms of industry experience, the Directors collectively have exposure in various sectors including the finance and food and beverage industries.</p> |

To achieve and/or maintain diversity on the Board, the Group will undertake the following initiatives when considering new Director candidates:

- (a) the Company will expand the search and recruitment process to attract a diverse range of candidates for Board positions. This will involve actively seeking candidates from different backgrounds, including those with diverse gender, age, nationalities, cultural background, educational background, experience skills and knowledge; and
- (b) the Company will conduct a thorough review of its Board appointment criteria to ensure they are inclusive and unbiased. This includes examining the qualifications, experience, and skills required for board positions to identify any potential barriers that may disproportionately affect women. By adopting more inclusive criteria, the Company will be better positioned to attract a wider range of candidates and create a more diverse Board.

CORPORATE GOVERNANCE REPORT

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

| | | |
|------------------|---|--|
| Mr Chin Koon Yew | : | Chairman and Lead Independent Director |
| Dr 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 Lim Tong Lee | : | Independent Director |
| Mr Loo Wen Lieh | : | Alternate Director to Dr Goi Seng Hui |

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, 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, or if he has been a Director of the company for an aggregate period of more than 9 years.

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.

Mr Chin Koon Yew was first appointed to the Board as an Independent Director on 18 February 2014. As such, he has served on the Board for more than nine years. However, pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST and Transitional Practice Note 4 on Transitional Arrangements Regarding the Tenure Limit for Independent Directors, Mr Chin Koon Yew is considered independent until the conclusion of the forthcoming annual general meeting ("**AGM**") to be held for FY2023. Mr Chin Koon Yew will retire at the forthcoming AGM and will not seek re-election. Following Mr Chin Koon Yew's retirement as a Director at the conclusion of the forthcoming AGM, he will cease to be the Chairman of the Board, Chairman of the Audit Committee and Risk Committee and member of the Remuneration Committee and Nominating Committee.

The Company is in the process of identifying a new Independent Director to be appointed and will make the necessary announcements via SGXNET upon finalisation of the same.

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 Chin Koon Yew, the Lead Independent Director, is the Chairman of the Board and Mr Tey How Keong assumes the role of CEO of the Company.

CORPORATE GOVERNANCE REPORT

As Chairman, Mr Chin Koon Yew 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.

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 Lim Tong Lee (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, the Board diversity policies and the Company's diversity targets, 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.

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

CORPORATE GOVERNANCE REPORT

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.

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 Chin Koon Yew and Mr Lim Tong Lee 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 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 |
|------------------|-----|-----------------------------|--------------------------|--|--|
| Chin Koon Yew | 68 | 18 February 2014 | 28 April 2022 | Present Directorships: – Past Directorships: – | Present: – Past: – |
| Dr Goi Seng Hui | 77 | 1 March 2013 | 28 April 2022 | Present Directorships: Envictus International Holdings Limited Tung Lok Restaurants (2000) Ltd GSH Corporation Limited PSC Corporation Limited Tat Seng Packaging Group Ltd Past Directorships: – | Present: Tee Yih Jia Food Manufacturing Pte Ltd Past: – |
| Tey How Keong | 58 | 3 January 2012 | 26 April 2023 | Present Directorships: – Past Directorships: – | Present: – Past: – |
| Goh Lee Beng | 58 | 4 May 2012 | 26 April 2023 | Present Directorships: – Past Directorships: – | Present: – Past: – |

CORPORATE GOVERNANCE REPORT

| Name of Director | Age | Date of Initial Appointment | Date of Last Re-election | Present and Past Directorship in Listed Companies | Other Principal Commitments |
|------------------|-----|-----------------------------|--------------------------|---|---|
| Lim Tong Lee | 56 | 1 July 2023 | – | <p>Present Directorships: Sunrise Shares Holdings Ltd Harrisons Holdings (Malaysia) Berhad Nam Cheong Limited</p> <p>Past Directorships: LBS Bina Group Berhad Valuemax Group Limited Versalink Holdings Limited SIAB Holdings Berhad</p> | <p>Present: –</p> <p>Past: –</p> |
| Loo Wen Lieh | 49 | 23 May 2013 | – | – | <p>Present: Tee Yih Jia Food Manufacturing Pte Ltd</p> <p>Past: –</p> |

The Directors who are retiring by rotation pursuant to Article 98 of the Constitution of the Company at the forthcoming AGM are Dr Goi Seng Hui and Mr Chin Koon Yew. After assessing Dr Goi Seng Hui's contributions and performance, the NC is recommending Dr Goi Seng Hui for re-election at the forthcoming AGM. As Mr Chin Koon Yew has been an Independent Director for more than 9 years, he will be retiring at the forthcoming AGM and will not be seeking re-election at the forthcoming AGM.

As Mr Lim Tong Lee was appointed as a Director during FY2023, he will be retiring pursuant to Article 102 of the Constitution of the Company at the forthcoming AGM and will be seeking re-election. After assessing his contributions and performance, the NC is recommending Mr Lim Tong Lee for re-election at the forthcoming AGM.

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.

CORPORATE GOVERNANCE REPORT

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).

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.

CORPORATE GOVERNANCE REPORT

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 Lim Tong Lee (Chairman)

Mr Chin Koon Yew

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.

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.

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. The Executive Directors had each entered into renewed service agreements with the Company on 1 January 2021. Each service agreement has an initial term of three years from 1 January 2021, and may be further renewed thereafter. These service agreements provide for, *inter alia*, termination by either party upon giving at least six months' notice in writing.

CORPORATE GOVERNANCE REPORT

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.

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 FY2023 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 | 422 | 331 | 18 | – | 771 |
| Goh Lee Beng | Executive | 247 | 128 | 7 | – | 382 |
| Chin Koon Yew | | – | – | – | 60 | 60 |
| Dr Goi Seng Hui | | – | – | – | 42 | 42 |
| Loo Wen Lieh | | – | – | – | 27 | 27 |
| Chua Cheow Khoon Michael | | – | – | – | 33 | 33 |
| Name of Top 3 Key Management Personnel | | | | | | |
| S\$250,001 to S\$500,000 | | % | % | % | % | % |
| Wong Wing Hong | | 81 | 11 | 8 | – | 100 |
| S\$250,000 and below | | % | % | % | % | % |
| Ong Kim Teck | | 75 | 20 | 5 | – | 100 |
| Saw Poh Chin | | 78 | 15 | 7 | – | 100 |

The Company had 3 key management personnel for FY2023 (who are not also Directors or the CEO). The total remuneration for these 3 key management personnel amounted to S\$730,000 during FY2023.

During FY2023, Mr Tey Yu Xiang, the son of Mr Tey How Keong, CEO and Executive Director of the Company and Mdm Goh Lee Beng, Executive Director of the Company, received remuneration between S\$100,000 and S\$150,000.

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 (<http://www.sgx.com/securities/annual-reports-related-documents>). No option has been granted under the ESOS since the ESOS was adopted. The ESOS will be expiring on 30 April 2024.

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. As at the date of this Annual Report, the Risk Committee comprises the following members:

Mr Chin Koon Yew (Chairman)

Mr Tey How Keong

Dr 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 FY2023 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 FY2023, 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 the Risk Committee, is satisfied that the Group's internal controls and risk management systems are adequate and effective 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 Chin Koon Yew (Chairman)

Mr Lim Tong Lee

Dr Goi Seng Hui

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 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.

CORPORATE GOVERNANCE REPORT

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

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 22 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 7 to the financial statements in this Annual Report. BDO LLP, Singapore was appointed in FY2023 to audit the accounts of the Company and JB Foods Global Pte. Ltd., BDO PLT, Malaysia was appointed in FY2023 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 FY2023 to audit the accounts of PT Jebe Koko and PT Jebe Trading Indonesia. BDO China Shu Lun Pan CPA LLP was appointed in FY2023 to audit the accounts of JB Cocoa Foods (China) Co., Ltd. BDO Francophone West Africa was appointed in FY2023 to audit the accounts of the JB Cocoa CI and JB Sourcing CI.

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 FY2023.

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 a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing services, food & beverage, retail and property development industries.

YLA is 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 IA have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

CORPORATE GOVERNANCE REPORT

The IA is 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.

The IA completed one (1) review in FY2023 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 FY2023.

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 within one month of the relevant shareholder meeting. 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.

CORPORATE GOVERNANCE REPORT

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.

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 17 to 58 for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2023.

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

The Board's Conduct of Affairs

Principle 1

| | |
|---------------|---------|
| Provision 1.1 | Page 61 |
| Provision 1.2 | Page 62 |
| Provision 1.3 | Page 61 |
| Provision 1.4 | Page 62 |
| Provision 1.5 | Page 62 |
| Provision 1.6 | Page 63 |
| Provision 1.7 | Page 63 |

Board Composition and Guidance

Principle 2

| | |
|---------------|---------|
| Provision 2.1 | Page 63 |
| Provision 2.2 | Page 63 |
| Provision 2.3 | Page 63 |
| Provision 2.4 | Page 64 |
| Provision 2.5 | Page 65 |

Chairman and Chief Executive Officer

Principle 3

| | |
|---------------|------------|
| Provision 3.1 | Page 65 |
| Provision 3.2 | Page 66 |
| Provision 3.3 | Page 65-66 |

Board Membership

Principle 4

| | |
|---------------|------------|
| Provision 4.1 | Page 66 |
| Provision 4.2 | Page 66 |
| Provision 4.3 | Page 66 |
| Provision 4.4 | Page 67 |
| Provision 4.5 | Page 66-67 |

Board Performance

Principle 5

| | |
|---------------|------------|
| Provision 5.1 | Page 68-69 |
| Provision 5.2 | Page 68-69 |

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

| | |
|---------------|---------|
| Provision 6.1 | Page 70 |
| Provision 6.2 | Page 70 |
| Provision 6.3 | Page 70 |
| Provision 6.4 | Page 70 |

Level and Mix of Remuneration

Principle 7

| | |
|---------------|---------|
| Provision 7.1 | Page 70 |
| Provision 7.2 | Page 70 |
| Provision 7.3 | Page 71 |

Disclosure on Remuneration

Principle 8

| | |
|---------------|---------|
| Provision 8.1 | Page 71 |
| Provision 8.2 | Page 71 |
| Provision 8.3 | Page 71 |

Accountability and Audit

Risk Management and Internal Controls

Principle 9

| | |
|---------------|---------|
| Provision 9.1 | Page 72 |
| Provision 9.2 | Page 73 |

Audit Committee

Principle 10

| | |
|----------------|------------|
| Provision 10.1 | Page 74 |
| Provision 10.2 | Page 73 |
| Provision 10.3 | Page 73 |
| Provision 10.4 | Page 75-76 |
| Provision 10.5 | Page 75 |

Shareholder Rights and Responsibilities

Shareholder Rights and Conduct of General Meetings

Principle 11

| | |
|----------------|---------|
| Provision 11.1 | Page 76 |
| Provision 11.2 | Page 76 |
| Provision 11.3 | Page 76 |
| Provision 11.4 | Page 76 |
| Provision 11.5 | Page 76 |
| Provision 11.6 | Page 77 |

Engagement with Shareholders

Principle 12

| | |
|----------------|---------|
| Provision 12.1 | Page 77 |
| Provision 12.2 | Page 77 |
| Provision 12.3 | Page 77 |

Managing Stakeholders Relationships

Engagement with Stakeholders

Principle 13

| | |
|----------------|---------|
| Provision 13.1 | Page 77 |
| Provision 13.2 | Page 77 |
| Provision 13.3 | Page 77 |

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealing in Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, during FY2023, the Group, its Directors, officers and employees adhered to the policy of, and the Company 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 FY2023.

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 FY2023, the Group did not enter into any interested person transaction with a value of more than S\$100,000.

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 2023 and the statement of financial position of the Company as at 31 December 2023.

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 2023, 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:

Chin Koon Yew
 Dr Goi Seng Hui
 Tey How Keong
 Goh Lee Beng
 Lim Tong Lee (Appointed on 1 July 2023)
 Loo Wen Lih (Alternate director to Dr 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.

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 1967 (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 | |
|---|---|----------------|---|----------------|
| | At beginning of the year or date of appointment, if later | At end of year | At beginning of the year or date of appointment, if later | At end of year |
| Company | | | | |
| (Number of ordinary shares) | | | | |
| Tey How Keong | 4,141,767 | 4,262,567 | 138,030,000 | 138,030,000 |
| Goh Lee Beng | 5,000,166 | 5,684,266 | 138,030,000 | 138,030,000 |
| Dr Goi Seng Hui | 1,316,400 | 1,793,900 | 72,934,366 | 72,934,366 |
| Chin Koon Yew | 632,000 | 632,000 | - | - |

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (Continued)

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 2024 in the shares of the Company have not changed from those disclosed as at 31 December 2023 except for those disclosed below.

| Name of directors and companies in which interests are held | Shareholdings registered in the name of director director is deemed | | Shareholdings in which to have an interest | |
|---|---|--------------------|--|--------------------|
| | At end of year | At 21 January 2024 | At end of year | At 21 January 2024 |
| Company | | | | |
| <u>(Number of ordinary shares)</u> | | | | |
| Dr Goi Seng Hui | 1,793,900 | 2,011,300 | 72,934,366 | 72,934,366 |

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.

