



— ONE OF THE —  
**MAJOR**  
**COCOA**  
**INGREDIENT**  
**PRODUCERS**  
 — IN MALAYSIA —



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

Invitation in respect of 100,000,000 Shares comprising 84,000,000 New Shares and 16,000,000 Vendor Shares as follows:

- (1) 3,000,000 Offer Shares at S\$0.30 each by way of public offer; and
- (2) 97,000,000 Placement Shares at S\$0.30 each by way of placement payable in full on application.

PROSPECTUS DATED 13 JULY 2012  
 (Registered by the Monetary Authority of Singapore on 13 July 2012)

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser.**

We have made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of JB Foods Limited (the "Company") already issued including the Vendor Shares (as defined herein) and the new Shares (the "New Shares") which form part of this Invitation (as defined herein). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. **The dealing in, and quotation of our Shares will be in Singapore dollars.**

Acceptance of applications will be conditional upon, amongst others, permission being granted by the SGX-ST to deal in, and for quotation of all of our existing issued Shares (including the Vendor Shares) and the New Shares. If the completion of the Invitation does not occur because such permission is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you, subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents (as defined herein).

The SGX-ST assumes no responsibility for the correctness of any of the statements made, or opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiary, our Shares (including the Vendor Shares) and the New Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Cap 289) of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares including the Vendor Shares and the New Shares, as the case may be, being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

**INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS PROSPECTUS.**

**No shares shall be allotted and/or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.**

**JOINT ISSUE MANAGERS, UNDERWRITERS  
 AND PLACEMENT AGENTS**



(A member of the AmInvestment Bank Group)

**AmFRASER SECURITIES PTE. LTD.**  
 (Incorporated in the Republic of Singapore)  
 (Company Registration No.: 195500144H)



**CANACCORD GENUITY SINGAPORE PTE. LTD.**  
 (Incorporated in the Republic of Singapore)  
 (Company Registration No.: 200713620D)



## CORPORATE PROFILE



Founded in the 1980s, we started as a processor of wet cocoa beans to dry cocoa beans. Today, we are one of the major cocoa ingredient producers in Malaysia, with a production capacity of 60,000 tonnes of cocoa bean equivalent per year. In FY2010, our market share in Malaysia, based on revenue was 13.3%<sup>1</sup>, computed as a percentage of JB Cocoa's revenue over the total revenue of all the cocoa processing companies in Malaysia with cocoa grinding licenses.

Our principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake. Cocoa powder and cocoa butter are our two (2) key products that comprised more than 90.0% of our revenue for the Period Under Review.

In 2003, we completed the construction of our cocoa processing plant at the Port of Tanjung Pelepas ("PTP"), a free trade zone in Johor Bahru, Malaysia. Our production facility has also received a number of accolades and certifications which include ISO 9001:2008 certification, HACCP certification, Kosher and Pareve certification,

Halal certification, Best Cocoa Grinder Award 2010, and a certificate of appreciation for being the finalist of the Malaysian Commodities Industry Award 2011 for Best Manufacturing Factory.

All our products are manufactured under stringent food safety standards and sold primarily under the "JBCocoa" brand name. We export our products worldwide to customers ranging from international trade houses to end users such as food and beverage and confectionery manufacturers. These include Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Nestlé Philippines, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Godrej Hershey Ltd. and Arcor Saic.

In FY2010, our cocoa bean processing accounted for 14.6%<sup>1</sup> of the total cocoa beans processed in Malaysia.

<sup>1</sup> Extracted from the "Independent Market Research Report on the Cocoa Processing Industry" as disclosed under the section entitled "Industry Overview" of this Prospectus.



## OUR PRODUCTS

### COCOA BUTTER

We produce natural, deodorised or partially deodorised cocoa butter. Cocoa butter is also mainly used in the production of chocolates.

### COCOA POWDER

We produce a wide range of cocoa powder with varying pH value, application and fat content. Cocoa powder is mostly used to make cocoa beverages and as flavourings and coatings in the manufacture of food and beverage and confectionery products.

We also have the capabilities to customise recipes for cocoa powder based on customer specifications such as producing specific taste and appearance.

### COCOA LIQUOR

By carefully blending the cocoa beans from different origins and through the precise control of parameters such as temperature, pressure and humidity during the alkalisating and roasting process, we are able to enhance the taste, flavour and appearance of cocoa liquor. Our main customers for cocoa liquor are chocolate manufacturing companies.

Cocoa liquor can be pressed to produce cocoa butter and cocoa cake.

### COCOA CAKE

We sell cocoa cake to international trade houses or cocoa powder millers to be refined into cocoa powder. However, majority of our cocoa cakes are further processed to produce cocoa powder.

# COMPETITIVE STRENGTHS

## We place high priority on product quality and on our manufacturing processes

- We are committed and place high priority on product quality to ensure our customers receive quality cocoa ingredient products which meet or exceed their requirements.
- We also have a quality management system and quality assurance program, which are certified ISO 9001:2008 and HACCP respectively. In addition, our Group has obtained Kosher and Pareve certification for our products produced at our processing plant in PTP and has also obtained Halal certification for our products manufactured at our processing plant in PTP.
- We also have quality control laboratories.

## We have an experienced management team

- Our Group is led by an experienced and dedicated management team spearheaded by our CEO. Our Executive Directors have collectively over 45 years of experience in the cocoa industry.
- 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.

## We have existing product development capabilities

- We believe that our operations, quality assurance, development, sales and marketing departments have over the years established technical and product development expertise.
- We are able to provide customisation of cocoa ingredient products, in particular, cocoa powder, to fulfill the varied requirements of our customers.
- Technicians in our operations department together with our product development and process improvement team are able to develop production techniques and process control systems to improve quality and optimise capacity and efficiency of our production facility.

## We have a wide customer base and long term relationships with customers and suppliers

- Our Group has developed a marketing and distribution operation with a wide network to serve our end customers worldwide.
- We have built long term relationships with our customers based on our track record of providing quality products and services.
- We believe that good working relationship with reliable suppliers is important to ensure that the delivery of our cocoa beans supplies is always on time and of good quality.

## We are strategically located within a free trade zone in Malaysia

- Our production facility is situated within PTP, which is a strategic logistic hub within a free trade zone in Malaysia.
- This reduces the travel time by road between our plant to the port which allows us to significantly reduce land logistics costs to and from the port. We are also able to closely monitor our containers prior to the loading onto vessels for its onward journey to other ports.



# BUSINESS STRATEGIES AND FUTURE PLANS

## We intend to expand our production capacity and facilities

- We operated at approximately 98.4% of our production capacity in FY2011, and we have observed an increase in demand of our products from Asia and Eastern Europe and we expect this trend to continue, barring unforeseen circumstances.
- We intend to increase our production capacity both through optimisation and enhancements to our existing facility in PTP and through investments in new facilities.
- Over the next two (2) years, we intend to increase the capacity of our PTP plant from 60,000 tonnes to approximately 85,000 tonnes of cocoa bean equivalent per year.
- We have been granted call options to acquire equity interests in PT Koko (a cocoa liquor processing facility in Maspion Industrial Estate in Gresik, Indonesia) and Kakao GmbH (a cocoa butter melting, deodorising and warehouse facility in Valluhn-Gallin, Germany). The construction of both facilities is expected to be completed by the second half of 2013.

## We intend to further enhance our product development capability

- We intend to set up a new product development, process improvement and product applications laboratory which will enable us to improve our understanding of our customers' requirements and to better serve our customers in terms of provision of technical support and solutions to increase the application of our products.

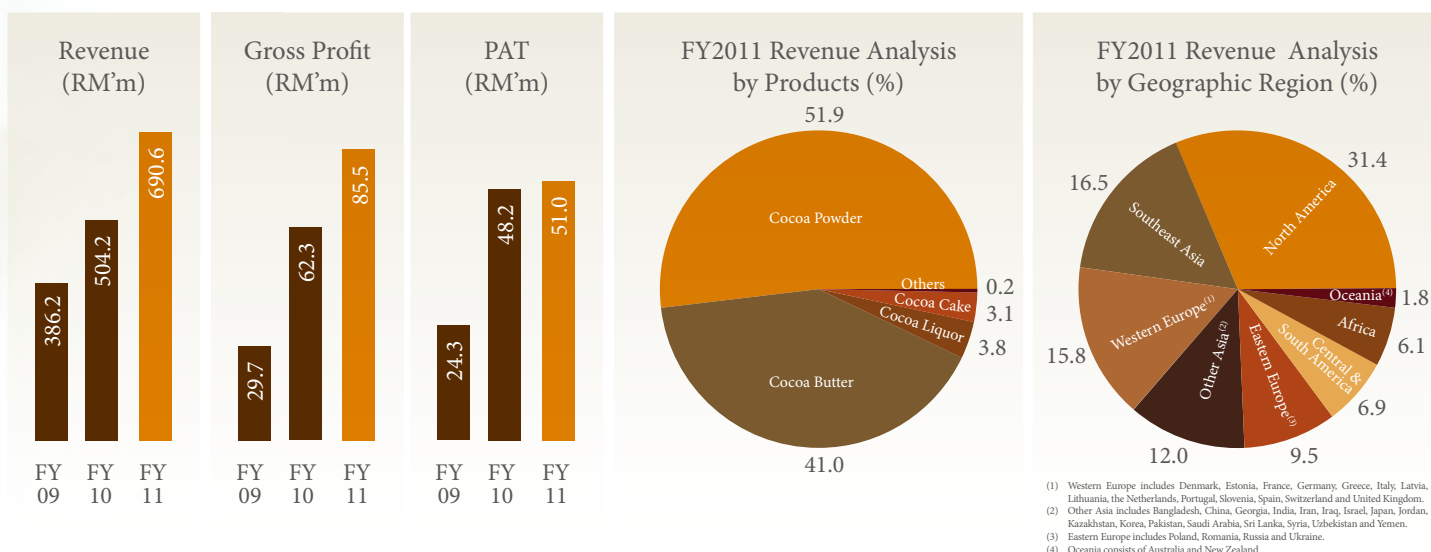
## We intend to enhance our marketing initiatives

- We intend to enhance our marketing initiatives to ensure an adequate demand for our products, especially in fast growing geographical areas such as Asia and Eastern Europe.

## We intend to expand through acquisitions, joint ventures and/or strategic alliances

- In addition to growing organically, we may consider expanding our business through acquisitions, joint ventures or strategic alliances with parties who create synergistic values with our existing business.

# FINANCIAL HIGHLIGHTS



## INDUSTRY OVERVIEW<sup>2</sup>

### Demand dependencies drivers

- The CAGR for global cocoa consumption from 2001/02 to 2009/10 was 2.6% and chocolate has been an important comfort food in many cultures especially in Europe and the Americas.
- Better processing techniques and higher product development driven by the foods industry had resulted in the increase in demand for cocoa powder. The growth in this product segment is driven by emerging markets in China, India and Southeast Asia.

### Cocoa processing industry size

- Malaysia's cocoa grinding industry had shown healthy growth with a CAGR of 4.7% for grinding volume from 2004 to 2010.
- In 2010/11 cocoa year, the grinding industry in Malaysia processed an estimated 300.0 kT of cocoa beans or 7.8% of the global grinding volume, which is the fifth highest in the world after the Netherlands, Germany, United States and Cote D'Ivoire.

### Cocoa ingredient export by revenue

- Malaysia is a net exporter of cocoa ingredient products. In 2010, the cocoa ingredient export revenue for Malaysia was approximately RM3.6 billion, a 27.1% growth from the previous year.
- The cocoa ingredient export revenue for Malaysia experienced significant growth during 2001 to 2008 with CAGR at 28.8%, as a result of increased grinding activities and higher average price per volume of the cocoa ingredient products.

### Outlook and prospects of the cocoa processing industry in Malaysia

- From 2005/06 to 2010/11, Malaysia has been one of the major contributors to the total grinding volume in the Asia Oceania region. In 2010/11E, Malaysia is estimated to contribute approximately 39.0% of the total grinding volume in Asia Oceania.

