

JB FOODS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201200268D)
(the “Company”)

**INTERESTED PERSON TRANSACTIONS ENTERED INTO WITH GUAN CHONG BERHAD AND ITS
SUBSIDIARIES (“GCB GROUP”) AND PT JEBE KOKO (“PT KOKO”)**

1. Introduction

- 1.1. The Company and its subsidiaries (the “**Group**”) had entered into several interested person transactions (the “**Past Recurrent IPTs**”) details of which are set out in section 3 below with the GCB Group and PT Koko which are of a revenue and trading nature. On an aggregated basis, such transactions had exceeded 5% of the Group latest audited net tangible assets (“**NTA**”).
- 1.2. Pursuant to Chapter 9 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), transactions between a interested person and a listed issuer are interested person transactions. Accordingly, under the requirements of Chapter 9, the Company is required to make an immediate announcement of any IPT of a value equal to or exceeding 3% of the Group's latest audited NTA and to seek shareholders' approval for all IPTs of a value equal to or exceeding 5% of the Group's latest audited NTA. The Company had not sought Shareholders' approval for the Past Recurrent IPTs and is seeking to ratify such transactions at a extraordinary general meeting (“**EGM**”) to be convened.

2. Information of GCB Group and PT Koko

2.1. Information about the GCB Group

The GCB Group consists of Guan Chong Berhad (“**GCB**”), a company listed on the main board of Bursa Malaysia Securities Berhad principally engaged in the processing and sale of cocoa ingredient products, and its wholly owned subsidiaries, Guan Chong Cocoa Manufacturer Sdn Bhd and GCB Cocoa Singapore Pte. Ltd. Based on the latest available annual report of GCB for FY2011, Guan Chong Resources Sdn Bhd (“**GCR**”) owns approximately 52.4% of the shares in the issued and paid-up share capital of GCB. GCB's directors include Tay Hoe Lian and Tay How Sik @ Tay How Sick, who are both nephews of the Company's then Non-Independent Non-Executive Chairman Tey Kan Sam @ Tey Hin Ken and first cousins of the Company's Chief Executive Officer and Executive Director, Tey How Keong. GCR is effectively controlled by the families of Tay See @ Tay Cheng Guan and Tey Chi @ Tay Chin Guan, who are the brothers of Tey Kan Sam @ Tey Hin Ken. Tey Kan Sam @ Tey Hin Ken resigned as Director of the Company on 1 March 2013.

2.2. Relationship between the Group and GCB Group

As at the date of this Announcement, none of the Company's Directors or Controlling Shareholders or their Associates have an interest, direct or indirect, in GCB. Thus, transactions entered into by the Group with the GCB Group do not constitute “interested person transactions” as defined in Chapter 9 of the Listing Manual.

Notwithstanding the above, the Company had, in the prospectus dated 13 July 2012 issued in respect of the invitation to the public in Singapore to subscribe for and/or purchase the shares in the Company (the “**Prospectus**”) stated that present and ongoing and future transactions between the Group and the GCB Group will be treated as “interested person transactions” and shall comply with the requirements of Chapter 9 of the Listing Manual. The GCB Group will thus be treated as an “interested person” for the purposes of Chapter 9 of the Listing Manual.

2.3. Information about the PT Koko

PT Koko is private limited company incorporated under the laws of Indonesia on 26 April 2011, principally engaged in the production of cocoa liquor.

2.4. Relationship between the Group and PT Koko

As at the date of this Announcement, JB Cocoa Group Sdn Bhd (“**JBC Group**”), the Company’s controlling shareholder, holds 80% equity interest of PT Koko. As such, PT Koko is an associate of the JBC Group and is therefore an “interested person” for the purposes of Chapter 9 of the Listing Manual. The remaining 20% equity interest in PT Koko is held by an unrelated third party, PT Aneka Indonesia.