6. Audit committee

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

Chin Koon Yew (Chairman)
Dr Goi Seng Hui
Lim Tong Lee

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:

- 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;
- the Group's and the Company's financial and operating results and accounting policies;
- 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;
- 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;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

- (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.

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

28 March 2024

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 88 to 135, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- 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 material accounting policy information.

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 1967 (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 2023, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 2023, the inventories of the Group amounted to approximately US\$274.8 million, which represents 37% 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 Note 8 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 financial year end; and
- Tested the inventory aging reports which management used as a basis to identify slow-moving inventories.

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

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

- 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 Leong Wenjie Stephen.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
28 March 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Note | Group 31 December | | Company 31 December | |
|--|------|----------------------|------------------|------------------------|------------------|
| | | 2023 US\$'000 | 2022 US\$'000 | 2023 US\$'000 | 2022 US\$'000 |
| Non-current assets | | | | | |
| Intangible assets | 3 | 1,558 | 2,210 | – | – |
| Investment properties | 4 | 7,434 | 7,599 | – | – |
| Property, plant and equipment | 5 | 114,488 | 99,828 | – | – |
| Right-of-use assets | 6 | 12,227 | 12,664 | – | – |
| Investments in subsidiaries | 7 | – | – | 126,054 | 104,189 |
| Deferred tax assets | 17 | 1,914 | 1,122 | – | – |
| Other receivables | 9 | – | – | – | 2,905 |
| | | 137,621 | 123,423 | 126,054 | 107,094 |
| Current assets | | | | | |
| Inventories | 8 | 274,823 | 181,534 | – | – |
| Trade and other receivables | 9 | 100,926 | 77,324 | 3,140 | 2,861 |
| Prepayments | | 1,164 | 824 | 7 | 8 |
| Derivative financial instruments | 12 | 198,469 | 62,339 | – | – |
| Current income tax recoverable | | 5,480 | 4,163 | – | – |
| Cash and bank balances | 10 | 26,259 | 21,602 | 51 | 56 |
| | | 607,121 | 347,786 | 3,198 | 2,925 |
| Current liabilities | | | | | |
| Trade and other payables | 11 | 72,790 | 38,147 | 23,444 | 522 |
| Lease liabilities | 14 | 2,835 | 2,798 | – | – |
| Derivative financial instruments | 12 | 212,003 | 59,909 | – | – |
| Bank borrowings | 13 | 226,992 | 155,410 | – | – |
| Current income tax payable | | 239 | 1,999 | – | – |
| | | 514,859 | 258,263 | 23,444 | 522 |
| Net current assets/(liabilities) | | 92,262 | 89,523 | (20,246) | 2,403 |
| Non-current liabilities | | | | | |
| Bank borrowings | 13 | 44,090 | 21,382 | – | – |
| Lease liabilities | 14 | 963 | 3,841 | – | – |
| Deferred capital grant | 15 | 423 | 440 | – | – |
| Provision for post-employment benefits | 16 | 367 | 350 | – | – |
| Deferred tax liabilities | 17 | 6,949 | 7,544 | – | – |
| | | 52,792 | 33,557 | – | – |
| Net assets | | 177,091 | 179,389 | 105,808 | 109,497 |
| Capital and reserves | | | | | |
| Share capital | 18 | 113,963 | 113,963 | 113,963 | 113,963 |
| Other reserves | 19 | (32,977) | (33,007) | (8,458) | (8,458) |
| Retained earnings | 19 | 96,094 | 98,423 | 303 | 3,992 |
| Equity attributable to owners of the parent | | | | | |
| | | 177,080 | 179,379 | 105,808 | 109,497 |
| Non-controlling interests | | 11 | 10 | – | – |
| Total equity | | 177,091 | 179,389 | 105,808 | 109,497 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 US\$'000 | 2022 US\$'000 |
|---|------|------------------|------------------|
| Revenue | 20 | 595,786 | 509,630 |
| Cost of sales | | (555,464) | (461,481) |
| Gross profit | | 40,322 | 48,149 |
| Other items of income | | | |
| Interest income | | 169 | 110 |
| Other losses, net | | (3,408) | (926) |
| Other items of expense | | | |
| Selling and distribution expenses | | (7,116) | (8,661) |
| Administrative expenses | | (13,046) | (12,724) |
| Finance costs | 21 | (15,466) | (6,669) |
| Profit before income tax | 22 | 1,455 | 19,279 |
| Income tax credit/(expense) | 23 | 440 | (2,595) |
| Profit for the financial year | | 1,895 | 16,684 |
| Other comprehensive income: | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences, net of tax | | (98) | (1,099) |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Re-measurement of post-employment benefits, net of tax | | – | 265 |
| Other comprehensive loss for the financial year, net of tax | | (98) | (834) |
| Total comprehensive income for the financial year | | 1,797 | 15,850 |
| Profit attributable to: | | | |
| Owners of the parent | | 1,895 | 16,684 |
| Non-controlling interests | | – | – |
| | | 1,895 | 16,684 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 1,797 | 15,850 |
| Non-controlling interests | | – | – |
| | | 1,797 | 15,850 |
| Earnings per share | | | |
| – Basic and diluted (US\$ cents) | 24 | 0.6 | 5.5 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| GROUP | Note | Share capital US\$'000 | Merger reserve US\$'000 | Statutory reserve US\$'000 | Exchange reserve US\$'000 | Foreign currency translation reserve US\$'000 | Retained earnings US\$'000 | Equity attributable to the owners of the parent US\$'000 | Non-controlling interest US\$'000 | Total equity US\$'000 |
|--|------|---------------------------|----------------------------|-------------------------------|------------------------------|--|-------------------------------|---|--------------------------------------|--------------------------|
| | | | | | | | | | | |
| Balance as at 1 January 2023 | | 113,963 | (25,472) | 176 | (6,956) | (755) | 98,423 | 179,379 | 10 | 179,389 |
| Profit for the financial year | | - | - | - | - | - | 1,895 | 1,895 | - | 1,895 |
| Other comprehensive loss for the financial year | | - | - | - | - | (98) | - | (98) | - | (98) |
| Total comprehensive income for the financial year | | - | - | - | - | (98) | 1,895 | 1,797 | - | 1,797 |
| Distributions to owners | | - | - | - | - | - | (4,096) | (4,096) | - | (4,096) |
| Dividends on ordinary shares | 25 | - | - | - | - | - | (4,096) | (4,096) | - | (4,096) |
| Others | | - | - | 128 | - | - | (128) | - | - | - |
| Transfer to statutory reserve | 19 | - | - | 128 | - | - | (128) | - | - | - |
| Contribution by non-controlling interest of a subsidiary | | - | - | - | - | - | - | - | 1 | 1 |
| Balance as at 31 December 2023 | | 113,963 | (25,472) | 304 | (6,956) | (853) | 96,094 | 177,080 | 11 | 177,091 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| GROUP | Note | Share capital US\$'000 | Merger reserve US\$'000 | Statutory reserve US\$'000 | Exchange reserve US\$'000 | Foreign currency translation reserve US\$'000 | | | Equity attributable to the owners of the parent US\$'000 | Non-controlling interest US\$'000 | Total equity US\$'000 |
|--|------|---------------------------|----------------------------|-------------------------------|------------------------------|--|---------|---------|---|--------------------------------------|--------------------------|
| | | | | | | Retained earnings US\$'000 | Reserve | Reserve | | | |
| Balance as at 1 January 2022 | | 113,963 | (25,472) | 150 | (6,956) | 344 | 84,836 | 166,865 | 10 | 166,875 | |
| Profit for the financial year | | - | - | - | - | - | 16,684 | 16,684 | - | 16,684 | |
| Other comprehensive loss for the financial year | | - | - | - | - | (1,099) | 265 | (834) | - | (834) | |
| Total comprehensive income for the financial year | | - | - | - | - | (1,099) | 16,949 | 15,850 | - | 15,850 | |
| Distributions to owners | | - | - | - | - | - | (3,336) | (3,336) | - | (3,336) | |
| Dividends on ordinary shares | 25 | - | - | - | - | - | (3,336) | (3,336) | - | (3,336) | |
| Others | | - | - | 26 | - | - | (26) | - | - | - | |
| Transfer to statutory reserve | 19 | - | - | 176 | (6,956) | (755) | 98,423 | 179,379 | 10 | 179,389 | |
| Balance as at 31 December 2022 | | 113,963 | (25,472) | 176 | (6,956) | (755) | 98,423 | 179,379 | 10 | 179,389 | |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | 2023 US\$'000 | 2022 US\$'000 |
|---|------------------|------------------|
| Operating activities | | |
| Profit before income tax | 1,455 | 19,279 |
| Adjustments for: | | |
| Amortisation of intangible assets | 706 | 709 |
| Amortisation of right-of-use assets | 511 | 470 |
| Amortisation of deferred capital grant | (10) | (10) |
| Depreciation of investment properties | 238 | 236 |
| Depreciation of property, plant and equipment | 6,418 | 6,337 |
| Interest expense | 15,466 | 6,669 |
| Interest income | (169) | (110) |
| Reversal to net realisable value of inventories | – | (73) |
| Loss on disposal of property, plant and equipment | 11 | 312 |
| Property, plant and equipment written off | 5 | 6 |
| Provision for post-employment benefits | 25 | 120 |
| Operating cash flows before working capital changes | 24,656 | 33,945 |
| Inventories | (93,339) | 43,161 |
| Trade and other receivables | (23,602) | (18,605) |
| Fair value loss/(gain) on derivative financial instruments, net | 15,964 | (4,867) |
| Prepayments | (340) | (530) |
| Trade and other payables | 35,520 | 2,306 |
| Cash generated (used in)/from operations | (41,141) | 55,410 |
| Income tax paid | (3,985) | (6,174) |
| Net cash (used in)/from operating activities | (45,126) | 49,236 |
| Investing activities | | |
| Proceeds from disposal of property, plant and equipment | 54 | 31 |
| Proceeds from disposal of investment property | – | 200 |
| Purchase of intangible assets | (54) | (5) |
| Purchase of property, plant and equipment | (20,754) | (12,806) |
| Prepayment of lease | (25) | (1,344) |
| Interest received | 169 | 110 |
| Net cash used in investing activities | (20,610) | (13,814) |
| Financing activities | | |
| Proceeds from issuance of Sukuk Wakalah (Note A) | 10,887 | 22,679 |
| Drawdown of borrowings (Note A) | 697,398 | 490,055 |
| Repayments of borrowings (Note A) | (613,943) | (543,190) |
| Contribution from non-controlling interests | 1 | – |
| Repayment of obligations under leases (Note 14) | (2,909) | (712) |
| Decrease/(Increase) in fixed deposits pledged | 775 | (639) |
| Increase in restricted cash | (9,183) | – |
| Dividend paid to owners of the parent | (4,096) | (3,336) |
| Interest paid | (16,384) | (6,669) |
| Net cash from/(used in) financing activities | 62,546 | (41,812) |
| Net change in cash and cash equivalents | (3,190) | (6,390) |
| Cash and cash equivalents at beginning of financial year | 20,391 | 27,481 |
| Effect of exchange rate changes on cash and cash equivalents | (561) | (700) |
| Cash and cash equivalents at end of financial year (Note 10) | 16,640 | 20,391 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note A: Reconciliation of liabilities arising from financing activities:

| | 1 January 2023 US\$'000 | Cash flows US\$'000 | Non-cash changes | | 31 December 2023 US\$'000 |
|-----------------|-------------------------------|------------------------|---------------------------------|-------------------------------------|---------------------------------|
| | | | Interest expense US\$'000 | Currency realignment US\$'000 | |
| Bank borrowings | 176,792 | 94,342 | – | (52) | 271,082 |
| | | | Non-cash changes | | |
| | 1 January 2022 US\$'000 | Cash flows US\$'000 | Interest expense US\$'000 | Currency realignment US\$'000 | 31 December 2022 US\$'000 |
| Bank borrowings | 207,424 | (30,456) | – | (176) | 176,792 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

The principal activities of the subsidiaries are set out in Note 7 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 2023 were authorised for issue in accordance with a Directors' resolution dated 28 March 2024.

2. 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 relevant notes to the financial statements.

The individual financial statements of each entity within the Group 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. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below and detailed disclosures are included in the respective notes to the financial statements.

