

# JB FOODS LIMITED

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

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## SGX QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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The board of Directors (the "Board") of the Company (and together with its subsidiaries, the "Group") wishes to announce the following in response to queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") with respect to the Company's annual report for the financial year ended 31 December 2020 ("Annual Report 2020").

*Unless otherwise defined, all capitalised terms used in this announcement shall have the same meaning ascribed to them in the Annual Report 2020.*

### 1. SGX-ST's query

If there are material discrepancies between an issuer's interim full year results and its audited full year results, the issuer is required to disclose and explain the material discrepancies via an SGXNET announcement under Listing Rule 704(6). Please explain the material discrepancies in "Net cash used in financing activities" and "Net change in cash and cash equivalents" as stated on page 73 of the Annual Report 2020, when compared to the Company's Unaudited Financial Statements for the Twelve Months Ended 31 December 2020.

#### Company's response

The variance in the Group's cash flow statement was due to a reclassification in respect of a pledged deposit amounting to USD549,000 in accordance with accounting standards. Pursuant to such reclassification, (1) an amount of USD549,000 was deducted from "net cash used in financing activities" and (2) "net change in cash and cash equivalents" decreased correspondingly by USD549,000. A reconciliation from cash and bank balances to cash and cash equivalents has been disclosed at Note 11 on page 101 of the Annual Report 2020.

In assessing the above reclassification, the Company had considered the following:

- (a) the reclassification was due to, and in accordance with, the applicable accounting standards;
- (b) the reclassification did not result in a material change in the nature of the Group's cash flow statement; and
- (c) the reclassification did not impact the Group's balance sheet as there was no change to the cash and cash equivalents in the Group's balance sheet.

As such, the Company is of the view that the reclassification is not material nor did it result in a material discrepancy between the Group's unaudited full year results and the audited financial statements for FY2020 and, accordingly, did not proceed with an announcement in accordance with Rule 704(6) of the Listing Manual.

### 2. SGX-ST's query

Listing Rule 1207(10) states that the board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them. Please provide the board's comment on adequacy and effectiveness as required.

### **Company's response**

The Company wishes to clarify that it has disclosed the Board's comment (with the concurrence of the Audit Committee ("AC") and Risk Committee) on the adequacy of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems on page 52 of the Annual Report 2020.

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

### **BY ORDER OF THE BOARD**

Chua Cheow Khoo Michael  
Chairman

27 April 2021