3. Past Recurrent IPTs

3.1. The total value of the transactions entered into by the Group and the Interested Persons (as defined below) during the period from 17 June 2012 to the date of this Announcement are as follows:

(a) Transactions with GCB Group⁽¹⁾

FY2012

Under tolling arrangements

	Amount at risk (RM'000)	Amount at risk (S\$'000) ⁽²⁾	Percentage against the NTA of the Group for FY 2011 ⁽³⁾
Sales	29,032	11,598	29.1%
Purchases	31,972	12,773	32.0%
Total	61,089	24,371	61.1%

Due to specific requests made by customers

	Amount at risk (RM'000)	Amount at risk (S\$'000) ⁽²⁾	Cumulative percentage against the NTA of the Group for FY 2011 ⁽³⁾
Purchases	2,211	883	2.2%
Total	2,211	883	2.2%

From 1 January 2013 to 28 February 2013

Under tolling arrangements

	Amount at risk (RM'000)	Amount at risk (S\$'000) ⁽²⁾	Cumulative percentage against the NTA of the Group for FY 2011 ⁽³⁾
Sales	7,215	2,884	7.2%
Purchases	7,789	3,113	7.8%
Total	15,004	5,997	15.0%

(b) Transactions with PT Koko⁽¹⁾

FY2012

Under tolling arrangements

	Amount at risk (RM'000)	Amount at risk (S\$'000)⁽²⁾	Percentage against the NTA of the Group for FY 2011⁽³⁾
Sales	11,124	4,444	11.2%
Total	11,124	4,444	11.2%

From 1 January 2013 to 28 February 2013

Under tolling arrangements

Date	Amount at risk (RM'000)	Amount at risk (S\$'000)⁽²⁾	Cumulative percentage against the NTA of the Group for FY 2011⁽³⁾
Sales	15,610	6,240	15.6%
Purchases	16,699	6,675	16.7%
Total	32,309	12,915	32.4%

Notes:

- (1) The total value of the transactions do not take into account transactions that are below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.
- (2) Based on the exchange rates of S\$100,000:RM250,320 for FY2012 and S\$100,000:RM250,190 for FY2013.
- (3) The Group's audited NTA for FY2011 is approximately RM99.76 million.

- 3.2. As at the date of this Announcement, the aggregate value of the Past Recurrent IPTs (each valued at S\$100,000 or more) entered into for FY2012 and FY2013 with (i) the GCB Group is approximately RM63,300,000 and RM15,004,000 respectively and with (ii) PT Koko is approximately RM11,124,000 and RM32,309,000 respectively. The current total of all interested person transactions for FY2012 is approximately RM74,424,000 and the current total of all interested person transactions for FY2013 is approximately RM32,309,000.

4. Details and Rationale for Past Recurrent IPTs

- 4.1. The Company is a cocoa ingredient producer and the Group's principal activities comprise the production and sale of cocoa ingredient products, mainly cocoa butter, cocoa powder, cocoa liquor and cocoa cake.
- 4.2. The production and sales of cocoa ingredient products is a time sensitive business and the Group's production and sales cycles are affected by the purchase terms of cocoa beans, the ability of suppliers to meet the required quantity the Group requires, the amount of cocoa beans and ingredient products required by the Group at any point in time and the timelines for production and sales.
- 4.3. While the Group has its own production capabilities, the Group may not be able to meet timings of orders and expectations of delivery at any given point in time. To minimize the loss of business opportunities, the Group entered into tolling arrangements with the GCB Group, PT Koko and

third parties pursuant to which tolling services were provided to the Group for the processing of cocoa ingredients products. Under such a tolling arrangement, cocoa beans were sold by the Group to the GCB Group, PT Koko and third parties at market price and pursuant to which the Group purchased cocoa ingredient products from the GCB Group, PT Koko and third parties respectively at a mark-up above the cost price. Such a mark-up amounts to the tolling fees paid to the GCB Group, PT Koko and third parties for the service rendered in the processing of such cocoa ingredient products. On an aggregated basis, the differences between the values of the “sales” and the “purchase” in the tables set out in section 3.1 will be the total tolling fees paid by the Group. However, the delivery of the batches of cocoa beans and the produced cocoa ingredient products may be in different financial years and the weight and quantity of cocoa beans used for production will not be equal to the weight and quantity of the cocoa ingredient products produced as waste products are produced in the course of processing the cocoa beans.

