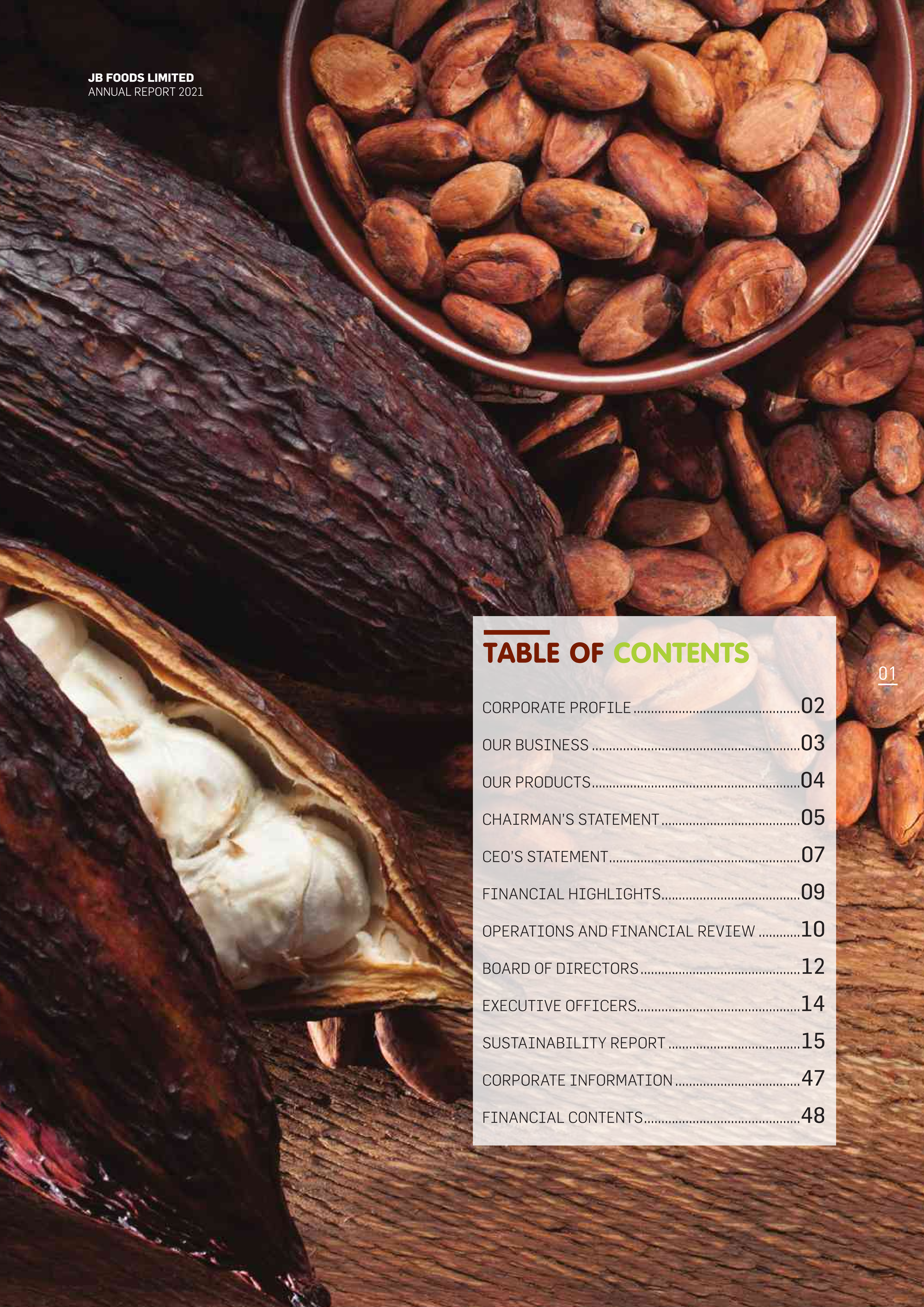
Ingredients of Resilience in Extraordinary Times

Annual Report 2021



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CORPORATE PROFILE

JB Foods Limited ("JB Foods" or the "Group") started as a processor of wet cocoa beans to dry cocoa beans in the 1980s. Today, it has grown to be one of the major cocoa ingredient producers in the 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
- UTZ chain of custody standard/Rainforest Alliance
- FSSC 22000

MALAYSIA
120,000 MT
COCOA BEANS EQUIVALENT PER YEAR

INDONESIA
60,000 MT
COCOA BEANS EQUIVALENT PER YEAR

FACTORIES/WAREHOUSE FACILITIES
SALES OFFICES
SOURCING CENTER

OUR PRODUCTS

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

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

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

Advancing through Adaptability and Agility

DEAR VALUED SHAREHOLDERS

FY2021 REVIEW

Notwithstanding the uncertainties posed by the impact of the COVID-19 pandemic on the global economy and trade, the Group's business agility and strategic foresight had once again steered the organisation towards another year of growth.

The Group registered a gross revenue of USD448.8 million in the financial year ending 31 December 2021, an increase of 7.4% over the previous year. Greater shipment volume for cocoa ingredients during the year affirmed our belief in the long-term growth prospects in the global cocoa and chocolate industry. Unfortunately, the severe disruption in the global supply chain caused by shipping vessel shortages during these unprecedented and turbulent times had caused a significant surge in ocean freight rates. That considered, the Group performed reasonably well overall in the year 2021, and achieved a net profit after tax attributable to shareholders of USD13.8 million.

BUSINESS SUSTAINABILITY

Building trust with and delivering value to all our stakeholders, which include all the communities in our supply chain, business partners, shareholders, as well as employees is an integral aspect of our Group's mission. Sustainability is embedded in our business strategy for continuity and growth. We believe that adaptability to the demands of environmentally-conscious customers and discerning consumers is vital for business development.

Adopting a holistic approach to sustainability, the Group and our Board of Directors have over the years, increased resources that would enable the organisation to keep pace with the global efforts and push for business accountability. Picking up the pace in 2021, we gained momentum in our commitment and efforts through the formalisation and rollout of a sustainability management framework and Environmental, Social and Governance (ESG) roadmap, which would include reinforcing metrics and targets, enhancing sustainable sourcing, manufacturing, including further building upon responsible waste management processes that are in place, locating bean processing closer to source, talent and community development, as well as enhancing workplace safety and health.

As the world moves towards net-zero emissions by 2050, we are similarly committed to sustainable manufacturing. The Group has put in place carbon accounting processes and measures to enable the active management of our operational footprint, and ongoing innovation to tap on renewable energy sources, such as solar energy, so as to reduce carbon emissions.

The Group's commitment to traceability and transparency remains unwavering in our goal to produce sustainable cocoa products, and is poised to double the volume of sustainable cocoa beans sourcing year-on-year, putting in place processes to identify child labour and deforestation risks and address them in our supply chain. In 2021, we scaled up our sustainability programmes in Indonesia and Ecuador, and started activities in Ivory Coast and Nigeria, with more than 10,000 farmers being supported at origin.

CHAIRMAN'S STATEMENT

OUTLOOK AND GROWTH STRATEGIES

Volatility and uncertainties continue to characterise the global economy and impact businesses in 2022. According to the International Monetary Fund's (IMF's) World Economic Outlook Update, global growth is projected to moderate from 5.9% in 2021 to 4.4% in 2022[1]. While worldwide vaccination rates against COVID-19 progressed in 2021 and raised hopes of post-Covid 19 Pandemic recovery, the spread of new variants, rising energy prices, supply chain disruptions and added freight charges, as well as inflationary pressures are continuing to pose as headwinds to our business. No less exacerbated by the Russia-Ukraine war, global GDP growth is revised downward even as inflation challenges intensify and interest rates rise[2].

Notwithstanding the above global macroeconomic development, long-term growth trajectory for the global cocoa and chocolate market is projected. That being said, the shift in chocolate consumer awareness has put increasing pressures on our customers to ensure that their products keep to high standards of sustainable sourcing and production. As a global cocoa ingredients producer, the Group will continue to cultivate a culture and practice of sustainability, streamline and automate operations for efficiency and safety, and innovate and customise solutions for our global clients as they adapt to the changing cocoa and chocolate consumption landscape. We will also continue to exercise prudence and vigilance in navigating the evolving pandemic and Russia-Ukraine situations. As a global cocoa ingredients producer, the Group will continue to cultivate a culture and practice of sustainability, streamline and automate operations for efficiency and safety, and innovate and customise solutions for our global clients as they adapt to the changing cocoa and chocolate consumption landscape. We will also continue to exercise prudence and vigilance in navigating the evolving pandemic and Russia-Ukraine situations.

DIVIDEND

In appreciation of the support from all shareholders, the Board is proposing a final dividend of 1.30 Singapore cents per share for FY2021, to be approved at the upcoming Annual General Meeting. Coupled with the interim dividend of 0.20 Singapore cents per share that was paid out in September 2021, the total dividend for FY2021 at 1.50 Singapore cents per share represents a pay-out ratio of 24% for FY2021. This is consistent with the pay-out ratio of above 20% for the past five years.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my many thanks to all our stakeholders for their confidence in the Group's leadership, and support of our journey to being established as a global cocoa ingredient producer. I would also like to acknowledge and thank the management and staff for their dedication and resilience, which in these challenging times, have been the bedrock of strength as the Group weathers uncertainties to continue to advance and grow. Last but not least, I would like to take the opportunity to express my deepest appreciation to my fellow Board members for their commitment, wise counsel and guidance.

Stay safe, stay healthy!

CHUA CHEOW KHOON, MICHAEL
Independent Director and Non-Executive Chairman
31 March 2022

[1] International Monetary Fund – World Economic Outlook Update: "Rising Caseloads, A Disrupted Recovery, and Higher Inflation" (January 2022)
[2] Fitch Ratings – Non-rating Action Commentary: "World Growth Forecasts Cut as Inflation Intensifies due to War" (21 March 2022)

CEO'S STATEMENT

Building Trust through Resolve and Reliability

DEAR VALUED SHAREHOLDERS

FY2021 IN REVIEW

Looking back at the unprecedented disruptions and unchartered waters brought on by the persistency of the COVID-19 pandemic in the past two years, three words come to mind – *resolve*, *resilience* and *reliability*. In the face of global challenges and adversities, I am grateful to be strengthened by an astute and committed Board of Directors, and aided by a dedicated and united team of worldwide staff who worked tirelessly for JB Foods to continue to be that dependable business partner that our customers can count on to deliver quality and value through our JB Cocoa brand of products.

Resolve, the dogged determination to stay focused and true to JB Food's goal to be established as one of the world's top producers of high-quality, premium and sustainable cocoa ingredient products continued to bear fruit through our efforts last year. The Group's achievement of a revenue exceeding USD400 million in FY2021 for the second year running attests to our customers' vote of confidence. It affirms our strategy of value creation by judiciously fostering close relationships with our suppliers and customer base, and building a reputation around it.

Resilience, the ingredient that stellar teams are made of, is the mark of not backing down when the going gets tough, but banding together to create solutions. To safeguard the health and well-being of our staff, particularly in our Malaysia and Indonesia plants, as well as minimise manufacturing capacity reduction, the management took the initiative and made swift arrangements to vaccinate staff. We also put in place safe management measures beyond regulatory requirements so that staff can work with a peace of mind. We were therefore able to maintain expected plant utilisation at a higher capacity than budgeted, given the operational limitations brought on the pandemic.

Reliability, being consistently consistent in adopting a three-pronged strategy of agility and responsiveness to market conditions and customer's requirements, capability and capacity building, while keeping a keen eye on cost and pricing without compromising on the value we bring to customers even during times of crisis form the foundation for our business development and positions the Group for growth, In the same vein, and true to our commitment to sustainability and net zero carbon emission, the Group made the decision to build our capabilities to generate clean energy and reduce utility cost by investing in solar photovoltaic modules and a Biomass Boiler at our factory in Malaysia in FY2021.

CHALLENGES AND PROSPECTS

As the world stepped up population vaccination and advanced measures to transit global economies to normalcy in 2021, the Group remains cognisant of the uncertainties triggered by the pandemic, global supply chain disruptions and travel restrictions. For FY2022, we expect continued global supply chain disruptions, significant ocean freight surges and more recently, turbulence from the Russia-Ukraine conflict that would continue to post headwinds to our business that would impact profitability and growth. We will closely monitor the development of global factors on our industry and business, and would take measured steps in executing our strategy.

According to the ICCO's February 2022 market report[1], it is challenging to weigh the economic and financial impact and global spill-over effects from the

[1] ICCO Monthly Cocoa Market Report February 2022

CEO'S STATEMENT

Russia-Ukraine conflict. Notably, price volatility in cocoa. This would put pressure on the Group to carefully manage our pricing strategy and the pace of expansion, investment and the ramp up of manufacturing capacity. That being said, the easing of travel restrictions around the world will continue to fuel stable growth of the cocoa and chocolate industry, and the Group remains optimistic that the overall cocoa consumption environment will continue on its growth trajectory post-pandemic.

Sustainability is at the heart of the Group's playbook and we have for some time now, embarked on the journey to transform our business practices and processes in alignment to evolving consumer trends that call for governance and accountability. We believe that our efforts and formalised sustainability framework and ESG roadmap are fundamental to cultivating a culture of sustainability, impact the way we conduct our business, innovate and manufacture our products, and engage with stakeholders.

ACKNOWLEDGEMENT

On behalf of the Group's management and staff, I would like to express my utmost appreciation of our shareholders, customers, business partners and associates, and staff for their earnest support and strong trust in us, particularly in the face of adversities and opportunities. To the Board of Directors, we thank you and are grateful for your unwavering support, guidance and counsel as we journey through the global crisis together.

The Group could only have come this far together as one team, focused, unrelentless and socially responsible.

May all stay in health and keep safe. Stay positive, and take care!

TEY HOW KEONG
Chief Executive Officer
31 March 2022

FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS (USD' million)	**FY2021**	*FY2020*	*FY2019*	*FY2018*	*FY2017*
REVENUE	448.8	417.8	352.5	327.1	295.6
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTISATION	29.6	34.3	43.0	41.6	24.1
PROFIT BEFORE TAX	18.4	22.5	31.7	34.1	16.9
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13.9	19.4	26.2	26.8	14.2

FINANCIAL POSITION (USD' million)	**FY2021**	*FY2020*	*FY2019*	*FY2018*	*FY2017*
NON-CURRENT ASSETS	109.8	114.2	95.9	75.4	63.2
CURRENT ASSETS	338.6	268.9	268.7	172.9	134.4
CURRENT LIABILITIES	(259.1)	(204.3)	(213.3)	(120.8)	(110.6)
NON-CURRENT LIABILITIES	(22.4)	(22.1)	(9.9)	(5.4)	(2.9)
SHAREHOLDERS' EQUITY	166.9	156.6	141.4	122.1	84.1
CASH AND BANK BALANCES	27.9	20.5	16.6	13.4	15.6

RATIOS	**FY2021**	*FY2020*	*FY2019*	*FY2018*	*FY2017*
NET ASSET VALUE PER SHARE (CENTS) [1]	55.04	51.64	46.64	40.26	27.75
NET GEARING (TIMES) [2]	1.08	0.99	1.11	0.55	0.75

[1] Net asset value per share are computed based on the adjusted share capital of 303,199,966
[2] (Bank borrowings – cash and bank balances)/shareholders' equity

OPERATIONS AND FINANCIAL REVIEW

INCOME STATEMENT

JB Foods' revenue increased by USD31.0 million or 7.4% from USD417.8 million for FY2020 to USD448.8 million for FY2021. This was mainly due to higher shipment volume arising from customer demand and partially offset by lower average selling price of the cocoa ingredients due to lower cocoa bean price. The Group's gross profit declined by USD17.7 million from USD43.8 million for FY2020 to USD26.1 million for FY2021 mainly due to a significant surge in ocean freight rates caused by disruption in global supply chain and shortage of shipping vessels, higher trucking costs arising from higher local delivery sales in North America and Russia market.

The Group registered other gains of USD12.2 million in FY2021 mainly due to a gain from disposal of an investment property in United States of America.

Selling and distribution expenses increased by USD0.9 million or 18.8% from USD4.4 million in FY2020 to USD5.3 million in FY2021, mainly due to an increase in the Group's headcount and staff costs to support the sales growth, and higher sales commission arising from higher sales volume.

Administrative expenses increased USD1.0 million or 9.9% from USD10.1 million in FY2020 to USD11.1 million in FY2021, mainly due to an increase in the amortisation expenses on intangible assets, an increase in the Group's staff costs and professional fee incurred for the sustainability and feasibility study, and additional staff health screening costs in compliance to Covid-19 safety measurement at our Group's manufacturing plants.

Finance cost decreased by USD1.2 million or 24.9% from USD4.9 million in FY2020 to USD3.7 million in FY2021, mainly due to lower financing interest rate.

Income tax expenses increased by USD1.4 million or 46.6% from USD3.1 million in FY2020 to USD4.5 million in FY2021 mainly due to corporate income tax provision on the gain on disposal of an investment property.

As a result of the above, the Group registered a profit after tax of USD13.9 million in FY2021.

BALANCE SHEET

The Group's non-current assets decreased by USD4.4 million or 3.8% from USD114.2 million as at 31 December 2020 to USD109.8 million as at 31 December 2021, mainly due to capital expenditure incurred in plant and equipment amounting to USD6.4 million and partially offset by the depreciation and amortisation charged and disposal of investment property of USD7.2 million and USD4.1 million respectively.

The Group's current assets increased by USD69.7 million or 25.9%, from USD268.9 million as at 31 December 2020 to USD338.6 million as at 31 December 2021, mainly due to increase in inventories, derivative financial instruments, income tax recoverable and cash and bank balances of USD45.8 million, USD17.2 million, USD1.0 million and USD7.4 million respectively and partially offset by a decrease in trade and other receivables of USD1.6 million.

The Group's current liabilities increased by USD54.8 million or 26.8%, from USD204.3 million as at 31 December 2020 to USD259.1 million as at 31 December 2021, mainly due to increase in trade and other payables, derivative financial instruments, bank borrowings and income tax payables of USD4.9 million, USD15.7 million, USD32.2 million and USD2.1 million respectively.

The Group's equity attributable to owners of the parent increased by USD10.3 million or 6.6% from USD156.6 million as at 31 December 2020 to USD166.9 million as at 31 December 2021, mainly due to profit generated in FY2021, partially offset by the dividend of USD3.9 million.

OPERATIONS AND FINANCIAL REVIEW

CASH FLOWS
STATEMENT OF CASH FLOWS

USD'000	FY2021	*FY2020*
Net cash (used in)/from operating activities	(26,277)	35,760
Net cash from/(used in) investing activities	9,418	(24,344)
Net cash from/(used in) financing activities	23,958	(8,034)
Net change in cash and cash equivalents	7,099	3,382
Cash and cash equivalents at end of the year	27,481	19,950

The Group's cash and cash equivalent increased by USD7.5 million in FY2021, due to net cash inflows from investing activities and operating activities of USD9.4 million and USD24.0 million respectively and partially offset by net cash outflows from operating activities US$26.3 million.

The net cash used in operating activities of USD26.3 million was mainly attributable to positive operating cash flows of USD15.2 million, net cash inflows in trade and other receivables and trade and other payables of USD1.8 million and USD4.9 million respectively, partially offset by net cash outflows in inventories of USD45.8 million and income tax paid of USD2.5 million.

The net cash from investing activities of USD9.4 million was mainly due to the proceeds of USD16.7 million received from the disposal of an investment property and partially offset with capital expenditure incurred in the purchase of plant and equipment.

The net cash from financing activities of USD24.0 million was mainly due to net drawdown of bank borrowings of USD31.5 million, partially offset with dividend payment and interest paid of USD3.9 million and USD3.7 million.

BOARD OF DIRECTORS

CHUA CHEOW KHOON MICHAEL
INDEPENDENT DIRECTOR AND NON-EXECUTIVE CHAIRMAN

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

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

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

Dr Goi Seng Hui was appointed to the Board on 1 March 2013 as Non-Independent, Non-Executive Director and Vice Chairman. He is the Executive Chairman of Tee Yih Jia Group and three other SGX Mainboard-listed companies-namely, GSH Corporation Limited, Hanwell Holdings Limited and Tat Seng Packaging Group Ltd.

Dr Goi also serves as Vice Chairman of Envictus International Holdings Limited, and Non-Executive and Non-Independent Director of Catalist-listed Tung Lok Group Restaurants (2000) Ltd. A self-made entrepreneur, Dr Goi has diverse business interests in Singapore, China, Malaysia, United States and other parts of the world.