Significant accounting estimates and assumptions used:

- Inventories valuation (Note 8)
- Loss allowance for impairment of trade receivables and amount due from subsidiaries and related parties (Note 9 and 29.1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONTINUED)

Change in accounting policies

New standards, amendments and interpretation effective from 1 January 2023

On 1 January 2023, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material. For the preparation of financial statements for the financial year ended 31 December 2023, the material accounting policy information have been included in the respective notes to the financial statements.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations that are effective in future accounting periods which the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

3. INTANGIBLE ASSETS

| | Computer software US\$'000 | Others US\$'000 | Total US\$'000 |
|--|---|----------------------------|---------------------------|
| Group | | | |
| Cost | | | |
| Balance at 1 January 2023 | 4,149 | 28 | 4,177 |
| Additions | 50 | 4 | 54 |
| Balance at 31 December 2023 | 4,199 | 32 | 4,231 |
| Accumulated amortisation | | | |
| Balance at 1 January 2023 | 1,940 | 27 | 1,967 |
| Amortisation during the financial year | 704 | 2 | 706 |
| Balance at 31 December 2023 | 2,644 | 29 | 2,673 |
| Carrying amount | | | |
| Balance at 31 December 2023 | 1,555 | 3 | 1,558 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. INTANGIBLE ASSETS (CONTINUED)

| | Computer software US\$'000 | Others US\$'000 | Total US\$'000 |
|--|---|----------------------------|---------------------------|
| Group Cost | | | |
| Balance at 1 January 2022 | 4,145 | 29 | 4,174 |
| Additions | 4 | 1 | 5 |
| Currency realignment | – | (2) | (2) |
| Balance at 31 December 2022 | <u>4,149</u> | <u>28</u> | <u>4,177</u> |
| Accumulated amortisation | | | |
| Balance at 1 January 2022 | 1,236 | 24 | 1,260 |
| Amortisation during the financial year | 704 | 5 | 709 |
| Currency realignment | – | (2) | (2) |
| Balance at 31 December 2022 | <u>1,940</u> | <u>27</u> | <u>1,967</u> |
| Carrying amount | | | |
| Balance at 31 December 2022 | <u>2,209</u> | <u>1</u> | <u>2,210</u> |

Computer software licences are measured 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.

4. INVESTMENT PROPERTIES

| | Freehold land US\$'000 | Building US\$'000 | Capital work in progress US\$'000 | Leasehold Building US\$'000 | Total US\$'000 |
|--|---------------------------------------|------------------------------|--|--|---------------------------|
| Group Cost | | | | | |
| Balance at 1 January 2023 | 712 | 1,967 | – | 5,720 | 8,399 |
| Currency realignment | 22 | 59 | – | – | 81 |
| Balance at 31 December 2023 | <u>734</u> | <u>2,026</u> | <u>–</u> | <u>5,720</u> | <u>8,480</u> |
| Accumulated depreciation | | | | | |
| Balance at 1 January 2023 | – | 255 | – | 545 | 800 |
| Depreciation during the financial year | – | 66 | – | 172 | 238 |
| Currency realignment | – | 8 | – | – | 8 |
| Balance at 31 December 2023 | <u>–</u> | <u>329</u> | <u>–</u> | <u>717</u> | <u>1,046</u> |
| Carrying amount | | | | | |
| Balance at 31 December 2023 | <u>734</u> | <u>1,697</u> | <u>–</u> | <u>5,003</u> | <u>7,434</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. INVESTMENT PROPERTIES (CONTINUED)

| | Freehold land US\$'000 | Building US\$'000 | Capital work in progress US\$'000 | Leasehold Building US\$'000 | Total US\$'000 |
|--|---------------------------------------|------------------------------|--|--|---------------------------|
| Group Cost | | | | | |
| Balance at 1 January 2022 | 754 | 2,085 | – | 5,720 | 8,559 |
| Currency realignment | (42) | (118) | – | – | (160) |
| Balance at 31 December 2022 | <u>712</u> | <u>1,967</u> | <u>–</u> | <u>5,720</u> | <u>8,399</u> |
| Accumulated depreciation | | | | | |
| Balance at 1 January 2022 | – | 202 | – | 373 | 575 |
| Depreciation during the financial year | – | 64 | – | 172 | 236 |
| Currency realignment | – | (11) | – | – | (11) |
| Balance at 31 December 2022 | <u>–</u> | <u>255</u> | <u>–</u> | <u>545</u> | <u>800</u> |
| Carrying amount | | | | | |
| Balance at 31 December 2022 | <u>712</u> | <u>1,712</u> | <u>–</u> | <u>5,175</u> | <u>7,599</u> |

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 less residual value over its estimated useful life range from 30 to 50 years.

The rental income from the investment properties of the Group which are leased out under operating leases, amounted to US\$684,000 (2022: US\$567,000). Direct operating expenses (including repair and maintenance) arising from the rental generating investment properties amounted US\$23,000 (2022: US\$21,000).

As at 31 December 2023, management did not engage external independent valuer to perform the valuation to determine the fair value of the investment property which is located in Estonia. Management is of the view that the fair value of investment property for the financial year 31 December 2023 approximates to that of the prior financial year ended 31 December 2022.

As at 31 December 2022, the fair value of these investment property which was located in Estonia was approximately US\$2,864,000. The fair value for the property were determined based on valuations performed by the external independent valuer with recent experience in the location and category of the property. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2023, the fair value of these investment property which is located in Malaysia was approximately US\$5,444,000. The fair value for the property were determined based on valuations performed by the external independent valuer with recent experience in the location and category of the property. 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.

As at 31 December 2022, management did not engage external independent valuer to perform the valuation to determine the fair value of the investment property which was located in Malaysia.

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, estimated rental rate and discount rate.

The leasehold building carrying amount of US\$5,003,000 (2022: US\$5,175,000) has been pledged as security for banking facilities as disclosed in Note 13 to the financial statements.

5. 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 |
|--|------------------------------|----------------------------------|---|---|-------------------------------|---|-------------------|
| Group Cost | | | | | | | |
| Balance at 1 January 2023 | 1,851 | 50,111 | 92,605 | 1,896 | 1,409 | 11,041 | 158,913 |
| Additions | – | 425 | 2,517 | 187 | 250 | 17,375 | 20,754 |
| Disposals | – | – | (43) | (9) | (128) | – | (180) |
| Written off | – | – | (11) | – | (1) | – | (12) |
| Reclassification | – | 352 | 3,498 | 51 | – | (3,901) | – |
| Currency realignment | – | (72) | (2) | 3 | 5 | 453 | 387 |
| Balance at 31 December 2023 | <u>1,851</u> | <u>50,816</u> | <u>98,564</u> | <u>2,128</u> | <u>1,535</u> | <u>24,968</u> | <u>179,862</u> |
| Accumulated depreciation | | | | | | | |
| Balance at 1 January 2023 | – | 14,305 | 42,307 | 1,525 | 948 | – | 59,085 |
| Depreciation for the financial year | – | 1,580 | 4,509 | 173 | 156 | – | 6,418 |
| Disposals | – | – | (31) | (9) | (75) | – | (115) |
| Written off | – | – | (7) | – | – | – | (7) |
| Currency realignment | – | (9) | – | 1 | 1 | – | (7) |
| Balance at 31 December 2023 | <u>–</u> | <u>15,876</u> | <u>46,778</u> | <u>1,690</u> | <u>1,030</u> | <u>–</u> | <u>65,374</u> |
| Carrying amount | | | | | | | |
| Balance at 31 December 2023 | <u>1,851</u> | <u>34,940</u> | <u>51,786</u> | <u>438</u> | <u>505</u> | <u>24,968</u> | <u>114,488</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | 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 |
|--|---------------------------------------|---|--|--|--|---|---------------------------|
| Group Cost | | | | | | | |
| Balance at | | | | | | | |
| 1 January 2022 | 1,851 | 50,336 | 86,605 | 1,750 | 1,246 | 5,776 | 147,564 |
| Additions | - | 146 | 3,724 | 164 | 157 | 8,615 | 12,806 |
| Disposals | - | - | (940) | (10) | - | - | (950) |
| Written off | - | - | (5) | (2) | (21) | - | (28) |
| Reclassification | - | 31 | 3,250 | - | 43 | (3,324) | - |
| Currency realignment | - | (402) | (29) | (6) | (16) | (26) | (479) |
| Balance at | | | | | | | |
| 31 December 2022 | <u>1,851</u> | <u>50,111</u> | <u>92,605</u> | <u>1,896</u> | <u>1,409</u> | <u>11,041</u> | <u>158,913</u> |
| Accumulated depreciation | | | | | | | |
| Balance at | | | | | | | |
| 1 January 2022 | - | 12,574 | 38,686 | 1,376 | 811 | - | 53,447 |
| Depreciation for the financial year | - | 1,775 | 4,231 | 164 | 167 | - | 6,337 |
| Disposals | - | - | (599) | (8) | - | - | (607) |
| Written off | - | - | - | (1) | (21) | - | (22) |
| Currency realignment | - | (44) | (11) | (6) | (9) | - | (70) |
| Balance at | | | | | | | |
| 31 December 2022 | <u>-</u> | <u>14,305</u> | <u>42,307</u> | <u>1,525</u> | <u>948</u> | <u>-</u> | <u>59,085</u> |
| Carrying amount | | | | | | | |
| Balance at | | | | | | | |
| 31 December 2022 | <u>1,851</u> | <u>35,806</u> | <u>50,298</u> | <u>371</u> | <u>461</u> | <u>11,041</u> | <u>99,828</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation and useful lives

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method and 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.

(b) Restriction

The carrying amounts of property, plant and equipment of the Group which were pledged as security for banking facilities (Note 13) are as follows:

| | 2023 US\$'000 | 2022 US\$'000 |
|-------------------------|--------------------------------|--------------------------------|
| Freehold land | 1,851 | 1,851 |
| Factory building | 20,083 | 20,898 |
| Machinery and equipment | 1,771 | 1,884 |

6. RIGHT-OF-USE

Nature of leasing activities (in the capacity of lessee)

The Group leases a number of properties (i.e. hostel and office, leasehold land and land use right) in Singapore, Malaysia, Indonesia and the People's Republic of China with only fixed lease payments over the lease term.

The Group also leases certain items of motor vehicles with only fixed payments over the lease terms. There are no externally imposed covenants on these lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. RIGHT-OF-USE (CONTINUED)

Nature of leasing activities (in the capacity of lessee) (Continued)

Certain warehouse equipment of the Group on a short-term basis (i.e. less than 12 months) in order to support the Group's operational needs. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation.

| | Land use rights US\$'000 | Leasehold lands US\$'000 | Office US\$'000 | Motor Vehicle US\$'000 | Total US\$'000 |
|---------------------------|-----------------------------|-----------------------------|--------------------|---------------------------|-------------------|
| Group | | | | | |
| Balance at 1 January 2023 | 1,140 | 11,324 | 200 | – | 12,664 |
| Additions | – | 16 | – | 77 | 93 |
| Amortisation charge | (26) | (445) | (37) | (3) | (511) |
| Currency realignment | (19) | – | – | – | (19) |
| At 31 December 2023 | 1,095 | 10,895 | 163 | 74 | 12,227 |
| Balance at 1 January 2022 | 1,274 | 3,263 | 16 | – | 4,553 |
| Additions | – | 8,472 | 222 | – | 8,694 |
| Lease modification | – | – | (6) | – | (6) |
| Amortisation charge | (27) | (411) | (32) | – | (470) |
| Currency realignment | (107) | – | – | – | (107) |
| At 31 December 2022 | 1,140 | 11,324 | 200 | – | 12,664 |

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 lands and land use rights with carrying amount of US\$2,228,000 (2022: US\$2,301,000) and US\$1,095,000 (2022: US\$1,140,000) had been pledged as security for banking facilities as disclosed in Note 13 to the financial statements.

During the current financial year, the additions included prepaid lease payments of US\$16,000 (2022: US\$1,344,000) and US\$9,000 (2022: Nil) in relation to leasehold lands and motor vehicles respectively.

The leasehold lands represent the leases of land at Port of Tanjung Pelepas, Malaysia and Surabaya, Indonesia which their respective lease periods ranging from 10 to 33 years.

The office is amortised over the lease and option to renew for periods of 6 years. The motor vehicle is amortised at a principal annual rate of 16%.