- Malaysia is at an advantage for being in proximity to the cocoa bean supply in Indonesia, and new emerging markets such as China, India and Southeast Asia.
- Malaysia also has skilled workers, sound infrastructure, as well as the reputation for high standards in the cocoa industry.

### Demand forecast and outlook

- In 2010/11E, the global cocoa consumption was estimated to have grown by 3.4% from the year before to reach 3.7 million tonnes. The growth is expected to continue and forecasted to grow to 4.2 million tonnes by 2013/14, with forecasted CAGR of 4.2% from 2010/11 to 2013/14.

### PROPOSED DIVIDEND

In respect of FY2012, our Directors intend to recommend and distribute not less than 30.0% of our audited combined net profit attributable to Shareholders as dividends, subject to the factors outlined in the section entitled "Dividend Policy" of this Prospectus.

### ORDER BOOK

From 1 January 2012 to the Latest Practicable Date, our order book based on confirmed orders was approximately 50,406 mt, of which approximately 20,502 mt had been fulfilled and RM250.8 million of revenue had been recognised. The remaining orders of 29,904 mt will continue to be delivered continually on a monthly basis until the end of 2013.

<sup>2</sup> Information and analyses extracted from the "Independent Market Research Report on the Cocoa Processing Industry" as disclosed under the section entitled "Industry Overview" of this Prospectus.

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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	<b>Tey Kan Sam @ Tey Hin Ken</b> <i>(Non-Independent Non-Executive Chairman)</i> <b>Tey How Keong</b> <i>(CEO)</i> <b>Goh Lee Beng</b> <i>(Executive Director)</i> <b>Yessa Matindas Tuegeh</b> <i>(Non-Independent Non-Executive Director)</i> <b>Chua Cheow Khoon Michael</b> <i>(Lead Independent Non-Executive Director)</i> <b>Leow Wee Kia Clement</b> <i>(Independent Non-Executive Director)</i>
<b>JOINT COMPANY SECRETARIES</b>	:	<b>Lee Wei Hsiung, ACIS</b> <b>Wang Shin Lin, Adeline, ACIS</b>
<b>REGISTERED OFFICE</b>	:	80 Robinson Road #02-00 Singapore 068898
<b>SHARE REGISTRAR AND SHARE TRANSFER OFFICE</b>	:	<b>Boardroom Corporate &amp; Advisory Services Pte. Ltd.</b> 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>JOINT ISSUE MANAGERS, UNDERWRITERS AND PLACEMENT AGENTS</b>	:	<b>AmFraser Securities Pte. Ltd.</b> <i>(A member of AmInvestment Bank Group)</i> 4 Shenton Way #13-01 SGX Centre 2 Singapore 068807  <b>Canaccord Genuity Singapore Pte. Ltd.</b> 77 Robinson Road #21-02 Singapore 068896
<b>INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS</b>	:	<b>BDO LLP</b> Public Accountants and Certified Public Accountants 21 Merchant Road #05-01 Royal Merukh S.E.A. Building Singapore 058267  Partner-in-charge: Leong Hon Mun Peter (a member of the Institute of Certified Public Accountants of Singapore)
<b>SOLICITORS TO THE INVITATION</b>	:	<b>ATMD Bird &amp; Bird LLP</b> 2 Shenton Way #18-00 SGX Centre 1 Singapore 068804
<b>SOLICITORS TO THE JOINT ISSUE MANAGERS, UNDERWRITERS AND PLACEMENT AGENTS</b>	:	<b>Shook Lin &amp; Bok LLP</b> 1 Robinson Road #18-00 AIA Tower Singapore 048542



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## CORPORATE INFORMATION

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<b>LEGAL ADVISERS TO OUR COMPANY ON MALAYSIAN LAW</b>	:	<b>Chee Siah Le Kee &amp; Partners</b> No. 105 Taman Melaka Raya 75000 Melaka Malaysia
<b>PRINCIPAL BANKERS</b>	:	<b>AmBank (M) Berhad</b> Regional Business Centre — South Level 31 Metropolis Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru, Johor Malaysia  <b>Hong Leong Bank Berhad</b> Johor Bahru Business Centre 2nd Floor, No. 12–16 Jalan Wong Ah Fook 80000 Johor Bahru, Johor Malaysia  <b>Malayan Banking Berhad</b> Johor Bahru Business Centre Level 8 Office Tower Johor Bahru City Square No. 108 Jalan Wong Ah Fook 80000 Johor Bahru, Johor Malaysia
<b>RECEIVING BANKER</b>	:	<b>The Bank of East Asia, Limited</b> (Singapore Branch) 60 Robinson Road BEA Building Singapore 068892
<b>INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS</b>	:	<b>Frost &amp; Sullivan Malaysia Sdn Bhd</b> Suite E-08-15 Block E Plaza Mont' Kiara 2 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Malaysia
<b>VENDORS</b>	:	<b>JB Cocoa Group Sdn Bhd</b> No. 7, (1 <sup>st</sup> Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar, Johor Malaysia  <b>ECOM AgroIndustrial Corp Limited</b> Avenue Guillemin 16 Case Postale 64 1009 Pully Switzerland

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## DEFINITIONS

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In this Prospectus and the accompanying Application Forms and in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks and on the Internet Banking websites of the relevant Participating Banks unless the context otherwise requires, the following definitions apply throughout where the context so admits:

### Our Group Companies

<i>“Company” or “JB Foods”</i>	:	JB Foods Limited
<i>“Group”</i>	:	Our Company and our subsidiary
<i>“JB Cocoa”</i>	:	JB Cocoa Sdn Bhd

### Other Corporations and Agencies

<i>“ADM”</i>	:	Archer Daniels Midlands Company
<i>“AmFraser”</i>	:	AmFraser Securities Pte. Ltd.
<i>“Authority”</i>	:	Monetary Authority of Singapore
<i>“Barry Callebaut Malaysia”</i>	:	Barry Callebaut Malaysia Sdn Bhd
<i>“Canaccord Genuity”</i>	:	Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited)
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	Central Provident Fund
<i>“Delfi Malaysia”</i>	:	Delfi Cocoa (M) Sdn Bhd
<i>“ECOM”</i>	:	Ecom AgroIndustrial Corp Limited
<i>“ECOM Group”</i>	:	ECOM and its subsidiaries and associated companies
<i>“EPF”</i>	:	Employees Provident Fund
<i>“Frost &amp; Sullivan”</i>	:	Frost & Sullivan Malaysia Sdn Bhd
<i>“GCB”</i>	:	Guan Chong Berhad
<i>“GCB Group”</i>	:	GCB and its subsidiaries
<i>“GCB Singapore”</i>	:	GCB Cocoa Singapore Pte. Ltd.
<i>“GCCM”</i>	:	Guan Chong Cocoa Manufacturer Sdn Bhd
<i>“GCR”</i>	:	Guan Chong Resources Sdn Bhd
<i>“IRAS”</i>	:	Inland Revenue Authority of Singapore
<i>“ISO”</i>	:	International Organisation for Standardisation, a worldwide federation of national standard bodies

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## DEFINITIONS

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<i>“JBC Group”</i>	:	JB Cocoa Group Sdn Bhd is an investment holding company, and its issued and paid-up share capital is 30.0%, 36.0%, 14.0% and 20.0% owned by Tey Kan Sam @ Tey Hin Ken, Tey How Keong, Goh Lee Beng and Lim Ah Bet @ Chabo respectively.
<i>“Joint Issue Managers”, “Underwriters” or “Placement Agents”</i>	:	AmFraser and Canaccord Genuity and collectively, <b>“Joint Issue Managers, Underwriters and Placement Agents”</b>
<i>“Kakao GmbH”</i>	:	JB Kakao GmbH
<i>“MCB”</i>	:	Malaysian Cocoa Board, a federal statutory research and development agency under the Ministry of Plantation Industries and Commodities
<i>“MCM”</i>	:	Malaysia Cocoa Manufacturing Sdn Bhd
<i>“MITI”</i>	:	Ministry of International Trade and Industry
<i>“Mulcord”</i>	:	Mulcord Trading LLC
<i>“Participating Banks”</i>	:	United Overseas Bank Limited including its subsidiary, Far Eastern Bank Limited (the <b>“UOB Group”</b> ), DBS Bank Ltd. (including POSB Bank) ( <b>“DBS Bank”</b> ) and Oversea-Chinese Banking Corporation Limited ( <b>“OCBC”</b> ), and each a <b>“Participating Bank”</b>
<i>“PT Koko”</i>	:	PT Jebe Koko
<i>“PTPSB”</i>	:	Pelabuhan Tanjung Pelepas Sdn Bhd
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>General</b>		
<i>“AGM”</i>	:	Annual general meeting
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
<i>“Application List”</i>	:	The list of applications for subscription and/or purchase of the Invitation Shares
<i>“Articles of Association” or “Articles”</i>	:	The articles of association of our Company
<i>“Associate”</i>	:	(a) In relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:  (i) his immediate family;  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or

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## DEFINITIONS

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	(iii)	any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
	(b)	In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“ATM”</i>	:	Automated teller machine
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Prospectus
<i>“Board” or “Board of Directors”</i>	:	The board of directors of our Company as at the date of this Prospectus
<i>“CAGR”</i>	:	Compound annual growth rate
<i>“CEO”</i>	:	Chief Executive Officer
<i>“China”</i>	:	The People’s Republic of China
<i>“Companies Act” or the “Act”</i>	:	The Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
<i>“Controlling Shareholder”</i>	:	A person who holds directly or indirectly 15.0% or more of the voting Shares in our Company, unless determined by the SGX-ST, or in fact exercises control over our Company
<i>“Directors”</i>	:	The directors of our Company as at the date of this Prospectus
<i>“EGM”</i>	:	Extraordinary general meeting
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM or through the IB websites of any of the Participating Banks subject to and in accordance with the terms and conditions of this Prospectus
<i>“EPS”</i>	:	Earnings per Share
<i>“EU”</i>	:	European Union
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Prospectus
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Prospectus
<i>“FRS”</i>	:	Singapore Financial Reporting Standards
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December

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## DEFINITIONS

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<i>“IB”</i>	:	Internet banking
<i>“IB website”</i>	:	An IB website of a Participating Bank
<i>“IMR Report”</i>	:	Independent Market Research Report on the Cocoa Processing Industry
<i>“Independent Directors”</i>	:	The independent directors of our Company as at the date of this Prospectus
<i>“Invitation”</i>	:	The invitation by our Company and the Vendors to the public in Singapore to subscribe for and/or purchase the Invitation Shares at the Invitation Price, subject to and on the terms and conditions of this Prospectus
<i>“Invitation Price”</i>	:	S\$0.30 for each Invitation Share
<i>“Invitation Shares”</i>	:	The 100,000,000 Shares which are the subject of this Invitation, comprising 84,000,000 New Shares and 16,000,000 Vendor Shares
<i>“Latest Practicable Date”</i>	:	17 June 2012, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<i>“Management and Underwriting Agreement”</i>	:	The management and underwriting agreement dated 13 July 2012 entered into between our Company, the Vendors, AmFraser and Canaccord Genuity
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Memorandum”</i>	:	The memorandum of association of our Company
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The 84,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Prospectus
<i>“Offer”</i>	:	The offer by our Company and the Vendors of the Offer Shares to the public in Singapore for subscription and/or purchase at the Invitation Price, subject to and on the terms and conditions of this Prospectus
<i>“Offer Shares”</i>	:	3,000,000 of the Invitation Shares which are the subject of the Offer
<i>“PAT”</i>	:	Profit and total comprehensive income attributable to owners of the Company
<i>“PBT”</i>	:	Profit before income tax