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. He was conferred an Honorary Doctorate from Singapore University of Technology and Design (SUTD) in 2021.

He is also active in business and community organisations locally and overseas such as the Singapore Chinese Chamber of Commerce & Industry, Singapore-Jiangsu Cooperation Council, Singapore-Zhejiang Economic and Trade Council, Singapore-Tianjin Economic and Trade Council and Singapore-Shandong Business Council.

In 2014, Dr Goi was conferred the Public Service Star (Bar), or BBM (L), by the President of Singapore for his contributions to the community, and the Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah, for his social and business contributions to Kota Kinabalu. He was also named "Businessman of the Year" by Business Times that year. In 2017, he was honoured for his contributions and success as an overseas Chinese by People's Tribune Magazine in Beijing, China.

BOARD OF DIRECTORS

TEY HOW KEONG
CHIEF EXECUTIVE OFFICER

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

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

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

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

GOH LEE BENG
EXECUTIVE DIRECTOR

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

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

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

CHIN KOON YEW
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

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

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

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

LOO WEN LIEH
ALTERNATE DIRECTOR TO DR GOI SENG HUI

Dr 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. Since July 2018, Wen Lieh has been a Non-Executive and Non-Independent Director of GYP properties Limited, a company listed on the Mainboard of the SGX-ST.

From December 2002 to May 2007, 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

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.

SAW POH CHIN
GROUP SALES AND MARKETING MANAGER

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

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

ONG KIM TECK
GROUP ENGINEERING MANAGER

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

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

SUSTAINABILITY REPORT

1. BOARD STATEMENT

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

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

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

Our sustainability framework communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("SDGs" or "Global Goals") and is supported by our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:

Our Sustainability Framework

Factor	SDG	Material Sustainability Factor	Stakeholders	Reporting priority
Environmental factor	12 Responsible consumption and production	Traceability and sustainable supply chain practices	Associations / Communities / Customers / NGOs / Suppliers	● ● ●
Environmental factor	13 Climate action	Climate change and GHG emissions	Associations / Communities / NGOs / Regulators	● ● ●
Environmental factor	7 Affordable and clean energy	Energy consumption	Communities / Shareholders	● ● ○
Environmental factor	12 Responsible consumption and production	Waste management and optimisation	Communities / Regulators	● ● ○
Environmental factor	15 Life on land	Deforestation and biodiversity	Associations / Communities / NGOs / Regulators	● ● ○
Environmental factor	4 Quality education	Water stewardship	Communities / Shareholders	● ● ○
Governance factor	16 Peace, justice and strong institutions	Ethics and integrity	Board / Regulators / Shareholders	● ● ●
Governance factor	16 Peace, justice and strong institutions	Cyber security and data protection	Customers / Employees / Regulators	● ● ○
Economic factor	8 Decent work and economic growth	Business development and expansion	Board / Institutions / Shareholders	● ● ●
Economic factor	8 Decent work and economic growth	Customer satisfaction	Customers	● ● ○
Economic factor	12 Responsible consumption and production	Sustainable manufacturing	Communities / Shareholders	● ● ○
Social factor	3 Good health and well-being	Safe work and wellbeing	Employees	● ● ●
Social factor	8 Decent work and economic growth	Food safety, product quality and nutrition	Customers / Suppliers	● ● ●
Social factor	16 Peace, justice and strong institutions	Human right and labour standards	Associations / Employees / NGOs / Regulators	● ● ●
Social factor	10 Reduced inequalities	Workplace diversity and equality	Employees	● ● ●
Social factor	4 Quality education	Talent development	Employees	● ● ●
Social factor	12 Responsible consumption and production	Community development	Associations / Communities / Customers / NGOs / Suppliers	● ● ○

Reporting priority[1]

● ● ● High ● ● ○ Medium ● ○ ○ Low

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SUSTAINABILITY REPORT

A summary of our sustainability performance in FY2021 is as follows:

Sustainability Factor	Performance indicator	Sustainability performance FY2021	FY2020
Economic	Employee benefits expenses	USD12.21 million	USD11.80 million
	Income taxes to governments	USD4.50 million	USD3.07 million
	Dividends paid to shareholders[1]	USD3.86 million	USD4.94 million
	Earnings retained for future growth	USD9.99 million	USD14.44 million
	Percentage of customers who gave a positive feedback rating for overall satisfaction	More than 90%	More than 90%
Environmental[2]	Number of incidents of non-compliance with environmental standards from the authorities	-	-
	Diesel consumption (litre) per metric tonne ("mt") of cocoa bean processed	0.8	1.3
	Liquefied petroleum gas ("LPG") consumption (kg) per mt of cocoa bean processed	15.4	14.4
	Natural gas consumption (m^3) per mt of cocoa bean processed[3]	81.6	70.0
	Electricity consumption (kWh) per mt of cocoa bean processed	397.9	418.1
	Hazardous waste generated (mt) per mt of cocoa bean processed	0.002	0.002
	Non-hazardous waste generated (mt) per mt of cocoa bean processed	0.109	0.109
	Water consumption (m^3) per mt of cocoa bean processed	2.05	2.29
	Percentage of wastewater treated to remove pollutants before releasing into waterways	100%	100%
Social	Number of workplace fatalities	-	-
	Number of non-fatal workplace injuries	10	10
	Number of man-days lost	96	160
	Number of reported incidents of non-compliance with labour standards assessed by the authorities	-	-
	Number of product returns due to food safety issues raised by customers	-	-
	Number of reported incidents of unlawful discrimination against employees[4]	-	-
	Average training hours per employee	3	8
Governance	Number of incidents of serious offence[5]	-	-
	Number of cybersecurity breaches resulting in losses of business data	-	1

1 Dividends paid to shareholders include final dividends paid in respect of the preceding financial year and interim dividend paid in respect of the reporting financial year.
2 Energy and water resources are mainly consumed by our two operating factories located in Malaysia and Indonesia.
3 Natural gas is only consumed by our factory in Indonesia.
4 Unlawful discrimination refers to incidents where the relevant authority has commenced investigation and resulted in a penalty to the Company.
5 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than $100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by officers or employees of the Company.

SUSTAINABILITY REPORT

The outbreak of Coronavirus disease 2019 ("COVID-19" or "Pandemic") continues to pose challenges and disruptions to our operations. We remain optimistic that the cocoa consumption environment will continue to be supported by global economy recovery after the Pandemic and the growing middle-income classes over the long term. We are closely monitoring developments in the industry and will respond accordingly in our pricing strategy. We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

2. OUR BUSINESS

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

Suppliers	Processing	Customers
Sourcing	**Operations**	**Point of Sale**
Procurement of cocoa beans	Process cocoa beans into cocoa cake, cocoa mass, cocoa butter and cocoa powder	Sale of our products to the following customers: • International trade houses or cocoa powder millers • End users such as confectionery, food and beverage manufacturers

3. REPORTING FRAMEWORK

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

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

While we relied on internal data monitoring and verification to ensure the accuracy of this sustainability report, we may seek external assurance for future sustainability reports.

4. REPORTING PERIOD AND SCOPE

This Report is applicable for our Group's financial year ended 31 December 2021 ("FY2021" or "Reporting Period"). A sustainability report will be published annually in accordance with our SR Policy.

This Report covers key operating entities within the Group that contributed to 100% (FY2020: 100%) of the total revenue for the Reporting Period.

5. FEEDBACK

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

SUSTAINABILITY REPORT

6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified and prioritised our engagements with key stakeholder groups. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can reasonably be expected to affect our ability to implement strategies to achieve our objectives.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, comprising trade or industry associations ("Associations"), Board of Directors ("Board"), communities, customers, employees, financial institutions ("Institutions"), NGOs, regulators and governmental bodies (collectively as "Regulators"), shareholders and investors (collectively as "Shareholders") and suppliers and service providers (collectively as "Suppliers"). Key stakeholders are determined for each identified material Sustainability Factor based on the extent they can affect or are affected by the operations of our Group.

We actively engage our key stakeholders through the following channels:

S/N	Stakeholder	Engagement channel	Engagement frequency	Key concerns
1	Associations	Community initiatives	Ongoing	• Traceability and sustainable supply chain practices • Climate change • Biodiversity • Human rights
2	Board	Board meeting	Quarterly	• Sustainable business performance • Corporate governance
3	Communities	Community initiatives	Ongoing	Sustainable agricultural and business practices
4	Customers	• Meetings • Events such as exhibitions • Email communications • Phone calls	Regularly	• Product quality and reliability • Customer service standards
5	Employees	Email communications	Regularly	• Equal employment opportunity • Workplace safety and health • Job security • Remuneration
		Staff evaluation sessions	Half-yearly	
7	Institutions	• Meetings • Email communications • Phone calls	Regularly	Sustainable business performance
6	NGOs	Community initiatives	Ongoing	• Traceability and sustainable supply chain practices • Climate change • Biodiversity • Human rights
7	Regulators	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange and relevant government agencies/ bodies	As and when required	• Environmental compliance • Corporate governance

SUSTAINABILITY REPORT

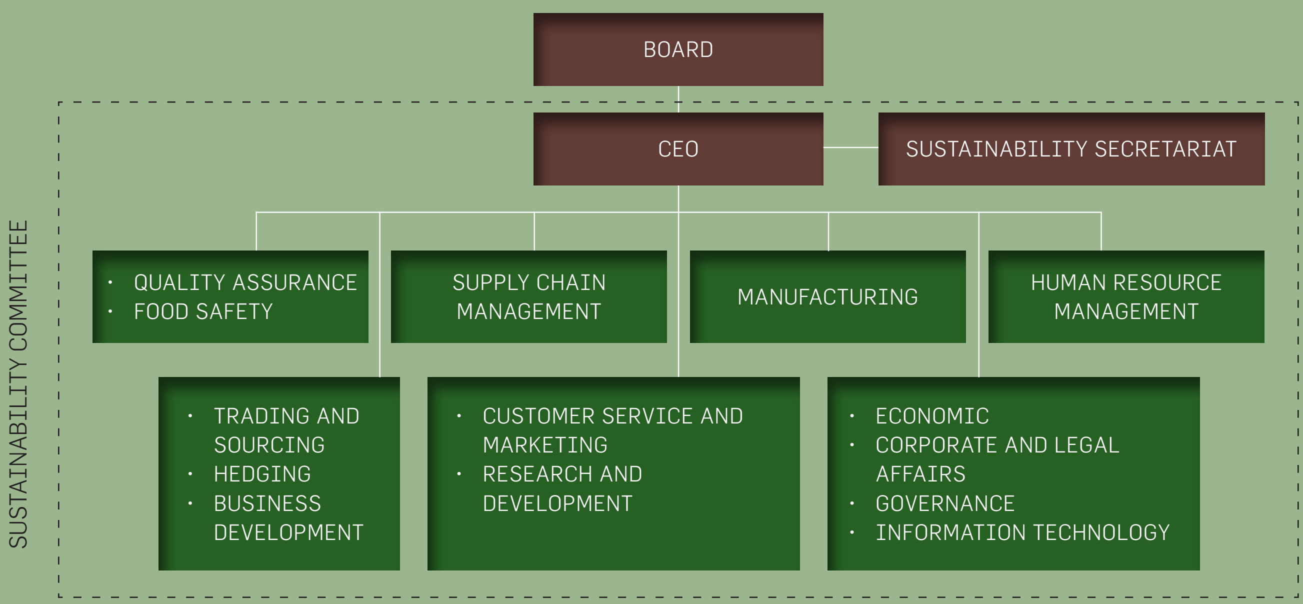
S/N	Stakeholder	Engagement channel	Engagement frequency	Key concerns
8	Shareholders	• Annual general meetings • Annual reports	Annually	• Sustainable business performance • Market valuation • Dividend payment • Corporate governance
		Result announcements on SGXNet	Half-yearly	
		• Material announcements on SGXNet • Company's website (http://www.jbcocoa.com) • Business publications • Investor relations events	Ongoing	
9	Suppliers	• Meetings • Supplier evaluations • Feedback sessions • Email communications	Regularly	• Traceability and sustainable supply chain practices • Order volatility

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

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting structure

The Board advises and supervises the development of our sustainability strategy and performance targets. Our sustainability strategy is spearheaded by the Sustainability Committee ("SC") which is led by our Chief Executive Officer ("CEO"). The SC includes senior management executives and key managers from various functions and is tasked with developing the sustainability strategy, performing materiality assessment, considering stakeholders' priorities, setting goals and targets, as well as collecting, verifying, monitoring and reporting performance data for this Report. The Sustainability Secretariat acts as the secretariat and sustainability advisor to the SC.



SUSTAINABILITY REPORT

7.2 Sustainability reporting processes

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

IDENTIFICATION
Identification of the material Sustainability Factors that are relevant to our Group's activities and data points for performance reporting

PRIORITISATION
Prioritisation of the material Sustainability Factors and identification of key ones to be reported

VALIDATION
Validation involves the verification of information and data gathered on material Sustainability Factors and an assessment of the completeness of key Sustainability Factors to finalise the Report content

REVIEW
Monitor, review and update our material Sustainability Factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments

7.3 Materiality assessment

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

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

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

7.4 Performance tracking and reporting

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

8. MATERIAL FACTORS

In 2021, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

SUSTAINABILITY REPORT

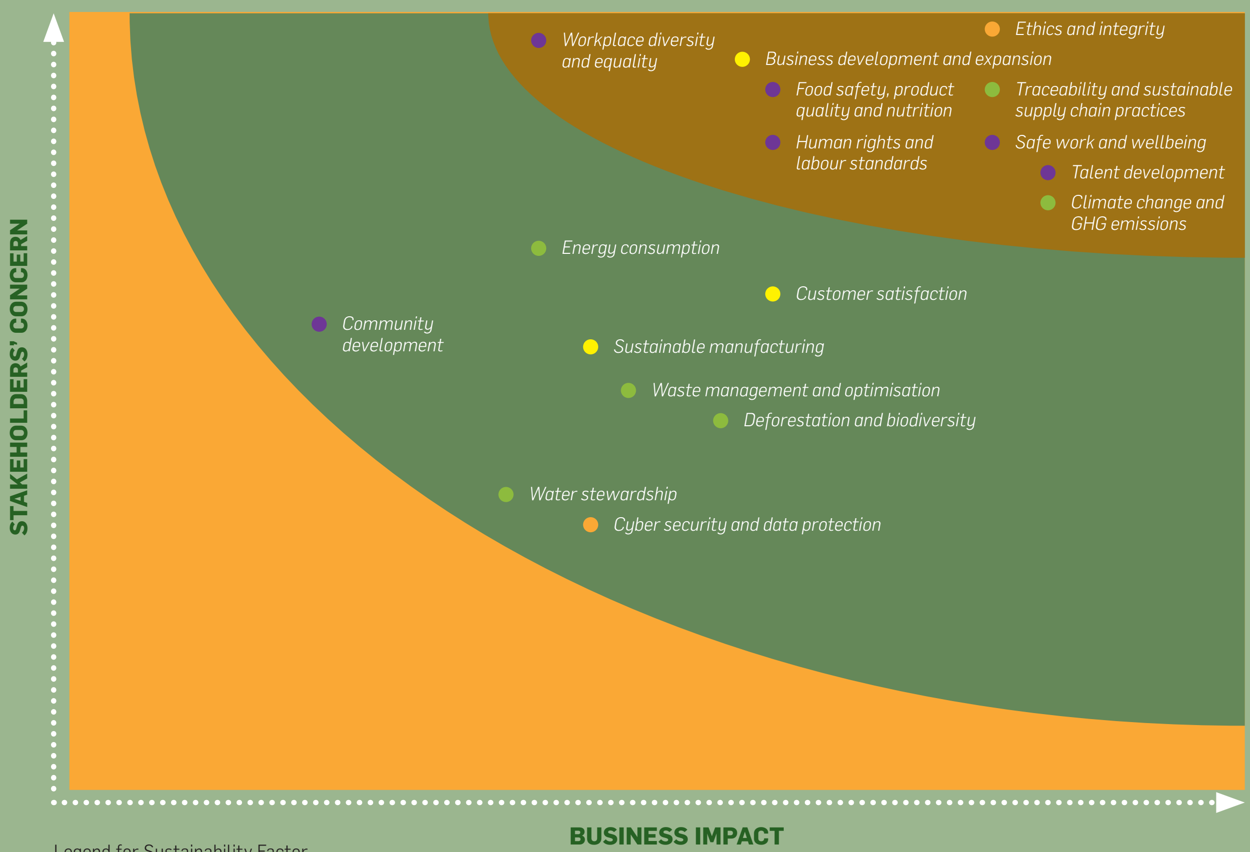
List of material Sustainability Factors

S/N	Material Sustainability Factor	SDG	Key stakeholder	Reporting priority
Economic				
1	Business development and expansion	Decent work and economic growth	• Board • Institutions • Shareholders	●●●
2	Customer satisfaction	Decent work and economic growth	• Customers	●●○
3	Sustainable manufacturing	Responsible consumption and production	• Communities • Shareholders	●●○
Environmental				
4	Traceability and sustainable supply chain practices	Responsible consumption and production	• Associations • Communities • NGOs • Customers • Suppliers	●●●
5	Climate change and GHG emissions	Climate action	• Associations • Communities • NGOs • Regulators	●●●
6	Energy consumption	Affordable and clean energy	• Communities • Shareholders	●●○
7	Waste management and optimisation	Responsible consumption and production	• Communities • Regulators	●●○
8	Deforestation and biodiversity	Life on land	• Associations • Communities • NGOs • Regulators	●●○
9	Water stewardship	Clean water and sanitation	• Communities • Shareholders	●●○
Social				
10	Safe work and wellbeing	Good health and well-being	• Employees	●●●
11	Food safety, product quality and nutrition	Decent work and economic growth	• Customers • Suppliers	●●●
12	Human rights and labour standards	Peace, justice and strong institutions	• Associations • Employees • Regulators • NGOs	●●●
13	Workplace diversity and equality	Reduced inequalities	• Employees	●●●

SUSTAINABILITY REPORT

S/N	Material Sustainability Factor	SDG	Key stakeholder	Reporting priority
14	Talent development	Quality education	• Employees	●●●
15	Community development	Responsible consumption and production	• Associations • Communities • NGOs • Customers • Suppliers	●●○
Governance				
16	Ethics and integrity	Peace, justice and strong institutions	• Board • Shareholders • Regulators	●●●
17	Cyber security and data protection	Peace, justice and strong institutions	• Customers • Regulators • Employees	●●○

Material factor matrix



Legend for Sustainability Factor

Economic · Environmental · Social · Governance

Legend for Reporting Priority

High · Medium · Low

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

SUSTAINABILITY REPORT

8.1 Business development and expansion

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

We are committed to providing value to various stakeholders in ways that are relevant and meaningful ways. In line with this commitment, value created in FY2021 is distributed to enable a more sustainable future as follows:

FY2021: USD30.56 million (FY2020: USD34.25 million)

For our Sustainability

USD9.99 million
A total of USD9.99 million (FY2020: USD14.44 million) was retained for future growth.

For our Employees

USD12.21 million
Employee benefits expenses amounted to USD12.21 million (FY2020: USD11.80 million).

For our Shareholders

USD3.86 million
An amount of USD3.86 million (FY2020: USD4.94 million) was paid as dividends to reward our shareholders for their continual support.

For the Economy

USD4.50 million
A total of USD4.50 million (FY2020: USD3.07 million) in income taxes to governments, contributing to the development of the countries.

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

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or improve our financial performance subject to market conditions whilst maintaining a dividend payout where practicable	Target partially met as follows: • Increase in revenue despite uncertain and challenging environment • Decrease in net profit in light of current market conditions • Consistent dividend payout ratio with preceding year	Maintain or improve total economic value created subject to market conditions

8.2 CUSTOMER SATISFACTION

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

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

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

In addition, we collect customer feedback from various touchpoints such as sales teams and customer satisfaction surveys. Customer feedback obtained through customer satisfaction surveys are analysed to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational levels and provide inputs for strategies. During the Reporting Period, more than 90% (FY2020: more than 90%) of our customers gave a positive feedback rating for overall satisfaction.

SUSTAINABILITY REPORT

Target for FY2021	Performance in FY2021	Target for FY2022
Increase or maintain market presence subject to market conditions	Target met as follows: No material changes in our market presence	Achieve at least 90% of customers who gave a positive rating for overall satisfaction

8.3 SUSTAINABLE MANUFACTURING

We are driven by our commitment to improve our operational efficiency with considerations of sustainability and costs, resulting in enhanced returns to shareholders.