- 4.4. As PT Koko had only commenced operations in late 2012, the figures set out in the table in section 3.1 do not reflect any “purchases” from PT Koko in FY2012. However, the Group had made a “purchase” of less than S\$100,000 from PT Koko in FY2012 which had not been included in the table set out in section 3.1 as the requirements in Chapter 9 of the Listing Manual for immediate announcement and/or for Shareholders’ approval do not apply to any transaction that is below S\$100,000. Since the discovery of the transactions requiring Shareholders’ ratification, the Group had ceased all such transactions and the consequential “purchase” from PT Koko had been mitigated by PT Koko selling out the produced cocoa ingredient products to unrelated third parties.
- 4.5. Due to their internal production specifications, the Group’s end customers had under exceptional circumstances, specified that the Group purchased customized cocoa beans from the GCB Group. This happens because specific cocoa beans may have an impact on the output quality such as the flavour and colour of the chocolate and at the point in time, the GCB Group had in store specific cocoa beans at such pricing and specifications which suited the end customers. The Group processed the cocoa beans it purchased from the GCB Group itself.
- 4.6. Although the Company had intended to obtain a Shareholder’s mandate at the upcoming AGM, due to a management oversight in failing to aggregate the values of the Past Recurrent IPTs, the Group had not sought a Shareholders’ mandate prior to crossing the threshold requirements for Shareholders’ approval under Chapter 9 of the Listing Manual.

5. Ratification of Past Recurrent IPT and IPT Mandate

- 5.1. The Group proposes to seek a Shareholders’ ratification of all such Past Recurrent IPTs at the EGM.
- 5.2. In addition, the Group anticipates that as there will be transactions entered into with interested persons including the GCB Group and PT Koko which are of a revenue and trading nature (“**Recurrent IPTs**”), the Group proposes to seek Shareholders’ approval for a general mandate (the “**IPT Mandate**”) for the interested person transactions at the EGM.

6. Audit Committee

- 6.1. The Audit Committee confirms that the Past Recurrent IPTs have been carried out on an arm’s length basis, on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

7. Independent Financial Adviser

- 7.1. The Audit Committee of the Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser (“**IFA**”) to advise Goi Seng Hui, Chua Cheow Khoo Michael, Leow Wee Kia Clement and Yessa Matindas Tuegeh (the “**Recommending Directors**”) on whether:

- (a) the terms of the Past Recurrent IPTs had been carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority Shareholders; and
- (b) the guidelines and review procedures for determining the terms of the IPT Mandate are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

8. Shareholders' Approval

8.1. The Company therefore intends to convene an extraordinary general meeting (“**EGM**”) for the following purposes:

- (a) obtaining Shareholders' ratification, confirmation and approval for the Past Recurrent IPTs; and
- (b) seeking Shareholders' approval for the IPT Mandate

The Company will make the necessary announcements in connection with the date and timing of the EGM subsequently.

9. Circular

9.1. A circular containing further details of, *inter alia*, the Past Recurrent IPTs, the IPT Mandate, the opinion of the IFA and enclosing the notice of the EGM to be convened in connection therewith will be dispatched by the Company to the Shareholders in due course.

IN THE MEANTIME, SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY.

BY ORDER OF THE BOARD

Chua Cheow Khoo Michael
Chairman

Date: 10 April 2013

The initial public offering of the Company was sponsored by AmFraser Securities Pte. Ltd. (a member of AmInvestment Bank Group) and Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) (the “**Joint Issue Managers**”). The Joint Issuer Managers assume no responsibility for the contents of this announcement.