



**JB FOODS LIMITED**

(Incorporated in the Republic of Singapore on 3 January 2012)  
(Company Registration No. 201200268D)

Unaudited Financial Statements and Dividend Announcement  
For the Half Year Ended 30 June 2020

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (1Q, 2Q, 3Q & 4Q), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	Half Yearly ended		Increase/ (decrease)
	30 June 2020	30 June 2019	
	USD'000	USD'000	%
<b>Revenue</b>	208,826	159,353	31.0
Cost of sales	(182,608)	(133,911)	(36.4)
<b>Gross profit</b>	26,218	25,442	3.1
<b>Other items of income</b>			
Interest income	29	42	(31.0)
Other (losses)/gains, net	(1,411)	31	N.A
<b>Other items of expenses</b>			
Selling and distribution expenses	(4,126)	(2,625)	(57.2)
Administrative expenses	(5,455)	(4,541)	(20.1)
Finance costs	(2,835)	(2,125)	(33.4)
<b>Profit before income tax</b>	12,420	16,224	(23.4)
Income tax expense	(2,001)	(2,796)	28.4
<b>Profit for the period</b>	10,419	13,428	(22.4)
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	(149)	12	N.A
<b>Total comprehensive income for the period</b>	10,270	13,440	(23.6)
<b>Profit attributable to:</b>			
Owners of the parent	10,419	13,428	(22.4)
Non-controlling interest	-	-	-
	10,419	13,428	(22.4)
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	10,270	13,440	(23.6)
Non-controlling interest	-	-	-
	10,270	13,440	(23.6)
<b>EBITDA</b>	18,762	21,195	(11.5)

n.m. - Not meaningful



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1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Profit before income tax is arrived after charging/(crediting) the following:

	The Group		
	Half Yearly ended		Increase/ (decrease)
	30 June 2020	30 June 2019	
	USD'000	USD'000	%
Amortisation of intangible assets	(73)	(70)	(4.3)
Amortisation of prepaid lease payment	-	(107)	n.m
Amortisation of land use rights	-	(13)	n.m
Amortisation of deferred capital grant	8	6	33.3
Amortisation of right-of-use assets	(154)	-	n.m
Depreciation of investment property	(140)	(30)	(366.7)
Depreciation of property, plant and equipment	(3,148)	(2,632)	(19.6)
Foreign exchange loss, net	(2,540)	(294)	(763.9)
Loss on disposal of plant & equipment	(28)	(248)	88.7
Fair value (loss)/gain on derivative financial instruments, net	(2,160)	730	n.m
Realised gain on cocoa bean derivative contract, net	908	384	136.5

n.m. - Not Meaningful



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**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediate preceding financial year.**

	Group		Company	
	30-June-20 USD'000	31-Dec-19 USD'000	30-June-20 USD'000	31-Dec-19 USD'000
<b>Non-current assets</b>				
Intangible assets	139	225	-	-
Investment properties	12,429	12,539	-	-
Property, plant and equipment	82,228	80,493	-	-
Right-of-use assets	2,407	2,533	-	-
Investments in subsidiaries	-	-	103,408	103,408
Deferred tax assets	126	128	-	-
	<u>97,329</u>	<u>95,918</u>	<u>103,408</u>	<u>103,408</u>
<b>Current assets</b>				
Inventories	152,660	181,100	-	-
Trade and other receivables	53,952	65,437	7,412	7,588
Prepayments	658	653	1	7
Derivative financial instruments	872	3,781	-	-
Current Income tax recoverable	1,614	1,116	-	-
Cash and cash equivalents	23,435	16,594	10	9
	<u>233,191</u>	<u>268,681</u>	<u>7,423</u>	<u>7,604</u>
<b>Current liabilities</b>				
Trade and other payables	25,954	38,582	3,912	82
Lease liabilities	10	30	-	-
Derivative financial instruments	2,023	2,772	-	-
Bank borrowings	139,542	170,005	-	-
Current income tax payable	2,832	1,929	-	2
	<u>170,361</u>	<u>213,318</u>	<u>3,912</u>	<u>84</u>
Net current assets	<u>62,830</u>	<u>55,363</u>	<u>3,511</u>	<u>7,520</u>
<b>Non-current liabilities</b>				
Bank borrowings	5,991	3,523	-	-
Deferred capital grant	458	470	-	-
Provision for post-employment benefits	455	455	-	-
Deferred tax liabilities	5,419	5,419	-	-
	<u>12,323</u>	<u>9,867</u>	<u>-</u>	<u>-</u>
Net assets	<u>147,836</u>	<u>141,414</u>	<u>106,919</u>	<u>110,928</u>
<b>EQUITY</b>				
Share capital	113,963	113,963	113,963	113,963
Other reserves	(33,205)	(33,056)	(8,458)	(8,458)
Retained earnings	67,068	60,497	1,414	5,423
Equity attributable to owners of the parent	<u>147,826</u>	<u>141,404</u>	<u>106,919</u>	<u>110,928</u>
Non-controlling interest	10	10	-	-
<b>Total equity</b>	<u>147,836</u>	<u>141,414</u>	<u>106,919</u>	<u>110,928</u>