In line with our commitment towards sustainable manufacturing, we have put in place 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");
- Installed solar photovoltaic modules at our Malaysian plant to generate clean energy;
- A systematic maintenance programme 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
- Automating business processes where applicable to improve operational efficiency and reduce manpower needs.

You may refer to sections 8.6 and 8.9 for details on our initiatives to optimise energy and water consumption.

Target for FY2021	Performance in FY2021	Target for FY2022
-[6]	Design or continue with sustainable manufacturing processes to minimise negative environmental and social impacts	Design or continue with sustainable manufacturing processes to minimise negative environmental and social impacts

8.4 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, to ethical standards and in fairness to improve traceability in our supply chain and monitor the origins of raw materials.

In keeping with our commitment to traceability and sustainable supply chain practices, we have put in place a traceability framework that 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 ones. In addition, a deforestation free policy is in place to reinforce and communicate commitment to end deforestation in our cocoa supply chain to our suppliers.
- Adoption of market standards
  To maintain sustainable cocoa supply chain, we put in place policies and procedures to ensure that our factories are certified under UTZ chain of custody standard/ Rainforest Alliance certificate, an internationally recognised standard which focuses on ensuring that our products are physically and administratively related to UTZ certified producers who adopt sustainable farming methods and working conditions.
- Monitoring and evaluation
  We conduct audits for our key suppliers to evaluate their performance against our policies and expectations.
- Remediation and capability building
  We request key suppliers to address issues of poor performance through providing training, resources and support to improve sustainability management and performance.

Target for FY2021	Performance in FY2021	Target for FY2022
-[6]	Initiate or continue with sustainable supply chain practices	Initiate or continue with sustainable supply chain practices

[6] Not applicable as this is a newly disclosed Sustainability Factor.

SUSTAINABILITY REPORT

8.5 CLIMATE CHANGE AND GHG EMISSIONS

Climate change is a prominent issue as greenhouse gas ("GHG") emissions and human activities contributing to GHG emissions are leading to rising global temperatures and extreme events such as floods and droughts that could affect the sustainability of cocoa supply chain. To avoid the most severe effects, we are committed to managing our operational footprint, supporting our customers in the transition to a low carbon economy and seizing opportunities created as a result of climate change. We will continue to enhance our approach to climate change in line with local and regional development as well as our sustainability journey.

In line with our commitment to reduce GHG emissions and combat climate change, we are adopting the following key initiatives:

- Engagement of an external consultant to account for our GHG emissions;
- Tapping into renewable energy sources to reduce carbon emissions. You may refer to section 8.6 for details on initiatives to reduce our carbon footprint;
- Distribution of multipurpose trees that are planted on cocoa farms to promote agroforestry[7] and reduce carbon emissions. You may refer to section 8.15 for further details on this initiative; and
- Provision of a GHG emission competency-based training for our employees based in Malaysia.

During the Reporting Period, there was zero (FY2020: zero) reported incident of non-compliance with environmental standards from the authorities.

Target for FY2021	Performance in FY2021	Target for FY2022
-[8]	Zero reported incident of non-compliance with environmental standards from the authorities	Maintain zero reported incident of non-compliance with environmental standards from the authorities

8.6 ENERGY CONSUMPTION

We believe that responsible usage of energy resources would help to preserve the environment and create long-term economic value to shareholders.

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

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

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

Performance indicator	Unit of measurement	FY2021	FY2020
Diesel consumption	litre	117,262	168,580
Diesel consumption intensity	litre/ mt	0.8	1.3
LPG consumption	kg	2,235,066	1,876,042
LPG consumption intensity	kg/ mt	15.4	14.4
Natural gas consumption	m^3	3,679,298	3,094,818
Natural gas consumption intensity	m^3/ mt	81.6	70.0
Electricity consumption	kWh	57,711,148	54,624,007
Electricity consumption intensity	kWh/ mt	397.9	418.1

[7] An intensive land management system that optimises the benefits from the biological interactions created when trees and/or shrubs are deliberately combined with crops and/or livestock, such as agroforestry could increase biodiversity, reduce erosion and improve soil structure and health.

[8] Not applicable as this is a newly disclosed Sustainability Factor.

SUSTAINABILITY REPORT

The decline in diesel consumption was mainly due to the phasing out of a diesel boiler during the Reporting Period. The increase in LPG and natural gas consumption was mainly due to an increase in cocoa beans processed. We perform regular tracking and analysis of electricity consumption trends and corrective actions are taken when there are unusual consumption patterns.

Under our commitment to energy conservation and carbon footprint reduction, various measures and initiatives adopted include:

Conversion of cocoa shell into renewable energy
A Biomass Boiler is in place at our factory in Malaysia. During the Reporting Period, 99% (FY2020: 98%) of steam consumed by the Malaysian plant is generated from discarded cocoa shells. Moreover, the use of the renewable energy helped us to reduce reliance on diesel fuel, resulting in a reduction in consumption of approximately 3.9 million litres (FY2020: 3.7 million litres) yearly.

Tap into renewable energy sources to reduce carbon emissions
A major portion of our carbon footprint in operations is generated from the purchased electricity and fossil fuel usage such as diesel, LPG and natural gas. The fossil fuel is mainly used in our key production processes such as bean drying and roasting of cocoa nibs. The fuel is also used to produce steam via diesel boiler for production use such as alkalisation, roasting and pressing process. Our commitments to reduce our carbon footprint are illustrated in the following initiatives:
- With the Biomass Boiler, we use steam (a clean source of energy) to operate said machines thereby reducing our carbon emissions by lowering our reliance on carbon-intensive energy sources such as diesel fuel; and
- During the second quarter of FY2021, we commissioned the energy optimisation project to install solar photovoltaic modules at our factory in Malaysia in order to generate electricity. The solar power generated contributed to approximately 2% of the electricity consumed by the Malaysian plant. This project enables us to generate clean energy and reduce our utility cost at the same time.

Implement a preventive maintenance programme
A systematic maintenance programme for operating equipment is in place to maintain energy efficiency in our processing factories.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or increase utilisation of renewable source of energy to power production processes	Target met as follows: Improvement in utilisation of renewable source of energy to power production process	Maintain or reduce energy consumption intensity

8.7 WASTE MANAGEMENT AND OPTIMISATION

We believe that waste management and optimisation will also help to preserve the environment and create long-term economic value to shareholders. Key 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 (includes broken pallets, torn gunny sacks and food waste).

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

Performance indicator	FY2021	FY2020
Amount of hazardous waste generated (mt)	317	257
Hazardous waste generated per mt of cocoa bean processed	0.002	0.002
Amount of non-hazardous waste generated (mt)	15,795	14,286
Non-hazardous waste generated per mt of cocoa bean processed	0.109	0.109

SUSTAINABILITY REPORT

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

Proper management of waste
In line with our commitment to be environmentally friendly, we engaged a licensed waste collector to ensure that 100% (FY2020: 100%) of our hazardous waste are properly treated before disposal. We segregate our general waste into non-recyclable waste and recyclable waste with resale value 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 the reliance on carbon-intensive energy sources such as diesel fuel. You may refer to section 8.6 for further details on this initiative.

Use of cocoa shells for animal feed
In Indonesia, rich in protein cocoa shells that are generated in operations are sold to local poultry farmers as animal feed and a form of recycling. Such an arrangement generated approximately USD259k (FY2020: USD124k[9]) of income during the Reporting Period. The higher income generated from the sale of cocoa shells in FY2021 was mainly due to the sale of excess cocoa shells over those used as feed to the Biomass Boiler.

Target for FY2021	Performance in FY2021	Target for FY2022
-[10]	No material changes in the amount of waste generated per mt of cocoa bean processed	Minimise the amount of waste generated in operations

8.8 DEFORESTATION AND BIODIVERSITY

The prevalence of low income amongst smallholder farmers in developing countries drives smallholder 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 have adopted the following measures and initiatives:

- A deforestation free policy is in place, aligned with our core commitments to zero deforestation of natural forests or areas of High Conservation Value ("HCV")[11] or High Carbon Stock ("HCS")[12], 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;
- The regular review and enhancement of our supplier code of conduct to reinforce and communicate our commitment to zero deforestation to our suppliers; and
- As a partner of the Cocoa & Forest Initiative[13], we are committed to strengthening transparency and ensuring accountability in our dedicated cocoa supply chain at Ivory Coast by implementing activities related to forest protection and restoration, sustainable cocoa production and farmers' livelihoods, and community engagement and social inclusion.

Target for FY2021	Performance in FY2021	Target for FY2022
-[10]	Initiate or continue with measures to achieve zero deforestation and protect biodiversity within our supply chain	Initiate or continue with measures to achieve zero deforestation and protect biodiversity within our supply chain

9 Figure has been restated as a correction.
10 Not applicable as this is a newly disclosed Sustainability Factor.
11 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.
12 HCS areas refer to natural forests that store large amount of carbon and biodiversity. The conservation of HCS areas can help to reduce GHG emissions.
13 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.

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8.9 WATER STEWARDSHIP

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

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

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

As a result, wastewater is generated from the above processes. We focus on two key areas in water management, 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	FY2021	FY2020
Water consumption	m^3	297,059	298,988
Water consumption intensity	m^3/ total mt of cocoa bean processed	2.05	2.29

Water consumption intensity decreased due to difference product recipe mix during the Reporting Period.

Water conservation measures adopted by our factories include the following:

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

Water quality management

During the Reporting Period, 100% (FY2020: 100%) of wastewater generated was treated to remove pollutants before releasing into waterways.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or reduce water consumption rate and improve wastewater treatment process	Target met as follows: • Decrease in water consumption intensity • 100% wastewater treatment to remove pollutants before releasing into waterways	Maintain or reduce water consumption rate and improve wastewater treatment process

8.10 SAFE WORK AND WELLBEING

A safe work 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 our Group. Similarly, we prioritise a culture of safety and security consciousness culture among our employees of all levels.

We recorded zero (FY2020: zero) workplace fatality during the Reporting Period and 10 (FY2020: 10) non-fatal workplace injuries resulting in 96 man-days lost (FY2020: 160) during the Reporting Period. The workplace accidents were mainly associated with hand and foot injuries. Lessons from the non-fatal workplace accidents were shared across business units to prevent recurrence and we will continuously work towards reducing both the occurrence and severity of workplace accidents.

SUSTAINABILITY REPORT

Key measures adopted to manage health and safety in the workplace 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;
- 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.

In view of the Pandemic, we encouraged our employees to work from home and segregated our employees into teams to minimise interaction and risk of cross-infection. We also implemented the following measures to protect our employees:
- Segregation of our employees into teams to minimise interaction and risk of infection;
- Daily temperature screening at plant entrances (Malaysia and Indonesia);
- Social distancing at all sites and briefing on the best practices for social distancing;
- Provision of hand sanitisers and masks;
- Increased frequency of common areas sanitisation;
- Competent and trained first aiders providing training and on-site supervision of COVID-19 self-testing for all employees based in Malaysia; and
- Regular on-site COVID-19 testing are carried out by qualified clinics for all employees based in Indonesia.

COVID-19 testing

Target for FY2021	Performance in FY2021	Target for FY2022
Reduce the number of workplace accidents and man-days lost where applicable	Target met as follows: No material changes in the number of workplace accidents and a reduction in the number of man-days lost	Reduce the number of workplace accidents and man-days lost where applicable

8.11 FOOD SAFETY, PRODUCT QUALITY AND NUTRITION

Food safety, product quality and good nutrition are fundamental to customer 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 initiatives:
- Policies and procedures are in place to ensure that our factories comply with our client's requirements and relevant food safety requirements under 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

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- Track, investigate and take corrective actions on customer complaints and product returns that are related to food safety;
- Monitor the number of defects in finished goods such as cocoa mass, cocoa butter and cocoa powder;
- Align employee incentives with performance on food safety and quality and number of new product types developed;
- Perform audit on service contractors for external warehouse and suppliers for raw materials such as cocoa beans, packaging materials and food additives;
- Conduct regular training to familiarise employees with food handling, quality and food safety, HALAL, FSSC 22000 and Good Manufacturing Practices ("GMP"); and
- Food safety culture briefings are conducted regularly to raise awareness on food safety risks, reinforce food safety standards, brainstorm for continual improvement to the food safety culture and foster a sustainable food safety culture.

As we continue to ensure good product quality, 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 was zero (FY2020: zero) product return due to food safety issues raised by customers.

Target for FY2021	Performance in FY2021	Target for FY2022
-[14]	Zero product return due to food safety issues raised by customers	Maintain zero product return due to food safety issues raised by customers

8.12 HUMAN RIGHTS AND LABOUR STANDARDS

We understand that human rights issues and child labour are intensified by poverty faced by smallholder farmers in developing countries. To achieve sustainability in a holistic manner, we acknowledge the importance of respecting and upholding human rights. We have developed several policies and measures to support integrity, fairness and a safe working environment for all our employees and in our supply chain:

- A supplier code of conduct is circulated and acknowledged by our key suppliers to require suppliers to pay living wages that are adequate to meet basic needs and provide guidelines for our suppliers to align with our commitment to no usage of forced labour and child labour, no discrimination, harsh or inhumane labour treatment, excessive working hours;
- Affirm our commitment to uphold human rights under the supplier code of conduct circulated by our key customers;
- A child safeguarding policy is in place to provide our business partners with procedures on engaging with children, young people and vulnerable adults;
- A modern slavery policy is in place to communicate our commitment to respect human rights;
- We have registered ourselves as a Supplier Ethical Data Exchange ("Sedex")[15] member and our Malaysian and Indonesian operations are audited by external auditors to monitor our compliance with the relevant requirements on labour standards, health and safety, environment and business ethics; and
- Conduct human rights training for farmers and field staff at selected districts of Central Sulawesi, Indonesia and conduct surveys to monitor and prevent child labour and forced labour at our Ivory Coast project. You may refer to section 8.15 for further details on our initiatives to improve the farmers' livelihoods and respect human rights.

During the Reporting Period, there was zero (FY2020: zero) reported incident of non-compliance with labour standards assessed by the authorities.

Target for FY2021	Performance in FY2021	Target for FY2022
-[14]	Zero reported incident of non-compliance with labour standards assessed by the authorities	Maintain zero reported incident of non-compliance with labour standards assessed by the authorities

[14] Not applicable as this is a newly disclosed Sustainability Factor.
[15] Sedex is a leading ethical trade membership organisation, working with businesses to improve working conditions in global supply chain.

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8.13 WORKPLACE DIVERSITY AND EQUALITY

We aim to provide a work environment for employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment. The total number of full-time employees in our Group as at 31 December 2021 is 650 (FY2020: 625).

On gender diversity, we view diversity in the Board level as an essential element in supporting sustainable development and in relation to the gender diversity with one (FY2020: one) female representation in the Board of Directors. The distribution of female employees by employee category is as follows:

Employee category	FY2021	FY2020
Senior management	35%	32%
Middle management	47%	50%
Staff	6%	9%

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

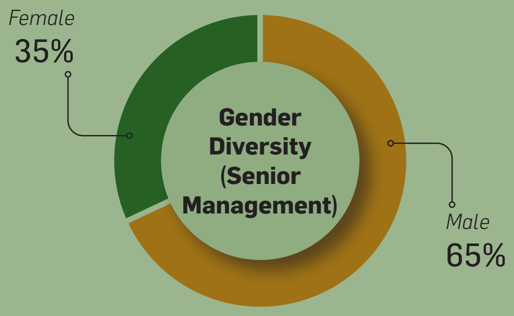
On age diversity, matured workers are valued for their experience, vast knowledge and skills. As at 31 December 2021, 18% (FY2020: 15%) of the workforce is at least 40 years old.

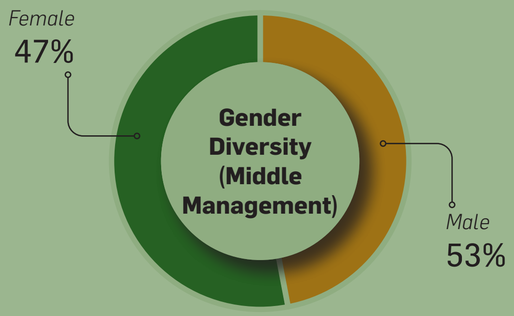
On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. The distribution of employees by educational level is as follows:

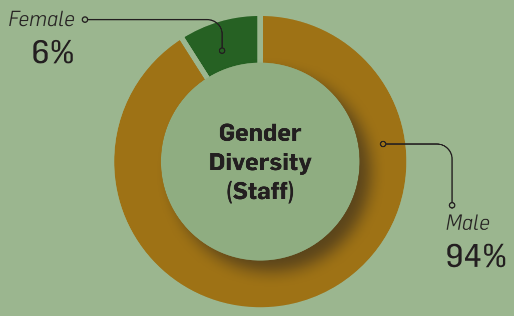
Education qualification	FY2021	FY2020
Tertiary	49%	47%
Non-tertiary	51%	53%
Total	100%	100%

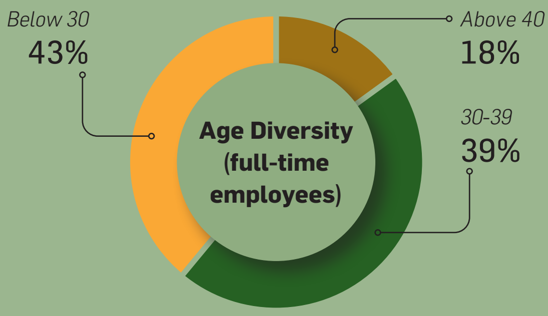
To promote equal opportunity, we have in place various human resource related processes as follows:

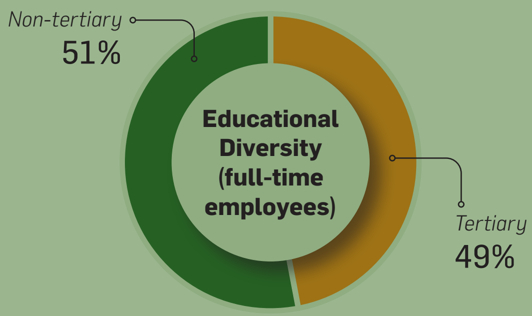
- A formal interview assessment process is in place to guide interviewers to assess employees based on merit and competency;
- Staff assessment is performed regularly to evaluate the performance of employees and adjust their remuneration where justifiable; and
- Staff recruitment advertisements do not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











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During the Reporting Period, we maintained zero incident of unlawful discrimination against employees (FY2020: zero incident).

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero incident of unlawful discrimination against employees	Target met as follows: Maintained zero incident of unlawful discrimination against employees	Maintain zero incident of unlawful discrimination against employees

8.14 TALENT DEVELOPMENT

Our people are our most valuable assets and are key in ensuring that the Company remains competitive. The Group continues investing in talent development and leadership competencies as well as reinforcing shared values to boost organisational excellence.

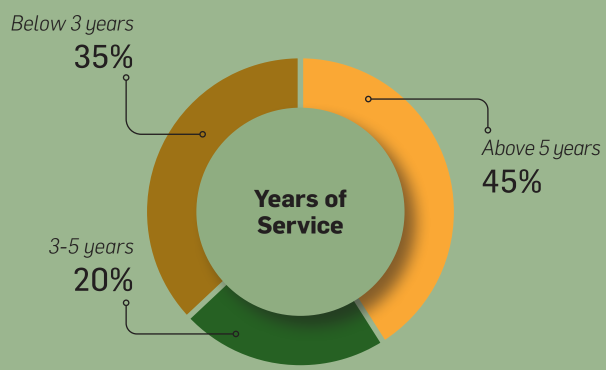
Key initiatives taken by us to nurture our employees are as follows:

Nurture a team of highly trained and experienced employees

We believe that effective training programmes are vital to the long-term business sustainability. Our Human Resources ("HR") department analyses the needs of various departments and consolidate to develop an annual training plan. We conduct regular trainings and briefings on food safety, employee health and safety and cyber security. Internal and external training programmes are also conducted regularly to improve the competencies and soft skills of employees. During the Reporting Period, we conducted a total of 2,107 hours (FY2020: 4,837 hours) of training for our employees. Our employees received an average of 3 hours (FY2020: 8 hours) of training per employee. The decline in training hours was mainly due to the postponement of face-to-face trainings, such as firefighting and forklift trainings in light of the movement restriction measures imposed as a result of Pandemic.

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

As at 31 December 2021, approximately 65% (FY2020: 63%) of the employees have more than 3 years of service in our Group and our turnover rate is 8% (FY2020: 15%). We will continue to work towards improving our turnover rate.



Provide feedback to our employees constantly

Our employees receive regular feedback on their performance and career development. This encourages them to take self-initiated actions to improve their competencies. During the Reporting Period, 99% of our full-time employees (FY2020: 99%) received regular performance and career development reviews.