7. INVESTMENTS IN SUBSIDIARIES

| | Company 31 December | |
|---|------------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Unquoted equity shares, at cost | 106,554 | 84,689 |
| Loan deemed as investment in a subsidiary | 19,500 | 19,500 |
| | 126,054 | 104,189 |

Loan deemed as investment in a subsidiary

As at 31 December 2023 and 2022, 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 foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 | |
|--|---|--|-----------|
| | | 2023 % | 2022 % |
| <u>Held by the Company</u> | | | |
| JB Cocoa Sdn Bhd ⁽¹⁾ (Malaysia) | Production and sale of cocoa ingredients products | 100 | 100 |
| JB Foods Global Pte. Ltd. ⁽²⁾ (Singapore) | Procurement, sales and marketing of cocoa beans, cocoa ingredients and related products | 100 | 100 |
| JB Cocoa AG ⁽³⁾ (Switzerland) | Trading of cocoa ingredients products | 100 | 100 |
| JBC Europe OU ⁽⁷⁾ (The Republic of Estonia) | Property leasing | 100 | 100 |
| JB Sourcing CI ⁽⁶⁾ (Republic of Cote D'Ivoire) | Dormant | 100 | 100 |
| JB Cocoa CI ⁽⁶⁾ (Republic of Cote D'Ivoire) | Procurement of raw materials | 100 | 100 |
| <u>Held by JB Cocoa Sdn Bhd JB Cocoa Trading (M) Sdn. Bhd.⁽¹⁾</u> (Malaysia) | | | |
| <u>Held by JB Foods Global Pte. Ltd.</u> | | | |
| JB Cocoa Holding Inc. ⁽³⁾ (United States of America) | Investment holding company | 100 | 100 |
| JB Cocoa Foods (China) Co., Ltd ⁽⁵⁾ (People's Republic of China) | Production and sale of cocoa ingredient products | 100 | 100 |
| PT Jebe Trading Indonesia ⁽⁴⁾ (Indonesia) | Trading of cocoa ingredient products | 99.94 | 99.94 |
| <u>Held by PT Jebe Trading Indonesia</u> | | | |
| PT Jebe Koko ⁽⁴⁾ (Indonesia) | Production and sale of cocoa ingredients products | 99.92 | 99.92 |
| <u>Held by JB Cocoa Holding Inc</u> | | | |
| JB Cocoa, Inc. ⁽³⁾ (United States of America) | Trading of cocoa ingredient products | 100 | 100 |
| JB Cocoa EBNJ LLC ⁽³⁾ (United States of America) | Dormant | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (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 BDO Francophone West Africa
- (7) Audited by other auditors

During the financial year, JB Cocoa CI, a 100% wholly owned subsidiary of the Company issued and allotted additional 1,311,914 ordinary shares to the Company for a consideration of XOF13,119,140,000 (equivalent to US\$21,865,000).

Significant restrictions

Cash and bank balances of US\$3,714,000 (2022: US\$4,284,000) 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.

8. INVENTORIES

| | Group | |
|---------------------|-----------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Raw materials | 180,312 | 114,532 |
| Work-in-progress | 9,781 | 7,127 |
| Finished goods | 77,264 | 53,248 |
| Stores and supplies | 7,466 | 6,627 |
| | <u>274,823</u> | <u>181,534</u> |

Inventory is measured 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. 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, 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 cost of inventories recognised as expenses and included in "cost of sales" line item amounted to US\$482,960,000 (2022: US\$419,698,000).

The cost of sales includes inventories reversal of written down of Nil (2022: inventories written down of US\$73,000) 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 2023

9. TRADE AND OTHER RECEIVABLES

| | Group 31 December | | Company 31 December | |
|---|----------------------|------------------|------------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 | 2023 US\$'000 | 2022 US\$'000 |
| Non-current | | | | |
| Other receivables | | | | |
| – A subsidiary | – | – | – | 2,905 |
| Current | | | | |
| Trade receivables | | | | |
| – Third parties | 70,736 | 62,170 | – | – |
| – Loss allowance for trade receivables | (14) | (14) | – | – |
| | 70,722 | 62,156 | – | – |
| – Related party | 466 | – | – | – |
| | 71,188 | 62,156 | – | – |
| Other receivables | | | | |
| – Third parties | 39 | 49 | – | – |
| – Subsidiaries | – | – | 3,140 | 2,861 |
| | 39 | 49 | 3,140 | 2,861 |
| GST/VAT receivables | 2,543 | 76 | – | – |
| Advances to third party suppliers | 5,759 | 1,773 | – | – |
| Deposits | 21,397 | 13,270 | – | – |
| Total current trade and other receivables | 100,926 | 77,324 | 3,140 | 2,861 |
| Total trade and other receivables | 100,926 | 77,324 | 3,140 | 5,766 |
| Add: Cash and bank balances (Note 10) | 26,259 | 21,602 | 51 | 56 |
| Less: GST/VAT receivables | (2,543) | (76) | – | – |
| Less: Advances to third party suppliers | (5,759) | (1,773) | – | – |
| Financial assets at amortised costs | 118,883 | 97,077 | 3,191 | 5,822 |

Trade receivables are non-interest bearing, unsecured and the normal trade term ranges from cash against documents to 120 days (2022: 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 other receivables due from subsidiaries is unsecured, bears average interest of 4.5% (2022: 4.5% per annum) and repayable on demand. As at 31 December 2022, the amount due from a subsidiary (non-current) is not expected to be paid within the next 12 months.

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

| | Group | |
|--------------------------|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| At 1 January/31 December | 14 | 14 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

| | Group | | Company | |
|----------------------|----------------|----------|--------------|----------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| United States dollar | 52,954 | 36,202 | 500 | 2,861 |
| Pound sterling | 21,524 | 17,466 | – | – |
| Malaysian ringgit | 2,109 | 1,456 | – | – |
| Euro | 2,665 | 1,077 | 2,640 | 2,905 |
| Indonesia rupiah | 3,251 | 4,056 | – | – |
| Chinese renminbi | 11,394 | 13,630 | – | – |
| Others | 7,029 | 3,437 | – | – |
| | 100,926 | 77,324 | 3,140 | 5,766 |

10. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------|---------------|----------|-------------|----------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cash and bank balances | 25,037 | 19,787 | 51 | 56 |
| Fixed deposits | 1,222 | 1,815 | – | – |
| | 26,259 | 21,602 | 51 | 56 |

The interest rates and tenure of the fixed deposits at the end of the reporting period is 1% to 4% (2022: 1% to 4%) per annum and with maturity of 2 to 305 (2022: 2 to 320 days).

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents included fixed deposits with banks, as there is no significant cost or penalty in converting these deposits into liquid cash before maturity.

Included in fixed deposit amounting to US\$436,000 (2022: US\$1,211,000) are pledged to financial institutions for bank guarantees.

Cash and bank balances are denominated in the following currencies:

| | Group | | Company | |
|----------------------|---------------|----------|-------------|----------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| United States dollar | 16,991 | 8,786 | 2 | 2 |
| Pound sterling | 291 | 3,006 | – | – |
| Chinese renminbi | 3,719 | 4,367 | – | – |
| Euro | 1,200 | 1,883 | 16 | – |
| Malaysian ringgit | 1,257 | 1,601 | – | – |
| Others | 2,801 | 1,959 | 33 | 54 |
| | 26,259 | 21,602 | 51 | 56 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. CASH AND BANK BALANCES (CONTINUED)

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

| | Group | |
|--|--------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Cash and bank balances as above | 26,259 | 21,602 |
| Less: | | |
| Restricted cash | (9,183) | – |
| Fixed deposits pledged with licensed banks | (436) | (1,211) |
| Cash and cash equivalents per consolidated statement of cash flows | 16,640 | 20,391 |

Restricted cash at the end of financial year relating to cash balance held by escrow account where the Group do not have control over the use of fund.

11. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|--------------------|-----------------|--------------------|-----------------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Trade payables | | | | |
| – Third parties | 46,820 | 20,654 | – | – |
| – Related parties | 1,725 | 6,094 | – | – |
| | 48,545 | 26,748 | – | – |
| Other payables | | | | |
| – Third parties | 3,272 | 2,373 | 19 | – |
| – Subsidiaries | – | – | 23,344 | 440 |
| GST/VAT payables | 2,727 | 66 | – | – |
| Accrued expenses | 8,079 | 6,197 | 81 | 82 |
| Advances from customers | 3,287 | 2,720 | – | – |
| Deposit | 6,758 | – | – | – |
| Provisions | 122 | 43 | – | – |
| Total trade and other payables | 72,790 | 38,147 | 23,444 | 522 |
| Add: Bank borrowings (Note 13) | 271,082 | 176,792 | – | – |
| Add: Lease liabilities (Note 14) | 3,798 | 6,639 | – | – |
| Less: Advances from customers | (3,287) | (2,720) | – | – |
| Less: GST/VAT payables | (2,727) | (66) | – | – |
| Less: Provisions | (122) | (43) | – | – |
| Total financial liabilities carried at amortised costs | 341,534 | 218,749 | 23,444 | 522 |

Trade payables are non-interest bearing and the normal trade terms granted ranges from cash against documents to 90 days (2022: cash against documents to 90 days) from the date of the invoices.

The other payables to subsidiaries are unsecured, non-interest bearing and repayable on demand. Included in the other payables to subsidiaries comprised capital injection to a subsidiary of US\$21,647,000 remain unpaid at end of financial year.

Accrued expenses consist mainly of employee benefits and operating 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 2023

11. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

| | Group | | Company | |
|----------------------|---------------|----------|---------------|----------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| United States dollar | 33,958 | 14,362 | 1,036 | – |
| Pound sterling | 23,058 | 7,287 | – | – |
| Euro | 6,209 | 5,814 | 22,308 | 440 |
| Chinese renminbi | 900 | 6,609 | – | – |
| Malaysian ringgit | 2,792 | 1,836 | – | – |
| Others | 5,873 | 2,239 | 100 | 82 |
| | 72,790 | 38,147 | 23,444 | 522 |

12. DERIVATIVE FINANCIAL INSTRUMENTS

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.

| | Group | |
|------------------------------------|----------------|----------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Derivative assets | | |
| Foreign currency forward contracts | 1,801 | 2,343 |
| Derivative cocoa bean contracts | 196,213 | 59,953 |
| Interest rate swap contracts | 455 | 43 |
| | 198,469 | 62,339 |
| Derivative liabilities | | |
| Foreign currency forward contracts | 5,393 | 1,679 |
| Derivative cocoa bean contracts | 206,610 | 58,043 |
| Interest rate swap contracts | – | 187 |
| | 212,003 | 59,909 |

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 renmimbi, Euro, Swiss Franc, Australian dollar 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 2023

12. 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 | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Foreign currency forward contracts | | |
| Notional amount | | |
| Buy United States dollar/Sell Pound sterling | 155,639 | 16,364 |
| Buy United States dollar/Sell Chinese renminbi | 66,925 | 6,895 |
| Buy United States dollar/Sell Euro | 3,145 | 12,138 |
| Buy United States dollar/Sell Swiss Franc | 10,228 | – |
| Buy United States dollar/Sell Australian dollar | 2,631 | – |
| Buy Euro/Sell United States dollar | 32,315 | – |
| Buy Euro/Sell Pound sterling | 39,682 | 262 |
| Buy Pound sterling/Sell United States dollar | 68,948 | 50,201 |
| Buy Pound sterling/Sell Euro | 2,496 | 23,178 |
| Buy Swiss Franc/Sell United States dollar | 1,072 | 2,759 |
| Buy Swiss Franc/Sell Pound sterling | 160 | 9,280 |
| Buy Pound sterling/Sell Swiss Franc | 4,283 | – |
| Buy Malaysian ringgit/Sell United States dollar | 16,120 | 24,547 |
| Buy Singapore dollar/Sell United States dollar | 150 | – |
| Buy Chinese renminbi/Sell United States dollar | 150 | 27,032 |

As at the end of the reporting period, the settlement dates for foreign currency forward contracts range from 1 to 13 months (2022: 1 to 13 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 bean contracts outstanding are as follows:

| | Group | |
|-----------------------------------|--------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Commodity future contracts | | |
| Notional amount | | |
| Sales | 798,787 | 803,002 |
| Purchases | 828,018 | 817,347 |
| Commodity option contracts | | |
| Notional amount | | |
| Sales | 15,288 | 7,444 |
| Purchases | 7,275 | 372 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative cocoa bean contracts (Continued)

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

| | Group | |
|----------------------|-------------------------|------------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| United States dollar | 570,169 | 564,703 |
| Pound sterling | 1,079,199 | 1,063,462 |
| | <u>1,649,368</u> | <u>1,628,165</u> |

As at the end of the reporting period, the settlement dates for derivative cocoa bean contracts range from 1 to 19 months (2022: 1 to 24 months).

Interest rate swap contracts

The notional amount of the interest swap contracts are denominated in the following currencies:

| | Group | |
|----------------------|--------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| United States dollar | 150,000 | 150,000 |

As at end of the reporting period, the average hedged rate for the interest swap contracts are 4.70% (2022: 4.70%).

As at the end of the reporting period, the maturity dates for the interest swap contracts range from 6 months to 12 months (2022: 12 months to 24 months).