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## DEFINITIONS

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<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The financial periods which comprise FY2009, FY2010 and FY2011
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agents on behalf of our Company and Vendors for subscription and/or purchase at the Invitation Price, subject to and on the terms and conditions of this Prospectus
<i>“Placement Agreement”</i>	:	The placement agreement dated 13 July 2012 entered into between our Company, the Vendors, AmFraser and Canaccord Genuity
<i>“Placement Shares”</i>	:	97,000,000 of the Invitation Shares which are the subject of the Placement
<i>“Prospectus”</i>	:	This prospectus dated 13 July 2012 issued by our Company in respect of this Invitation
<i>“PTP”</i>	:	Port of Tanjung Pelepas, which comprises the port, the terminal and the Pelepas Free Trade Zone (consisting of the Free Commercial Zone and the Free Industrial Zone)
<i>“PTP plant”</i>	:	Our plant at Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia and Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Prospectus
<i>“Restructuring Agreement”</i>	:	The restructuring agreement dated 1 March 2012 entered into between our Company (as the purchaser) and JBC Group, pursuant to which our Company acquired JBC Group’s interest in approximately 80.0% of the shares in the issued and paid-up share capital of JB Cocoa
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken by our Group in connection with the Invitation as described in the section entitled “Restructuring Exercise” of this Prospectus
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and each of our Executive Directors as described in the section entitled “Directors, Management and Staff — Service Agreements” of this Prospectus
<i>“SFA” or “Securities and Futures Act”</i>	:	The Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time

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## DEFINITIONS

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“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	The ordinary shares in the issued and paid-up share capital of our Company
“Share Swap Agreement”	:	The share swap agreement dated 15 May 2012 entered into between our Company (as the purchaser) and ECOM and Tey How Keong (as the vendors), pursuant to which our Company acquired ECOM’s and Tey How Keong’s respective interests in the issued and paid-up share capital of JB Cocoa (amounting in aggregate to approximately 20.0% of the issued and paid-up share capital of JB Cocoa)
“Substantial Shareholder”	:	A person who has an interest in Shares the nominal amount of which is 5.0% or more of the aggregate voting Shares of our Company
“USA”	:	United States of America
“Vendors”	:	JBC Group and ECOM
“Vendor Shares”	:	16,000,000 existing Shares for which the Vendors invite applications to purchase at the Invitation Price, subject to and on the terms and conditions of this Prospectus

### Currencies and Units of Measurement

“%” or “per cent.”	:	Per centum
“AUD”	:	Australian dollars, the lawful currency of Australia
“EUR”	:	Euro
“GBP”	:	Pound Sterling, the lawful currency of the United Kingdom
“kg”	:	Kilogram
“km”	:	Kilometre
“kT”	:	Kilotonnes, a unit of weight equal to 1,000 tonnes
“lb”	:	Pound
“m”	:	Metre
“mg/l”	:	Milligrams per litre
“mm”	:	Millimetre
“NZD”	:	New Zealand dollars, the lawful currency of New Zealand
“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia

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## DEFINITIONS

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“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“sq m”	:	Square metre
“tonne” or “mt”	:	Metric tonne. A unit of weight equal to 1,000 kilograms
“US\$” or “USD”	:	United States dollar, the lawful currency of the United States of America

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms “entity” shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms “associated company”, “associated entity”, “controlling interest-holder”, “related corporation”, “related entity”, “subsidiary”, “subsidiary entity” and “substantial interest-holder” shall have the same meanings ascribed to them respectively in Paragraph 1 of the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Unless otherwise indicated, any reference in this Prospectus, the Application Forms and/or the Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Prospectus, the Application Forms and/or the Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any such statutory modification thereof, as the case may be.

Any reference in this Prospectus, the Application Forms and/or the Electronic Applications to Shares being allotted and/or allocated to you, as an applicant includes allotment and/or allocation to your CDP account.

Any reference to a time of day in this Prospectus is a reference to Singapore time unless otherwise stated.

Any reference to “we”, “us”, “our” and “ourselves” or other grammatical variations thereof in this Prospectus is a reference to our Company, our Group or any member of our Group, as the context requires.

Any discrepancies in the tables included in this Prospectus between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

References in this Prospectus to Appendix or Appendices are references to an appendix or appendices respectively to this Prospectus.

The information on our website or any website directly or indirectly linking to such websites does not form part of this Prospectus and should not be relied on.



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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations used in this Prospectus in connection with our Group and our business. The terms and abbreviations and their assigned meanings may not correspond to standard industry meanings or usage of these terms:

“CBA”	:	Cocoa butter alternatives
“CBE”	:	Cocoa butter equivalent, which are non-hydrogenated vegetable or tropical fats derived from other sources such as palm oil, coconut and illipe
“CBR”	:	Cocoa butter replacers
“CBS”	:	Cocoa butter substitutes
“Cocoa Bean Terminal Price”	:	Terminal quoted cocoa beans prices on the futures and options market operated by either the New York Stock Exchange Euronext in London or the Intercontinental Exchange in New York
“Cocoa ingredient products”	:	Cocoa ingredient products including cocoa liquor, cocoa butter, cocoa cake and cocoa powder produced and sold to, amongst others, manufacturers of chocolate, confectionery and cosmetics products
“Cocoa year”	:	The international convention of cocoa year starting from 1 October of the year to 30 September of the following year
“HACCP”	:	Hazard analysis critical control point, a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product
“Halal”	:	Contains no pork, lard or other elements of impurities as defined under Islamic law
“LPG”	:	Liquefied petroleum gas
“pH”	:	A standard for measuring the acidity or alkalinity of a solution over a scale. Based on the pH scale, 7 is a measure of neutral, <7 is a measure of acidity where a smaller value indicates higher acidity, and >7 is a measure of alkalinity where a larger value indicates higher alkalinity

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors or Executive Officers or the Vendors or employees acting on our behalf or on the Vendors' behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these statements by the use or presence of forward-looking terms such as "expect", "believe", "if", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could", "forecast" or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. For example, all statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, expected growth in demand and production capacity, cost measures, prospects, future plans, planned strategy, expected industry trends, anticipated expansion plans and other matters discussed in this Prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Some of these risk factors are discussed in more detail under the section entitled "Risk Factors" of this Prospectus.

All forward-looking statements made by or attributable to us or the Vendors or persons acting on our behalf or on the Vendors' behalf contained in this Prospectus are expressly qualified in their entirety by such factors.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on these statements which apply only as at the date of this Prospectus.

Neither our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents disclaim any responsibility to update any of those forward-looking statements or publicly announce any revision to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the rules of the Listing Manual regarding continuing disclosure. In particular, pursuant to Section 241 of the SFA, if after this Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

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## SELLING RESTRICTIONS

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This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents, to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

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## DETAILS OF THE INVITATION

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### LISTING ON THE SGX-ST

Application has been made to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued (including the Vendor Shares) and the New Shares which form part of the Invitation on the Official List of the SGX-ST. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares (including Vendor Shares) and the New Shares. Monies paid in respect of any application accepted will be returned to you, subject to applicable laws, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted or for any other reason and you will not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents. No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiary, our Shares (including the Vendor Shares) or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares, as the case may be, being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

This Prospectus has been seen and approved by our Directors and the Vendors and they collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors and the Vendors are not aware of any facts, the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents. Neither the delivery of this Prospectus and the Application Forms nor any documents relating to the Offer or Placement nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a change, in our affairs, condition or prospects, or Shares (including the Vendor Shares), or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or organising body or agency, our Company may lodge a supplementary or replacement prospectus with the Authority and make an announcement of the same to the SGX-ST and will comply with the requirements of the SFA, the Listing Manual and/or any other requirements of the SGX-ST and/or the Authority. You should take note of any such announcement and, upon the release of such an announcement shall be deemed to have notice of such changes. Save as expressly stated in this

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## DETAILS OF THE INVITATION

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Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Group.

Neither our Company, the Vendors, our Directors, the Joint Issue Managers, Underwriters and Placement Agents, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal, financial or tax advice regarding an investment in our Shares. You, as a prospective investor, should consult your own professional or other advisers for business, legal, financial or tax advice regarding an investment in our Shares.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any other person, other than yourself in connection with your application for the Invitation Shares, or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase, as the case may be, the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

We are subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, if after this Prospectus is registered but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement or matter in this Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority which would have been required by Section 243 of the SFA to be included in this Prospectus, if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement prospectus is lodged with the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement prospectus.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for and/or purchase the Invitation Shares, as the case may be, and:

- (a) where the Invitation Shares have not been issued and/or sold to you as an applicant, our Company, as well as on behalf of the Vendors, shall either:
  - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give you notice in writing on how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to withdraw your applications and take all reasonable steps to make available within a reasonable period the

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## DETAILS OF THE INVITATION

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supplementary or replacement prospectus, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;

- (ii) within seven (7) days of the lodgement of the supplementary or replacement prospectus give you a copy of the supplementary or replacement prospectus, as the case may be, and provide (on behalf of the Vendors as well) you with an option to withdraw your application; or
  - (iii) deem the application as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company (as well as on behalf of the Vendors) shall, within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom to you at your own risk, and you shall not have any claim whatsoever against our Group, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents; or
- (b) where the Invitation Shares have already been issued and/or sold to you but trading has not commenced, our Company will (as well as on behalf of the Vendors), either:
- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give you notice in writing on how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to return to our Company (accepting on behalf of the Vendors as well) those Invitation Shares which you do not wish to retain title in; and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus give you a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to return to us (for our Company as well as on behalf of the Vendors) the Invitation Shares which you do not wish to retain title in; or
  - (iii) treat the issue and/or sale of Invitation Shares as void, in which case the issue or sales shall be deemed void and our Company (as well as on behalf of the Vendors) shall within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom to you at your own risks and you shall not have any claims whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

Where you, as an applicant, have notified us within 14 days from the date of lodgement of the supplementary or replacement prospectus of your wish to exercise your option under paragraphs (a)(i) or (ii) above to withdraw your application, our Company (as well as on behalf of the Vendors) shall pay to you all monies paid by you on account of your application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification, and you shall not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

If you as an applicant wish to exercise your option under paragraphs (b)(i) or (b)(ii) above to return the Invitation Shares issued and/or sold to you, you shall within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any,

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## DETAILS OF THE INVITATION

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purporting to be evidence of title of those Invitation Shares, whereupon our Company (as well as on behalf of the Vendors) shall, within seven (7) days from the receipt of such notification and documents, if any, repurchase our Shares and pay to you all monies paid by you for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, and the issue and/or sale of Invitation Shares shall be void and you shall not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the “**Stop Order**”) to our Company, directing that no Invitation Shares or no further Shares to which this Prospectus relates, be allotted and/or allocated or issued and/or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter, which in the opinion of the Authority is false or misleading; or (ii) omits any information that should be included in accordance with the SFA; or (iii) does not, in the opinion of the Authority, comply with the requirements of the SFA; or (iv) where the Authority is of the opinion that it is in the public interest to issue a Stop Order, and you shall not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

Where the Authority issues a Stop Order pursuant to Section 242 of the SFA and you have made an application to subscribe for and/or purchase the Invitation Shares prior to the Stop Order, then:

- (a) in the case where the Invitation Shares have not been issued and/or sold to you, your application of the Invitation Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company (as well as on behalf of the Vendors) shall, within 14 days from the date of the Stop Order, pay to you all monies which you have paid on account of your applications for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk and you shall not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents; or
- (b) in the case where the Invitation Shares have been issued and/or allocated to you, the issue of the Invitation Shares pursuant to the Invitation shall be deemed to be void pursuant to the SFA and our Company (as well as on behalf of the Vendors) shall, within 14 days from the date of the Stop Order, pay to you all monies paid by you for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk and you shall not have any claim whatsoever against us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

If our Company is required by the applicable Singapore laws to cancel issued New Shares and repay application monies to you (including instances where a Stop Order is issued), subject to compliance with the Companies Act, our Company and the Vendors will purchase the Invitation Shares at the Invitation Price.

Where monies are to be returned to you for the Invitation Shares, it shall be paid to you without any interest or share of revenue or other benefit arising therefrom and at your own risk and you will not have any claim whatsoever against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

The Invitation Shares are offered for subscription and/or purchase solely on the basis of the information contained and representations made in this Prospectus.