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1(b)(ii) In relation to the aggregate amount of the group’s borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at	
	30-June-20	31-Dec-19
	USD'000	USD'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	333	333
- Unsecured	139,209	169,672
	<u>139,542</u>	<u>170,005</u>
<b>Amount repayable after one year</b>		
- Secured	1,413	1,595
- Unsecured	4,578	1,928
	<u>5,991</u>	<u>3,523</u>

Details of collateral

Certain borrowings were secured by the Group’s land and building.



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1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	Half Year ended 30 June	
	2020	2019
	USD'000	USD'000
<b>Operating Activities</b>		
Profit before tax	12,420	16,224
Adjustments for:-		
Amortisation of intangible asset	73	70
Amortisation of prepaid lease payment	-	107
Amortisation of land use rights	-	13
Amortisation of right-of-use assets	154	-
Amortisation of deferred capital grant	(8)	(6)
Depreciation of investment property	140	30
Depreciation of property, plant & equipment	3,148	2,632
Gain on disposal of intangible assets	(3)	(50)
Loss on disposal of plant and equipment	28	248
Net fair value loss/(gain) on derivative financial instruments	2,160	(730)
Interest expenses	2,835	2,125
Interest income	(29)	(42)
<b>Operating cash flows before working capital changes</b>	20,918	20,621
<b>Changes in working capital:</b>		
Inventories	28,440	(3,042)
Trade and other receivables	11,485	(7,986)
Prepayment	(5)	(141)
Trade and other payables	(16,437)	(20,265)
<b>Cash generated from/(used in) operations</b>	44,401	(10,813)
Income tax paid	(1,474)	(1,676)
<b>Net cash from/(used in) operating activities</b>	42,927	(12,489)
<b>Investing activities</b>		
Purchase of property, plant & equipment	(4,998)	(13,239)
Purchase of intangible assets	-	(48)
Additions to investment properties	(22)	(2,827)
Proceed from disposal of plant & equipment	36	8
Proceed from disposal of intangible assets	-	50
Interest received	29	42
<b>Net cash used in investing activities</b>	(4,955)	(16,014)
<b>Financing activities</b>		
Drawdown of bank borrowings	231,737	145,342
Repayment of bank borrowings	(259,732)	(113,887)
Dividend paid on ordinary shares	-	(4,472)
Repayment of obligation under leases	(67)	-
Interest paid	(2,835)	(2,125)
<b>Net cash (used in)/from financing activities</b>	(30,897)	24,858



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	GROUP	
	Half Year ended 30	
	June	
	2020	2019
	USD'000	USD'000
Net change in cash and cash equivalents	7,075	(3,645)
Cash and cash equivalent at the beginning of the financial period	16,594	13,416
Effect of exchange rate changes on cash and cash equivalents	(234)	-
Cash and cash equivalents at end of financial period	<u>23,435</u>	<u>9,771</u>



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>GROUP</u>	Share capital USD'000	Merger reserves USD'000	Statutory Reserves USD'000	Foreign currency translation reserves USD'000	Retained profits USD'000	Equity attributable to the owners of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
<b>Balance as at 1 January 2020</b>	113,963	(25,472)	54	(7,638)	60,497	141,404	10	141,414
Profit for the financial period	-	-	-	-	10,419	10,419	-	10,419
Other comprehensive income for the financial period								
Foreign currency translation differences, net of tax	-	-	-	(149)	-	(149)	-	(149)
Total comprehensive income for the financial period	-	-	-	(149)	10,419	10,270	-	10,270
Contribution by and distribution owners								
Dividends on ordinary shares	-	-	-	-	(3,848)	(3,848)	-	(3,848)
<b>Balance as at 30 June 2020</b>	<b>113,963</b>	<b>(25,472)</b>	<b>54</b>	<b>(7,787)</b>	<b>67,068</b>	<b>147,826</b>	<b>10</b>	<b>147,836</b>
<b>Balance as at 1 January 2019</b>	<b>113,963</b>	<b>(25,472)</b>	<b>27</b>	<b>(7,502)</b>	<b>41,051</b>	<b>122,067</b>	<b>10</b>	<b>122,077</b>
Profit for the financial period	-	-	-	-	13,428	13,428	-	13,428
Other comprehensive income for the financial period								
Foreign currency translation differences, net of tax	-	-	-	12	-	12	-	12
Total comprehensive income for the financial period	-	-	-	12	13,428	13,440	-	13,440
Contribution by and distribution owners								
Dividends on ordinary shares	-	-	-	-	(4,472)	(4,472)	-	(4,472)
<b>Balance as at 30 June 2019</b>	<b>113,963</b>	<b>(25,472)</b>	<b>27</b>	<b>(7,490)</b>	<b>50,007</b>	<b>131,035</b>	<b>10</b>	<b>131,045</b>