Target for FY2021	Performance in FY2021	Target for FY2022
Improve or maintain employee retention rate subject to market conditions	Target met as follows: No material change in the percentage of employees with more than 3 years of service in our Group and a reduction in the turnover rate	• Maintain or improve training hours for employees • Improve or maintain employee retention rate subject to market conditions • Maintain or improve percentage of employees who received regular performance and career development reviews

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8.15 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 countries in which we operate.

Such farmers face challenges such as ageing trees, pests, diseases and depleted soils. A key success factor to sustainable cocoa farming is to adopt good agricultural and business practices as they result in better yields and income for the farmers. Types of sustainable agricultural practices include the following:

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

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

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

Project in Central Sulawesi

We supported the setup of 5 cocoa support centers ("CSC") in selected districts of Indonesia to train farmers on good agricultural practices. This programme aims to develop demonstration farms and provide a mechanism for mutual support and exchange of ideas amongst farmers. Under this programme, we have supported more than 3,000 farmers.

During the Reporting Period, we focus on forging strong relationships with different stakeholders, such as inputs and fertilisers providers, microcredit agencies, international non-governmental organisation and governmental agencies through partnerships, to increase income and productivity by applying good agricultural practices, replanting cocoa and multipurpose trees.

We also improved traceability and data management systems by investing in new staff and better processes and tools at farmer level. In line with our commitment to tackle child labour and forced labour, we conducted human rights trainings and sensitisation at farmer and field staff levels to monitor, respond and prevent eventual child labour or forced labour cases in our supply chain.

We are also in the midst of preparing to expand our programmes in Central Sulawesi and in the Aceh areas to achieve our targets of sustainable beans sourcing.

Human rights training and sensitisation

Project in Ivory Coast

Being a partner of the Cocoa & Forest Initiative, we are committed to strengthen transparency and accountability in our dedicated cocoa supply chain at Ivory Coast. We believe that this project will provide assurance on the traceability and field activities of cocoa beans to address the main risks related to the cocoa supply chain, in areas such as farmers' living conditions and deforestation.

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We started implementing 3 new programmes for 3 different customers and extended the coverage of this project to more than 8,000 farmers. The programmes focus on 6 farmer groups, where we conduct trainings and sensitisation on good agricultural, environmental and social practices, community needs assessments, child labour and forced labour monitoring surveys and carry out polygon mapping to ensure that farms do not extend into protected areas.

We designed our monitoring, traceability and data analysis digital application to capture information at field and community level. The information is captured on smartphones by our lead farmers who are in direct contact with farmers during the field visits. We believe that good data collection and analysis is crucial in delivering appropriate and effective coaching to our farmers and support key developments at community level.

Based on farmers' needs and demand, we distributed more than 10,000 multipurpose trees to promote agroforestry on cocoa farms. Agroforestry can help to optimise cocoa production through appropriate shade management, improved soil fertility and nutrients and tap on increased tree density per hectare to capture carbon from the atmosphere to reduce carbon emissions and support biodiversity.

In line with our commitment to zero tolerance towards abuse and exploitation of child labour, we closely monitor child labour in our supply chains through conducting child labour surveys at household and child levels, and distribute school kits to empower children.

Project in Ecuador

We commenced our direct sourcing programme in Ecuador by delivering individual coaching to improve the management of farms of local farmers. Farmers have been categorised based on their needs in terms of agricultural and business practices.

Group trainings are delivered on farmers' basic needs, including pruning, adapted fertilisation and post-harvest practices. During the project period, we have covered more than 300 new farmers to scale up activities and impact on the farmers' livelihoods.

Target for FY2021	Performance in FY2021	Target for FY2022
Continue with existing initiatives to promote sustainable cocoa farming	Target met as follows: Initiate or continue with existing initiatives to promote sustainable cocoa farming	Initiate or continue with existing initiatives to promote sustainable cocoa farming

8.16 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.

Key initiatives taken by us are as follows:

- We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore. In line with our commitment to condemn bribery conduct, comply with all local regulatory requirement and international business standards, we have developed a set of anti-corruption guidelines;
- A whistle blowing policy is in place to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others; and
- An enterprise risk management framework ("ERM framework") is in place. Under the ERM framework, we regularly assess and review our Group's business and operational environment to better identify and manage emerging and strategic risks relating to our sustainability.

In FY2021, no serious offence was reported (FY2020: zero) and our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 57 for year 2021 (Year 2020: 75).

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

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero incident of serious offence	Target met as follows: Maintained zero incident of serious offence	Maintain zero incident of serious offence

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8.17 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.

To promote stronger governance in the management of cybersecurity, an IT policy is in place to govern our approach in protecting and securing our stakeholders' data and information. To raise our employees' awareness on cyber security threats and protection regular trainings are conducted.

We also take measures to guard against cyber risks for both our internal and external stakeholders. Such measures include minimising the risk of virus attacks by installing antivirus and avoiding unauthorised access by installing firewalls and seeking approval for the creation and modification of user access rights.

During the Reporting Period, there was zero (FY2020: one) cybersecurity breach concerning losses of business data.

Target for FY2021	Performance in FY2021	Target for FY2022
-[16]	Maintained zero incident of cybersecurity breach concerning losses of business data	Maintain zero incident of cybersecurity breach concerning losses of business data

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

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

SDG		Our efforts
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Section 8.10 Safe work and wellbeing 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.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Section 8.14 Talent development We offer our employees extensive internal and external trainings to enhance their competencies as we believe in creating a rewarding working environment for our employees.
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Section 8.9 Water stewardship We implement measures to help us to work towards achieving efficient 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.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable, and modern energy for all	Section 8.6 Energy consumption We constantly monitor and implement measures to improve our energy efficiency, as well as to increase the utilisation of renewable energy.

[16] Not applicable as this is a newly disclosed Sustainability Factor.

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SDG		Our efforts
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, and productive employment and decent work for all	Section 8.2 Customer satisfaction 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. Section 8.1 Business development and expansion As we explore business development and expansion opportunities, we continue to contribute to economic growth through creating long-term economic value for our shareholders. Section 8.11 Food safety, product quality and nutrition 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.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 8.13 Workplace diversity and equality We ensure equal employment opportunity for all, regardless of gender, age, and educational background.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Section 8.3 Sustainable manufacturing We focus on improving our operational efficiency in areas such as energy and water efficiencies, resource optimisation and utilisation of renewable energy sources. Section 8.7 Waste management and optimisation We implement measures to ensure that hazardous waste are properly treated before disposal and non-hazardous waste are 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. Section 8.4 Traceability and sustainable supply chain practices We formalised policies and supplier code of conduct to communicate our commitment to zero tolerance towards deforestation, exploitation of human rights, child labour, forced labour. We are also audited by external auditors to monitor our compliance with labour and environmental standards. In addition, we initiate projects to improve the livelihoods of our farmers and traceability in our supply chain. Section 8.15 Community development We adopt various initiatives to ensure a long-term sustainable supply of cocoa, as well as to achieve a higher yield for farmers.

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SDG		Our efforts
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	Section 8.5 Climate change and GHG emissions In line with the commitment to combat climate change, we adopt measures to monitor and manage our GHG emissions.
15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Section 8.8 Deforestation and biodiversity 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.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Section 8.12 Human rights and labour standards 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. Section 8.16 Ethics and integrity 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. Section 8.17 Cyber security and data protection We are committed to the privacy and security of data collected or generated in the course of our operations. We have an IT policy and implement measures to manage cyber security risks.

APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY2021	FY2020	FY2019
Business development and expansion				
1	Employee benefits expenses	USD12.21 million	USD11.80 million	USD12.15 million
2	Income taxes to government	USD4.50 million	USD3.07 million	USD5.47 million
3	Earning retained for future growth	USD9.99 million	USD14.44 million	USD19.47 million
4	Dividends paid to shareholders	USD3.86 million	USD4.94 million	USD6.70 million

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S/N	Performance indicator	Sustainability performance FY2021	FY2020	FY2019
Customer satisfaction				
5	Market presence	Continue to penetrate existing markets and expand into new markets		
6	Percentage of customers who gave a positive feedback rating for overall satisfaction	More than 90%	More than 90%	NA[17]
Sustainable manufacturing				
7	Sustainable manufacturing processes	Implement and continue with sustainable supply chain practices		NA[18]
Traceability and sustainable supply chain practices				
8	Sustainable supply chain practices	Implement and continue with sustainable supply chain practices		NA[18]
Climate change and GHG emissions				
9	Number of incidents of non-compliance with environmental standards from the authorities	–	–	NA[18]
Energy consumption				
10	Diesel consumption (litre)	117,262	168,580	NA[17]
11	Diesel consumption (litre) per mt of cocoa bean processed	0.8	1.3	NA[17]
12	LPG consumption (kg)	2,235,066	1,876,042	NA[17]
13	LPG consumption (kg) per mt of cocoa bean processed	15.4	14.4	NA[17]
14	Natural gas consumption (m^3)	3,679,298	3,094,818	NA[17]
15	Natural gas consumption (m^3) per mt of cocoa bean processed	81.6	70.0	NA[17]
16	Electricity consumption (kWh)	57,711,148	54,624,007	NA[17]
17	Electricity consumption (kWh) per mt of cocoa bean processed	397.9	418.1	NA[17]

[17] Not applicable as this is a newly disclosed performance indicator.
[18] Not applicable as this is a newly disclosed Sustainability Factor.

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S/N	Performance indicator	Sustainability performance		
		FY2021	FY2020	FY2019
Energy consumption				
18	Percentage of steam consumed by the Malaysian plant that is generated from discarded cocoa shells	99%	98%	83%
19	Diesel fuel saving	3.9 million litres	3.7 million litres	3.1 million litres
20	Percentage of electricity consumed by the Malaysian plant that is contributed by solar power	Approximately 2%	NA[19]	NA[20]
Waste management and optimisation				
21	Amount of hazardous waste generated (mt)	317	257	NA[21]
22	Hazardous waste generated (mt) per mt of cocoa bean processed	0.002	0.002	NA[21]
23	Amount of non-hazardous waste generated (mt)	15,795	14,286	NA[21]
24	Non-hazardous waste generated (mt) per mt of cocoa bean processed	0.109	0.109	NA[21]
25	Percentage of hazardous waste disposed by licensed waste collector	100%	100%	NA[21]
26	Income generated from sale of cocoa shells	USD185k	USD101k	USD276k
Deforestation and biodiversity				
27	Measures to achieve zero deforestation and protect biodiversity within our supply chain	Implement and continue with measures to achieve zero deforestation and protect biodiversity within our supply chain		NA[21]
Water stewardship				
28	Water consumption (m^3)	297,059	298,988	283,962
29	Water consumption (m^3) per mt of cocoa bean processed	2.05	2.29	2.08
30	Percentage of wastewater treated	100%	100%	100%

[19] No comparative data is available as the solar photovoltaic modules are installed at our Malaysian plant in the second quarter of FY2021.
[20] Not applicable as this is newly disclosed performance indicator.
[21] Not applicable as this is a newly disclosed Sustainability Factor.

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S/N	Performance indicator	Sustainability performance		
		FY2021	FY2020	FY2019
Safe work and wellbeing				
31	Number of workplace fatality	-	-	-
32	Number of non-fatal workplace injuries	10	10	10
33	Number of man-days lost	96	160	141
Food safety, product quality and nutrition				
34	Adoption of market standards	Certified with market standards relevant to product quality and safety		
35	Number of product returns due to food safety issues raised by customers	-	-	NA[22]
Human rights and labour standards				
36	Number of incidents of non-compliance with labour standards assessed by the authorities	-	-	NA[22]
Workplace diversity and equality				
37	Ratio of female to total senior managers	35%	32%	33%
38	Ratio of female to total middle managers	47%	50%	47%
39	Ratio of female to total staff	6%	9%	9%
40	Ratio of employees who are at least 40 years old	18%	15%	15%
41	Ratio of employees with tertiary education	49%	47%	43%
42	Number of incidents of unlawful discrimination against employees	-	-	-
Talent development				
43	Total training hours	2,107	4,837	NA[23]
44	Average training hours per employee	3	8	NA[23]
45	Ratio of employees with more than 3 years of service	65%	63%	56%
46	Turnover rate	8%	15%	8%

[22] Not applicable as this is a newly disclosed Sustainability Factor.
[23] Not applicable as this is a newly disclosed performance indicator.

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S/N	Performance indicator	Sustainability performance		
		FY2021	FY2020	FY2019
Talent development				
47	Percentage of employee receiving regular performance and career development reviews	99%	99%	NA[24]
Community development				
48	Initiatives to promote sustainable cocoa farming	Initiate or continue with various sustainable cocoa projects		
Ethics and integrity				
49	Number of incidents of serious offence	-	-	-
50	SGTI score	57	75	64
Cyber security and data protection				
51	Number of cybersecurity breach concerning losses of business data	-	1	NA[25]

APPENDIX 2 GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-1	Name of the organisation	Corporate Profile	02
102-2	Activities, brands, products, and services	• Corporate Profile • Our Business • Our Products	02 03 04
102-3	Location of headquarters	• Corporate Information • Financial Contents > Notes to the Financial Statements > General	47 79
102-4	Location of operations	• Corporate Profile • Our Business	02 03
102-5	Ownership and legal form	• Our Business • Financial Contents > Notes to the Financial Statements > General • Financial Contents > Notes to the Financial Statements > Investments in Subsidiaries • Financial Contents > Statistics of Shareholdings	03 79 101-103 136

[24] Not applicable as this is a newly disclosed performance indicator.
[25] Not applicable as this is a newly disclosed Sustainability Factor.

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GRI standard & disclosure title		Section reference	Page
102-6	Markets served	• Our Business • Financial Contents > Notes to the Financial Statements > Segment information	03 122-124
102-7	Scale of the organisation	• Our Products • Financial Highlights • Operations and Financial Review • Sustainability Report > Material Factors > Business Development and Expansion • Sustainability Report > Material Factors > Workplace Diversity and Equality • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Comprehensive Income	04 09 10-11 23 31-32 74 75
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Workplace Diversity and Equality	31-32
102-9	Supply chain	• Our Business • CEO's Statement • Sustainability Report > Our Business	03 07-08 17
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the reporting period	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	35-37
102-13	Membership of associations	The Group is committed to global sustainable practices as a member of the World Cocoa Foundation, Cocoa Association of Asia, Cocoa Sustainability Partnership ("CSP") and Swiss Platform for Sustainable Cocoa.	-
Strategy			
102-14	Statement from senior decision-maker	• Chairman's Statement • CEO's Statement • Sustainability Report > Board Statement	05-06 07-08 15-17
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Sustainability Report > Material Factors > Ethics and Integrity • Financial Contents > Corporate Governance Report	34 49-66

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GRI standard & disclosure title		Section reference	Page
Governance			
102-18	Governance structure	• Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure • Financial Contents > Corporate Governance Report	19 49-66
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	18-19
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	18-19
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SUSTAINABILITY REPORT

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205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Ethics and Integrity	34
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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHUA CHEOW KHOON MICHAEL
(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)

CHIN KOON YEW
(Independent Director)

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

RISK COMMITTEE

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

JOINT COMPANY SECRETARIES

ONG BENG HONG
WONG WING HONG

REGISTERED OFFICE

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Fax: (65) 6222 8001
Website: www.jbcocoa.com

SHARE REGISTRAR

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30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

INDEPENDENT AUDITORS

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

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CORPORATE GOVERNANCE REPORT

The Board of Directors ("**the Board**") of JB Foods Limited (the "**Company**") and its subsidiaries (the "**Group**") 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 2021 ("**FY2021**"), 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.

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

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

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

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

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

The attendance of the Directors at meetings of the Board and Board Committees held during FY2021 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	8	8	5	5	1	1	1	1	1	1
Tey How Keong	8	8	5	5	1	1	1	1	1	1
Goh Lee Beng	8	8	5	5	1	1	1	1	1	1
Dr Goi Seng Hui	8	8	5	5	1	1	1	1	1	1
(Alternate: Loo Wen Lieh) (1)	–	8	–	5	–	1	–	1	–	1
Chin Koon Yew	8	8	5	5	1	1	1	1	1	1

Note:

(1) 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.

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

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

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

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

Mr Chua Cheow Khoon Michael	:	Chairman and Lead Independent Director
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 Chin Koon Yew	:	Independent Director
Mr Loo Wen Lieh	:	Alternate Director to Dr Goi Seng Hui

CORPORATE GOVERNANCE REPORT

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

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

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

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

Mr Chin Koon Yew was first appointed to the Board as an Independent Director on 18 February 2014 and will therefore have served on the Board for more than nine years from 23 February 2023. The NC has reviewed and considered Mr Chin Koon Yew to be independent based on the definition and criteria set out in the Code and the Listing Manual of the SGX-ST. Amongst other reasons, Mr Chin Koon Yew has throughout his appointment continuously and constructively challenged and held robust discussions with the Management on business and other decisions and remained objective in the discharge of his duties and responsibilities. Mr Chin Koon Yew will be retiring and seeking re-election at the forthcoming AGM. He will also be seeking approval for his re-appointment as an Independent Director via separate two-tier resolutions to be voted upon by shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Mr Chua Cheow Khoon Michael, who was appointed as an Independent Director of the Company on 4 May 2012, sought and obtained shareholders' approval via separate two-tier resolutions for his re-appointment as an Independent Director of the Company at the Company's previous AGM held on 28 April 2021.

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

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

Mr Chua Cheow Khoon Michael (Chairman)

Mr Chin Koon Yew

Mr Tey How Keong

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

(a) reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the directors, the CEO and key management personnel;

(b) reviewing on an annual basis the independence of the Independent Directors;

(c) reviewing whether a director is adequately carrying out his duties as a director;

(d) reviewing the performance of the Board and the Board Committees; and

(e) reviewing and recommending candidates for appointment to the Board and Board Committees.

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

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

Mr Loo Wen 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.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Chua Cheow Khoon Michael	71	4 May 2012	28 April 2021	**Present Directorships:** – **Past Directorships:** Cogent Holdings Limited (delisted with effect from 8 March 2018)	**Present:** – **Past:** Executive Director of BMD Consulting Pte Ltd
Dr Goi Seng Hui	75	1 March 2013	30 April 2019	**Present Directorships:** Envictus International Holdings Limited Tung Lok Restaurants (2000) Ltd GSH Corporation Limited Hanwell Holdings Limited Tat Seng Packaging Group Ltd **Past Directorships:** Super Group Ltd (delisted with effect from 6 June 2017)	**Present:** – **Past:** –
Tey How Keong	56	3 January 2012	28 April 2021	**Present Directorships:** – **Past Directorships:** –	**Present:** – **Past:** –
Goh Lee Beng	56	4 May 2012	23 June 2020	**Present Directorships:** – **Past Directorships:** –	**Present:** – **Past:** –
Chin Koon Yew	66	18 February 2014	23 June 2020	**Present Directorships:** – **Past Directorships:** –	**Present:** – **Past:** –
Loo Wen Lieh	47	23 May 2013	–	–	–

CORPORATE GOVERNANCE REPORT

The Directors who are retiring by rotation pursuant to Article 98 of the Constitution of the Company at the forthcoming AGM are Dr Goi Seng Hui and Mr Chin Koon Yew. After assessing their respective contributions and performance, the NC is recommending each of Dr Goi Seng Hui and Mr Chin Koon Yew for re-election at the forthcoming AGM.

As mentioned above, Mr Chin Koon Yew will also be seeking approval for his re-appointment as an Independent Director via separate two-tier resolutions to be voted upon by shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

PRINCIPLE 5: BOARD PERFORMANCE

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

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

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

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

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

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

(i) the size and composition of the Board;

(ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);

(iii) the Board's access to information;

(iv) the accountability of the Board to the shareholders;

(v) the observation of risk management and internal control policies by the Board; and

(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

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).

CORPORATE GOVERNANCE REPORT

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

(i) his/her participation at the meetings of the Board;

(ii) his/her ability to contribute to the discussion conducted by the Board;

(iii) his/her ability to evaluate the Company's strengths and weaknesses and make informed business decisions;

(iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;

(v) his/her compliance with the policies and procedures of the Group;

(vi) his/her performance of specific tasks delegated to him/her;

(vii) his/her disclosure of any related person transactions or conflicts of interest; and

(viii) for Independent Directors, his/her independence from the Group and the Management.