13. BANK BORROWINGS

| | Group | |
|--------------------|-----------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Current | | |
| Trade bills | 214,479 | 130,390 |
| Revolving credits | 8,509 | 5,243 |
| Sukuk Wakalah | – | 17,009 |
| Term loan | 4,004 | 2,768 |
| | <u>226,992</u> | <u>155,410</u> |
| Non-current | | |
| Revolving credits | 2,378 | 2,620 |
| Sukuk Wakalah | 16,331 | 5,670 |
| Term loan | 25,381 | 13,092 |
| | <u>44,090</u> | <u>21,382</u> |
| Total | <u>271,082</u> | <u>176,792</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. BANK BORROWINGS (CONTINUED)

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

The term loans are mainly secured by the subsidiaries' investment property (Note 4), property, plant and equipment (Note 5), land use rights (Note 6) and corporate guarantee issued by the Company.

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

| | Group 31 December | |
|---------------------------|------------------------------|--------------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Trade facilities granted | 272,840 | 281,590 |
| Trade facilities utilised | 225,366 | 138,253 |

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

| | Group 31 December | |
|-------------------|------------------------------|-------------------|
| | 2023 % | 2022 % |
| Trade bills | 4.45% – 9.37% | 2.72% – 6.96% |
| Revolving credits | 6.08% – 7.64% | 1.25% – 6.46% |
| Sukuk Wakalah | 5.82% – 6.00% | 5.50% – 5.82% |
| Term loan | 1.98% – 8.01% | 1.98% – 7.08% |

The trade bills have maturity periods ranging from 28 to 176 (2022: 58 to 182) days from the contractual date. The interest rates are fixed with the financial institutions during the contractual period. The revolving credits, Sukuk Wakalah and term loans have maturity dates between 2024 and 2034.

Bank borrowings are denominated in the following currencies:

| | Group 31 December | |
|----------------------|------------------------------|--------------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| United States dollar | 218,986 | 135,478 |
| Others | 52,096 | 41,314 |
| | 271,082 | 176,792 |

Subsequent to the financial year ended 31 December 2023, the Group had been granted an overdraft facility with limit of US\$2,000,000 from BNP Paribas, and separately, HL Bank had revised the trade facilities limit from US\$10,000,000 to US\$15,000,000.

On 18 March 2024, the Group has completed an issuance of Tranche 3 Sukuk Wakalah amounting to Malaysia Ringgit 100,000,000 (approximate US\$21,200,000) in notional value with a fixed interest rate of 5.90% per annum and a tenure of three years from the date of issuance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. LEASE LIABILITIES

| | Leasehold land US\$'000 | Rental of office US\$'000 | Motor vehicle US\$'000 | Total US\$'000 |
|----------------------------|-------------------------------|---------------------------------|------------------------------|-------------------|
| Group | | | | |
| At 1 January 2023 | 6,443 | 196 | – | 6,639 |
| Addition | – | – | 68 | 68 |
| Interest expense (Note 21) | 82 | 9 | – | 91 |
| Lease payments | | | | |
| – Principal portion | (2,872) | (33) | (4) | (2,909) |
| – Interest portion | (82) | (9) | – | (91) |
| At 31 December 2023 | 3,571 | 163 | 64 | 3,798 |
| At 1 January 2022 | – | 16 | – | 16 |
| Addition | 7,127 | 214 | – | 7,341 |
| Interest expense (Note 21) | 27 | 6 | – | 33 |
| Lease modification | – | (6) | – | (6) |
| Lease payments | | | | |
| – Principal portion | (684) | (28) | – | (712) |
| – Interest portion | (27) | (6) | – | (33) |
| At 31 December 2022 | 6,443 | 196 | – | 6,639 |

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

| | Group 31 December | |
|---|------------------------------|--------------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Contractual undiscounted cash flows | | |
| – Not later than a year | 3,066 | 3,067 |
| – More than a year | 2,608 | 4,126 |
| | 5,674 | 7,193 |
| Less: Future interest expense | (1,876) | (554) |
| Present value of lease liabilities | 3,798 | 6,639 |
| Presented in consolidated statement of financial position | | |
| – Current | 2,835 | 2,798 |
| – Non-current | 963 | 3,841 |
| | 3,798 | 6,639 |

Certain equipment of the Group qualified as 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 assets lease exemption is made on lease-by-lease basis.

As at the end of the reporting period, the average incremental borrowing rate applied in the lease liabilities were 4.23% – 5% (2022: 5%).

The total cash outflow in respect of leases including short term leases and lease prepayments amounted to US\$3,299,000 (2022: US\$2,371,000) during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. LEASE LIABILITIES (CONTINUED)

Lease liabilities are denominated in the following currencies:

| | Group 31 December | |
|-------------------|----------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Malaysian ringgit | 3,635 | 6,443 |
| Others | 163 | 196 |
| | 3,798 | 6,639 |

15. DEFERRED CAPITAL GRANT

| | Group 31 December | |
|---|----------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Cost | | |
| Balance at the beginning of financial year | 504 | 546 |
| Currency realignment | (7) | (42) |
| Balance at the end of the financial year | 497 | 504 |
| Accumulated amortisation | | |
| Balance at the beginning of the financial year | (64) | (54) |
| Grant taken to profit or loss to match amortisation | (10) | (10) |
| Balance at the end of the financial year | (74) | (64) |
| Carrying amount | | |
| Balance at the end of the financial year | 423 | 440 |

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.

16. 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 209 (2022: 199) employees.

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

| | Group 31 December | |
|---|----------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Balance at beginning of financial year | 350 | 637 |
| Provision in the current period | 25 | 120 |
| Re-measurement of post-employment benefits recognised in other comprehensive income | - | (353) |
| Currency realignment | (8) | (54) |
| Balance at end of financial year | 367 | 350 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

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

| | Group 31 December | |
|---|------------------------------|--------------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Current service costs | 23 | 90 |
| Interest costs | 7 | 41 |
| Remeasurement of other long-term benefits | (5) | (11) |
| | 25 | 120 |

The principal actuarial assumptions used are as follows:

| | Group 31 December | |
|---------------------------|--------------------------------|-------------------------|
| | 2023 | 2022 |
| Discount rate | 6.37% – 7.10% per annum | 5.52% – 7.44% per annum |
| Annual salary growth rate | 5% per annum | 5% per annum |
| Mortality table | TMI – 2019 | TMI – 2019 |
| Disability rate | 5% x TMI -2019 | 5% – 10% x TMI – 2019 |
| Retirement age | 56 years of age | 56 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.

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 |
| 31 December 2023 | | | |
| Discount rate | +/-1% | (16) | 84 |
| Growth in future salaries | +/-1% | 84 | (16) |
| 31 December 2022 | | | |
| Discount rate | +/-1% | (49) | 149 |
| Growth in future salaries | +/-1% | 149 | (49) |

The average duration of the post-employment benefits at the end of the financial year is 14.25 years (2022: 13.01 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAX ASSETS/LIABILITIES

| | Group 31 December | |
|--|----------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Deferred tax assets | | |
| Balance at beginning of financial year | 1,122 | 154 |
| Credited to profit or loss | 794 | 984 |
| Charged to other comprehensive income | – | (5) |
| Currency realignment | (2) | (11) |
| Balance at end of financial year | 1,914 | 1,122 |
| Deferred tax liabilities | | |
| Balance at beginning of financial year | 7,544 | 6,940 |
| (Credited)/Charged to profit or loss | (595) | 521 |
| Charged to other comprehensive income | – | 83 |
| Balance at end of financial year | 6,949 | 7,544 |

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

| <u>Deferred tax assets</u> | Unrealised profit on Intragroup transactions US\$'000 | Tax losses US\$'000 | Deferred capital grant US\$'000 | Others US\$'000 | Total US\$'000 |
|--|---|---------------------------|--|--------------------|-------------------|
| Group | | | | | |
| At 1 January 2023 | 994 | – | 113 | 15 | 1,122 |
| (Charged)/Credited to profit or loss | (108) | 903 | (1) | – | 794 |
| Currency realignment | – | – | (2) | – | (2) |
| At 31 December 2023 | 886 | 903 | 110 | 15 | 1,914 |
| At 1 January 2022 | – | – | 144 | 10 | 154 |
| Credited/(Charged) to profit or loss | 994 | – | (20) | 10 | 984 |
| Charged to other comprehensive income | – | – | – | (5) | (5) |
| Currency realignment | – | – | (11) | – | (11) |
| At 31 December 2022 | 994 | – | 113 | 15 | 1,122 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. 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> | Accelerated tax depreciation US\$'000 | Others US\$'000 | Total US\$'000 |
|---------------------------------------|--|----------------------------|---------------------------|
| Group | | | |
| At 1 January 2023 | 7,589 | (45) | 7,544 |
| Credited to profit or loss | (595) | – | (595) |
| At 31 December 2023 | 6,994 | (45) | 6,949 |
| At 1 January 2022 | 7,052 | (112) | 6,940 |
| Charged/(credited) to profit or loss | 537 | (16) | 521 |
| Charged to other comprehensive income | – | 83 | 83 |
| At 31 December 2022 | 7,589 | (45) | 7,544 |

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 amounted to US\$29,476,000 (2022: US\$26,962,000). 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.

18. SHARE CAPITAL

| | Group and Company | | | |
|--|----------------------------------|-------------|--------------------|-----------------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | Number of ordinary shares | | US\$'000 | US\$'000 |
| Issued and fully paid-up | | | | |
| At beginning/end of the financial year | 303,199,966 | 303,199,966 | 113,963 | 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.

19. OTHER RESERVES AND RETAINED EARNINGS

| | Group | | Company | |
|--------------------------------------|--------------------|-----------------|--------------------|-----------------|
| | 31 December | | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Merger reserve | 25,472 | 25,472 | – | – |
| Statutory reserve | (304) | (176) | – | – |
| Exchange reserve | 6,956 | 6,956 | 8,458 | 8,458 |
| Foreign currency translation reserve | 853 | 755 | – | – |
| | 32,977 | 33,007 | 8,458 | 8,458 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. OTHER RESERVES AND RETAINED EARNINGS (CONTINUED)

19.1 MERGER RESERVE

Merger reserve represents:

- (a) 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
- (b) 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.

19.2 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.

19.3 EXCHANGE RESERVE

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

19.4 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.

Movement in foreign currency translation reserve:

| | Group | |
|---------------------------------------|--------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Beginning of the financial year | 755 | (344) |
| Charged to other comprehensive income | 98 | 1,099 |
| Balance at end of financial year | 853 | 755 |

19.5 RETAINED EARNINGS

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

| | Company | |
|---|-----------------|-----------------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| At 1 January | 3,992 | 3,038 |
| Total comprehensive income for the financial year | 407 | 4,290 |
| Dividends | (4,096) | (3,336) |
| At 31 December | 303 | 3,992 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised when a performance obligation is satisfied. 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.

21. FINANCE COSTS

| | Group | |
|-------------------------------|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Interest expenses | | |
| – Trade bills | 10,814 | 4,787 |
| – Term loans | 2,438 | 878 |
| – Supply chain financing | 1,935 | 971 |
| – Lease liabilities (Note 14) | 91 | 33 |
| – Other | 188 | – |
| | 15,466 | 6,669 |

22. 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 | |
|---|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| <i>Cost of sales</i> | | |
| Amortisation of right-of-use assets | 238 | 235 |
| Depreciation of property, plant and equipment | 6,108 | 6,042 |
| Factory utilities expenses | 10,291 | 9,048 |
| Fair value loss/(gain) on derivative financial instruments, net | 13,908 | (14,812) |
| Outward freight | 4,074 | 18,579 |
| Haulage trucking – export | 3,829 | 4,130 |
| Handling and documentation – export | 2,807 | 2,556 |
| Reversal of net realisable values of inventories | – | (73) |
| Short term leases | 274 | 282 |
| <i>Selling and distribution expenses</i> | | |
| Warehousing expenses | 2,415 | 1,218 |
| Commission expenses | 1,749 | 4,572 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. PROFIT BEFORE INCOME TAX (CONTINUED)

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

| | Group | |
|---|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| <i>Administrative expenses</i> | | |
| Audit fees | | |
| – Auditors of the Company | 77 | 71 |
| – Other auditors | 62 | 58 |
| Non-audit related services fees | | |
| – Auditors of the Company | 1 | 1 |
| Amortisation of intangible assets | 706 | 709 |
| Amortisation of right-of-use assets | 273 | 235 |
| Depreciation of property, plant and equipment | 310 | 295 |
| Depreciation of investment properties | 238 | 236 |
| Upkeep of office | 775 | 915 |
| Quit rent and assessment expenses | 408 | 191 |
| Professional fee | 2,196 | 2,269 |
| <i>Other gains/(losses)</i> | | |
| Loss on disposal of property, plant and equipment | (11) | (312) |
| Insurance claim compensation | – | 553 |
| Property, plant and equipment written off | (5) | (6) |
| Rental income from investment properties | 684 | 567 |
| Fair value (loss)/gain on foreign currency contracts, net | (5,970) | 5,039 |
| Foreign exchange gain/(loss), net | 248 | (6,968) |

Profit before income tax also includes:

| | Group | |
|---|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| <i>Employee benefit expenses</i> | | |
| Salaries and other emoluments | 12,408 | 11,759 |
| Pension costs – defined contribution plan | 848 | 835 |
| Social security costs | 257 | 200 |
| Other staff related expenses | 462 | 270 |
| Defined employment benefit expenses | 20 | 120 |
| | 13,995 | 13,184 |

The Group has not incurred any audit-related services fees paid/payable to auditors of the Company and other auditors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. PROFIT BEFORE INCOME TAX (CONTINUED)

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

| | Group | |
|-----------------------------------|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Cost of sales | 6,825 | 6,062 |
| Selling and distribution expenses | 2,125 | 2,306 |
| Administrative expenses | 5,045 | 4,816 |
| | 13,995 | 13,184 |

Included in employee benefit expenses were Directors' remuneration and compensation of key management personnel as shown in Note 26 to the financial statements.