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>COMPANY</u>	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2020	113,963	5,423	(8,458)	110,928
Loss for the period, representing total comprehensive income for the period	-	(161)	-	(161)
Dividends on ordinary shares	-	(3,848)	-	(3,848)
<b>Balance as at 30 June 2020</b>	<b>113,963</b>	<b>1,414</b>	<b>(8,458)</b>	<b>106,919</b>
Balance as at 1 January 2019	113,963	5,630	(8,458)	111,135
Loss for the period, representing total comprehensive income for the period	-	(165)	-	(165)
<b>Contribution by and distribution owners</b>				
Issuance of ordinary shares, net	-	(4,472)	-	(4,472)
<b>Balance as at 30 June 2019</b>	<b>113,963</b>	<b>993</b>	<b>(8,458)</b>	<b>106,498</b>

1(d)(ii) Details of any changes in the company’s share capital arising from right issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no new shares issued in the first half year ended 30 June 2020.

There were no outstanding convertibles or treasury shares held as at 30 June 2020 and 30 June 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	30-Jun-20	31-Dec-19
<b>Company</b>	No of shares	No of shares
Total number of issued shares ('000)	<u>303,200</u>	<u>303,200</u>

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.





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- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed.

- 3. Whether the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:–

- (a) Updates on the efforts taken to resolve each outstanding audit issue; and
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2019.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	Half Year ended 30 June 2020	2019
Profit attributable to owners of the parent (USD’000)	10,419	13,428
Aggregated weighted average number of ordinary shares (‘000)	303,200	303,200
Basic and diluted EPS based on aggregated weighted average number of ordinary shares <sup>(1)</sup> <sup>(2)</sup> (USD cents)	3.44	4.43

**Notes:**

- (1) The calculation for the basic and diluted EPS for the respective financial periods is based on the aggregated weighted average number of ordinary shares in issue in the respective financial periods.
- (2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.



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- 7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
  - (a) **current financial period reported on; and**
  - (b) **immediately preceding financial year.**

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share based on issued share capital - (USD cents)	48.76	46.64	35.26	36.59

The net asset per share for the Group as at 30 June 2020 and 31 December 2019 have been calculated based on the issued share capital of 303,199,966 shares.

- 8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-**
  - (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of the Statement of Comprehensive Income**

**1H2020 vs 1H2019**

The Group’s revenue increased by USD49.4million or 31.0% from USD159.4million for the half year ended 30 June 2019 (“1H2019”) to USD208.8million for the half year ended 30 June 2020 (“1H2020”) mainly due to higher shipment volume for cocoa ingredients, and the increase in the average selling prices of the cocoa ingredients due to the increase in the cocoa bean price. The lower utilization of the factory processing capacity has led to the increase in the fixed direct overhead, such as depreciation and warehousing storage costs, and therefore resulting lower gross profit margin in 1H2020 as compared 1H2019. Correspondingly, the Group’s gross profit only increased by USD0.8million or 3.1% from USD25.4million in 1H2019 to USD26.2million in 1H2020.

Other losses (net) of USD1.4million in 1H2020 mainly due to higher foreign exchange losses incurred in 1H2020 arising from the depreciation of the British Pound Sterling (“GBP”) for the Group’s trade receivables denominated in GBP.

Selling and distribution expenses increased by USD1.5million or 57.2% from USD2.6million in 1H2019 to USD4.1million in 1H2020, mainly due to higher warehouse storage costs for the finished goods, higher export freight and handling cost incurred as a result of higher product shipment volume.

Administrative expenses increased by USD0.9million or 20.1% from USD4.5million in 1H2019 to USD5.4million 1H2020, mainly due to an increase in the Group’s middle management headcount, higher payroll cost and increased in the Group’s depreciation in 1H2020.

Finance cost increased by USD0.7million or 33.4% from USD2.1million in 1H2019 to USD2.8million in 1H2020, mainly due to higher drawdown of trade bills facilities arising from the higher inventories maintained in 1H2020 as a result from the delay in the customer shipment amid Covid-19.

As a result of the above, the Group registered a profit after tax of USD10.4million in 1H2020.