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

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

Mr Chin Koon Yew (Chairman)

Mr Chua Cheow Khoon Michael

Mr Tey How Keong

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

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

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

If necessary, the RC may seek expert advice inside and/or outside the Company on the remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultant for FY2021.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

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

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

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

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

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 FY2021 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	433	909	–	–	1,342
Goh Lee Beng	Executive	254	403	–	–	657
Chua Cheow Khoon Michael		–	–	–	66	66
Chin Koon Yew		–	–	–	54	54
Dr Goi Seng Hui		–	–	–	42	42
Loo Wen Lieh		–	–	–	–	–
Name of Top 3 Key Management Personnel						
S$250,001 to S$500,000		%	%	%	%	%
Wong Wing Hong		67	21	12	–	100
S$250,000 and below		%	%	%	%	%
Ong Kim Teck		66	21	13	–	100
Saw Poh Chin		73	25	2	–	100

CORPORATE GOVERNANCE REPORT

The Company had 3 key management personnel for FY2021 (who are not also Directors or the CEO). The total remuneration for these 3 key management personnel amounted to S$648,000 during FY2021.

During FY2021, none of the employee(s) of the Group who were immediate family members of a Director, the CEO or a substantial shareholder of the Company had remuneration exceeding S$100,000 during the year.

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

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

Mr Chin Koon Yew (Chairman)

Mr Tey How Keong

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;

CORPORATE GOVERNANCE REPORT

(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.

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 FY2021 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 FY2021, 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.

In view of the current conflict situation in Ukraine, the Board has assessed the Group's business in Russia and Ukraine as well as the Group's exposure, if any, to sanctions-related risks. Details of the Board's assessment are set out in the Company's announcement entitled "Update on the Group's Business in Russia and Ukraine" released via COVID-19 on 16 March 2022.

The Group and the Board will continuously assess the situation in Ukraine and Russia vis-à-vis any impact it may have on the Group and its business and the Group's exposure, if any, to sanctions-related risks, and announce any material developments on the same.

CORPORATE GOVERNANCE REPORT

In connection with the above, the Company further notes that:

(i) the Board confirms that there has been no material change in the Company's and/or the Group's risk of being subject to any sanctions-related law or regulation;

(ii) the Board, with the concurrence of the AC, confirms the effectiveness and adequacy of the Company's internal controls and risk management systems and that these systems have taken into account any sanctions-related risks; and

(iii) the Board and the AC will be responsible for (a) monitoring the issuer's risk of becoming subject to, or violating, any sanctions-related law or regulation and (b) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities.

PRINCIPLE 10: AUDIT COMMITTEE

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

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

Mr Chua Cheow Khoon Michael (Chairman)

Dr Goi Seng Hui

Mr Chin Koon Yew

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

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

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

(a) review the financial and operating results and accounting policies;

(b) review the audit plans of the Company's external auditors and/or internal auditors, the scope of work and the results of the auditors' review and evaluation of the internal accounting control systems (including reviewing Management letters and Management responses);

(c) evaluating the internal accounting control systems and ensuring coordination between the external auditors, the internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) review the external auditors' reports and the assurance from the CEO and the CFO on the financial records and financial statements;

(e) review the cooperation given by the Company's officers to the external auditors and the internal auditors and the adequacy, effectiveness and independence of the external audit and the internal audit;

(f) review the half yearly and annual, and quarterly (if applicable) financial statements of the Company and the Group and the results announcements before the submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;

CORPORATE GOVERNANCE REPORT

(g) review and evaluate the administrative, operating and internal accounting and financial control procedures and the policy and arrangements for concerns about possible improprieties financial reporting or other matters to be raised safely, independently investigated and appropriately followed up on;

(h) review and make recommendation to the Board on the nomination of external auditors and internal auditors for appointment or re-appointment, matters relating to the resignation or dismissal of the external auditors and internal auditors and the remuneration and terms of engagement of the external auditors and internal auditors;

(i) review interested person transactions falling within Chapter 9 of the Listing Manual of the SGX-ST, if any;

(j) review and discuss with the external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(k) review any potential conflicts of interest;

(l) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNet;

(m) review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Directors;

(n) undertake such reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(o) generally undertake such other functions and duties which may be required by statute or the rules of the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time; and

(p) reviewing the suitability of the Chief Financial Officer or equivalent.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

The auditors of the Company's subsidiaries are disclosed in Note 8 to the financial statements in this Annual Report. BDO LLP, Singapore was appointed in FY2021 to audit the accounts of the Company and JB Foods Global Pte. Ltd., BDO PLT, Malaysia was appointed in FY2021 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 FY2021 to audit the accounts of PT Jebe Koko and PT Jebe Trading Indonesia. BDO China Shu Lun Pan CPA LLP was appointed in FY2021 to audit the accounts of JB Cocoa Foods (China) Co., Ltd.

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

The Company has put in place a whistle-blowing policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The Company ensures that the identity of the whistleblower is kept confidential. The Company is committed to ensuring the protection of the whistleblower against detrimental or unfair treatment. The AC is responsible for oversight and monitoring of whistleblowing. 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 FY2021.

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" or "IA") to perform such internal audit functions. Yang Lee & Associates is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory services. The firm was set up in 2005 and currently maintains an outsourced internal audit portfolio of more than 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.

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

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 two (2) reviews in FY2021 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.

CORPORATE GOVERNANCE REPORT

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 FY2021.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

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

(a) annual reports issued to all shareholders of the Company. Non-shareholders may access the SGX website for the Company's annual reports;

(b) periodic and annual results announcements of its financial statements on the SGXNet;

(c) other announcements on the SGXNet; and

(d) press releases on major developments regarding the Group.

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

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

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

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

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

Please refer to the Sustainability Report on pages 15 to 46 for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2021.

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.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealing in Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, during FY2021, the Group adhered to the policy of, and issued half yearly reminders to its Directors, officers and employees on, the restrictions in dealing in the Company's securities during the period commencing one month before the announcement of the Group's half year and full year results, and ending on the date of such announcements. The Company did not deal in its own shares at any time during FY2021.

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 FY2021, the Group did not enter into any interested person transaction with a value of more than S$100,000. The Group had, however, during FY2021, entered into related person transactions with a related person which is not an "interested person" as defined under Chapter 9 of the Listing Manual of the SGX-ST. The aggregate value of recurrent related person transactions of a revenue or trading nature conducted during FY2021 were as follows:

Related Person	Aggregate value of all related person transactions entered into during the financial year under review (excluding transactions less than S$100,000)
	FY2021 USD'000
Guan Chong Cocoa Manufacturer Sdn Bhd – Purchase of cocoa ingredients – Sales of cocoa ingredients – Handling service income	 14,544 1,935 48
GCB Cocoa Singapore Pte Ltd – Purchase of cocoa ingredients	 2,520

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 2021 and the statement of financial position of the Company as at 31 December 2021.

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 2021, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Chua Cheow Khoon Michael
Dr Goi Seng Hui
Tey How Keong
Goh Lee Beng
Chin Koon Yew
Loo Wen Lieh (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	
	Balance at 1 January 2021	Balance at 31 December 2021	Balance at 1 January 2021	Balance at 31 December 2021
Immediate and ultimate holding company				
(Number of ordinary shares)				
Tey How Keong	270,000	270,000	–	–
Goh Lee Beng	105,000	105,000	–	–
Company				
(Number of ordinary shares)				
Tey How Keong	2,883,767	3,783,767	138,030,000	138,030,000
Goh Lee Beng	4,408,166	4,808,166	138,030,000	138,030,000
Dr Goi Seng Hui	683,200	1,316,400	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 2022 in the shares of the Company have not changed from those disclosed as at 31 December 2021.

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:

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

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

(a) the audit plans of the internal and external auditors and the results of the internal auditors examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's and the Company's financial and operating results and accounting policies;

(c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

(d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Company's external and internal auditors;

(f) the re-appointment of the external and internal auditors of the Company;

(g) the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company;

(h) the potential conflicts of interest and discuss with the external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE (CONTINUED)

(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

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 page 74 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 2021;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 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 2021, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

1	Valuation of inventories

Key Audit Matter

As at 31 December 2021, the inventories of the Group amounted to approximately US$224.6 million, which represents 50% of the total assets of the Group, and is one of the most significant balances on the consolidated statement of financial position.

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

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

Related Disclosures

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

Audit Response

Our procedures included, amongst others, the following:

- Assessed the inventories costing formula and checked the computation of the cost of cocoa ingredient products for a sample of items which included checking the cocoa beans purchase prices to suppliers' invoices, cocoa ingredient products selling price to forward market rates and testing the application of the inventories costing formula;

- Assessed the net realisable values of the inventories by comparing the cost of cocoa beans and cocoa ingredient products, on a sample basis, to actual selling prices or contract prices for sales contracts secured and spot prices of cocoa beans and cocoa ingredient products subsequent to the year end; and

- Tested the inventory aging reports which management used as a basis to identify slow-moving inventories.

The results of our testing were satisfactory.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

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

- 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.

Report on Other Legal and Regulatory Requirements

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

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 31 December 2021 US$'000	Group 31 December 2020 US$'000	Company 31 December 2021 US$'000	Company 31 December 2020 US$'000
Non-current assets					
Intangible assets	4	**2,914**	2,523	**–**	–
Investment properties	5	**7,984**	12,521	**–**	–
Property, plant and equipment	6	**94,117**	96,447	**–**	–
Right-of-use assets	7	**4,553**	2,404	**–**	–
Investments in subsidiaries	8	**–**	–	**103,410**	103,408
Fixed deposits	11	**122**	112	**–**	–
Deferred tax assets	18	**154**	150	**–**	–
Other receivables	10	**–**	–	**2,950**	–
		109,844	114,157	**106,360**	103,408
Current assets					
Inventories	9	**224,622**	178,811	**–**	–
Trade and other receivables	10	**58,919**	60,551	**3,038**	6,789
Prepayments		**294**	391	**8**	5
Derivative financial instruments	13	**24,138**	6,946	**–**	–
Current income tax recoverable		**2,671**	1,644	**–**	–
Cash and bank balances	11	**27,931**	20,534	**53**	29
		338,575	268,877	**3,099**	6,823
Current liabilities					
Trade and other payables	12	**35,831**	30,937	**908**	138
Lease liabilities	15	**16**	16	**–**	–
Derivative financial instruments	13	**26,575**	10,908	**–**	–
Bank borrowings	14	**193,056**	160,902	**–**	–
Current income tax payable		**3,629**	1,570	**8**	–
		259,107	204,333	**916**	138
Net current assets		**79,468**	64,544	**2,183**	6,685
Non-current liabilities					
Bank borrowings	14	**14,368**	15,062	**–**	–
Deferred capital grant	16	**492**	491	**–**	–
Provision for post-employment benefits	17	**637**	624	**–**	–
Deferred tax liabilities	18	**6,940**	5,938	**–**	–
		22,437	22,115	**–**	–
Net assets		**166,875**	156,586	**108,543**	110,093
Capital and reserves					
Share capital	19	**113,963**	113,963	**113,963**	113,963
Other reserves	20	**(31,934)**	(32,290)	**(8,458)**	(8,458)
Retained earnings	20	**84,836**	74,903	**3,038**	4,588
Equity attributable to owners of the parent		**166,865**	156,576	**108,543**	110,093
Non-controlling interests		**10**	10	**–**	–
Total equity		**166,875**	156,586	**108,543**	110,093

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 US$'000	2020 US$'000 Restated
Revenue	21	**448,763**	417,754
Cost of sales		**(422,675)**	(373,921)
Gross profit		**26,088**	43,833
Other items of income			
Interest income		**92**	131
Other gain/(loss), net		**12,186**	(2,084)
Other items of expense			
Selling and distribution expenses		**(5,269)**	(4,435)
Administrative expenses		**(11,056)**	(10,058)
Finance costs	22	**(3,689)**	(4,910)
Profit before income tax	23	**18,352**	22,477
Income tax expense	24	**(4,502)**	(3,071)
Profit for the financial year		**13,850**	19,406
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax		**298**	728
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-employment benefits, net of tax	17	**3**	(23)
Other comprehensive income for the financial year, net of tax		**301**	705
Total comprehensive income for the financial year		**14,151**	20,111
Profit attributable to:			
Owners of the parent		**13,850**	19,406
Non-controlling interests		**–**	–
		13,850	19,406
Total comprehensive income attributable to:			
Owners of the parent		**14,151**	20,111
Non-controlling interests		**–**	–
		14,151	20,111
Earnings per share			
– Basic and diluted (US$ cents)	25	**4.6**	6.4

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

GROUP	Note	Share capital US$'000	Merger reserve US$'000	Statutory reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Equity attributable to the owners of the parent US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance as at 1 January 2021		**113,963**	**(25,472)**	**92**	**(6,910)**	**74,903**	**156,576**	**10**	**156,586**
Profit for the financial year		**–**	**–**	**–**	**–**	**13,850**	**13,850**	**–**	**13,850**
Other comprehensive income for the financial period									
Re-measurement of post-employment benefits, net of tax		**–**	**–**	**–**	**–**	**3**	**3**	**–**	**3**
Foreign currency translation differences, net of tax		**–**	**–**	**–**	**298**	**–**	**298**	**–**	**298**
Total comprehensive income for the financial year		**–**	**–**	**–**	**298**	**13,853**	**14,151**	**–**	**14,151**
Contribution by and distribution to owners									
Dividends on ordinary shares	26	**–**	**–**	**–**	**–**	**(3,862)**	**(3,862)**	**–**	**(3,862)**
Others									
Transfer to statutory reserve	20	**–**	**–**	**58**	**–**	**(58)**	**–**	**–**	**–**
Balance as at 31 December 2021		**113,963**	**(25,472)**	**150**	**(6,612)**	**84,836**	**166,865**	**10**	**166,875**
Balance as at 1 January 2020		113,963	(25,472)	54	(7,638)	60,497	141,404	10	141,414
Profit for the financial period		–	–	–	–	19,406	19,406	–	19,406
Other comprehensive income for the financial period									
Re-measurement of post-employment benefits, net of tax		–	–	–	–	(23)	(23)	–	(23)
Foreign currency translation differences, net of tax		–	–	–	728	–	728	–	728
Total comprehensive income for the financial period		–	–	–	728	19,383	20,111	–	20,111
Contribution by and distribution to owners									
Dividends on ordinary shares	26	–	–	–	–	(4,939)	(4,939)	–	(4,939)
Others									
Transfer to statutory reserve	20	–	–	38	–	(38)	–	–	–
Balance as at 31 December 2020		113,963	(25,472)	92	(6,910)	74,903	156,576	10	156,586

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 US$'000	2020 US$'000
Operating activities		
Profit before income tax	**18,352**	22,477
Adjustments for:		
Amortisation of intangible assets	**588**	155
Amortisation of right-of-use assets	**387**	339
Amortisation of deferred capital grant	**(11)**	(10)
Depreciation of investment properties	**304**	296
Depreciation of property, plant and equipment	**6,235**	6,079
Fair value (gain)/loss on derivative financial instruments	**(1,525)**	4,971
Reversal of loss allowance on trade receivables	**–**	(91)
Interest expense	**3,689**	4,910
Interest income	**(92)**	(131)
Write down to net realisable value of inventories	**16**	68
Loss allowance on trade receivables	**14**	–
(Gain)/Loss on disposal of property, plant and equipment	**(17)**	5
Property, plant and equipment written off	**23**	168
Gain on disposal of intangible assets	**–**	(3)
Gain on disposal of investment property	**(12,773)**	–
Provision for post-employment benefits	**21**	142
Operating cash flows before working capital changes	**15,211**	39,375
Inventories	**(45,827)**	2,221
Trade and other receivables	**1,818**	4,980
Prepayments	**97**	262
Trade and other payables	**4,895**	(7,629)
Cash from operations	**(23,806)**	39,209
Income tax paid	**(2,471)**	(3,449)
Net cash (used in)/from operating activities	**(26,277)**	35,760
Investing activities		
Proceeds from disposal of property, plant and equipment	**141**	882
Proceeds from disposal of investment property	**16,663**	–
Purchase of intangible assets	**(979)**	(2,466)
Purchase of property, plant and equipment	**(6,373)**	(22,764)
Prepayment of lease	**(53)**	(105)
Additions to investment properties	**(73)**	(22)
Interest received	**92**	131
Net cash from/(used in) investing activities	**9,418**	(24,344)
Financing activities		
Drawdown of borrowings (Note A)	**574,278**	518,327
Repayments of borrowings (Note A)	**(542,869)**	(515,925)
Repayment of obligations under leases (Note 15)	**(24)**	(38)
Decrease/(Increase) in fixed deposits	**124**	(549)
Dividend paid to owners of the parent	**(3,862)**	(4,939)
Interest paid	**(3,689)**	(4,910)
Net cash from/(used in) financing activities	**23,958**	(8,034)
Net change in cash and cash equivalents	**7,099**	3,382
Cash and cash equivalents at beginning of financial year	**19,950**	16,447
Effect of exchange rate changes on cash and cash equivalents	**432**	121
Cash and cash equivalents at end of financial year (Note 11)	**27,481**	19,950

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note A: Reconciliation of liabilities arising from financing activities:

			Non-cash changes		
	1 January 2021 US$'000	Cash flows US$'000	Interest expense US$'000	Currency realignment US$'000	31 December 2021 US$'000
Bank borrowings	**175,964**	**31,409**	**–**	**51**	**207,424**

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

1. GENERAL

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

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

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

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

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2021 were authorised for issue in accordance with a Directors' resolution dated 31 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

Changes in accounting policies

New standards, amendments and interpretation effective from 1 January 2021

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective

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

			Effective date (annual periods beginning on or after)
Amendments to SFRS(I) 3	:	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16	:	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	:	Onerous Contract – Costs of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1	:	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-8	:	Definition of Accounting Estimates	1 January 2023

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

2.2 BASIS OF CONSOLIDATION

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

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

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

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

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

Acquisition of entities under common control

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 INTANGIBLE ASSETS

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

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

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

Computer software licenses

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

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

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

Software under development

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

2.4 INVESTMENT PROPERTIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 INVESTMENT PROPERTIES (CONTINUED)

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

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

2.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

2.6 LEASES

As lessee

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

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

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

Initial measurement

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 LEASES (CONTINUED)

As lessee (Continued)

Subsequent measurement

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

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

As lessor

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

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

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

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

2.7 INVENTORIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

2.9 FINANCIAL INSTRUMENTS

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

Financial assets

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

Amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Amortised cost (Continued)

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

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

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

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

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

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

Derecognition of financial assets

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

Derivative financial instruments

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

Financial liabilities and equity instruments

Classification as debt or equity

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

Financial liabilities

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

Trade and other payables

Trade and other payables excluding Good and Service tax ("GST") payable, Value-Added tax ("VAT") payables, advances from customers and provisions are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Bank borrowings

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

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

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

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

Financial guarantee contracts

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

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

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss allowance determined in accordance with SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

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

2.10 CASH AND CASH EQUIVALENTS

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

2.11 GOVERNMENT GRANTS

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

2.12 PROVISIONS

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

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

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

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

2.13 REVENUE RECOGNITION

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 REVENUE RECOGNITION (CONTINUED)

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.

Rental income

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

2.14 RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

2.15 EMPLOYEE BENEFITS

Defined contribution plans

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

Defined benefit plans

Certain subsidiaries operates defined benefit plans, which are unfunded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 EMPLOYEE BENEFITS (CONTINUED)

Defined benefit plans (Continued)

Defined benefit plans surpluses and deficits are measured at:

– The fair value of plan assets at the reporting date; less

– Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality government bonds that have maturity dates approximating to the term of the liabilities; plus

– Unrecognised past service costs; less

– The effect of minimum funding requirements agreed with scheme trustees.

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

– Actuarial gains and losses

– Return on plan assets (interest exclusive)

– Any asset ceiling effects (interest exclusive).

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

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

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

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

Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 BORROWING COSTS

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

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

2.17 TAXES

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

Current income tax

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

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

Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 TAXES (CONTINUED)

Deferred tax (Continued)

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

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

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

Sales tax

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

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

- receivables and payables that are stated with the amount of sales tax included.

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

2.18 DIVIDENDS

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

2.19 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (CONTINUED)

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

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

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

2.20 SEGMENT REPORTING

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3.1 CRITICAL JUDGEMENTS MADE IN APPLYING THE ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Changes in the expected level of usage and technological developments could affect the economic useful lives of these assets which could then consequentially impact future amortisation charges and depreciation. The carrying amounts of the Group's intangible assets, investment properties and property, plant and equipment as at 31 December 2021 are disclosed in Note 4, Note 5 and Note 6, respectively to the financial statements.