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## DETAILS OF THE INVITATION

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Copies of this Prospectus, the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

**AmFraser Securities Pte. Ltd.**  
(A member of AmInvestment Bank Group)  
4 Shenton Way  
#13-01 SGX Centre 2  
Singapore 068807

**Canaccord Genuity Singapore Pte. Ltd.**  
77 Robinson Road #21-02  
Singapore 068896

and from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore.

A copy of this Prospectus is also available on the SGX-ST website at <http://www.sgx.com> and the Authority's website at <http://masnet.mas.gov.sg/operasdrprosp.nsf>.

**The Application List will open at 10:00 a.m. on 14 July 2012 and will remain open until 12:00 noon on 19 July 2012 or for such further period or periods as our Company and the Vendors may, in consultation with the Joint Issue Managers, Underwriters and Placement Agents decide, subject to any limitation under all applicable laws. In the event a supplementary prospectus or replacement prospectus is lodged with the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement prospectus.**

Details of the procedures for application to subscribe for and/or purchase the Invitation Shares are set out in Appendix E of this Prospectus.



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## DETAILS OF THE INVITATION

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### INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and trading of our Shares is set out below:

Indicative time/date	Event
12:00 noon on 19 July 2012	Close of Application List
20 July 2012	Balloting of applications, if necessary (in the event of over-subscription for and/or purchase of the Offer Shares)
9.00 a.m. on 23 July 2012	Commence trading on a “ready” basis
26 July 2012	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that (i) the date of closing of the Application List is 19 July 2012; (ii) the date of admission of our Company to the Official List of the SGX-ST is 23 July 2012; (iii) the SGX-ST’s shareholding spread requirement will be complied with; and (iv) the Invitation Shares will be issued and fully paid-up prior to 23 July 2012. **The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.**

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading.

**Investors should consult the SGX-ST’s announcement on the “ready” trading date on the SGX-ST’s website at <http://www.sgx.com> or the newspapers, or check with your brokers on the date on which trading on a “ready” basis will commence.**

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST’s website at <http://www.sgx.com>; and
- (b) in a major English newspaper in Singapore.

We will publicly announce details of the results of the Invitation (including the level of subscription of the Invitation Shares) and the basis of allotment and/or allocation of the Invitation Shares pursuant to the Invitation, as soon as it is practicable after the closure of the Application List through the channels described in (a) and (b) above.

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## PLAN OF DISTRIBUTION

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The Invitation is for the Invitation Shares offered in Singapore by way of public offer and placement comprising 3,000,000 Offer Shares and 97,000,000 Placement Shares.

Prior to the Invitation there has been no public market for the Invitation Shares. The Invitation Price is determined after consultation between us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents, based amongst others, on prevailing market conditions and estimated market demand for our Shares determined through a book-building process. The Invitation Price is the same for each Invitation Share and is payable in full on application.

There are no arrangements whereby the number of Shares being offered pursuant to this Invitation may be increased by the exercise of an underwriter's over-allotment option.

You may apply to subscribe for and/or purchase any number of Invitation Share in integral multiples of 1,000 Shares. In order to ensure a reasonable spread of shareholders, we have the absolute discretion to prescribe a limit to the number of Invitation Shares to be allotted and/or allocated to any single applicant and/or to allot and/or allocate Invitation Shares above or under such prescribed limit as we shall deem fit.

### **Offer Shares**

The Offer Shares are made available to the members of the public in Singapore for subscription and/or purchase at the Invitation Price upon the terms, conditions and procedures as described in the "Terms, Conditions and Procedures for Application and Acceptance" set out in Appendix E of this Prospectus.

Pursuant to the Management and Underwriting Agreement set out in the section entitled "Management, Underwriting and Placement Arrangements" of this Prospectus, we have appointed AmFraser and Canaccord Genuity to be the Joint Issue Managers to the Invitation and to underwrite the Offer Shares. AmFraser and/or Canaccord Genuity may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

Members of the public may apply for the Offer Shares by way of printed Application Forms or by Electronic Application as described in the "Terms, Conditions and Procedures for Application and Acceptance" set out in Appendix E of this Prospectus.

In the event not all the Offer Shares are validly applied for as at the close of the Application List, that number of Offer Shares not applied for shall be made available to satisfy excess applications for the Placement Shares to the extent there are excess applications for the Placement Shares as at the close of the Application List.

In the event that there are excess applications for the Offer Shares and there are full or excess applications for the Placement Shares as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Company after consultation with the Joint Issue Managers and approval by the SGX-ST.

### **Placement Shares**

The Placement Shares are reserved for placement to members of the public and institutional investors in Singapore.

Pursuant to the Placement Agreement set out in the section entitled "Management, Underwriting and Placement Arrangements" of this Prospectus, AmFraser and Canaccord Genuity have agreed to

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## PLAN OF DISTRIBUTION

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procure subscribers and/or purchasers for the Placement Shares. AmFraser and/or Canaccord Genuity may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Applications for Placement Shares may only be made by way of Application Forms as described in the “Terms, Conditions and Procedures for Application and Acceptance” set out in Appendix E of this Prospectus.

In the event not all Placement Shares are validly applied for as at the close of the Application List, that number of Placement Shares not applied for shall be made available to satisfy excess applications for the Offer Shares to the extent that there are excess applications for the Offer Shares as at the close of the Application List.

Subscribers and/or purchasers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Invitation Price as well as goods and services tax and any other charges and taxes, where applicable, to the Placement Agent or their sub-placement agents.

### **Subscription for Invitation Shares**

None of our Directors or Substantial Shareholders intends to subscribe for and/or purchase the Invitation Shares in the Invitation.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for and/or purchase more than 5.0% of the Invitation Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for and/or purchase more than 5.0% of the Invitation Shares. If such person(s) were to make an application for more than 5.0% of the Invitation Shares and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcement at an appropriate time. The final allotment and/or allocation of Shares will be in accordance with the shareholding spread and distribution guidelines set out in Rule 210 of the Listing Manual.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.

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## PROSPECTUS SUMMARY

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*The following summary is qualified in its entirety by us, and is subject to, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. As it is a summary, it does not contain all the information that prospective investors should consider before investing in our Shares. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider all the information presented in this Prospectus, particularly the matters set out in the section entitled “Risk Factors” of this Prospectus, before making an investment decision.*

### OVERVIEW OF OUR GROUP AND OUR BUSINESS

#### Our Business Overview

We are one of the major cocoa ingredient producers in Malaysia. Our Group’s principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake. Cocoa powder and cocoa butter are our two (2) key products that comprised more than 90.0% of our revenue for the Period Under Review.

We sell our products primarily under the “JBCocoa” brand name and export our products worldwide to customers ranging from international trade houses to end users. They include Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Nestlé Philippines, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Godrej Hershey Ltd. and Arcor Saic.

Please refer to the section entitled “General Information on our Group — Business Overview” of this Prospectus for further details.

#### Competitive Strengths

Our competitive strengths are as follows:

*We place high priority on product quality and on our manufacturing processes*

We are committed and place high priority on product quality to ensure our customers receive quality cocoa ingredient products which meet or exceed their requirements. We also have a quality management system and quality assurance program, which are certified ISO 9001:2008 and HACCP respectively. In addition, our Group has obtained Kosher and Pareve certifications for our products produced at our processing plant in PTP and has also obtained Halal certification for our products manufactured at our processing plant in PTP. Further, we also have quality control laboratories.

*We have an experienced management team*

Our Group is led by an experienced and dedicated management team spearheaded by our CEO. Our Executive Directors have collectively over 45 years of experience in the cocoa industry. Further, 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.

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## PROSPECTUS SUMMARY

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### *We have existing product development capabilities*

We believe that our operations, quality assurance, development, sales and marketing departments have over the years established technical and product development expertise. We are able to provide customisation of cocoa ingredient products, in particular, cocoa powder, to fulfill the varied requirements of our customers. Technicians in our operations department together with our product development and process improvement team are able to develop production techniques and process control systems to improve quality and optimise capacity and efficiency of our production facility.

### *We have a wide customer base and long term relationships with customers and suppliers*

Our Group has developed a marketing and distribution operation with a wide network to serve our end customers worldwide. We have built long term relationships with our customers based on our track record of providing quality products and services and we believe that good working relationship with reliable suppliers is important to ensure that the delivery of our cocoa beans supplies is always on time and of good quality.

### *We are strategically located within a free trade zone in Malaysia*

Our production facility is situated within PTP, which is a strategic logistic hub within a free trade zone in Malaysia. This reduces the travel time by road between our plant to the port which allows us to significantly reduce land logistic costs to and from the port. We are also able to closely monitor our containers prior to the loading onto vessels for its onward journey to other ports. In addition, our operations and warehouse benefit from PTP's high level of security.

Please refer to the section entitled "General Information on our Group — Competitive Strengths" of this Prospectus for further details.

## **Our Business Strategies and Future Plans**

Our business strategies and future plans are as follows:

### *We intend to expand our production capacity and facilities*

We intend to increase our production capacity both through optimisation and enhancements to our existing facility in PTP and through investments in new facilities.

### *We intend to further enhance our product development capability*

We aim to continue to develop and widen the range of our products to fulfil the varied requirements and cater to various segments of our customers.

### *We intend to enhance our marketing initiatives*

In line with our plans to increase capacity, we intend to enhance our marketing initiatives to ensure an adequate demand for our products.

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## PROSPECTUS SUMMARY

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*We intend to expand through acquisitions, joint ventures and/or strategic alliances*

In addition to growing organically, we may consider expanding our business through acquisitions, joint ventures or strategic alliances with parties who create synergistic values with our existing business.

Please refer to the section entitled “Prospects, Business Strategies and Future Plans” of this Prospectus for further details.

### Where You Can Find Us

Our registered office is located at 80 Robinson Road #02-00 Singapore 068898. Our registered office facsimile number is (65) 6236 4399 and our registered office telephone number is (65) 6236 3333. Our principal place of business is located at Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia. Our telephone number at our principal place of business is (60)7-5042888. Our facsimile number at our principal place of business is (60)7-5071388. Our internet address is <http://www.jbcocoa.com>. **Information on our website or any website(s) directly or indirectly linked to our website does not constitute part of this Prospectus.**

### FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Prospectus, including the “Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011” set out in Appendix A of this Prospectus as well as the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Prospectus.

#### Selected items from the Combined Statements of Comprehensive Income<sup>(1)</sup>

(RM'000)	←————— Audited —————→		
	FY2009	FY2010	FY2011
Revenue	386,166	504,208	690,622
Gross profit	29,724	62,309	85,519
PBT	27,209	53,970	67,098
PAT	24,274	48,182	51,025
EPS (sen) <sup>(2)</sup>	7.7	15.2	16.1
EPS (fully diluted) (sen) <sup>(3)</sup>	6.1	12.0	12.8

#### Notes:

- (1) Our combined statements of comprehensive income for the Period Under Review have been prepared on the basis that our Group had been in existence throughout the Period Under Review.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on PAT and our pre-Invitation share capital of 316,000,000 Shares.
- (3) For comparative purposes, EPS (fully diluted) for the Period Under Review have been computed based on PAT and our post-Invitation share capital of 400,000,000 Shares.

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## PROSPECTUS SUMMARY

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### Selected items from the Combined Statement of Financial Position<sup>(1)</sup>

<b>(RM'000)</b>	<b>Audited as at 31 December 2011</b>
Non-current assets	88,017
Current assets	237,786
Non-current liabilities	11,660
Current liabilities	214,381
Equity attributable to owners of the Company	99,762
NAV	99,762
NAV per Share (sen) <sup>(2)</sup>	31.6

**Notes:**

- (1) Our combined statement of financial position as at 31 December 2011 has been prepared on the basis that our Group had been in existence on this date.
- (2) The NAV per Share as at 31 December 2011 has been computed based on our pre-Invitation share capital of 316,000,000 Shares.