23. INCOME TAX (CREDIT)/EXPENSE

| | Group | |
|---|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Current income tax | | |
| – Current financial year | 1,256 | 2,796 |
| – (Over)/Under provision in prior financial years | (348) | 262 |
| – withholding tax | 41 | – |
| | 949 | 3,058 |
| Deferred income tax | | |
| – Current financial year | (194) | (200) |
| – Over provision in prior financial years | (1,195) | (263) |
| | (1,389) | (463) |
| | (440) | 2,595 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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 this provide more meaningful information to the users of its financial statements.

| | Group | |
|--|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Profit before income tax | 1,455 | 19,279 |
| Tax at the domestic rates applicable to profit in the countries where the Group operates | 818 | 3,401 |
| Tax concession | 447 | (1,268) |
| Effects of: | | |
| – Income not subject to tax | (658) | (112) |
| – Singapore statutory stepped income exemption | (1) | (1) |
| – Expenses not deductible for income tax purposes | 1,001 | 903 |
| – Tax incentives and allowances | (488) | – |
| Utilisation of deferred tax benefits previously not recognised | – | (341) |
| Deferred tax assets not recognised | – | 52 |
| (Over)/Under provision of current income tax in prior financial years | (348) | 262 |
| (Over)/Under provision of deferred income tax in prior financial years | (1,195) | (263) |
| Withholding tax | 41 | – |
| Others | (57) | (38) |
| | (440) | 2,595 |

The Group operates mainly in Singapore, Malaysia, Indonesia, People's Republic of China and United States of America. The applicable corporate income tax rate ranges from 10% to 17% (2022: 10% to 17%) in Singapore, 24% (2022: 24%) in Malaysia, 22% (2022: 22%) in Indonesia, 25% (2022: 25%) in People's Republic of China and 21% (2022: 21%) in United States of America.

A subsidiary in Singapore was approved as an approved global trading company ("AGTC") by a Singapore government agency in FY2019. 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 2026.

24. EARNINGS PER SHARE

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

| | Group | |
|--|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Profit for the financial year attributable to owners of the parent (US\$'000) | 1,895 | 16,684 |
| Aggregate weighted number of ordinary shares applicable to basic and diluted profit per share ('000) | 303,200 | 303,200 |
| Basic and diluted earnings per share (US\$ cents) | 0.6 | 5.5 |

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 2023 and 2022 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 2023

25. DIVIDENDS

| | Group | |
|---|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Final tax exempt dividend of S\$0.013 per ordinary share in respect of financial year ended 31 December 2021 | – | 2,901 |
| Interim one-tier tax exempt dividend of S\$0.002 per ordinary share in respect of financial year ended 31 December 2022 | – | 435 |
| Final tax exempt dividend of S\$0.016 per ordinary share in respect of financial year ended 31 December 2022 | 3,641 | – |
| Interim one-tier tax exempt dividend of S\$0.002 per ordinary share in respect of financial year ended 31 December 2023 | 455 | – |
| | 4,096 | 3,336 |

On 10 May 2022, the Company declared a final tax-exempt (one-tier) dividend S\$0.015 per ordinary share amounting to S\$3,941,600 (equivalent to US\$2,901,000) in respect of the financial year ended 31 December 2021. The dividend was paid out during the financial year ended 31 December 2022.

On 11 August 2022, the Company declared an interim one-tier tax exempt dividend of S\$0.002 per ordinary share amounting to S\$606,400 (equivalent to US\$435,000) in respect of the financial year ended 31 December 2022. The dividend was paid out during the financial year ended 31 December 2022.

On 27 February 2023, the Board of Directors recommended a final tax-exempt (one-tier) dividend of S\$0.016 per ordinary share amounting to S\$4,851,200 (equivalent to US\$3,641,000) in respect of the financial year ended 31 December 2022. The dividend was paid out during the financial year ended 31 December 2023.

On 10 August 2023, the Company declared an interim one-tier tax exempt dividend of S\$0.002 per ordinary share amounting to S\$606,400 (equivalent to US\$455,000) in respect of the financial year ended 31 December 2023. The dividend was paid out during the financial year ended 31 December 2023.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial 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 | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 | 2023 US\$'000 | 2022 US\$'000 |
| Subsidiaries | | | | |
| Advances from | – | – | 619 | – |
| Interest income | – | – | 141 | 119 |
| Dividend income | – | – | 945 | 4,998 |
| Related parties* | | | | |
| Sale of goods | 3,711 | 1,444 | – | – |
| Purchase of goods | 21,014 | 17,235 | – | – |

* 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 9 and Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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 | |
|---|------------------|------------------|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 | 2023 US\$'000 | 2022 US\$'000 |
| Directors | | | | |
| Short-term employee benefits | 845 | 1,264 | 111 | 109 |
| Pension costs – defined contribution plan | 14 | 12 | – | – |
| Directors' fee | 120 | 117 | 120 | 117 |
| | 979 | 1,393 | 231 | 226 |
| Other key management personnel | | | | |
| Short-term employee benefits | 523 | 424 | – | – |
| Pension costs – defined contribution plan | 21 | 26 | – | – |
| | 544 | 450 | – | – |
| | 1,523 | 1,843 | 231 | 226 |

27. COMMITMENTS

27.1 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 | |
|---|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Purchase of property, plant and equipment and intangible assets | 1,745 | 24,827 |

28. 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 material accounting policies in respective notes to the financial statements. 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 2023

28. 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 |
|--|----------------------|-----------------------|---|-----------------------|--------------------|-------------------------|--------------------------|
| 2023 | | | | | | | |
| Revenue | | | | | | | |
| External revenue | 46,643 | 363,569 | 86,759 | 27,367 | 71,448 | — | 595,786 |
| Inter-segment revenue | 325,682 | 576,767 | — | 167,614 | 1,007 | (1,071,070) | — |
| | 372,325 | 940,336 | 86,759 | 194,981 | 72,455 | (1,071,070) | 595,786 |
| Results | | | | | | | |
| Segment results | 16,244 | 103 | 25 | 3,527 | 2,780 | 1,936 | 24,615 |
| Interest income | | | | | | | 169 |
| Finance costs | | | | | | | (15,466) |
| Depreciation and amortisation | | | | | | | (7,863) |
| Profit before income tax | | | | | | | 1,455 |
| Income tax expense | | | | | | | 440 |
| Profit after income tax | | | | | | | 1,895 |
| Additions to non-current assets | | | | | | | |
| Property, plant and equipment | 5,877 | 4 | — | 1,054 | 14,817 | (998) | 20,754 |
| Right-of-use assets | 77 | — | — | 16 | — | — | 93 |
| Intangible assets | — | 54 | — | — | — | — | 54 |
| Segment assets | 269,957 | 681,574 | 30,823 | 106,678 | 77,833 | (422,123) | 744,742 |
| Segment liabilities | 186,187 | 503,652 | 22,115 | 61,541 | 42,355 | (248,199) | 567,651 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. SEGMENT INFORMATION (CONTINUED)

Analysis by geographical segments (Continued)

| | Malaysia US\$'000 | Singapore US\$'000 | United States of America US\$'000 | Indonesia US\$'000 | Others US\$'000 | Elimination US\$'000 | Consolidated US\$'000 |
|--|----------------------|-----------------------|---|-----------------------|--------------------|-------------------------|--------------------------|
| 2022 | | | | | | | |
| Revenue | | | | | | | |
| External revenue | 46,349 | 281,469 | 84,640 | 34,319 | 62,853 | – | 509,630 |
| Inter-segment revenue | 287,800 | 488,706 | – | 142,552 | – | (919,058) | – |
| | 334,149 | 770,175 | 84,640 | 176,871 | 62,853 | (919,058) | 509,630 |
| Results | | | | | | | |
| Segment results | 10,706 | 29,922 | (14) | 3,004 | 437 | (10,465) | 33,590 |
| Interest income | | | | | | | 110 |
| Finance costs | | | | | | | (6,669) |
| Depreciation and amortisation | | | | | | | (7,752) |
| Profit before income tax | | | | | | | 19,279 |
| Income tax expense | | | | | | | (2,595) |
| Profit after income tax | | | | | | | 16,684 |
| Additions to non-current assets | | | | | | | |
| Property, plant and equipment | 7,270 | 59 | 1 | 1,238 | 4,238 | – | 12,806 |
| Right-of-use assets | 7,127 | 222 | – | 1,345 | – | – | 8,694 |
| Intangible assets | 3 | 1 | – | – | 1 | – | 5 |
| Segment assets | 202,573 | 411,663 | 33,486 | 94,806 | 41,422 | (312,741) | 471,209 |
| Segment liabilities | 123,916 | 221,443 | 24,900 | 55,771 | 29,056 | (163,266) | 291,820 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. 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 | |
|----------------------------|------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| North America | | |
| – United States of America | 80,362 | 90,391 |
| – Others* | 29,110 | 30,041 |
| Asia | | |
| – China | 78,037 | 64,996 |
| – Others* | 181,501 | 188,583 |
| Europe | | |
| – Russian Federation | 89,974 | 62,255 |
| – Others* | 81,614 | 26,686 |
| Others* | 55,188 | 46,678 |
| Total revenue | 595,786 | 509,630 |

* Others comprise countries where revenue derived were not material individually.

Major customers

There is no major customer identified for this financial year ended. For the previous financial year, revenue from 2 customers of the Group's represents 20% of the total revenue.

Location of non-current assets

| | Malaysia US\$'000 | Singapore US\$'000 | United States of America US\$'000 | Indonesia US\$'000 | Ivory Coast US\$'000 | Others US\$'000 | Consolidated US\$'000 |
|--------------------|----------------------|-----------------------|---|-----------------------|----------------------------|--------------------|--------------------------|
| Group | | | | | | | |
| 2023 | | | | | | | |
| Non-current assets | 85,624 | 1,761 | 2 | 21,837 | 18,261 | 8,222 | 135,707 |
| 2022 | | | | | | | |
| Non-current assets | 84,333 | 2,455 | 3 | 22,798 | 4,333 | 8,379 | 122,301 |

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 2023

29. 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 minimise 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.

29.1 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 bank balances 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 (2022: 1) group of counterparties which having similar characteristics and accounts for approximately 10% (2022: 11%) 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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.1 Credit risk (Continued)

The exposure of credit risk for trade receivables by geographical region is as follows:

| | Group | |
|----------------------------|--------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Asia | | |
| – China | 9,628 | 10,978 |
| – Others* | 22,992 | 18,870 |
| Europe | | |
| – Russian Federation | 7,875 | 9,603 |
| – Others* | 13,025 | 2,514 |
| North America | | |
| – United States of America | 5,419 | 11,801 |
| – Others* | 3,677 | 4,111 |
| Others* | 8,572 | 4,279 |
| | 71,188 | 62,156 |

* 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 one year. 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 representative 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 2023 and 2022.

| | 31 December 2023 | | |
|------------------------|---|--|---|
| | Weighted average loss rate | Gross receivable US\$'000 | Impairment- credit impaired US\$'000 |
| Group | | | |
| Past due 1 to 30 days | 0% | 7,315 | – |
| Past due 31 to 60 days | 0% | 769 | – |
| Past due over 60 days | 14% | 100 | 14 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.1 Credit risk (Continued)

| | Weighted average loss rate | 31 December 2022 | |
|------------------------|----------------------------------|---------------------------------|---|
| | | Gross receivable US\$'000 | Impairment- credit impaired US\$'000 |
| Group | | | |
| Past due 1 to 30 days | 0% | 8,461 | – |
| Past due 31 to 60 days | 0% | 782 | – |
| Past due over 60 days | 9% | 155 | 14 |

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 bank balances

The cash and bank balances 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 | |
|---|------------------------|------------------|
| | 2023 US\$'000 | 2022 US\$'000 |
| Corporate guarantees provided to banking facilities of subsidiaries | 271,082 | 176,792 |

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 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.2 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 Euro ("EUR"), Pound sterling ("GBP"), Malaysian ringgit ("MYR"), Indonesia rupiah ("IDR") and Chinese renminbi ("RMB") (2022: EUR, GBP, MYR, IDR and RMB). 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.