(ii) Inventories valuation

Inventory is valued at the lower of cost and net realisable value. Cost is determined primarily using the "weighted average" method. The cost of cocoa ingredient products is computed using a formula in which cocoa bean purchase prices and selling prices of cocoa ingredient products are the key determinants. Market price is generally the merchandise's selling price quoted from the market of similar items. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. In addition, as the global cocoa market continues to be challenging amidst volatility in prices of cocoa beans and cocoa ingredient products, such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 December 2021 is disclosed in Note 9 to the financial statements.

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indications of impairment in the investments in subsidiaries. For those subsidiaries with indicates of impairment, the management has performed an assessment based on the expected future cash flows for the subsidiaries. The Company's carrying amount of investments in subsidiaries as at 31 December 2021 is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(iv) Income taxes

The Group recognises expected income tax issues based on their best estimates of the likely taxes due. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions, in the financial year in which such determination is made. The carrying amount of the Group's current income tax recoverable as at 31 December 2021 was approximately US$2,671,000 (2020: US$1,644,000). The carrying amount of the Group's current income tax payable as at 31 December 2021 was approximately US$3,629,000 (2020: US$1,570,000).

The carrying amount of the Group's deferred tax assets and deferred tax liabilities as at 31 December 2021 are disclosed in Note 18 to the financial statements.

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

Trade receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customer. The loss allowances of trade receivables as at 31 December 2021 are disclosed in Note 10 to the financial statements.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

Amounts due from subsidiaries and related parties

Management determines whether there is significant increase in credit risk of these subsidiaries and related parties since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these subsidiaries and related parties. There is no significant increase in credit risk as at 31 December 2021. The carrying amounts of the Company's amount due from subsidiaries and related parties are disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. INTANGIBLE ASSETS

	Computer software US$'000	Software under development US$'000	Others US$'000	Total US$'000
Group				
Cost				
Balance at 1 January 2021	**3,167**	**–**	**28**	**3,195**
Additions	**978**	**–**	**1**	**979**
Balance at 31 December 2021	**4,145**	**–**	**29**	**4,174**
Accumulated amortisation				
Balance at 1 January 2021	**656**	**–**	**16**	**672**
Amortisation during the financial year	**580**	**–**	**8**	**588**
Balance at 31 December 2021	**1,236**	**–**	**24**	**1,260**
Carrying amount				
Balance at 31 December 2021	**2,909**	**–**	**5**	**2,914**
Cost				
Balance at 1 January 2020	706	13	27	746
Additions	2,466	–	–	2,466
Disposal	(8)	(10)	–	(18)
Transfer	3	(3)	–	–
Currency realignment	–	–	1	1
Balance at 31 December 2020	3,167	–	28	3,195
Accumulated amortisation				
Balance at 1 January 2020	511	–	10	521
Amortisation during the financial year	150	–	5	155
Disposal	(5)	–	–	(5)
Currency realignment	–	–	1	1
Balance at 31 December 2020	656	–	16	672
Carrying amount				
Balance at 31 December 2020	2,511	–	12	2,523

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. 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 2021	**2,021**	**5,226**	**260**	**5,720**	**13,227**
Additions	**–**	**–**	**73**	**–**	**73**
Disposal	**(1,205)**	**(2,973)**	**(333)**	**–**	**(4,511)**
Currency realignment	**(62)**	**(168)**	**–**	**–**	**(230)**
Balance at 31 December 2021	**754**	**2,085**	**–**	**5,720**	**8,559**
Accumulated depreciation					
Balance at 1 January 2021	**–**	**505**	**–**	**201**	**706**
Depreciation during the financial year	**–**	**132**	**–**	**172**	**304**
Disposal	**–**	**(421)**	**–**	**–**	**(421)**
Currency realignment	**–**	**(14)**	**–**	**–**	**(14)**
Balance at 31 December 2021	**–**	**202**	**–**	**373**	**575**
Carrying amount					
Balance at 31 December 2021	**754**	**1,883**	**–**	**5,347**	**7,984**
Cost					
Balance at 1 January 2020	1,951	5,034	238	5,720	12,943
Additions	–	–	22	–	22
Currency realignment	70	192	–	–	262
Balance at 31 December 2020	2,021	5,226	260	5,720	13,227
Accumulated depreciation					
Balance at 1 January 2020	–	375	–	29	404
Depreciation during the financial year	–	124	–	172	296
Currency realignment	–	6	–	–	6
Balance at 31 December 2020	–	505	–	201	706
Carrying amount					
Balance at 31 December 2020	2,021	4,721	260	5,519	12,521

The rental income from the investment properties of the Group which are leased out under operating leases, amounted to US$1,095,000 (2020: US$1,040,000). Direct operating expenses (including repair and maintenance) arising from the rental generating investment properties amounted US$183,000 (2020: US$169,000).

As at 31 December 2021, the fair value of these investment properties which are located in Estonia and Malaysia were approximately US$8,665,000 (2020: US$8,900,000). The fair value for these properties were determined based on valuations performed by the external independent valuers with recent experience in the location and category of these properties. The valuations were arrived at by combination of:

i) Sales comparison approach – whereby sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as property size;

ii) Depreciated replacement cost approach – whereby an estimate is made of the replacement cost and then allowing for depreciation for economic, physical and functional obsolescence; and

iii) Discounted cash flow method – whereby an estimate of the amount receivable over the life of the property or the holding period in determining the present value of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INVESTMENT PROPERTIES (CONTINUED)

There were no changes to the valuation techniques during the year.

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

During the financial year, the Group disposed a freehold land and building located in United States of America for a purchase consideration of US$18,000,000. The Group received the proceeds net of attributable expenses of US$16,663,000 during the financial year and the remaining balance of the proceeds amounted to US$200,000 was received subsequent to the financial year. The Group recognised the gain of disposal of the investment property of US$12,773,000 in profit or loss.

The leasehold building with a carrying amount of US$5,347,000 (2020: US$5,519,000) has been pledged as security for banking facilities as disclosed in Note 14 to the financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Factory buildings US$'000	Plant and machinery, tools and equipment US$'000	Office equipment, furniture and fittings US$'000	Motor vehicles US$'000	Capital work-in-progress US$'000	Total US$'000
Group							
Cost							
Balance at 1 January 2021	1,851	35,590	85,289	1,716	1,124	18,238	143,808
Additions	–	11	1,273	106	158	4,825	6,373
Disposals	–	–	(84)	(1)	(34)	(121)	(240)
Written off	–	–	(61)	–	–	–	(61)
Reclassification	–	14,628	186	(66)	5	(14,753)	–
Transfer to right-of-use assets	–	–	–	–	–	(2,429)	(2,429)
Currency realignment	–	107	2	(5)	(7)	16	113
Balance at 31 December 2021	1,851	50,336	86,605	1,750	1,246	5,776	147,564
Accumulated depreciation							
Balance at 1 January 2021	–	10,861	34,563	1,227	710	–	47,361
Depreciation for the financial year	–	1,708	4,235	156	136	–	6,235
Disposals	–	–	(81)	(1)	(34)	–	(116)
Written off	–	–	(38)	–	–	–	(38)
Reclassification	–	–	6	(6)	–	–	–
Currency realignment	–	5	1	–	(1)	–	5
Balance at 31 December 2021	–	12,574	38,686	1,376	811	–	53,447
Carrying amount							
Balance at 31 December 2021	1,851	37,762	47,919	374	435	5,776	94,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. 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 2020	1,851	33,179	79,575	1,607	1,207	4,447	121,866
Additions	–	547	4,064	207	52	17,894	22,764
Disposals	–	(26)	(8)	–	(143)	(815)	(992)
Written off	–	–	(2)	(101)	–	(73)	(176)
Reclassification	–	1,603	1,646	–	–	(3,249)	–
Currency realignment	–	287	14	3	8	34	346
Balance at 31 December 2020	1,851	35,590	85,289	1,716	1,124	18,238	143,808
Accumulated depreciation							
Balance at 1 January 2020	–	9,540	30,096	1,067	670	–	41,373
Depreciation for the financial year	–	1,309	4,470	166	134	–	6,079
Disposals	–	(1)	(5)	–	(96)	–	(102)
Written off	–	–	(1)	(7)	–	–	(8)
Currency realignment	–	13	3	1	2	–	19
Balance at 31 December 2020	–	10,861	34,563	1,227	710	–	47,361
Carrying amount							
Balance at 31 December 2020	1,851	24,729	50,726	489	414	18,238	96,447

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

	2021 US$'000	2020 US$'000
Freehold land	**1,851**	1,851
Factory building	**22,351**	8,642
Capital work-in-progress	**–**	17,041

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. RIGHT-OF-USE ASSETS

	Land use rights US$'000	Leasehold lands US$'000	Hostel and office US$'000	Total US$'000
Group				
Balance at 1 January 2021	**1,272**	**1,116**	**16**	**2,404**
Additions	**–**	**53**	**24**	**77**
Transfer from property, plant and equipment	**–**	**2,429**	**–**	**2,429**
Amortisation charge	**(28)**	**(335)**	**(24)**	**(387)**
Currency realignment	**30**	**–**	**–**	**30**
At 31 December 2021	**1,274**	**3,263**	**16**	**4,553**
Balance at 1 January 2020	1,218	1,285	30	2,533
Additions	–	105	24	129
Amortisation charge	(27)	(274)	(38)	(339)
Currency realignment	81	–	–	81
At 31 December 2020	1,272	1,116	16	2,404

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 a carrying amount of US$2,374,000 (2020: US$Nil) and US$1,274,000 (2020: US$1,272,000) has been pledged as security for banking facilities as disclosed in Note 14 to the financial statements.

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 34 years.

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

8. INVESTMENTS IN SUBSIDIARIES

	Company 31 December 2021 US$'000	2020 US$'000
Unquoted equity shares, at cost	**66,410**	66,408
Loan deemed as investment in a subsidiary	**37,000**	37,000
	103,410	103,408

Loan deemed as investment in a subsidiary

As at 31 December 2021 and 2020, 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 2021

8. 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 2021 %	2020 %
Held by the Company			
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[6] (The Republic of Estonia)	Property leasing	**100**	100
JB Sourcing CI (Republic of Cote D'Ivoire)	Dormant	**100**	–
Held by JB Cocoa Sdn Bhd			
JB Cocoa Trading (M) Sdn. Bhd.[1] (Malaysia)	Dormant	**100**	100
Held by JB Foods Global Pte. Ltd.			
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
Held by PT Jebe Trading Indonesia			
PT Jebe Koko[4] (Indonesia)	Production and sale of cocoa ingredients products	**99.92**	99.92
Held by JB Cocoa Holding Inc			
JB Cocoa, Inc.[3] (United States of America)	Trading of cocoa ingredient products	**100**	100
JB Cocoa EBNJ LLC[3] (United States of America)	Property leasing	**100**	100
Held by JB Cocoa AG			
JB Cocoa CI[6] (Republic of Cote D'Ivoire)	Procurement of raw materials	**100**	100

(1) Audited by BDO PLT, Malaysia
(2) Audited by BDO LLP, Singapore
(3) Exempted from statutory audit
(4) Audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited
(5) Audited by BDO China Shu Lun Pan CPA LLP
(6) Audited by other auditors

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

During the financial year, JB Sourcing CI, a wholly-owned subsidiary of JB Foods Limited was incorporated in Republic of Cote D'ivoire with a registered share capital of XOF1,000,000 (equivalent to US$1,700).

Issuance and allotment of additional shares in subsidiary

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

Significant restrictions

Cash and bank balances of US$5,507,000 (2020: US$2,121,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

9. INVENTORIES

	Group 31 December 2021 US$'000	Group 31 December 2020 US$'000
Raw materials	**116,897**	86,890
Work-in-progress	**7,559**	9,485
Finished goods	**95,276**	77,389
Stores and supplies	**4,890**	5,047
	224,622	178,811

The cost of inventories recognised as expenses and included in "cost of sales" line item amounted to US$371,224,000 (2020: US$346,807,000). The cost of sales includes inventories written down of US$16,000 (2020: inventories written down of US$68,000) 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 2021

10. TRADE AND OTHER RECEIVABLES

	Group 31 December		Company 31 December	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
Non-current				
Other receivables				
– A subsidiary	**–**	–	**2,950**	–
Current				
Trade receivables				
– Third parties	**48,778**	50,397	**–**	–
– Loss allowance for trade receivables	**(14)**	–	**–**	–
	48,764	50,397	**–**	–
– Related party	**485**	393	**–**	–
	49,249	50,790	**–**	–
Other receivables				
– Third parties	**291**	236	**–**	–
– Subsidiaries	**–**	–	**–**	3,289
– GST/VAT receivables	**906**	1,714	**–**	–
– Dividend receivable due from subsidiaries	**–**	–	**3,038**	3,500
	1,197	1,950	**3,038**	6,789
Advances to third party suppliers	**3,630**	3,748	**–**	–
Deposits	**4,843**	4,063	**–**	–
Total trade and other receivables	**58,919**	60,551	**3,038**	6,789
Add: Cash and bank balances (Note 11)	**28,053**	20,646	**53**	29
Less: GST/VAT receivables	**(906)**	(1,714)	**–**	–
Less: Advances to third party suppliers	**(3,630)**	(3,748)	**–**	–
Financial assets at amortised costs	**82,436**	75,735	**6,041**	6,818

Trade receivables are non-interest bearing, unsecured and the normal trade term ranges from cash against document to 120 (2020: cash against documents to 120) days from the date of the invoices. Other credit terms are assessed and approved on a case-by-case basis.

The amount due from a subsidiary (non-current) which is unsecured, bear interest of 4% per annum and are not expected to be paid within the next 12 months.

In the prior financial year, the amount due from a subsidiary which is unsecured, bear interest of 4% per annum and repayable on demand.

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

	Group	
	2021 US$'000	**2020 US$'000**
At 1 January	**–**	91
Loss allowance – credit impaired	**14**	–
Reversal of loss allowance	**–**	(91)
At 31 December	**14**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
United States dollar	**34,877**	29,606	**3,038**	3,600
Pound sterling	**5,727**	12,087	**–**	–
Malaysian ringgit	**1,659**	3,251	**–**	–
Euro	**591**	324	**2,950**	3,189
Indonesia rupiah	**10,527**	7,126	**–**	–
Chinese renminbi	**5,101**	7,354	**–**	–
Others	**437**	803	**–**	–
	58,919	60,551	**5,988**	6,789

11. CASH AND BANK BALANCES

	Group 31 December		Company 31 December	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
Current				
Cash and bank balances	**27,395**	19,120	**53**	29
Fixed deposits	**536**	1,414	**–**	–
	27,931	20,534	**53**	29
Non-current				
Fixed deposits	**122**	112	**–**	–
	28,053	20,646	**53**	29

The interest rates and tenure of the fixed deposits at the end of the reporting period is 1.25% to 4.00% (2020: 0.25% to 4.00%) per annum and with maturity of 13 to 319 (2020: 4 to 685) days.

Included in fixed deposit amounting to US$572,000 (2020: US$696,000) are pledged to financial institutions for bank guarantees.

Cash and cash equivalents are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
United States dollar	**18,889**	12,313	**5**	5
Pound sterling	**1,041**	2,495	**–**	–
Chinese renminbi	**5,380**	1,958	**–**	–
Others	**2,743**	3,880	**48**	24
	28,053	20,646	**53**	29

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. CASH AND BANK BALANCES (CONTINUED)

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

	Group 2021 US$'000	Group 2020 US$'000
Cash and bank balances as above	**28,053**	20,646
Less:		
Fixed deposits pledged with licensed banks	**(572)**	(696)
Cash and cash equivalents per consolidated statement of cash flows	**27,481**	19,950

12. TRADE AND OTHER PAYABLES

	Group 31 December		Company 31 December	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Trade payables				
– Third parties	**21,594**	14,639	**–**	–
– Related parties	**6,794**	5,408	**–**	–
	28,388	20,047	**–**	–
Other payables				
– Third parties	**1,887**	2,298	**2**	18
– A subsidiary	**–**	–	**806**	–
– GST/VAT payables	**35**	226	**–**	–
Accrued expenses	**4,441**	6,223	**100**	120
Advances from customers	**1,063**	550	**–**	–
Provisions	**17**	1,593	**–**	–
Total trade and other payables	**35,831**	30,937	**908**	138
Add: Bank borrowings (Note 14)	**207,424**	175,964	**–**	–
Add: Lease liabilities (Note 15)	**16**	16	**–**	–
Less: Advances from customers	**(1,063)**	(550)	**–**	–
Less: GST/VAT payables	**(35)**	(226)	**–**	–
Less: Provisions	**(17)**	(1,593)	**–**	–
Total financial liabilities carried at amortised costs	**242,156**	204,548	**908**	138

Trade payables are non-interest bearing and the normal trade terms granted ranges from cash against documents to 90 (2020: cash against documents to 90) days from the date of the invoices.

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

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12. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
United States dollar	**20,619**	17,300	**804**	103
Pound sterling	**2,253**	6,383	**–**	–
Singapore dollar	**6,786**	459	**102**	35
Others	**6,173**	6,795	**2**	–
	35,831	30,937	**908**	138

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 31 December	
	2021 US$'000	**2020 US$'000**
Derivative assets		
Foreign currency forward contracts	**923**	305
Derivative cocoa bean contracts	**23,215**	6,641
	24,138	6,946
Derivative liabilities		
Foreign currency forward contracts	**2,074**	1,175
Derivative cocoa bean contracts	**24,501**	9,733
	26,575	10,908

Foreign currency forward contracts

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

Foreign currency forward contracts are used to hedge the Group's sales and purchases denominated in United States dollar, Chinese renminbi, Euro, Swiss Franc, New Zealand 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 2021

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group 31 December	
	2021 US$'000	**2020 US$'000**
Foreign currency forward contracts		
Notional amount		
Buy United States dollar/Sell Pound sterling	**54,322**	27,251
Buy United States dollar/Sell Chinese renminbi	**7,940**	5,015
Buy United States dollar/Sell New Zealand dollar	**–**	2,740
Buy United States dollar/Sell Swiss Franc	**1,913**	–
Buy Euro/Sell United States dollar	**1,932**	1,214
Buy Euro/Sell Pound sterling	**66,231**	–
Buy Pound sterling/Sell United States dollar	**6,713**	4,439
Buy Pound sterling/Sell Euro	**5,093**	–
Buy Pound sterling/Sell Swiss Franc	**8,118**	–
Buy Malaysian ringgit/Sell United States dollar	**2,307**	3,993
Buy Singapore dollar/Sell United States dollar	**1,103**	1,930
Buy Chinese renminbi/United States dollar	**3,270**	250
Others	**49**	–

As at the end of the reporting period, the settlement dates for foreign currency forward contracts range from 1 to 14 months (2020: 1 to 22 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	
	2021 US$'000	**2020 US$'000**
Commodity future contracts		
Notional amount		
Sales	**954,254**	179,488
Purchases	**924,845**	94,944
Commodity option contracts		
Notional amount		
Sales	**4,435**	30,364
Purchases	**60**	4,086

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group 31 December	
	2021 US$'000	2020 US$'000
United States dollar	**715,554**	247,537
Pound sterling	**1,168,040**	61,345
	1,883,594	308,882

As at the end of the reporting period, the settlement dates for derivative cocoa bean contracts range from 1 to 24 months (2020: 1 to 19 months).

14. BANK BORROWINGS

	Group 31 December	
	2021 US$'000	2020 US$'000
Current		
Trade bills	**181,572**	156,533
Revolving credits	**7,642**	243
Term loan	**3,842**	4,126
	193,056	160,902
Non-current		
Revolving credits	**2,863**	3,106
Term loan	**11,505**	11,956
	14,368	15,062
Total	**207,424**	175,964

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

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

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

	Group 31 December	
	2021 US$'000	2020 US$'000
Trade facilities granted	**264,117**	235,876
Trade facilities utilised	**192,077**	159,882

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. BANK BORROWINGS (CONTINUED)

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

	Group 31 December	
	2021 %	2020 %
Trade bills	**1.01 – 4.16**	0.95 – 3.65
Revolving credits	**1.35 – 4.16**	2.35
Term loan	**1.50 – 5.23**	1.50 – 5.40

The trade bills have maturity periods ranging from 28 to 182 (2020: 41 to 182) days from the contractual date. The interest rates are fixed with the financial institutions during the contractual period. The revolving credits and term loans have maturity dates between 2022 and 2034.