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## THE INVITATION

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- Invitation Size : 100,000,000 Invitation Shares offered in Singapore comprising 84,000,000 New Shares and 16,000,000 Vendor Shares by way of public offer and placement comprising 3,000,000 Offer Shares and 97,000,000 Placement Shares.
- The New Shares, upon allotment and issue and the Vendor Shares, upon allocation, will rank *pari passu* in all respects with our existing issued Shares.
- Invitation Price : S\$0.30 for each Invitation Share.
- The Offer : The Offer comprises an offer by our Company and the Vendors to the public in Singapore to subscribe for and/or purchase 3,000,000 Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Prospectus. In the event that any of the Offer Shares are not taken up, they will be made available to satisfy excess application for the Placement Shares.
- The Placement : The Placement comprises a placement of 97,000,000 Placement Shares at the Invitation Price, subject to and on the terms and conditions of this Prospectus. In the event that any of the Placement Shares are not taken up, they will be made available to satisfy excess application for the Offer Shares.
- Purpose of the Invitation : Our Directors believe that the listing of our Company and the quotation of our Shares on the Official List of the SGX-ST will enhance the public image of our Group, and will enable us to tap the equity capital market for expansion of our operations. The Invitation will also provide members of the public, our management, employees, business associates and others who have contributed to the success of our Group an opportunity to participate in the equity of our Company.
- Listing Status : Prior to the Invitation, there had been no public market for our Shares. Our Shares will be quoted in Singapore dollars on the Official List of the SGX-ST and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST and the Authority not issuing a Stop Order.
- Risk Factors : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Prospectus.



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## EXCHANGE RATES

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The reporting currency of our Group is RM. The exchange rates for RM to S\$ as outlined in the tables below were from Bloomberg L.P.<sup>1</sup> and have been presented solely for information only. The tables and figures below should not be construed as representations that those Singapore dollars could have been, could be or would be, converted or convertible into S\$ or RM, as the case may be, at any particular rate, the rate stated below, or at all.

The table below sets forth the highest and lowest exchange rates between the RM and S\$ for each month for the past six (6) months prior to the Latest Practicable Date. The table below indicates how much RM can be bought with one (1) S\$:

	RM to S\$1.00	
	High	Low
December 2011	2.4517	2.4173
January 2012	2.4546	2.4176
February 2012	2.4258	2.3979
March 2012	2.4401	2.3973
April 2012	2.4572	2.4326
May 2012	2.4703	2.4410

As at the Latest Practicable Date, the exchange rate was S\$1.00 to RM2.4847.

The following table sets forth, for each of the financial periods indicated, the average and closing exchange rates between the RM and S\$. The average exchange rates are calculated using the average of the closing exchange rates on the last day of each month during each financial period. Where applicable, the exchange rates in this table are used for the translation of our Company's financial statements disclosed elsewhere in this Prospectus.

	RM to S\$1.00	
	Average	Closing
FY2009	2.4245	2.4390
FY2010	2.3625	2.3856
FY2011	2.4333	2.4434

Please refer to the section entitled "Government Laws and Regulations — Foreign Exchange Controls" set out in Appendix D of this Prospectus for a description of exchange controls that exist in Malaysia.

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<sup>1</sup> The above information is extracted from the website of Bloomberg L.P. at <http://www.bloomberg.com> and is included in its proper form and context in this Prospectus. The information has not been verified by our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents. Bloomberg L.P. has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

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## RISK FACTORS

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*Prospective investors should carefully consider and evaluate each of the following considerations and all other information set forth in this Prospectus before deciding to invest in our Shares. To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develop into actual events, our business, financial position and/or results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline and you may lose all or part of your investment in our Shares.*

*This Prospectus also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Prospectus.*

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

#### **We operate in a highly competitive environment**

The markets we operate in are competitive. We face competition from Malaysia based cocoa processors such as Barry Callebaut Malaysia, Delfi Malaysia, GCCM, and MCM, as well as other large international players. Some of the international players such as ADM and Cargill Inc. may have an integrated value chain from cocoa production to grinding and end product manufacturing. Furthermore, these competitors may have greater financial and/or other resources than our Group.

We also compete for cocoa beans which are in limited supply globally. Some of our competitors and large processing companies have buying stations in producer countries whilst we purchase cocoa beans primarily from international trade houses. This might place these companies in a more advantageous position in respect of securing supplies of cocoa beans.

We face competition from substitute products of cocoa butter as well. Cocoa butter, one of our primary products is used as an ingredient in the manufacture of chocolate and chocolate products. Cocoa butter may be substituted by vegetable fats derived from other sources such as palm oil, coconut and illipe, in the form of CBAs. The three (3) categories of CBAs are CBS, CBR and CBE. These specialised fats have a similar texture to the cocoa butter but may have different melt profiles or level of tolerance to other fats. Given that cocoa butter is more expensive than the other vegetable fats, CBAs are therefore used as cocoa butter substitutes in less affluent markets such as China, India and South East Asia where customer sophistication and awareness is relatively lower than the developed markets of Europe and North America. Cocoa butter has a low melting point which gives it the unique characteristic of melting in the mouth when consumed. This characteristic may not be suitable when marketing chocolate products to countries of warmer climates as the chocolate product will turn soft easily making it difficult to handle and distribute. Given the melt profiles of CBAs, the use of CBAs as a cocoa butter alternative has a relative advantage in countries of warmer climates.

While the threat from new competitors is relatively low due to the barriers to entry, our success depends on our ability to compete effectively against our competitors. There is no assurance that we will be able to do so successfully in the future. In the event that we do not succeed in retaining existing customers and attracting new customers, our market share and/or growth in the market share will be adversely affected. Increased competition may also force us to lower our prices, thus reducing our profit margins and affecting our business and financial performance.

Please refer to the sections entitled "General Information on our Group — Competition" and "General Information on our Group — Competitive Strengths" of this Prospectus for further details.

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## RISK FACTORS

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### **We are exposed to price fluctuation of cocoa beans and cocoa ingredient products**

Cocoa beans make up most of our raw material purchases and since cocoa bean is a commodity, it may be subject to significant fluctuation in prices. The average prices of cocoa beans quoted on international futures markets, like any other commodities, show phases of highs and lows. The main reason for the fluctuation in cocoa bean prices is due to global supply, demand conditions and market speculation. Factors such as political instability in major producing countries, plant diseases, failure of pest control and unfavourable weather conditions such as excessive rain or drought resulting in poor harvest and low stockpiles where producers hold on to large levels of inventory would adversely affect supply conditions and may cause an increase in cocoa bean prices. Other factors, which may result in the fluctuation of cocoa bean prices include changes in macro economic conditions such as economic recessions, increases in oil prices, stock-to-grinding ratio and consolidation and/or fragmentation in cocoa trade and processing industries.

As we generally price our cocoa ingredient products based on a cost plus pricing mechanism, the prices of our cocoa ingredient products are also to a large extent based on cocoa bean prices. There may be timing differences as to when various cocoa ingredient products sales occur. The profitability of our business is dependent on the price movements of our cocoa ingredient products relative to the price movements of cocoa beans. The effective profitability per mt of cocoa beans processed by us may decline if there are unfavourable movements in the relative prices of cocoa beans and our cocoa ingredient products, which we are consequentially unable to pass on to our customers. Such factors are outside our control and could have a material adverse effect on our profitability.

Our inventory comprises raw materials including cocoa beans and potassium carbonate, work-in progress and finished products including cocoa powder, cocoa butter, cocoa liquor and cocoa cake. In FY2009, we recorded a write-down of cocoa powder inventories by RM1.5 million due to a delay in a shipment of cocoa powder to a customer which was contracted a year earlier upon the specific request of a customer. This resulted in our current cocoa bean cost being higher than the contracted price of cocoa powder. We then wrote down this inventory to the net realisable value. In FY2010 and FY2011, we did not have any write-down of inventory.

In addition, cocoa powder, which is produced in accordance with customers' specifications and is catered for a wider range of different uses may not be suitable for other customers. As such, we may experience some periods when we will have unsold cocoa powder and may be exposed to a drop in the market prices of cocoa powder. While inventories of cocoa powder can last for around 24 months which allow us to hold inventories until prices have recovered, there is no assurance that the prices would have recovered within this period. Our level of inventory was RM138.5 million as at 31 December 2011. If we are unable to pass on any price fluctuations in cocoa beans and cocoa ingredient products to our customers and/or consumers, our business and financial performance will be adversely affected.

### **We are exposed to foreign exchange transaction risks**

Our revenue is predominantly denominated in USD and GBP which constituted an average of approximately 48.2% and 46.9% of our revenue respectively during the Period Under Review, with the balance denominated in AUD, EUR, NZD and RM. An average of approximately 68.9% and 28.0% of our purchases for the Period Under Review was denominated in USD and GBP respectively, with the balance denominated in EUR and RM. Foreign exchange risks arise mainly from differences between the currency of our sales and the currency of our purchases. We do not have a formal policy against foreign exchange exposure. As such, we may suffer foreign currency losses if there are significant adverse fluctuations in currency exchange rates between the time of our purchases and payments in foreign currencies, and the time of our sales and receipts. This would adversely affect our financial results.

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## RISK FACTORS

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In addition, as our reporting currency is in RM, the financial statements of our Company which is recorded in its functional currency (being S\$) will need to be translated to RM for consolidation purposes. As such, any material fluctuations in foreign exchange rates at the end of each financial year will result in translation gains or losses on consolidation. Any such translation gains or losses will be recorded as translation reserves or deficits as part of our shareholders' equity.

Further, the value of the USD and GBP against the RM may fluctuate and is affected by, among other factors, changes in Malaysia's political, social and economic conditions. Any significant revaluation of the RM may materially and adversely affect our cash flow, revenue, financial performance and financial position, and the value of, and any dividends declared on, the Shares in foreign currency terms. For example, to the extent that we would need to convert USD and GBP into RM for such purposes, an appreciation of the RM against the USD and GBP would make any new RM denominated investments or expenditures more costly to us.

### **We are susceptible to fluctuations in our processing yield of cocoa beans**

The quality of cocoa beans sourced depends significantly on harvesting weather conditions, and may affect our processing yield of cocoa beans. Although we monitor our processing yield of cocoa beans to maximise our processing yield through rigorous sourcing for quality cocoa beans, and by optimising the production process to reduce wastage, there is no assurance that we can obtain supplies of quality cocoa beans, or that we are able to accurately estimate our processing yield of cocoa beans at the time of purchase of cocoa beans, and as a result, fluctuations in the processing yield of the cocoa beans could have a material adverse effect on our financial position. For each of FY2009, FY2010 and FY2011, our processing yield of cocoa beans was approximately 79.7%, 78.6% and 79.4% respectively.

### **We are susceptible to disruptions and supply of our raw materials**

Our business is substantially dependent on several major suppliers of raw materials such as cocoa beans. Raw material costs accounted for more than 94.0% of our cost of sales for the Period Under Review.

We may enter into purchase contracts with our suppliers for the purchase of cocoa beans, for a period of up to 12 months. While we mitigate the risks of disruptions to supply of our raw materials by purchasing from international trade houses that have established sourcing and distribution networks, storage and financial capabilities to ensure a steady supply of cocoa beans that meet our quality standards, there is no assurance that our suppliers may not default. As a result of such defaults, there is also no assurance that we can obtain supplies of cocoa beans at the same costs and this may have an adverse impact on our business and financial performance.

### **We are exposed to a potential deterioration in the quality of cocoa beans and our unsold cocoa ingredient products**

The shelf life of cocoa beans is approximately one (1) year. Our cocoa ingredient products including cocoa butter, cocoa powder and cocoa liquor have a shelf life of approximately two (2) years. Although we have storage facilities for the cocoa beans and our cocoa ingredient products and we do not typically hold our cocoa ingredient products beyond two (2) years, there is no assurance that the quality of the cocoa beans and unsold cocoa ingredient products will not deteriorate if kept for too long. In the event that the quality of such unused cocoa beans or unsold cocoa ingredient products deteriorate, we will have to write-down our inventory value and this will adversely affect our financial position.