The Group's currency exposure is as follows:

| | USD US\$'000 | EUR US\$'000 | GBP US\$'000 | MYR US\$'000 | IDR US\$'000 | RMB US\$'000 | Others US\$'000 | Total US\$'000 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| Group | | | | | | | | |
| 2023 | | | | | | | | |
| Total financial assets | 251,212 | 58,587 | 21,815 | 3,601 | 13,922 | 15,617 | 2,830 | 367,584 |
| Total financial liabilities | (432,730) | (71,282) | (23,949) | (42,567) | (11,793) | (5,127) | (2,811) | (590,259) |
| Net financial | | | | | | | | |
| (liabilities)/assets | (181,518) | (12,695) | (2,134) | (38,966) | 2,129 | 10,490 | 19 | (222,675) |
| Less: | | | | | | | | |
| Net financial | | | | | | | | |
| (liabilities)/assets | | | | | | | | |
| denominated in | | | | | | | | |
| the respective | | | | | | | | |
| entities' functional | | | | | | | | |
| currencies | (181,793) | (6,306) | — | 119 | — | 4,874 | 288 | (182,818) |
| Net currency exposure | | | | | | | | |
| of financial assets/ | | | | | | | | |
| (liabilities) | 275 | (6,389) | (2,134) | (39,085) | 2,129 | 5,616 | (269) | (39,857) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

| | USD US\$'000 | EUR US\$'000 | GBP US\$'000 | MYR US\$'000 | IDR US\$'000 | RMB US\$'000 | Others US\$'000 | Total US\$'000 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------------|
| Group | | | | | | | | |
| 2022 | | | | | | | | |
| Total financial assets | 175,710 | 15,965 | 20,472 | 3,348 | 11,714 | 28,182 | 4,954 | 260,345 |
| Total financial liabilities | (279,692) | (31,194) | (10,509) | (31,248) | (8,331) | (19,734) | (1,341) | (382,049) |
| Net financial (liabilities)/assets | (103,982) | (15,229) | 9,963 | (27,900) | 3,383 | 8,448 | 3,613 | (121,704) |
| Less: | | | | | | | | |
| Net financial (liabilities)/assets denominated in the respective entities' functional currencies | (103,316) | (9,709) | – | 1 | – | 775 | 3,122 | (109,127) |
| Net currency exposure of financial (liabilities)/assets | (666) | (5,520) | 9,963 | (27,901) | 3,383 | 7,673 | 491 | (12,577) |

The Company's currency exposure is as follows:

| | EUR US\$'000 | SGD US\$'000 | Total US\$'000 |
|--|-------------------------------|-------------------------------|---------------------------------|
| Company | | | |
| 2023 | | | |
| Total financial assets | 2,656 | 33 | 2,689 |
| Total financial liabilities | (22,308) | (100) | (22,408) |
| Net currency exposure of financial liabilities | (19,652) | (67) | (19,719) |
| 2022 | | | |
| Total financial assets | 2,905 | 54 | 2,959 |
| Total financial liabilities | (440) | (82) | (522) |
| Net currency exposure of financial assets/ (liabilities) | 2,465 | (28) | 2,437 |

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2022: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis (Continued)

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% (2022: 5%) change in foreign currency rates.

| | Increase/ (Decrease) Profit or loss Group US\$'000 |
|------------------|---|
| 2023 | |
| <u>GBP/US\$</u> | |
| Strengthened | (107) |
| Weakened | 107 |
| <u>IDR/US\$</u> | |
| Strengthened | 106 |
| Weakened | (106) |
| <u>RMB/US\$</u> | |
| Strengthened | 281 |
| Weakened | (281) |
| <u>Euro/US\$</u> | |
| Strengthened | (319) |
| Weakened | 319 |
| <u>MYR/US\$</u> | |
| Strengthened | (1,954) |
| Weakened | 1,954 |
| 2022 | |
| <u>GBP/US\$</u> | |
| Strengthened | 498 |
| Weakened | (498) |
| <u>IDR/US\$</u> | |
| Strengthened | 169 |
| Weakened | (169) |
| <u>RMB/US\$</u> | |
| Strengthened | 384 |
| Weakened | (384) |
| <u>Euro/US\$</u> | |
| Strengthened | (276) |
| Weakened | 276 |
| <u>MYR/US\$</u> | |
| Strengthened | (1,395) |
| Weakened | 1,395 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.2 Market risk (Continued)

(i) *Foreign exchange risk management* (Continued)

Foreign currency sensitivity analysis (Continued)

| | Increase/ (Decrease) Profit or loss Company US\$'000 |
|------------------|---|
| 2023 | |
| <u>Euro/US\$</u> | |
| Strengthened | (983) |
| Weakened | 983 |
| 2022 | |
| <u>Euro/US\$</u> | |
| Strengthened | 123 |
| Weakened | (123) |

(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 13 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 subject to significant cashflow interest rate risks as the interest bearing financial instruments are mainly carried at fixed interest rates and measured at amortised cost.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

29.3 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.

| | Less than 1 year US\$'000 | More than 1 year US\$'000 | Total US\$'000 |
|-------------------------------|--|--|---------------------------|
| Group | | | |
| 2023 | | | |
| Trade and other payables* | 66,654 | – | 66,654 |
| Bank borrowings | 232,544 | 50,453 | 282,997 |
| Lease liabilities | 3,066 | 2,608 | 5,674 |
| | 302,264 | 53,061 | 355,325 |
| Group | | | |
| 2022 | | | |
| Trade and other payables* | 35,318 | – | 35,318 |
| Bank borrowings | 156,715 | 25,148 | 181,863 |
| Lease liabilities | 3,067 | 4,126 | 7,193 |
| | 195,100 | 29,274 | 224,374 |
| Company | | | |
| 2023 | | | |
| Trade and other payables | 23,444 | – | 23,444 |
| Financial guarantee contracts | 271,082 | – | 271,082 |
| | 294,526 | – | 294,526 |
| 2022 | | | |
| Trade and other payables | 522 | – | 522 |
| Financial guarantee contracts | 176,792 | – | 176,792 |
| | 177,314 | – | 177,314 |

* excluded GST/VAT payables, advances from customers and provisions.

In respect of derivative financial instruments as shown in Note 12 to the financial statements, the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. 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 13 to the financial statements except for two financial covenants relating to the bank loan and trade bills amounting to total of US\$9,849,000 and one financial covenant relating to the trade bills amounting to US\$20,825,000 for the financial year ended 31 December 2023. The bank loan and trade bills have been classified as current liabilities. The Group has obtained letters of grace before and after the financial year respectively to temporarily waive the breach for the financial year ended 31 December 2023.

In the financial year ended 31 December 2022, the Group has obtained waiver for two financial covenants relating to bank loan and trade bills amounting to US\$2,720,000 which were breached.

The Group is in compliance with the requirements to maintain the statutory reserve for the financial years ended 31 December 2023 and 2022.

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.

| | Group | |
|-----------------|--------------------|-----------------|
| | 31 December | |
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Bank borrowings | 271,082 | 176,792 |
| Total debt | 271,082 | 176,792 |
| Total equity | 177,091 | 179,389 |
| Gearing ratio | 1.53 | 0.99 |

The Company's gearing ratio has not been presented as the Company does not have any borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. 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 approximate their carrying amounts as these borrowings are subject to interest rates which are approximately market 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 2023 and 2022.

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 foreign exchange spot and forward rates for the foreign currency forward contracts, cocoa bean terminal forward rates for the derivative cocoa bean contracts and interest rates for the interest rate swap contracts.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2024

| | |
|-------------------------|--|
| 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 | 18 | 1.97 | 514 | 0.00 |
| 100 – 1,000 | 116 | 12.69 | 63,253 | 0.02 |
| 1,001 – 10,000 | 371 | 40.59 | 1,880,184 | 0.62 |
| 10,001 – 1,000,000 | 396 | 43.33 | 27,407,585 | 9.04 |
| 1,000,001 AND ABOVE | 13 | 1.42 | 273,848,430 | 90.32 |
| TOTAL | 914 | 100.00 | 303,199,966 | 100.00 |

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 | 33,191,766 | 10.95 |
| 4 | TENG NAM SENG | 7,273,000 | 2.40 |
| 5 | GOH LEE BENG | 6,104,166 | 2.01 |
| 6 | TEY HOW KEONG | 5,148,067 | 1.70 |
| 7 | CITIBANK NOMINEES SINGAPORE PTE LTD | 2,857,900 | 0.94 |
| 8 | GOI SENG HUI | 2,055,600 | 0.68 |
| 9 | DBS NOMINEES (PRIVATE) LIMITED | 1,699,441 | 0.56 |
| 10 | PHILLIP SECURITIES PTE LTD | 1,221,424 | 0.40 |
| 11 | TAN WEY LING | 1,190,000 | 0.39 |
| 12 | IFAST FINANCIAL PTE. LTD. | 1,112,700 | 0.37 |
| 13 | TAN PENG KIM | 1,030,000 | 0.34 |
| 14 | OCBC SECURITIES PRIVATE LIMITED | 860,700 | 0.28 |
| 15 | PEH TEIK SENG | 840,000 | 0.28 |
| 16 | ONG TONG YANG @WONG TONG YANG | 800,000 | 0.26 |
| 17 | MAYBANK SECURITIES PTE. LTD. | 686,533 | 0.23 |
| 18 | UOB KAY HIAN PRIVATE LIMITED | 644,216 | 0.21 |
| 19 | RAFFLES NOMINEES (PTE.) LIMITED | 643,995 | 0.21 |
| 20 | CHIN KOON YEW | 632,000 | 0.21 |
| TOTAL | | 278,955,874 | 91.99 |

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 28 March 2024, based on the information provided and to the best of the knowledge of the Directors, the percentage shareholding in the Company held in the hands of the public is approximately 14.88%. 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.

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2024

SUBSTANTIAL SHAREHOLDERS

AS AT 28 MARCH 2024

| NAME OF SUBSTANTIAL SHAREHOLDER | DIRECT INTEREST | | DEEMED INTEREST | |
|--|-----------------|------------------|-----------------|------------------|
| | NO. OF SHARES | % ⁽¹⁾ | NO. OF SHARES | % ⁽¹⁾ |
| JB Cocoa Group Sdn Bhd | 138,030,000 | 45.52 | – | – |
| Tey Kan Sam @ Tey Hin Ken ⁽²⁾ | – | – | 138,030,000 | 45.52 |
| Lim Ah Bet @ Chabo ⁽³⁾ | – | – | 138,030,000 | 45.52 |
| Tey How Keong ⁽⁴⁾ | 5,148,067 | 1.70 | 138,030,000 | 45.52 |
| Goh Lee Beng ⁽⁵⁾ | 6,225,066 | 2.05 | 138,030,000 | 45.52 |
| ECOM Agroindustrial Corp. Limited | 33,120,000 | 10.92 | – | – |
| Unichocola Pte. Ltd. ⁽⁶⁾ | – | – | 33,120,000 | 10.92 |
| IECOM Pte. Ltd. ⁽⁷⁾ | – | – | 33,120,000 | 10.92 |
| Jorge Esteve Campdera and grandchildren ⁽⁶⁾ | – | – | 33,120,000 | 10.92 |
| Isabel Recolons Esteve and lineal descendents ⁽⁷⁾ | – | – | 33,120,000 | 10.92 |
| Tee Yih Jia Food Manufacturing Pte Ltd | 72,934,366 | 24.05 | – | – |
| Goi Seng Hui ⁽⁸⁾ | 2,055,600 | 0.68 | 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. is 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. is 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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at **Raffles Marina, 10 Tuas West Drive, Singapore 638404** on **Wednesday, 24 April 2024 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 be despatched to members.

ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2023 together with the Director's Statement and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Dr Goi Seng Hui who retires in accordance with Article 98 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 2**

Dr Goi Seng Hui will, upon re-election as a Director of the Company, remain as Vice Chairman of the Board, Non-Executive and Non-Independent Director of the Company, as well as a member of each of the Audit Committee and Risk Committee.

3. To note the retirement of Mr Chin Koon Yew who is retiring pursuant to Article 98 of the Constitution of the Company and would not be seeking re-election.