Bank borrowings are denominated in the following currencies:

	Group 31 December	
	2021 US$'000	2020 US$'000
United States dollar	**201,502**	151,884
Pound sterling	**–**	18,146
Others	**5,922**	5,934
	207,424	175,964

15. LEASE LIABILITIES

	Rental of hostel and office US$'000
Group	
At 1 January 2021	**16**
Addition	**24**
Interest expense (Note 22)	**1**
Lease payments	
– Principal portion	**(24)**
– Interest portion	**(1)**
At 31 December 2021	**16**
At 1 January 2020	30
Addition	24
Interest expense (Note 22)	1
Lease payments	
– Principal portion	(38)
– Interest portion	(1)
At 31 December 2020	16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. LEASE LIABILITIES (CONTINUED)

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

	Group 31 December	
	2021 US$'000	2020 US$'000
Contractual undiscounted cash flows		
– Not later than a year	**17**	17
Less: Future interest expense	**(1)**	(1)
Present value of lease liabilities	**16**	16
Presented in consolidated statement of financial position		
– Current	**16**	16

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

The total cash outflow in respect of leases amounted to US$286,000 (2020: US$249,000) during the current financial year.

Lease liabilities are denominated in the Singapore dollar.

16. DEFERRED CAPITAL GRANT

	Group 31 December	
	2021 US$'000	2020 US$'000
Cost		
Balance at the beginning of financial year	**534**	503
Currency realignment	**12**	31
Balance at the end of the financial year	**546**	534
Accumulated amortisation		
Balance at the beginning of the financial year	**(43)**	(33)
Grant taken to profit or loss to match amortisation	**(11)**	(10)
Balance at the end of the financial year	**(54)**	(43)
Carrying amount		
Balance at the end of the financial year	**492**	491

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group provides for post-employment benefits for its employees for certain subsidiaries in Indonesia in the form of severance pay and long service awards in accordance with the local labour law in Indonesia. The provision is based on the calculation performed by an independent actuary using the "Projected Unit Credit" method. The number of employees who are entitled to post-employment benefits is 199 (2020: 150) employees.

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

	Group 31 December	
	2021	**2020**
	US$'000	**US$'000**
Balance at beginning of financial year	**624**	455
Provision in the current period	**24**	142
Re-measurement of post-employment benefits recognised in other comprehensive income	**(5)**	30
Currency realignment	**(6)**	(3)
Balance at end of financial year	**637**	624

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

	Group 31 December	
	2021	**2020**
	US$'000	**US$'000**
Current service costs	**(20)**	107
Interest costs	**44**	35
	24	142

The principal actuarial assumptions used are as follows:

	Group 31 December	
	2021	**2020**
Discount rate	**3.40% – 7.57% per annum**	3.64% – 7.83% per annum
Annual salary growth rate	**8% per annum**	8% per annum
Mortality table	**TMI – 2019**	TMI – 2019
Disability rate	**5% – 10% 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity analysis

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

		Defined benefit obligation	
Actuarial assumption	**Reasonably possible change**	**Increase US$'000**	**Decrease US$'000**
31 December 2021			
Discount rate	**+/-1%**	**(80)**	**110**
Growth in future salaries	**+/-1%**	**110**	**(80)**
31 December 2020			
Discount rate	+/-1%	(85)	103
Growth in future salaries	+/-1%	104	(87)

The average duration of the post-employment benefits at the end of the financial year is 15.5 years (2020: 15.4 years).

18. DEFERRED TAX ASSETS/LIABILITIES

	Group 31 December 2021 US$'000	2020 US$'000
Deferred tax assets		
Balance at beginning of financial year	**150**	128
Credit to profit or loss	**1**	14
Currency realignment	**3**	8
Balance at end of financial year	**154**	150
Deferred tax liabilities		
Balance at beginning of financial year	**5,938**	5,419
Charge to profit or loss	**1,000**	526
Credit to other comprehensive income	**2**	(7)
Balance at end of financial year	**6,940**	5,938

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

Deferred tax assets	**Deferred capital grant US$'000**
Group	
At 1 January 2021	**150**
Credit to profit or loss	**1**
Currency realignment	**3**
At 31 December 2021	**154**
At 1 January 2020	128
Credit to profit or loss	14
Currency realignment	8
At 31 December 2020	150

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

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

Deferred tax liabilities	Accelerated tax depreciation US$'000	Others US$'000	Total US$'000
Group			
At 1 January 2021	**6,052**	**(114)**	**5,938**
Charge to profit or loss	**1,000**	**–**	**1,000**
Charge to other comprehensive income	**–**	**2**	**2**
At 31 December 2021	**7,052**	**(112)**	**6,940**
At 1 January 2020	5,522	(103)	5,419
Charge/(Credit) to profit or loss	530	(4)	526
Credit to other comprehensive income	–	(7)	(7)
At 31 December 2020	6,052	(114)	5,938

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$26,177,401 (2020: US$13,245,000). The Group determined that these profits will not be distributed in the foreseeable future. Therefore, no liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

19. SHARE CAPITAL

	Group and Company			
	31 December		31 December	
	2021	2020	2021	2020
	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.

20. OTHER RESERVES AND RETAINED EARNINGS

	Group		Company	
	31 December		31 December	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Merger reserve	**25,472**	25,472	**–**	–
Statutory reserve	**(150)**	(92)	**–**	–
Exchange reserve	**6,956**	6,956	**8,458**	8,458
Foreign currency translation reserve	**(344)**	(46)	**–**	–
	31,934	32,290	**8,458**	8,458

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. OTHER RESERVES AND RETAINED EARNINGS (CONTINUED)

20.1 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.

20.2 STATUTORY RESERVE

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

20.3 EXCHANGE RESERVE

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

20.4 FOREIGN CURRENCY TRANSLATION RESERVE

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

Movement in foreign currency translation reserve:

	Group 31 December	
	2021	**2020**
	US$'000	**US$'000**
Beginning of the financial year	**(46)**	682
Charged to other comprehensive income	**(298)**	(728)
Balance at end of financial year	**(344)**	(46)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. OTHER RESERVES AND RETAINED EARNINGS (CONTINUED)

20.5 RETAINED EARNINGS

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

	Company	
	2021	**2020**
	US$'000	**US$'000**
At 1 January	**4,588**	5,423
Total comprehensive income for the financial year	**2,312**	4,104
Dividends	**(3,862)**	(4,939)
At 31 December	**3,038**	4,588

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

22. FINANCE COSTS

	Group 31 December	
	2021	**2020**
	US$'000	**US$'000**
Interest expenses		
– Trade bills	**2,476**	3,964
– Term loans	**495**	315
– Supply chain financing	**618**	564
– Lease liabilities (Note 15)	**1**	1
– Other	**99**	66
	3,689	4,910

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. PROFIT BEFORE INCOME TAX

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

	Group	
	2021 US$'000	**2020 US$'000 Restated**
Cost of sales		
Amortisation of right-of-use assets	**216**	162
Depreciation of property, plant and equipment	**5,779**	5,686
Factory utilities expenses	**7,977**	7,071
Fair value (gain)/loss on derivative financial instruments, net	**(1,844)**	4,182
Outward freight	**17,710**	3,666
Haulage trucking – export	**2,996**	1,015
Handling and documentation – export	**1,871**	1,484
Realised gain on cocoa beans derivative contracts	**(413)**	(703)
Write down to net realisable values of inventories	**16**	68
Short term leases	**261**	210
Administrative expenses		
Audit fees		
– Auditors of the Company	**66**	65
– Other auditors	**42**	40
Non-audit fees		
– Auditors of the Company	**1**	1
Amortisation of intangible assets	**588**	155
Amortisation of right-of-use assets	**171**	177
Depreciation of property, plant and equipment	**456**	393
Depreciation of investment properties	**304**	296
Professional fee	**1,288**	951
Other gains/(losses)		
Gain/(Loss) on disposal of property, plant and equipment	**17**	(5)
Gain on disposal of investment property	**12,773**	–
Gain on disposal of intangible assets	**–**	3
Property, plant and equipment written off	**(23)**	(168)
Rental income from investment properties	**1,095**	1,040
Fair value loss on foreign currency contracts, net	**(319)**	(790)
Foreign exchange loss, net	**(1,873)**	(3,766)
Reversal of loss allowance of trade receivables	**–**	91

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. PROFIT BEFORE INCOME TAX (CONTINUED)

Profit before income tax also includes:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Employee benefit expenses		
Salaries and other emoluments	**10,853**	10,566
Pension costs – defined contribution plan	**748**	653
Social security costs	**140**	108
Other staff related expenses	**447**	331
Defined employment benefit expenses	**21**	142
	12,209	11,800

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

	Group	
	2021	**2020**
	US$'000	**US$'000**
		Restated
Cost of sales	**5,807**	5,305
Selling and distribution expenses	**2,409**	2,113
Administrative expenses	**3,993**	4,382
	12,209	11,800

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

24. INCOME TAX EXPENSE

	Group	
	2021	**2020**
	US$'000	**US$'000**
Current income tax		
– Current financial year	**4,030**	2,831
– Over provision in prior financial years	**(527)**	(276)
Withholding tax	**–**	4
	3,503	2,559
Deferred income tax		
– Current financial year	**797**	512
– Under provision in prior financial years	**202**	–
	999	512
	4,502	3,071

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. INCOME TAX 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	
	2021 US$'000	**2020 US$'000**
Profit before income tax	**18,352**	22,477
Tax at the domestic rates applicable to profit in the countries where the Group operates	**3,960**	4,342
Tax concession	**–**	(751)
Effects of:		
– Income not subject to tax	**(50)**	(313)
– Singapore statutory stepped income exemption	**(7)**	(12)
– Expenses not deductible for income tax purposes	**567**	559
Utilisation of reinvestment allowance	**–**	(518)
Deferred tax assets not recognised	**278**	–
Under provision of tax expense in prior financial years	**(527)**	(276)
Under provision of deferred tax expense in prior financial years	**202**	–
Withholding tax	**–**	4
Others	**79**	36
	4,502	3,071

The Group operates mainly in Singapore, Malaysia, Indonesia and United States of America. The applicable corporate income tax rate ranges from 10% to 17% (2020: 10% to 17%) in Singapore, 24% (2020: 24%) in Malaysia, 22% (2020: 22%) in Indonesia and 21% (2020: 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 has expired on 31 December 2021 and subsequent to the financial year, the concession had been extended and will expire on 31 December 2026.

The amount of temporary differences for which no deferred tax asset has been recognised are as follows:

	Group	
	2021 US$'000	**2020 US$'000**
Unutilised tax losses	**3,190**	9
Others	**753**	2,298
	3,943	2,307

No deferred tax asset has been recognised on the temporary differences due to the unpredictability of profit streams. Subject to the agreement by the relevant tax authorities, these temporary differences may be carried forward indefinitely subject to the conditions imposed by law.

NOTES TO THE FINANCIAL STATEMENTS

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25. EARNINGS PER SHARE

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

	Group	
	2021	**2020**
Profit for the financial year attributable to owners of the parent (US$'000)	**13,850**	19,406
Aggregate weighted number of ordinary shares applicable to basic and diluted profit per share ('000)	**303,200**	303,200
Basic and diluted earnings per share (US$ cents)	**4.6**	6.4

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 2021 and 2020 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.

26. DIVIDENDS

	Group	
	2021 US$'000	**2020 US$'000**
Interim one-tier tax exempt dividend of S$0.005 per ordinary share in respect of financial year ended 31 December 2020	–	1,091
Final tax exempt dividend of S$0.018 per ordinary share in respect of financial year ended 31 December 2019	–	3,848
Final tax exempt dividend of S$0.015 per ordinary share in respect of financial year ended 31 December 2020	**3,414**	–
Interim one-tier tax exempt dividend of S$0.002 per ordinary share in respect of financial year ended 31 December 2021	**448**	–
	3,862	4,939

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

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

On 25 February 2021, the Company declared a final tax-exempt (one-tier) dividend S$0.015 per ordinary share amounting to S$4,548,000 (equivalent to US$3,414,000) in respect of the financial year ended 31 December 2020. The dividend was paid out in current financial year.

On 11 August 2021, 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$448,000) in respect of the financial year ended 31 December 2021. The dividend was paid out in current financial year.

On 24 February 2022, the Board of Directors recommended a final tax-exempt (one-tier) dividend of S$0.013 per ordinary share amounting to S$3,942,000 in respect of the current financial year. The final tax-exempt (one-tier) dividend has not been recognised as a liability as at the end of the reporting period as it is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

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27. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Subsidiaries				
Advances from	**–**	–	**846**	–
Interest income	**–**	–	**113**	122
Dividend income	**–**	–	**3,038**	4,175
Related parties*				
Sale of goods	**1,935**	648	**–**	–
Purchase of goods	**17,064**	10,837	**–**	–
Handling service income	**48**	–	**–**	–

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

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

Compensation of key management personnel

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

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Directors				
Short-term employee benefits	**1,487**	1,990	**112**	11
Directors' fee	**121**	118	**121**	118
	1,608	2,108	**233**	129
Other key management personnel				
Short-term employee benefits	**451**	547	**–**	–
Pension costs – defined contribution plan	**31**	27	**–**	–
	482	574	**–**	–
	2,090	2,682	**233**	129

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28. COMMITMENTS

28.1 CAPITAL COMMITMENTS

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

	Group	
	2021 **US$'000**	**2020** **US$'000**
Purchase of property, plant and equipment and intangible assets	**4,531**	1,539

28.2 LEASE COMMITMENTS (IN THE CAPACITY OF LESSOR)

The Group has entered into commercial property leases on its investment properties (Note 5). These non-cancellable leases have remaining lease 1 year (2020: 1 and 2 years).

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

	Group	
	2021 **US$'000**	**2020** **US$'000**
Not later than one financial year	**627**	1,162
Later than one year but not later than five years	**–**	627
	627	1,789

29. SEGMENT INFORMATION

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

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

Income taxes are managed on a Group basis.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. SEGMENT INFORMATION (CONTINUED)

Analysis by geographical segments

	Malaysia US$'000	Singapore US$'000	United States of America US$'000	Indonesia US$'000	Others US$'000	Elimination US$'000	Consolidated US$'000
2021							
Revenue							
External revenue	**35,959**	**290,586**	**52,117**	**17,202**	**52,899**	**–**	**448,763**
Inter-segment revenue	**273,369**	**438,005**	**–**	**123,894**	**–**	**(835,268)**	**–**
	309,328	**728,591**	**52,117**	**141,096**	**52,899**	**(835,268)**	**448,763**
Results							
Segment results*	**8,071**	**(581)**	**12,433**	**4,982**	**909**	**3,649**	**29,463**
Interest income							**92**
Finance costs							**(3,689)**
Depreciation and amortisation							**(7,514)**
Profit before income tax							**18,352**
Income tax expense							**(4,502)**
Profit after income tax							**13,850**
Additions to non-current assets							
Property, plant and equipment	**6,015**	**4**	**1**	**110**	**243**	**–**	**6,373**
Investment properties	**–**	**–**	**73**	**–**	**–**	**–**	**73**
Right-of-use assets	**–**	**24**	**–**	**53**	**–**	**–**	**77**
Intangible assets	**–**	**973**	**–**	**–**	**6**	**–**	**979**
Segment assets	**208,178**	**365,619**	**34,397**	**96,678**	**29,533**	**(285,986)**	**448,419**
Segment liabilities	**130,749**	**192,810**	**25,418**	**58,632**	**16,242**	**(142,307)**	**281,544**
2020							
Revenue							
External revenue	43,605	273,479	46,808	12,281	41,581	–	417,754
Inter-segment revenue	262,854	328,546	–	121,801	–	(713,201)	–
	306,459	602,025	46,808	134,082	41,581	(713,201)	417,754
Results							
Segment results	13,936	13,035	(984)	5,178	970	1,990	34,125
Interest income							131
Finance costs							(4,910)
Depreciation and amortisation							(6,869)
Profit before income tax							22,477
Income tax expense							(3,071)
Profit after income tax							19,406
Additions to non-current assets							
Property, plant and equipment	21,654	–	–	159	951	–	22,764
Investment properties	–	–	22	–	–	–	22
Right-of-use assets	–	24	–	105	–	–	129
Intangible assets	–	2,468	–	–	–	(2)	2,466
Segment assets	212,738	329,585	18,378	100,477	22,840	(300,984)	383,034
Segment liabilities	134,089	153,228	18,489	64,519	9,804	(153,681)	226,448

* This amount include gain on disposal of investment property of US$12,773,000 (Note 5)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. SEGMENT INFORMATION (CONTINUED)

Analysis by geographical segments (Continued)

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

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

	Group	
	2021	**2020**
	US\$'000	**US\$'000**
North America		
– United States of America	**62,351**	73,757
– Others*	**18,873**	20,530
Asia		
– China	**61,298**	50,987
– Others*	**148,055**	134,474
Europe		
– Russian Federation	**58,506**	47,436
– Others*	**46,596**	47,500
Others*	**53,084**	43,070
Total revenue	**448,763**	417,754

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

Major customers

Revenue from one customer (2020: one customer) of the Group's represents 12% (2020: 13%) of the total revenue.

Location of non-current assets

	Malaysia US\$'000	Singapore US\$'000	United States of America US\$'000	Indonesia US\$'000	Others US\$'000	Consolidated US\$'000
Group						
2021						
Non-current assets	**74,663**	**2,924**	**3**	**22,427**	**9,551**	**109,568**
2020						
Non-current assets	73,165	2,535	4,079	24,353	9,763	113,895

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 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

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

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

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

30.1 CREDIT RISK

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

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

The Group has significant concentration of credit risk to 2 (2020: 1) group of counterparties which having similar characteristics and accounts for approximately 21% (2020: 15%) 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 2021 and 2020.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.1 CREDIT RISK (CONTINUED)

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

	Group 31 December 2021 US$'000	Group 31 December 2020 US$'000
Asia		
– China	**5,925**	7,439
– Malaysia	**4,964**	3,103
– Republic of Indonesia	**6,261**	2,746
– Others*	**5,399**	8,791
Europe		
– Russian Federation	**10,262**	6,830
– Others*	**3,605**	7,929
North America		
– United States of America	**5,502**	5,380
– Others*	**2,611**	2,866
Others*	**4,720**	5,706
	49,249	50,790

* Others comprise countries where the credit risk exposure was not material individually.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables, which comprise a very large number of small balances.

The allowance matrix is based on actual credit loss experience over the past two years. The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management is at the view that customer conditions are representative of the prevailing at the reporting date.

The table below provides information about the exposure to conduct risk and expected credit loss from trade receivables of the Group as at 31 December 2021 and 2020.

	31 December 2021 Weighted average loss rate	Gross receivable US$'000	Impairment – credit impaired US$'000
Group			
Past due 1 to 30 days	**0%**	**5,970**	**–**
Past due 31 to 60 days	**0%**	**912**	**–**
Past due over 60 days	**12%**	**115**	**14**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.1 CREDIT RISK (CONTINUED)

	31 December 2020		
	Weighted average loss rate	Gross receivable US$'000	Impairment – credit impaired US$'000
Group			
Past due 1 to 30 days	0%	8,085	–
Past due 31 to 60 days	0%	419	–
Past due over 60 days	0%	145	–

The impairment losses at the Group related to several customers who had indicated that they were not able to repay their outstanding balances due to economic conditions.

Non-trade amounts due from subsidiaries

Management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The allowance on these balances is insignificant.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa1 to Baa1, based on Moody's ratings. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and cash equivalents has been measured on the 12-month expected loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

At the Group and the Company does not hold any collateral, the carrying amount of financial assets represents the maximum exposure to credit risk, except as follows:

	Company 31 December	
	2021 US$'000	2020 US$'000
Corporate guarantees provided to banking facilities of subsidiaries	**207,041**	175,481

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 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.2 MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk and commodity price risk, including foreign currency forward contracts and derivative cocoa bean contracts to mitigate the risk.