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## RISK FACTORS

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**We are exposed to the legal and regulatory conditions and policies, tax laws, and political and social conditions in countries where we source our cocoa beans and countries which import our cocoa ingredient products**

We have historically been dependent on cocoa beans from Indonesia and to a lesser extent, cocoa beans from West African countries including Cote D'Ivoire. The supply of cocoa beans is dependent on the legal and regulatory conditions and policies, tax laws and political and social conditions in such countries. As an illustration, the temporary export ban in Cote D'Ivoire had disrupted the global supply of cocoa beans which consequently caused cocoa bean prices to escalate. Changes in export tax rates or export quotas imposed by such countries may also impact the supply and/or the price of cocoa beans. In addition, we are subject to export tax on cocoa beans supplied from Indonesia. As we have factored the export tax into the cost of production of our cocoa ingredient products during the Period Under Review, we are able to factor the export tax into the selling prices of our cocoa ingredient products to partially mitigate against any effect of such export taxes. However, there is no assurance that such export taxes in the various countries from which we import cocoa beans will not be increased. In the event of such occurrence, our business and financial performance may be adversely affected.

As we sell our products to international trade houses and end users which are located in different parts of the world, we are also exposed to the legal and regulatory conditions and policies, tax laws and political and social conditions in such countries. Changes in import duty, tariff rates or import quotas imposed by countries or regions including the EU may impact the demand and/or price for our cocoa ingredient products. The imposition of import bans of our products would also affect our business and profitability. In any such event, our business and financial performance may be adversely affected.

**Our revenue is susceptible to changes in consumer preferences and discretionary consumer spending**

Our continued growth and success depend, in part, on the popularity of cocoa consumer products. Shifts in consumer preferences away from such products could materially and adversely affect our business and profitability. In addition, our continued success is generally dependent on the level of disposable consumer income and discretionary consumer spending in the markets to which we sell to. Deterioration in economic conditions in markets or countries in which we sell our products may reduce the level of disposable income consumers spend on non-essential products such as chocolate confectionery products. As an illustration, the recent European sovereign debt crisis, if sustained, may lead to recessions or national austerity measures which will affect the level of disposable consumer income and discretionary consumer spending power of end users. This would lead to a reduced demand for and consumption of our cocoa ingredient products. Any such reduction would have a material adverse effect on our business and financial performance.

**We may be affected by complaints from consumers, negative publicity and/or product liability claims from customers**

If we fail to deliver quality products or products that meet stated specifications, we may, from time to time, be subject to complaints and/or claims by our customers, which may also lead to negative publicity. Publications of reports linking health concerns to the cocoa ingredient products we sell may generate negative publicity toward our products and our Group. Such negative publicity, regardless of its validity, may reduce the number of customers purchasing our cocoa ingredient products, which may in turn adversely affect our financial results. Although we place much emphasis on the quality of our products, there can be no assurance that we will not be subject to any claims, complaints, returns of our products or negative publicity.

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## RISK FACTORS

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While we are currently not aware that any of the cocoa ingredient products which we manufacture and distribute may infringe any product liability and consumer protection laws, we cannot be certain about the same and we cannot assure you that the products which we manufacture or distribute will not violate any product liability and consumer protection laws in the future.

In addition, in the event that the end consumers become ill after consuming chocolate based food items containing our products, we may be subject to product liability joinder claims or lawsuits by our customers. Further, we may have to destroy contaminated products, incur recall costs and suffer manufacturing schedules interruptions. Our Company does not have any product liability insurance, and our Company would not be able to recover damages payable to joinder claims and lawsuits, costs in defending such joinder claims and lawsuits, and any consequential damages from insurance. Furthermore, such joinder claims and lawsuits, regardless of their outcome, would give rise to negative publicity which could adversely affect our business and reputation. In addition, we could incur substantial costs in defending any such claims.

### **We are dependent on our key personnel for our continued success**

Our success is dependent on the continued efforts of our key personnel, especially our Executive Directors, who collectively have more than 45 years of experience in the cocoa industry. Please refer to the section entitled “Directors, Management and Staff — Directors” of this Prospectus for details of the qualifications and working experience of our Executive Directors.

Our future performance and operations are also largely dependent on our ability to recruit and retain our Executive Officers and key technical, support, sales and management staff as well as on a suitable succession plan. Having a team of experienced management staff is critical in maintaining the quality of our services and products, and our relationship with our customers. A high turnover of such personnel would adversely affect our operations and competitiveness.

The loss of these key personnel without suitable and timely replacements, and an inability to attract or retain qualified and suitable personnel would have an unfavourable and material impact on our Group’s business and operating results. To retain and attract qualified personnel, we continually attempt to provide a conducive working environment which promotes productivity and loyalty, while ensuring good performance is rewarded through competitive remuneration packages.

### **We may be exposed to accidents as the materials used in our production process include diesel and LPG, hazardous products which are explosive, flammable and toxic**

The materials used in our production process include diesel and LPG, hazardous products which are explosive, flammable and may be toxic or harmful to human health and the environment. Hence, any leakage of diesel or LPG in storage or during the production process may result in pollution to the environment and/or industrial accidents.

In the event of occurrence of environmental pollution, we may be in breach of Malaysian regulations and be penalised by the Malaysian authorities for non-compliance with the relevant environment protection laws and regulations. Such penalties may be in the form of fines and/or suspensions or revocation of licences, permits or approvals, or in the event of a serious non-compliance, a prohibition order may be issued to prevent our continued operation.

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## RISK FACTORS

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We may also incur costs arising from our obligation to remedy any damage caused by such accidents and to restore the environment to its original state. We may also have to compensate our employees or third parties for any personal injury, human deaths or any losses or damages to property suffered by them as a result of such accidents.

There is no assurance that accidents will not occur or that our safety precautions and maintenance procedures will provide adequate protection. Any significant accident, even though we may not be responsible or found to be at fault, may expose us to claims and liability which may result in significant legal costs and damages. The occurrence of any liability claims, regardless of validity, could adversely affect our corporate image as well as financial position. For further details on our safety control procedures as regards hazardous materials, please refer to the section entitled “General Information on our Group — Quality Assurance and Safety Controls” of this Prospectus.

**Fire, accident or other calamities at our production facility may disrupt our operations and adversely affect our business, financial position, profitability and results of operations and our insurance policies do not cover all our operating risks**

A fire or other calamity resulting in significant damage at our key production facility could have a material adverse effect on our business, financial position, profitability and results of operations. While we consider our insurance policies in respect of loss and/or damage to our production equipment and facilities as well as inventories to be adequate, such insurance may not be sufficient to cover all our potential losses. Although there had never been any such fire or other calamity nor any material disruptions to our production facility and operations, in the event of such occurrence, we may suffer significant losses. If the quantum of such losses exceed the insurance coverage or is not covered by the insurance policies we have taken up, we may be liable for the shortfall of the amounts claimed and will sustain financial losses, and may also incur additional costs in the event of increased insurance premiums payable in future. We review our insurance coverage on a yearly basis to ensure we have satisfactory coverage against fire.

In addition, we are not insured against loss of key personnel and business interruption. If such events were to occur, our business may be materially and adversely affected.

Please refer to the section entitled “General Information on our Group — Insurance” of this Prospectus for more details on our insurance policies.

**We face risks in the expansion of our production capacity**

We plan to increase production capacity for our PTP plant to 85,000 tonnes by 2013 from the current 60,000 tonnes of cocoa bean equivalent per year. The increase in production capacity will allow us to cater for the growing demand of our cocoa ingredient products and potentially increase our revenue and profits. However, where increases in capacity are not supported by a corresponding increase in demand, this will adversely affect our profit margins, business and financial performance. In addition, where the increase in production capacity is not matched by the retention of a consistent and efficient processing yield, our profit margins, business and financial performance may be adversely affected as well. Please refer to the section entitled “Prospects, Business Strategies and Future Plans” of this Prospectus for more details.

Further, our ability to expand our existing business and operations and pursue new growth opportunities successfully will depend on factors such as our ability to:

- (a) identify suitable acquisition and expansion opportunities;

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- (b) negotiate purchases of vacant land and/or existing production facilities as well as the construction or refurbishment of production facilities on satisfactory terms;
- (c) obtain the necessary financing on competitive terms;
- (d) obtain the requisite regulatory and/or governmental approvals; and
- (e) integrate new operations into our existing operations.

Rapid growth in our operations will also place additional demands on our management team, our centralised logistics and procurement team, our technical team and our financial reporting and information systems. There can be no assurance that our expansion plans can be implemented successfully and that we will be able to recruit and retain sufficient numbers of high quality management and staff to manage any additional operations. Any expansion plan which is not implemented successfully may have an adverse effect on our financial position.

### **Adverse movements in interest rates may affect our profitability**

As the cocoa processing industry is a capital intensive industry, high capital expenditure is required on automated machineries as well as high working capital requirements for procurement of raw materials. Our working capital and capital expenditure requirements are funded by internally generated funds and external financing such as bank overdrafts, trade bills, term loans, bridging loans and finance lease facilities from time to time. As at 31 December 2011, our indebtedness amounted to approximately RM142.2 million, out of which approximately RM134.3 million are trade bills used mainly to finance our procurement of cocoa beans. In FY2011, our cost of financing was 4.1% of PBT. Any increase in interest rates may adversely impact our profitability or our ability to meet financial obligations when they become due.

### **We may require additional funding for our future growth**

Certain business opportunities that could increase our revenue and profits may arise from time to time. If such opportunities arise, we may require additional funds to complete any acquisitions and/or to meet capital or operational expenditure requirements, among other requirements. We may have difficulty in raising such funding and forecasting accurately the amount of additional funding we might require as well as re-financing such funding from time to time.

Such funding, if raised through the issuance of equity or convertible securities, may be priced at a discount to the then prevailing market price of our Shares, resulting in a dilution of our Shareholders' equity interest. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS may be diluted, and this could lead to a decline in our Share price.

Alternatively, if our funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- (a) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and industry conditions;
- (c) limit our ability to pursue our growth plans;



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- (d) require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and/or
- (e) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

### **We are reliant on our customers' ability to maintain and expand their distribution channels**

Our sales and prospects depend on the retail growth and penetration rate of our products. Sales of our cocoa ingredient products by our customers are conducted through distributors, international trade houses and end users, over which we have limited control. Hence, we are dependent on our customers to expand the reach of our products geographically through their distribution channels. In the event our customers are unable to maintain and expand their distribution channels, our business and financial performance will be affected.

### **We may be exposed to credit risks of our customers for the sales of cocoa ingredient products**

Our normal payment terms for sales of cocoa butter are cash against presentation of title documents. During the Period Under Review, for sales of cocoa powder, we typically grant credit terms of up to 90 days from the date of the bills of lading to some of our customers. In FY2009, FY2010 and FY2011, our average trade receivables turnover days were 19 days, 18 days and 20 days respectively. As at 31 December 2011, our trade receivables amounted to RM50.40 million, of which we have collected RM50.39 million as at the Latest Practicable Date.

Please refer to the section entitled "General Information on our Group — Credit Policy" of this Prospectus for more details on our average trade receivables turnover days.

Any deterioration in the financial positions of our customers may materially or adversely affect our profits and cash flow as these customers may default on their payments to us. We cannot assure you that the risks of default by our customers will not increase in the future or that we will not experience cash flow problems as a result of such defaults. Should these develop into actual events, our financial position will be adversely affected.

### **We are subject to liquidity risks**

In accordance with industry practice, we typically purchase cocoa beans on up to a 12 months forward basis. We purchase such quantity as is necessary to ensure an adequate stock of cocoa beans in order to run production facilities at an optimal level. Further, we have to factor the relatively long lead times for shipments of cocoa beans into our production schedules which can take up to approximately 1.5 months. Depending on the timing of and the quantities of our purchase of cocoa beans, as well as our working capital requirements at any time, we may experience negative operating cash flows.

While we fund most of the cocoa bean purchases through trade financing and credit facilities, there is no assurance that such existing trade financing and credit facilities will not be withdrawn or that we will be able to find suitable alternative funding at the same cost of financing. Where our operating cash flow is negative and in the event that our existing trade financing or available credit facilities are withdrawn, we may face liquidity issues. Any such liquidity issues may adversely affect our ability to pay debts as and when they fall due and may cause our financial position and performance to be severely affected.