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### **Review of Statement of Financial Position**

#### **30 June 2020 vs 31 December 2019**

The Group's non-current assets increased by USD1.4million or 1.5% from USD95.9million as at 31 December 2019 to USD97.3million as at 30 June 2020, mainly due to capital expenditure incurred in plant and equipment amounting USD5.0million, partially offset by the depreciation charge of USD3.3million on property, plant and equipment.

The Group's current assets decreased by USD35.5million or 13.2% from USD268.7million as at 31 December 2019 to USD233.2million as at 30 June 2020, mainly due to the decrease in inventories, trade and other receivables and derivative financial instruments of USD28.4million, USD11.5million and USD2.9million respectively, and partially offset by an increase in cash and cash equivalent of USD6.8million.

The Group's current liabilities decreased by USD42.9million or 20.1%, from USD213.3million as at 31 December 2019 to USD170.4million as at 30 June 2020, mainly due to the decrease in trade and other payables and repayment of the bank borrowings of USD12.6million and USD30.5million respectively.

The Group's non-current liabilities increased by USD2.4million or 24.9% from USD9.9million as at 31 December 2019 to USD12.3million as at 30 June 2020, mainly due to increase in long-term bank borrowings of USD2.5million.

The Group's equity attributable to owners of the parent increased by USD6.4million or 4.5% from USD141.4million as at 31 December 2019 to USD147.8million as at 30 June 2020, mainly due to profit generated in 1H2020, partially offset with dividend of USD3.8million.

### **Review of Statement of Cash Flows**

The Group's cash and cash equivalent increased by USD7.0million in 1H2020, due to net cash inflows from operating activities of USD42.9million, partially offset by net outflow from investing activities and financing activities of USD5.0million and USD30.9million respectively.

The net cash from operating activities of USD42.9million in 1H2020 was mainly attributable to:

- a) Positive operating cash flows of USD20.9million;
- b) Net cash inflows in inventories, trade and other receivables of USD28.4million and USD11.5million respectively;
- c) Net cash outflows in trade and other payables of USD16.4million; and
- d) Income tax paid of USD1.5million

The net cash used in investing activities of USD5.0million was mainly due to the capital expenditure incurred in the purchase of plant and equipment.

The net cash used in financing activities of USD30.9million was mainly due net repayment of bank borrowings of USD28.0million and interest of USD2.8million.



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**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In addition to the global economic uncertainties from trade tensions, the Group notes that the outbreak of COVID-19 and lockdown control measures in many countries has led to a slowdown in global consumption and demand for cocoa ingredients. Customer sentiments remain cautious.

The recent imposition of the USD 400 Living Income Differential in Ivory Coast and Ghana has dampened market sentiments further and resulted in higher cocoa bean costs. This will affect the processing margin of the Group if we are unable to pass on this additional cost to the customers.

The Group will closely monitor the developments in the industry, including the potential effects of the outbreak of COVID-19 and take prudent measures in executing our strategy. However, the Group believes the cocoa consumption environment will continue to be supported by robust economies and the growing middle-income classes over the long term.

The Group will make the appropriate further announcement(s) as and when there is any material financial impact to the Group.

**11. Dividend**

**(a) Current Financial Period Reported On**

Name of dividend	Interim
Dividend type	Cash
Dividend per share (in Singapore cents)	0.50 Singapore cents per share

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of dividend	Interim
Dividend type	Cash
Dividend per share (in Singapore cents)	1.00 Singapore cents per share

**(c) Date Payable**

The date payable for the proposed interim cash dividend will be on or about 25 September 2020.

**(d) Record Date**

The record date for the proposed interim cash dividend will be on 11 September 2020.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.



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13. If the Group has obtained a general mandate from Shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for IPTs. The Company has the following related person transactions with a related person who is not an “interested person” as defined in Chapter 9 of the listing manual.

Name of Interested/Related Person	Aggregate value of all Interested/related person transactions during the financial year under review (exclude transactions less than S\$100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920)
	6 months 2020
	USD’000
<b>Guan Chong Cocoa Manufacturer Sdn Bhd</b>	
- Purchase of cocoa ingredients	669
- Sales of cocoa ingredients	88
<b>GCB Cocoa Singapore Pte Ltd</b>	
- Purchase of cocoa ingredients	1,798

14. **Negative confirmation pursuant to Rule 705 (5)**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial results for the six months period ended 30 June 2020 to be false or misleading in any material aspect.

15. **Confirmation pursuant to Rule 720 (1)**

The Group has procured undertakings from all its directors and executive officers.

By Order of the Board

Tey How Keong  
Chief Executive Officer and Executive Director  
13 August 2020

Goh Lee Beng  
Executive Director