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group and the Company. The currencies that give rise to this risk are primarily Euro ("EUR"), Pound sterling ("GBP"), Malaysian ringgit ("MYR"), Indonesia rupiah ("IDR") and Chinese renminbi ("RMB") (2020: 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								
2021								
Total financial assets	53,766	4,153	6,768	2,087	11,189	10,481	1,478	89,922
Total financial liabilities	(222,927)	(2,155)	(2,253)	(5,014)	(2,031)	(7,168)	(2,530)	(244,078)
Net financial assets/ (liabilities)	(169,161)	1,998	4,515	(2,927)	9,158	3,313	(1,052)	(154,156)
Less:								
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	169,353	(222)	–	(23)	–	(9,612)	–	159,496
Net currency exposure of financial assets/ (liabilities)	192	1,776	4,515	(2,950)	9,158	(6,299)	(1,052)	5,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.2 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								
2020								
Total financial assets	41,918	4,100	14,583	3,909	9,045	9,311	1,522	84,388
Total financial liabilities	(169,185)	(656)	(24,529)	(4,718)	(1,048)	(2,803)	(3,980)	(206,919)
Net financial assets/ (liabilities)	(127,267)	3,444	(9,946)	(809)	7,997	6,508	(2,458)	(122,531)
Less:								
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	127,459	(87)	–	1	–	(7,919)	–	119,454
Net currency exposure of financial assets/ (liabilities)	192	3,357	(9,946)	(808)	7,997	(1,411)	(2,458)	(3,077)

The Company's currency exposure is as follows:

	EUR US$'000	SGD US$'000	Others US$'000	Total US$'000
Company				
2021				
Total financial assets	**2,998**	**–**	**–**	**2,998**
Total financial liabilities	**–**	**(102)**	**(2)**	**(104)**
Net currency exposure of financial assets/(liabilities)	**2,998**	**(102)**	**(2)**	**2,894**

	EUR US$'000	SGD US$'000	Others US$'000	Total US$'000
Company				
2020				
Total financial assets	3,189	24	–	3,213
Total financial liabilities	–	(35)	–	(35)
Net currency exposure of financial assets/(liabilities)	3,189	(11)	–	3,178

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2020: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only significant outstanding foreign currency denominated net financial assets or liabilities and adjusted for the translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.2 MARKET RISK (CONTINUED)

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

Foreign currency sensitivity analysis (Continued)

	Increase/ (Decrease) Profit or loss Group US$'000
2021	
GBP/US$	
Strengthened	**226**
Weakened	**(226)**
IDR/US$	
Strengthened	**458**
Weakened	**(458)**
RMB/US$	
Strengthened	**(315)**
Weakened	**315**
Euro/US$	
Strengthened	**89**
Weakened	**(89)**
2020	
GBP/US$	
Strengthened	(497)
Weakened	497
IDR/US$	
Strengthened	400
Weakened	(400)
RMB/US$	
Strengthened	(70)
Weakened	70
Euro/US$	
Strengthened	168
Weakened	(168)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.2 MARKET RISK (CONTINUED)

(i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/ (Decrease) Profit or loss Company US$'000
2021	
Euro/US$	
Strengthened	**150**
Weakened	**(150)**
2020	
Euro/US$	
Strengthened	159
Weakened	(159)

(ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 14 to the financial statements.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and short term borrowings. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The Group's results are not 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 2021

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

30.3 LIQUIDITY RISK

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages operating cash flows so as to ensure that all repayment needs are met. As part of the overall prudent liquidity management, the Group maintains sufficient levels of cash to meet working capital requirements.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table below includes both expected interest and principal cash flows.

	Less than 1 year US$'000	More than 1 year US$'000	Total US$'000
Group			
2021			
Trade and other payables*	**34,716**	**–**	**34,716**
Bank borrowings	**193,526**	**14,968**	**208,494**
Lease liabilities	**17**	**–**	**17**
	228,259	**14,968**	**243,227**
2020			
Trade and other payables*	28,568	–	28,568
Bank borrowings	161,496	16,115	177,611
Lease liabilities	17	–	17
	190,081	16,115	206,196
Company			
2021			
Trade and other payables	**908**	**–**	**908**
Financial guarantee contracts	**207,041**	**–**	**207,041**
2020			
Trade and other payables	138	–	138
Financial guarantee contracts	175,481	–	175,481

In respect of derivative financial instruments as shown in Note 13 to the financial statements, the derivative liabilities are due within one financial year. Foreign currency forward contracts are settled on a gross basis while derivative cocoa bean contracts are settled on a net basis.

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages capital to ensure that the Group is able to continue as going concern and maintain an optimal capital structure so as to maximise shareholder value.

The Group is in compliance with externally imposed capital requirements which are the bank covenants in relation to the bank borrowings included in Note 14 to the financial statements and the requirements to maintain the statutory reserve, for the financial years ended 31 December 2021 and 2020.

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	
	2021	**2020**
	US$'000	**US$'000**
Bank borrowings	**207,424**	175,964
Total debt	**207,424**	175,964
Total equity	**166,865**	156,576
Gearing ratio	**1.24**	1.12

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

32. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of the current financial assets and current financial liabilities approximate their fair values as at the end of the reporting period due to the relatively short period of maturity of these financial instruments. The fair value of non-current borrowings approximately their carrying amounts as these borrowings are subject to floating interest rates.

The Group's derivative financial instruments (financial assets and financial liabilities) are carried at fair value and considered as Level 2 hierarchy fair value measurement for financial years ended 31 December 2021 and 2020.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Fair value hierarchy (Continued)

There were no transfers between levels during the financial year.

The derivative financial instruments are not traded in active market. The management determines the fair value of derivative financial instruments through the valuation based on brokers' quotations. The key inputs to the calculations are the cocoa bean and foreign exchange spot and forward rates.

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

33. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 March 2022, the Group made an announcement in relation to the Group's business in Russia and Ukraine as follows:

The Group does not have any physical assets situated in both Russia and Ukraine. In terms of revenue contributions, both countries jointly accounted for about 17% of the Group's 2021 revenue.

For the year 2022 and based on actual shipments delivered to-date and forward orders on hand, the revenue contribution is expected to be about 10% of the Group. Of which, the remaining undelivered contracts for year 2022 is about 7% of the Group's 2022 revenue target.

In Russia, the United States of America, the European Union and other countries have progressively imposed sanctions and restrictions targeting its financial system, its industries and Russian individuals who may have broad implications to the Group's business in Russia, the extent of which remains unclear at this point in time. Severe devaluation of the Russian Rouble and Ukrainian Hryvnia are noted and these currencies may continue to remain volatile. While the Central Bank of Russia is acting to stabilise its banking system, a number of Russian local banks, which are not included in the sanction list are continuing to operate and sustain the banking system.

The current raft of sanctions is aimed primarily at restricting the ability of the Russian Government to transact internationally, as well as limiting market access for certain sensitive sectors, such as Technology and Energy. The essential industries such as Food & Beverages that the Group operates in are not included in the restrictions, and are unlikely to face immediate demand destruction. However, the Group expects its business in Russia to be negatively impacted in the short term due to various factors such as the massive devaluation of the Russian Roubles and supply chain disruption from the war. The Group is actively assessing the conflict situation in Russia and Ukraine, and would continue to exercise caution, as well as adopt remedial measures to mitigate its impact.

In Ukraine, the Group is concerned for the safety and well-being of our agent and customers. The exposure relating to the outstanding receivables is not expected to have significant impact to the Group's financial performance. In view of the uncertain environment in Ukraine, the Group has temporarily halted sales related activities due to massive damage to public infrastructure and disruption to its supply chain.

On 5 March 2022, the Singapore Government announced sanctions against Russia in response to the Russia Ukraine conflict. The sanctions cover the financial measures targeting Russian banks, entities and activities in Russia, as well as export controls measures covering electronics, computers and defence related equipment. The Company is not a financial institution and the Group is not involved in any of the sanctioned business activities as described in the Annex to Ministry of Foreign Affair's statement. Accordingly, the sanctions should not have direct financial impact on the Group.

To the best of our knowledge, none of the Company's directors, executive officers and/or substantial shareholders are persons or entities identified as Sanctioned Subjects, nor are they engaged in identified activities, which are in violation of sanctions-related law or regulation, or controlled by any person, entity or government that is a Sanctioned Subject.

Barring any unforeseen turn of events in the volatile and constantly evolving situation, the Board and Audit Committee confirm that the Group has in place adequate and effective internal controls to monitor, address and mitigate sanction-related risks at the date of that announcement.

NOTES TO THE FINANCIAL STATEMENTS

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34. RECLASSIFICATION

During the financial year, the Group classified certain sales related direct logistics costs and administrative expenses to costs of sales to better reflect the nature of the transactions.

Accordingly, the prior year's comparative figures have been reclassified to enhance the comparability with current financial year's financial statement.

The line items have been amended in the statement of comprehensive income as set out below.

	As previously stated US$'000	Reclassification US$'000	As restated US$'000
Financial year ended 31 December 2020			
Cost of sales	368,599	5,322	373,921
Selling and distribution expenses	8,498	(4,063)	4,435
Administrative expenses	11,317	(1,259)	10,058

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

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	1.83	531	0.00
100 – 1,000	122	12.44	68,153	0.02
1,001 – 10,000	392	39.96	2,014,584	0.67
10,001 – 1,000,000	436	44.44	31,257,261	10.31
1,000,001 AND ABOVE	13	1.33	269,859,437	89.00
TOTAL	**981**	**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.	33,191,666	10.95
4	TENG NAM SENG	6,600,000	2.18
5	GOH LEE BENG	4,808,166	1.59
6	TEY HOW KEONG	3,813,367	1.26
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,713,300	0.89
8	PHILLIP SECURITIES PTE LTD	1,757,199	0.58
9	GOI SENG HUI	1,316,400	0.43
10	DBS NOMINEES (PRIVATE) LIMITED	1,315,341	0.43
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD.	1,181,600	0.39
12	MAYBANK SECURITIES PTE. LTD.	1,180,132	0.39
13	OCBC SECURITIES PRIVATE LIMITED	1,017,700	0.34
14	TAN PENG KIM	1,000,000	0.33
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	970,858	0.32
16	UOB KAY HIAN PRIVATE LIMITED	932,316	0.31
17	PEH TEIK SENG	840,000	0.28
18	TOH ONG TIAM	799,800	0.26
19	ABN AMRO CLEARING BANK N.V.	741,200	0.24
20	ONG TONG YANG @WONG TONG YANG	740,000	0.24
	TOTAL	**275,883,611**	**90.98**

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 31 March 2022, 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 16.01%. 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

SUBSTANTIAL SHAREHOLDERS

(AS AT 31 MARCH 2022)

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number 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]	3,813,367	1.26	138,030,000	45.52
Goh Lee Beng[5]	4,808,166	1.59	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]	1,316,400	0.43	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

JB FOODS LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on **Thursday, 28 April 2022** at **10:00 a.m.** to transact the following businesses as set out below.

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.jbcocoa.com/announcement/. A printed copy of this Notice will NOT be despatched to members.

ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Director's Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax-exempt (one-tier) cash dividend of 1.30 Singapore cents per ordinary share for the financial year ended 31 December 2021. **Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 98 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Dr Goi Seng Hui **Resolution 3**
   (b) Mr Chin Koon Yew **Resolution 4**

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

   Mr Chin Koon Yew will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of each of the Remuneration Committee and the Risk Committee, and a member of each of the Audit Committee and Nominating Committee.

4. That contingent upon the passing of Ordinary Resolution 4 above, and in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), shareholders to approve Mr Chin Koon Yew's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Chin Koon Yew's retirement or resignation as Director; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 6 below. **Resolution 5**

   [See Explanatory Note (i)]

5. That contingent upon the passing of Ordinary Resolution 5 above, and in accordance with Rule 210(5)(d)(iii) of the Listing Manual, shareholders (excluding directors, the chief executive officer, and their associates) to approve Mr Chin Koon Yew's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Chin Koon Yew's retirement or resignation as Director; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 5 above. **Resolution 6**

   [See Explanatory Note (i)]

6. To approve the payment of directors' fees of S$162,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears. **Resolution 7**

7. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

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

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESSES

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

ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES **Resolution 9**

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

(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;

NOTICE OF ANNUAL GENERAL MEETING

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(d) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (ii)]

10. **ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE JB FOODS EMPLOYEE SHARE OPTION SCHEME 2014** **Resolution 10**

That the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the rules of the JB Foods Employee Share Option Scheme 2014 (the "**Option Scheme**") pursuant to Section 161 of the Companies Act 1967, and to deliver existing Shares (including treasury shares, if any) and to allot and issue and/or transfer from time to time such number of fully paid-up Shares in the capital of the Company as may be required to be allotted and issued and/or transferred pursuant to the exercise of the Options under the Option Scheme, provided always that:

(i) the aggregate number of Shares over which the Company may grant Options on any date (including the number of Shares which have been and to be issued upon the exercise of the Options in respect of all Options granted under the Option Scheme) shall not exceed fifteen per cent. (15%) of the total number of Shares of the Company (excluding treasury shares) on the day preceding that date; and

(ii) the aggregate number of Shares to be offered to certain participants collectively and individually during the duration of the Option Scheme (subject to adjustments, if any, made under the Option Scheme) shall not exceed such limits or, as the case may be, sub-limits as may be prescribed in the Option Scheme.

By Order of the Board
Ong Beng Hong
Joint Company Secretary
13 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 April 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2022" which has been uploaded together with this Notice on SGXNet on the same day. This announcement may also be accessed at the URL https://www.jbcocoa.com/announcement/.

In particular, the Annual General Meeting will be held by way of electronic means and a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.00 a.m. on 25 April 2022, at the URL https://conveneagm.com/sg/jbfoods2022. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Annual General Meeting by 27 April 2022. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the Annual General Meeting. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed.

A member may also submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 10 a.m. on 21 April 2022:

(a) via the pre-registration website at the URL https://conveneagm.com/sg/jbfoods2022;

(b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898; or

(c) by email to JBFAGM2022@jbcocoa.com.

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

(a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

(b) the member's NRIC/Passport/UEN number;

(c) the member's contact number and email address; and

(d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will endeavour to address all relevant questions at least 48 hours prior to the closing date and time for the lodgement of the proxy forms, and subsequent to the AGM, will also post the minutes of the AGM proceedings on SGXNet.

Please note that members will not be able to ask questions at the Annual General Meeting "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the Annual General Meeting.

(2) **A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.** In appointing the Chairman of the Annual General Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://www.jbcocoa.com/announcement/ and has also been made available on SGXNet.

(3) The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the Annual General Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

(a) if sent personally or by post, be deposited at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898;

(b) if submitted by email, to JBFAGM2022@jbcocoa.com; or

(c) if submitted through the Company's pre-registration website, at the URL https://conveneagm.com/sg/jbfoods2022

in either case, not less than 72 hours before the time for holding the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy (other than via the pre-registration website) must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email or through the pre-registration website at the URL: https://conveneagm.com/sg/jbfoods2022.

(4) The instrument appointing the Chairman of the Annual General Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Annual General Meeting as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney or, if submitted electronically via the online process through the pre-registration website which is accessible from the URL: https://conveneagm.com/sg/jbfoods2022 be authorised via the online process through the website.

NOTICE OF ANNUAL GENERAL MEETING

(5) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Annual General Meeting as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

(6) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS investors, and who wish to participate in the Annual General Meeting ("**Relevant Intermediary Participants**") by (a) observing and/or listening to the Annual General Meeting proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the Annual General Meeting in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the Annual General Meeting as proxy to attend, speak and vote on their behalf at the Annual General Meeting, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the Annual General Meeting. CPF or SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 18 April 2022.

(7) The Annual Report for the financial year ended 31 December 2021 may be accessed at the Company's website at the URL https://www.jbcocoa.com/annual-report/ under "JB Foods Limited Annual Report 2021". The Annual Report has also been made available on SGXNet.

Explanatory Notes:

(i) Ordinary Resolutions 5 and 6 in items 4 and 5 above – Pursuant to Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independence designation of a Director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Chin Koon Yew's continued appointment as an Independent Director, as he would have served for more than 9 years on the Board of the Company from 18 February 2023. Rule 210(5)(d)(iii) provides that continued appointment as Independent Director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding Directors, the Chief Executive Officer, and their associates.

(ii) The Ordinary Resolution 9, if passed, will empower the Directors from the date of this Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, or when revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum as set out in the resolution.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), the publication of the names and comments of the members at the Annual General Meeting and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chua Cheow Khoon Michael and Mr Tey How Keong are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2022 ("**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 CHIN KOON YEW	DR GOI SENG HUI
Date of Appointment	18 February 2014	1 March 2013
Dates of last re-appointment	23 June 2020 25 April 2017 30 April 2014	30 April 2019 26 April 2016 26 April 2013
Age	66	75
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Chin Koon Yew for re-appointment as Independent Director, Chairman of each of Remuneration Committee and the Risk Committee and a member of each of the Audit Committee and the Nominating Committee. The Board has reviewed and concluded that Mr Chin Koon Yew possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees. Mr Chin Koon Yew is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr 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 Mr 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	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of each of the Remuneration Committee and the Risk Committee and a member of each of the Audit Committee and the Nominating Committee.	Non-Independent, Non-Executive Director, Vice Chairman and member and a member each of the Audit Committee and Risk Committee.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHIN KOON YEW	DR GOI SENG HUI
Professional qualifications	Certified Chartered Accountant from Association of Chartered Certified Accountant (1980) Master of Business Administration from Henley-Brunel University, UK (1996)	Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA (1988) Honorary Doctorate from Singapore University of Technology and Design
Working experience and occupation(s) during the past 10 years	Group Chief Financial Officer of Petra Foods Limited (2001 to 2013)	Secondary
Shareholding interest in the Company and its subsidiaries	632,000 shares	74,250,76 shares (1,316,400 direct; 72,934,366 deemed)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	No	Shareholder of Tee Yih Jia Food Manufacturing Pte Ltd, a substantial shareholder of the Company
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes
Other Principal Commitments* Including Directorships (for the last 5 years) *"Principal Commitments" has the same meaning as defined in the Code.	Past (for the past 5 years): N/A Present: N/A	Past (for the past 5 years): Super Group Ltd (delisted with effect from 6 June 2017) Present: Envictus International Holdings Limited Tung Lok Restaurants (2000) Ltd GSH Corporation Limited Hanwell Holdings Limited Tat Seng Packaging Group Ltd
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	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR CHIN KOON YEW	DR GOI SENG HUI
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR CHIN KOON YEW	DR GOI SENG HUI
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHIN KOON YEW	DR GOI SENG HUI
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Prior Experience		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. 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).	N/A	N/A

JB FOODS LIMITED

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

PROXY FORM

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.jbcocoa.com/announcement/. A printed copy of this form of proxy will NOT be despatched to members.

IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 April 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2022" which has been uploaded together with the Notice of Annual General Meeting dated 13 April 2022 on SGXNet on the same day. This announcement may also be accessed at the URL https://www.jbcocoa.com/announcement/.
2. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 18 April 2022.

*I/We ______________________ (Name) ______________________ (NRIC/Passport/UEN No.)

of ____ (Address)

being a *member/members of JB FOODS LIMITED (the "Company"), hereby appoint the Chairman of the Annual General Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held by way of electronic means on Thursday, 28 April 2022 at 10:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against and/or abstain from voting on the Resolutions to be proposed at the Annual General Meeting as indicated hereunder.

Resolution No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*	No. of Votes Abstaining*
1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021, the Directors' Statement and the Auditors' Report thereon.			
2	To declare a final tax-exempt (one-tier) cash dividend of 1.30 Singapore cents per ordinary share for the financial year ended 31 December 2021.			
3	To re-elect Dr Goi Seng Hui as a Director retiring under Article 98 of the Company's Constitution.			
4	To re-elect Mr Chin Koon Yew as a Director retiring under Article 98 of the Company's Constitution.			
5	Approval of Mr Chin Koon Yew's continued appointment as an Independent Director in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").			
6	Approval of Mr Chin Koon Yew's continued appointment as an Independent Director by shareholders (excluding directors, chief executive officer, and their associates) in accordance with Rule 210(5)(d)(iii) of the Listing Manual.			
7	To approve Directors' fees of S$162,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears.			
8	To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration.			
9	To approve the proposed share issue mandate.			
10	To approve the proposed grant of authority to allot and issue shares under the JB Foods Employee Share Option Scheme 2014.			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.

Dated this ________ day of ______________ 2022.

Total Number of Ordinary Shares Held	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company.

3. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 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.

4. The Proxy Form must be submitted to the Company in the following manner:

   (a) if sent personally or by post, be deposited at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898;

   (b) if submitted by email, to JBFAGM2022@jbcocoa.com; or

   (c) if submitted through the Company's pre-registration website, at the URL https://conveneagm.com/sg/jbfoods2022

   in either case, not less than 72 hours before the time for holding the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy (other than via the pre-registration website) must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email or through the pre-registration website at the URL: https://conveneagm.com/sg/jbfoods2022.

5. If sent personally or by post, the instrument appointing the Chairman of the Annual General Meeting as proxy of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the Chairman of the Annual General Meeting as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

   Where an instrument appointing the Chairman of the Annual General Meeting as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email,

   If submitted via the online process through the pre-registration website, accessible from the URL https://conveneagm.com/sg/jbfoods2022, be authorised via the online process through the website.

6. Where an instrument appointing the Chairman of the Annual General Meeting as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Annual General Meeting as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

JB FOODS LIMITED
(Company Registration No : 201200268D)
80 Robinson Road #17-02
Singapore 068898
www.jbcocoa.com