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## RISK FACTORS

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### **We are exposed to the risks of intellectual property infringement or may face litigation suits for intellectual property infringement**

Unauthorized use of our trademarks and brand names may damage the brand and name recognition and reputation of our Group. We have registered trademarks in China, India and the Russian Federation. In certain jurisdictions which do not have developed intellectual property laws or a record of protecting intellectual property rights, we may face considerable difficulties and costly litigation in order to protect and enforce such rights. In the event that we are not able to protect our intellectual property rights, our brand reputation and sales volume may be adversely affected. There can be no assurance that there will be no misuse and/or infringement of these trademarks by third parties during the period when these trademarks are in the process of being renewed.

There can be no assurance that third parties may not initiate litigation against us alleging infringement of their proprietary rights. While we are not aware that any of our products currently infringe any intellectual property rights of third parties, we cannot be totally certain about this and we cannot assure you that our products will not infringe any trademark or proprietary rights of third parties, in the future.

We also rely on our operational know-how in relation to process technology. Our know-how is disseminated to selected and segregated groups of persons on a “need-to-know” basis. There can be no assurance that we will have adequate remedies for any compromise, or that other parties may not obtain knowledge of our trade secrets and proprietary processes, technology and systems. Should these events occur, our business and hence, our profitability, may be adversely affected.

In the event of any claims or litigation, involving infringement of intellectual property rights of third parties, whether with or without merit, it may result in a diversion of our resources and our financial results or operations may be adversely affected.

Please refer to the section entitled “General Information on our Group — Intellectual Property” of this Prospectus for further details on our intellectual property.

### **RISKS RELATING TO OUR OPERATIONS IN MALAYSIA**

#### **We are subject to risks relating to the economic, political, legal or social environment in Malaysia**

Our business, earnings, asset values, prospects and the value of our Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, food industry laws and regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting Malaysia, where applicable. We have no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on our operations or the price of or market for our Shares.

In particular, any adverse development in the political situation and economic uncertainties in Malaysia could materially and adversely affect the financial performance of our Group. We may be affected by changes in the political leadership and/or government policies in Malaysia. Such political or regulatory changes include (but are not limited to) the introduction of new laws and regulations which impose and/or increase restrictions on imports, the conduct of business, the repatriation of profits, the imposition of capital controls and changes in interest rates.

For example, there is proposed legislation in Malaysia on the taxation of goods and services (the “**Malaysia GST**”). Any potential impact of the Malaysia GST on our Group’s business, financial position

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## RISK FACTORS

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and results of operations is uncertain. We cannot assure you that any changes in such regulations or politics imposed by the Malaysian government from time to time will not have an adverse effect on our business, financial position, results of operations and prospects. Beginning in July 1997 and lasting until 1999, Malaysia experienced a significant financial and economic downturn that resulted in, among other things, a significant devaluation of the RM and an increase in the number and size of companies filing for corporate reorganisation and protection from their creditors. We cannot assure you that the Malaysian economy will continue to grow.

Terrorist attacks and other acts of violence or war may negatively affect the Malaysian economy and may also adversely affect financial markets globally. These acts may also result in a loss of consumer confidence, decrease the demand for our products and ultimately adversely affect our business. In addition, any such activities in Malaysia or its neighbouring countries in Southeast Asia may result in concern about the stability in the region, which could adversely affect our business, financial position, results of operations and prospects.

### **It may be difficult to enforce civil liabilities against us or our key management**

Our operating subsidiary is established in Malaysia. All of our significant operations and assets are located in Malaysia. As at the date of this Prospectus, our Non-Independent Non-Executive Chairman, Executive Directors and Executive Officers are not resident in Singapore and substantially all of their assets are located outside Singapore. As such, it may not be possible to effect service of process within Singapore upon our Group or our Non-Independent Non-Executive Chairman, Executive Directors or Executive Officers, or to enforce any judgment obtained in the Singapore courts against our Group or such persons. It may also be difficult for investors to take legal action against our Directors outside of Singapore and the costs of bringing such action may be prohibitive.

In particular, under Malaysian law, judgments entered into by any other non-Malaysian court are not enforceable in Malaysia, unless it is a judgment of a superior court of a reciprocating country (as listed in the First Schedule of the Reciprocal Enforcement of Judgment Act, 1958 of Malaysia) which can then be registered in Malaysia and (subject to the judgment debtors' right to set aside the registration in Malaysia in certain circumstances) the registered foreign judgment has the same force and effect as a judgment of the High Court in Malaysia. While Singapore is a country listed in the First Schedule of the Reciprocal Enforcement of Judgment Act, 1958 of Malaysia, an application nonetheless has to be made by the investor to register such a Singapore judgment in the High Court of Malaysia.

Further, in order to pursue a claim entirely in Malaysia against us or any officer or director, an investor would have to bring a separate action or claim in Malaysia.

While a non-Malaysian judgment could be introduced as evidence in a court proceeding in Malaysia, a Malaysian court would be free to examine new issues arising in the case. Thus, to the extent investors succeed in bringing legal actions against us in or outside Malaysia, their available remedies and any recovery in any Malaysian proceeding may be limited.

### **We are affected by foreign exchange controls in Malaysia**

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration, an arm of Bank Negara Malaysia which is the central bank of Malaysia. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current Exchange Control Notices of Malaysia and Foreign Exchange Administration Policies issued by Bank Negara Malaysia, non-residents are free to repatriate any

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## RISK FACTORS

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amount of funds in Malaysia at any time, including capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investment in Malaysia, subject to the applicable reporting requirements, and any withholding tax. In the event Bank Negara Malaysia introduces any restrictions in the future, we may be affected in our ability to distribute dividends from our Malaysian subsidiary and our Company.

### **We are subject to laws, regulations and guidelines in connection with our business operations in Malaysia**

JB Cocoa holds manufacturing licences from the MITI and licenses for cocoa grinder and trader of cocoa from MCB. There is no assurance that the relevant MITI and MCB licences will not be revoked. We also cannot guarantee that there will be no changes to the current regulations governing foreign ownership which will affect our investments in JB Cocoa. Any revocation of our MITI licences or any changes to the relevant regulations in the future could affect our investments in JB Cocoa and we may be required by the Malaysian authorities to restructure our equity interest in JB Cocoa. In addition, any revocation of our MCB licences may affect our ability to continue the processing of cocoa beans. This may in turn affect our business operations and profitability of our Group.

In addition, there is no assurance that the laws, regulations and guidelines which are applicable to our business will not change. In the event of any such amendments, we may need to ensure compliance with such new laws, regulations and guidelines. In addition, we may also need to comply with new licensing requirements under such laws and regulations. In the event that we are unable to comply or are unable to obtain such new licences, our business may be adversely affected.

### **We may be affected by the non-registration of our sub-lease over Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia (“Lot CP3B”) with the Malaysian Registrar of Titles**

We had sub-leased Lot CP3B from PTPSB. PTPSB had not presented us with the issue documents of title to enable us to present the document of title and the sub-lease for registration with the Malaysian Registrar of Titles. We understand from PTPSB that it has sub-leased different plots of land to other sub-lessees and it will take time for it to present the issue documents of title to the sub-lessees and currently there are four (4) other sub-lessees before us. In the event that any third party acting in good faith and without notice of our sub-lease is able to register any valid interest over the master title or Lot CP3B with the Malaysian Registrar of Titles, our claims to the sub-lease may lose priority to such third parties. Although it is unlikely that PTPSB will create any interest over Lot CP3B to any third parties, there can be no assurance that this will not occur. In the event of any such occurrence, our business and financial performance may be adversely affected.

## **RISKS RELATING TO INVESTMENT IN OUR SHARES**

### **There are inherent risks in the stock market**

There exists potential for both risks and benefits when an investor participates in the stock market. Our Share price is determined not only by internal factors such as our Group’s profit margins and development prospects, but may also be adversely affected by changes in macro political and economic conditions. Our Share price is also subject to extraneous factors such as, the market demand and supply conditions, prevailing interest rates, inflation, the prevailing investor sentiment and other unforeseeable factors. All these factors can give rise to a deviating share value which can, directly or indirectly, cause the investor to suffer a loss whilst investing in the stock market.

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## RISK FACTORS

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### **Our Shares have never been publicly traded and there may not be an active or liquid market for our Shares**

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on the SGX-ST, there is no assurance that an active trading market for our Shares will develop or if it develops, will be sustainable. There is also no assurance that the market price for our Shares will not decline below the Invitation Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events. Other factors including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations may also result in significant fluctuations in the market price of our Shares.

### **Our Share price may be volatile and this may affect your investment in our Shares**

An active market may not develop or if it develops, may not be sustainable following this Invitation. You may not be able to sell your Shares at or above the Invitation Price. Our Share price may be volatile and may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- (a) perceived prospects for our business and operations;
- (b) variations in our financial results due to the cyclical nature of the cocoa processing industry;
- (c) changes in securities analysts' recommendations or estimates of our financial performance;
- (d) changes in market valuation of similar companies;
- (e) failure to meet growth expectations of the market;
- (f) announcements by our competitors or ourselves of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- (g) differences between our actual operating results and those expected by investors and securities analysts;
- (h) additions or departures of key personnel;
- (i) general economic and stock market conditions, including fluctuations in stock market price and volume;
- (j) any involvement in litigation; or
- (k) changes to conditions affecting our industries, the general economic and stock market conditions.

### **Control by JBC Group may limit your ability to influence the outcome of decisions requiring the approval of Shareholders**

Upon the completion of the Invitation, we anticipate that our Controlling Shareholder, namely JBC Group will own approximately 61.2% of our Company's post-Invitation share capital. As a result, this Shareholder would be able to exercise significant influence over all matters requiring Shareholders' approval including our corporate actions such as mergers or takeover attempts in a manner that could conflict with the interests of our public Shareholders. It will also have veto power with respect to any Shareholder action or approval requiring a majority vote except where it is required by any law, rule or regulation to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may benefit our Shareholders.

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## RISK FACTORS

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### **We are not able to guarantee the accuracy of third party information**

Our Company is unable to guarantee that the information in this Prospectus with regard to forward-looking statements and all other statistical figures are accurate. The Prospectus contains information pertaining to statistical figures which have been obtained from the IMR Report. The IMR Report contains forward-looking statements and statistical figures which have been obtained from relevant government bodies or publications including the Quarterly Bulletin of Cocoa Statistics published by the International Cocoa Organisation. Given that these sources of information did not originate from our Company or any of our agents and their associated companies and that most of the information cited have not been independently verified, we cannot assure you of the credibility, quality or accuracy of the data and figures. While our Company has no reason to believe that any of the information cited is incorrect or inaccurate, factors such as flaws in the sourcing methods or the inadequacy of the information collected for the purposes of the IMR Report may result in the information being incommensurate with market or economic data. As such, we caution investors against placing excessive reliance on such data. In summary, we advise investors to independently carry out the necessary verifications in relation to the facts, forecasts and/or statistical figures and decide independently as to the amount of reliance they wish to place on these figures.

### **Any future sales of our Shares or equity-linked securities by us or our Substantial Shareholders could adversely affect our Share price**

Any future sale or placement of our Shares or equity-linked securities by us or our Substantial Shareholders could exert a downward pressure on our Share price. The sale or placement of a significant amount of our Shares in the public market after the Invitation, or the perception that such sales or placement may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to sell or place additional equity securities. Except as otherwise described in the section entitled “Shareholders — Moratorium” of this Prospectus, there will be no restriction on the ability of the Substantial Shareholders to sell or place their Shares either on the SGX-ST or otherwise.

Further, if we were to raise funds in the future by way of a rights issue, and if any Shareholder is unable or unwilling to participate in such fund raising, such Shareholder will suffer dilution in his shareholding.