4. To re-elect Mr Lim Tong Lee who retires in accordance with Article 102 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 3**

Mr Lim Tong Lee will, upon re-election as a Director of the Company, remain as Non-Executive and Independent Director of the Company, as well as the Chairman of each of the Remuneration Committee and Nominating Committee and a member of the Audit Committee.

5. To approve the payment of directors' fees of S\$162,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears. **Resolution 4**

6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

7. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESSES

8. To consider and, if thought fit, to pass the following resolutions with or without modifications:

ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES

Resolution 6

(A) "That, pursuant to Section 161 of the Companies Act 1967 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;

NOTICE OF ANNUAL GENERAL MEETING

(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);

(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 (i)]

By Order of the Board
Ong Beng Hong
Joint Company Secretary
9 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

- (i) The Ordinary Resolution 6, 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.

Notes on the conduct of the AGM:

- (1) The members of the Company are invited to attend physically at the Annual General Meeting (the "**Meeting**" or "**AGM**"). **There will be no option for shareholders to participate virtually.** Printed copies of the Annual Report will NOT be sent to members. Members should complete the request form ("**Request Form**") and return the Request Form to the Company as indicated on the Request Form should the members wish to receive a physical copy of the Annual Report. This Notice, the Proxy Form, Request Form and Annual Report are available to members by electronic means via publication on SGXNet at the URL at <https://www.sgx.com/securities/company-announcements> or at the Company's website at the URL at <https://www.jbcocoa.com/announcement/>. A member will need an internet browser and PDF reader to view these documents. A physical copy of this Notice, the Proxy Form and Request Form will be sent to the members of the Company.

- (2) Arrangements **for participation in the AGM physically**

Members (including CPFIS and SRS investors) may participate in the AGM by:

- (a) attending the AGM in person;
- (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or
- (c) voting at the AGM
 - (i) themselves personally; or
 - (ii) through their duly appointed proxy(ies).

CPFIS and SRS investors who wish to appoint the Chairman of the Meeting (and not third party proxy(ies)) as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 6 below for details.

In the event members encounter Covid-19 or flu-like symptoms prior to the Meeting, members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the Meeting.

- (3) **Relevant Intermediary**

- (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

- (4) A proxy need not be a member of the Company.

- (5) A member can appoint the Chairman of the Meeting as his/her/its proxy, **but this is not mandatory**.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

- (6) CPFIS/SRS investors who hold shares through CPF Agent Banks/SRS Operators:

- (a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes at least 7 working days prior to the date of AGM i.e. by **5.00 p.m. on 12 April 2024**.

NOTICE OF ANNUAL GENERAL MEETING

(7) Submission of instrument of proxy or proxy ("**Proxy Form**") – **by 10.00 a.m. on 21 April 2024**

The Proxy Form must be submitted through any one of the following means:

- (a) if submitted 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 JBFAGM2024@jbcocoa.com,

in either case, not less than 72 hours before the time appointed for holding the Meeting i.e. by 10.00 a.m. on 21 April 2024, failing which, the Proxy Form will not be treated as valid.

(8) The Company shall be entitled to, and will, treat any valid Proxy Form which was delivered by a member to the Company by 10.00 a.m. on 21 April 2024 as a valid instrument as the member's proxy to attend, speak and vote at the Meeting if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment by 10.00 a.m. on 21 April 2024.

(9) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(10) Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the Meeting if he/she so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the member attends the Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the Meeting.

(11) Submission of questions by members in advance of the Meeting – **by 16 April 2024**

- (a) Members may also submit questions related to the resolutions to be tabled for approval at the Meeting. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company ("**Shares**"), must be submitted by 16 April 2024 via email to JBFAGM2024@jbcocoa.com or by post to the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898.
- (b) The Company will publish the responses to substantial and relevant questions on the SGX website at <https://www.sgx.com/securities/company-announcements> or at the Company's website at the URL at <https://www.jbcocoa.com/announcement/> by 10.00 a.m. on 19 April 2024.
- (c) The Company endeavours to address (i) subsequent clarifications sought (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after its responses referred to at (b) above, at the Meeting itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Minutes of AGM – The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

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

Dr Goi Seng Hui and Mr Lim Tong Lee are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 24 April 2024 ("**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:

| | MR GOI SENG HUI |
|---|--|
| Date of Appointment | 1 March 2013 |
| Dates of last re-appointment | 28 April 2022 30 April 2019 26 April 2016 26 April 2013 |
| Age | 77 |
| Country of principal residence | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Dr Goi Seng Hui for re-appointment as Non-Independent, Non-Executive Director and Vice Chairman of the Company, and as a member of each of the Audit Committee and the Risk Committee. The Board has reviewed and concluded that Dr Goi Seng Hui possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Independent, Non-Executive Director, Vice Chairman and a member each of the Audit Committee and Risk Committee. |
| Professional qualifications | 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 | Executive Chairman of Tee Yih Jia Food Manufacturing Pte. Ltd., GSH Corporation Ltd, PSC Corporation Ltd and Tat Seng Packaging Group Ltd and Vice Chairman of Envictus International Holdings Limited and JB Foods Limited. |
| Shareholding interest in the Company and its subsidiaries | 74,989,966 shares (2,055,600 direct; 72,934,366 deemed) |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR GOI SENG HUI |
|---|---|
| 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 | Shareholder of Tee Yih Jia Food Manufacturing Pte Ltd, a substantial shareholder of the Company |
| Conflict of Interest (including any competing business) | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company | Yes |
| Other Principal Commitments* Including Directorships (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. | <p><u>Past (for the past 5 years):</u></p> <p>–</p> <p><u>Present:</u></p> <p>Envictus International Holdings Limited</p> <p>Tung Lok Restaurants (2000) Ltd</p> <p>GSH Corporation Limited</p> <p>PSC Corporation Ltd</p> <p>Tat Seng Packaging Group Ltd</p> <p>Tee Yih Jia Food Manufacturing Pte. Ltd.</p> <p><u>Present (non-directorships)</u></p> <p>Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry</p> <p>Honorary Life President of the Enterprise 50 Club</p> <p>Vice Chairman of International Enterprise Singapore's "Network China" Steering Committee</p> <p>Council Member of the Singapore Jiangsu Cooperation Council</p> <p>Council Member of the Singapore Tianjin Economic and Trade Council</p> <p>Council Member of the Singapore-Shandong Business Council</p> <p>Senior Consultant to Su Tong Science and Technology Park in China</p> <p>Honorary Chairman of Ulu Pandan Citizens' Consultative Committee</p> |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR GOI SENG HUI |
|---|--|
| | <p>Honorary Chairman of Dunman High School Advisory Committee</p> <p>Honorary Chairman of Singapore Futsing Association Honorary Chairman of Nanyang Gwee Clan Association</p> <p>Honorary President of Kong Hwa School Alumni</p> <p>Honorary Chairman of Tan Kah Kee Foundation</p> <p>Council Member of NTUC Club Management Council Standing Committee Member of NTUC Club Management</p> <p>Patron for Advancement on one of SUTD's pioneer Board of Trustees</p> <p>Singapore's Non-Resident Ambassador to the Federative Republic of Brazil</p> <p>Justice of the Peace by the President of the Republic of Singapore in 2020</p> <p>Honourable Chairman of Sian Chay Medical Institution</p> |
| Other Information | |
| (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 |
| (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 |
| (c) Whether there is any unsatisfied judgment against him? | No |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | MR GOI SENG HUI |
|-----|--|-----------------|
| (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 |
| (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 |
| (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 |
| (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 |
| (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 |
| (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 |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR GOI SENG HUI |
|--|-----------------|
| <p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No |
| <p>(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?</p> | No |
| <p>Prior Experience</p> | |
| <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> | N/A |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR LIM TONG LEE |
|---|---|
| Date of Appointment | 1 July 2023 |
| Dates of last re-appointment | – |
| Age | 57 |
| Country of principal residence | Malaysia |
| The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) | <p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Lim Tong Lee for re-appointment as Independent, Non-Executive Director, Chairman of the Nominating Committee and Remuneration Committee and as a member of the Audit Committee.</p> <p>The Board has reviewed and concluded that Mr Lim Tong Lee 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 |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent, Non-Executive Director, Chairman of the Nominating Committee and Remuneration Committee, and member of Audit Committee. |
| Professional qualifications | Association of Chartered Certified Accountants, Malaysia Institute of Accountants, United Kingdom Malaysian Institute Certified Public Accountant |
| Working experience and occupation(s) during the past 10 years | <p>Chief Investment Officer of AmWater Investments Management Pte. Ltd.</p> <p>Senior Vice President of Venstar Capital Management Pte. Ltd.</p> <p>Head of Corporate Finance of KGI Securities Pte. Ltd.</p> <p>Founder of Altitude Capital (Asia) Sdn Bhd</p> |
| Shareholding interest in the Company and its subsidiaries | None |
| 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 | No |
| Conflict of Interest (including any competing business) | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company | Yes |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR LIM TONG LEE |
|---|---|
| Other Principal Commitments* Including Directorships (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. | <p><u>Past (for the past 5 years):</u></p> <p>LBS Bina Group Berhad</p> <p>Valuemax Group Limited</p> <p>Versalink Holdings Limited</p> <p>SIAB Holdings Berhad</p> <p><u>Present:</u></p> <p>Sunrise Shares Holdings Ltd</p> <p>Harrisons Holdings (Malaysia) Berhad</p> <p>Nam Cheong Limited</p> |
| Other Information | |
| (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 |
| (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 |
| (c) Whether there is any unsatisfied judgment against him? | 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 |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| MR LIM TONG LEE | |
|--|----|
| (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 |
| (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 |
| (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 |
| (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 |
| (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 |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR LIM TONG LEE |
|--|-----------------|
| <p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No |
| <p>(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?</p> | No |
| <p>Prior Experience</p> | |
| <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> | N/A |

JB FOODS LIMITED

(Company Registration No. 201200268D)
(Incorporated in the Republic of Singapore)

IMPORTANT

- For investors who have used their Central Provident Fund or Supplementary Retirement Scheme monies to buy Shares in the Company (the "CPF Investors" or "SRS Investors"), 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 them.
- CPF or SRS investors may:
 - vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
 - appoint the Chairman of the Annual General Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should contact and instruct their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the Annual General Meeting to allow sufficient time for their respective Relevant Intermediaries to submit a proxy form(s) to appoint the Chairman of the Annual General Meeting to vote on their behalf by 10.00 a.m. on 21 April 2024.

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 be despatched to members.

*I/We _____ (Name) _____ (NRIC/Passport/UEN No.)
of _____ (Address)

being a *member/members of JB FOODS LIMITED (the "Company"), hereby appoint:

(a)

| Name | Address | Email Address | NRIC/Passport No. | Proportion of Shareholdings (%) |
|------|---------|---------------|-------------------|---------------------------------|
| | | | | |

and/or (delete as appropriate)

| Name | Address | Email Address | NRIC/Passport No. | Proportion of Shareholdings (%) |
|------|---------|---------------|-------------------|---------------------------------|
| | | | | |

OR

(b) 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 at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Wednesday, 24 April 2024 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. If no specific direction as to voting is given, in respect of a resolution, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion. Where the Chairman of the Annual General Meeting is appointed as proxy and in the absence of specific directions as to voting is given, the appointment of the Chairman of the Annual General Meeting as proxy will be treated as invalid.

The Ordinary Resolutions put to vote at the Annual General Meeting shall be decided by way of poll.

| 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 2023, the Directors' Statement and the Auditors' Report thereon. | | | |
| 2 | To re-elect Dr Goi Seng Hui as a Director retiring under Article 98 of the Company's Constitution. | | | |
| 3 | To re-elect Mr Lim Tong Lee as a Director retiring under Article 102 of the Company's Constitution. | | | |
| 4 | To approve Directors' fees of S\$162,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears. | | | |
| 5 | To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration. | | | |
| 6 | To approve the proposed share issue mandate. | | | |

* 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 _____ 2024.

| | |
|---|--|
| Total Number of Ordinary Shares Held | |
|---|--|

Signature(s) of Member(s)
Or Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of poll.
2. 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 2001 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.
3. A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies. Where such a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy must be specified in the relevant proxy form.
4. A "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
5. A member who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such a member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.
6. A proxy need not be a member of the Company.
7. The proxy form appointing a proxy must be signed under the hand of the appointor or by his attorney duly authorised in writing. Where the proxy form appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form(s) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be sent with the executed proxy form either by post or by email, failing which the proxy form may be treated as invalid.
8. The duly executed instrument appointing a proxy or proxies must be sent personally or by post to the registered office of the Company at 80 Robinson Road, #17-02, Singapore 068898 or submitted via email at JBFAGM2024@jbcocoa.com not less than seventy-two (72) hours before the time set for the Annual General Meeting.

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.



JBfoods

JB FOODS LIMITED
80 Robinson Road #17-02
Singapore 068898
<https://www.jbcocoa.com/>