### **New investors will incur immediate dilution and may experience further dilution**

The Invitation Price of our Shares is higher than our NAV per Share immediately after the Invitation of approximately 15.9 cents (based on the NAV as referred to in the section entitled “Invitation Statistics” of this Prospectus and as adjusted for the net proceeds from the issue of New Shares). Please refer to the section entitled “Dilution” of this Prospectus for further details of the immediate dilution of our Shares incurred by new investors.

### **Negative publicity which includes those relating to our Group or any of our Directors, Executive Officers or Substantial Shareholders may adversely affect our Share price**

Negative publicity or announcement relating to our Group or any of our Directors, Executive Officers or Substantial Shareholders may adversely affect the market perception or the stock performance of our Group, whether or not it is justified. Examples of these include unsuccessful attempts in joint ventures, acquisitions, takeovers or involvement in insolvency or bankruptcy proceedings.

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## INVITATION STATISTICS

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**Invitation Price** 30.0 cents

### NAV

NAV per Share based on the audited combined statement of financial position as at 31 December 2011:

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 316,000,000 Shares 12.9 cents

(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 400,000,000 Shares 15.9 cents

Premium of Invitation Price over the NAV per Share as at 31 December 2011:

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 316,000,000 Shares 132.6%

(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 400,000,000 Shares 88.7%

### EPS

Historical EPS based on the audited PAT for FY2011 and our Company's pre-Invitation share capital of 316,000,000 Shares 6.6 cents

Historical EPS based on the audited PAT for FY2011 (assuming the Service Agreements<sup>(1)</sup> had been in effect since the beginning of FY2011) and the pre-Invitation share capital of 316,000,000 Shares 6.7 cents

### PER

Historical PER based on the historical EPS for FY2011 4.5 times

Historical PER based on the historical EPS for FY2011 (assuming the Service Agreements<sup>(1)</sup> had been in effect since the beginning of FY2011) 4.5 times

### Net Operating Cash Flow<sup>(2)</sup>

Historical net operating cash flow per Share for FY2011, based on our Company's pre-Invitation share capital of 316,000,000 Shares 2.8 cents

Historical net operating cash flow per Share for FY2011, (assuming the Service Agreements<sup>(1)</sup> had been in effect since the beginning of FY2011) and based on our Company's pre-Invitation share capital of 316,000,000 Shares 2.9 cents

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## INVITATION STATISTICS

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### Price to Net Operating Cash Flow Ratio

Invitation Price to historical net operating cash flow per Share for FY2011 10.7 times

Invitation Price to historical net operating cash flow per Share for FY2011 (assuming the Service Agreements<sup>(1)</sup> had been in effect since the beginning of FY2011) 10.3 times

### Market Capitalisation

Market capitalisation based on our Company's post-Invitation share capital of 400,000,000 Shares and the Invitation Price S\$120.0 million

#### Notes:

- (1) Had the Service Agreements (as disclosed in the section entitled "Directors, Management and Staff — Service Agreements" of this Prospectus) been in effect since the beginning of FY2011, the aggregate remuneration (including contributions and fixed bonus) of our Executive Directors would have been RM3.4 million instead of RM4.2 million and PBT for FY2011 would have been RM67.9 million instead of RM67.1 million.
- (2) Net operating cash flow is defined as the net cash from operating activities as referred to in the "Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011" set out in Appendix A of this Prospectus.



## USE OF PROCEEDS AND EXPENSES INCURRED

### EXPENSES INCURRED IN CONNECTION WITH THE INVITATION

The estimated expenses in connection with this Invitation, including professional fees, underwriting and placement commission and other incidental expenses in relation to this Invitation is approximately S\$2.4 million. The Vendors will bear an agreed proportion of the invitation expenses and underwriting and placement commissions for the Invitation, amounting to approximately S\$0.2 million, being the proportion of the number of Vendor Shares to the number of New Shares. Accordingly, approximately S\$2.2 million will be borne by our Company and approximately S\$0.2 million will be borne by the Vendors.

### NET PROCEEDS FROM THE INVITATION

The net proceeds to be raised from the Invitation (comprising both the New Shares and the Vendor Shares), after deducting the estimated Invitation expenses of approximately S\$2.4 million, will be approximately S\$27.6 million.

### NET PROCEEDS FROM THE ISSUE OF THE NEW SHARES

The net proceeds attributable to us from the issue of the New Shares (after deducting our share of the estimated Invitation expenses of approximately S\$2.2 million) is approximately S\$23.0 million.

We intend to use the net proceeds from the issue of the New Shares for the following purposes:

	(S\$'000)	As a percentage of net proceeds allocated for each dollar (%)
<b>Repayment of bank borrowings<sup>(1)</sup></b>	8,300	32.9
<b>General working capital and to fund acquisitions, joint ventures and/or strategic alliances when opportunities arise<sup>(2)</sup></b>	14,642	58.1
<b>Net Proceeds</b>	<b>22,942</b>	<b>91.0</b>
<b>Estimated Invitation Expenses<sup>(3)</sup></b>		
Listing fees	75	0.3
Professional fees	1,240	4.9
Underwriting and placement commission <sup>(4)</sup>	674	2.7
Miscellaneous	269	1.1
<b>Gross Proceeds</b>	<b>25,200</b>	<b>100.0</b>

#### Notes:

- (1) This relates to two (2) short term bridging loans of RM9.1 million and RM11.5 million respectively (equivalent to approximately S\$8.3 million in aggregate, based on the exchange rate of RM2.4847:S\$1.00 as at the Latest Practicable Date) from AmBank (M) Berhad (an affiliate company of AmFraser) which were for the purposes of financing the construction of a factory and warehouse to be erected on Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia as well as the acquisition of production equipment and machinery. As at 31 December 2011, our Group has drawn down approximately RM6.2 million of the RM11.5 million short term bridging loan, which has a maturity date of 11 October 2012 or upon settlement of the proceeds from the Invitation, whichever is earlier. As at 31 December 2011, our Group has not drawn down on the RM9.1 million short term bridging loan, which will mature 12 months from the date of first drawdown or upon settlement of the proceeds from the Invitation, whichever is earlier. Our Group expects to further drawdown the loans by end of August 2012. In the event that these two (2) short term bridging loans are not fully drawn down by the time of the settlement of the proceeds from the Invitation, only the principal amount that has been drawn down with interest (subject to a maximum of S\$8.3 million) will be repaid using the proceeds from the Invitation, the excess will then be channelled for working capital purpose.

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## USE OF PROCEEDS AND EXPENSES INCURRED

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- (2) Our working capital requirements are expected to increase in tandem with our expected business growth and expansion plans. The working capital will be used to finance our day-to-day business operations, including amongst others, procurement of raw materials, defrayment of operational expenses, payment of salaries and general maintenance.
- (3) In connection with the FRS, approximately S\$1.3 million of the listing expenses incurred in connection with the Invitation will be recognised as an expense in our financial statements, which will affect our financial results in FY2012.
- (4) Pursuant to the Management and Underwriting Agreement, the Underwriters agreed to underwrite the subscription for and/or the purchase of the Offer Shares for a commission of 2.5% of the Invitation Price for each Offer Share subscribed and/or purchased. Pursuant to the Placement Agreement, the Placement Agents agreed to procure the subscription and/or purchase of the Placement Shares for a commission of 2.5% of the Invitation Price for each Placement Share subscribed and/or purchased.

Any remaining financing requirement in respect of the activities highlighted above will be funded through internally generated funds and/or bank borrowings at our Company's discretion.

Please refer to the section entitled "Prospects, Business Strategies and Future Plans — Business Strategies and Future Plans" of this Prospectus for further details on our use of net proceeds from the issue of the New Shares.

Pending the deployment of the net proceeds from the issue of the New Shares as aforesaid, the funds may be used as working capital for our Group or be placed in short term deposits or money market or debt instruments as our Directors may in their absolute discretion deem appropriate.

The foregoing discussion represents our Company's best estimate of its allocation of the net proceeds from the issue of the New Shares and is based on its current plans and estimates regarding its anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes.

In the event that any part of our proposed uses of the net proceeds from the issue of the New Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds on short term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the listing rules of the SGX-ST and appropriate announcements will be made by our Company on the SGXNET and Shareholders' approval obtained where deviations are material.

As and when the funds from the Invitation are materially disbursed, our Company will make periodic announcements via SGXNET on the use of the net proceeds from the issue of the New Shares and will provide a status report on the use thereof in our annual report.

In our Directors' opinion, no minimum amount must be raised from the Invitation.

### NET PROCEEDS FROM THE SALE OF VENDOR SHARES

The net proceeds attributable to the Vendors from the sale of the Vendor Shares (after deducting the Vendors' share of the estimated Invitation expenses of approximately S\$0.2 million) is approximately S\$4.6 million.

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## MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

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Pursuant to the Management and Underwriting Agreement between our Company, the Vendors, AmFraser and Canaccord Genuity, our Company appointed AmFraser and Canaccord Genuity, as Joint Issue Managers, Underwriters and Placement Agents to manage the Invitation and to underwrite the Offer Shares. AmFraser and Canaccord Genuity will receive a management fee from our Company and the Vendors for their services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, the Underwriters have agreed to underwrite the Offer Shares, for an underwriting commission of 2.5% of the aggregate Invitation Price for the total number of Offer Shares underwritten by the Underwriters (in the case of the Company, being the underwriting commission payable in respect of the New Shares and in the case of each Vendor, being the underwriting commission payable in respect of its Vendor Shares) less any brokerage payable by the Company and/or the Vendors (as the case may be) in the proportion in which the number of Invitation Shares offered by each of our Company and the Vendors pursuant to this Invitation bears to the total number of Invitation Shares. The Underwriters may, at their absolute discretion, appoint one or more sub-underwriters to sub-underwrite the Offer Shares.

Pursuant to the Placement Agreement between our Company, the Vendors and the Placement Agents, the Placement Agents have agreed to procure subscribers and/or purchasers for the Placement Shares, at a placement commission of 2.5% of the aggregate Invitation Price for the number of Placement Shares which each Placement Agent has procured subscriptions for and/or purchase of. The Placement Agents may, at their absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Brokerage will be paid by our Company from the proceeds received in connection with the successful applications for the Offer Shares to the members of the SGX-ST, merchant banks in Singapore and members of the Association of Banks in Singapore on all successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or their IB websites at the rate of 0.25% of the Invitation Price for each Offer Share for UOB Group and OCBC and 0.50% of the Invitation Price for each Offer Share (subject to a minimum amount of S\$10,000) for DBS Bank.

In respect of the Placement Shares, the brokerage will be paid to the Placement Agents in accordance to the Placement Agreement. Subscribers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Invitation Price as well as stamp duties, goods and services tax and any other similar charges, where applicable, to the Placement Agent or their sub-placement agents.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two (2) years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our subsidiary.

The Management and Underwriting Agreement may be rescinded or terminated by any of the Joint Issue Managers or Underwriters at any time prior to the commencement of the trading of the Shares on the Official List of the SGX-ST, on the occurrence of certain events including, *inter alia*:

- (a) the issue of a Stop Order by the Authority in accordance with Section 242 of the SFA; or
- (b) any breach of the warranties or undertakings in the Management and Underwriting Agreement; or
- (c) any breach of the representations, warranties or undertakings by the Company or Vendors in the Management and Underwriting Agreement or the Placement Agreement which comes to the knowledge of the Joint Issue Managers and/or Underwriters and/or the Placement Agents; or

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## MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

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- (d) any occurrence of an event occurring on or after the date of the Management and Underwriting Agreement or the Placement Agreement and prior to the time and date of the commencement of trading of the Shares on the Official List of the SGX-ST, which if it had occurred before the date of the Management and Underwriting Agreement, would have rendered any of the representations, warranties or undertakings in the Management and Underwriting Agreement untrue or incorrect in any material respect; or
- (e) any material adverse change, or any development involving a prospective adverse change, in the condition (business, trading, operational, financial or otherwise) of the Company or of the Group as a whole; or
- (f) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Accounting and Corporate Regulatory Authority of Singapore, the Securities Industry Council of Singapore or the SGX-ST) in Singapore, Malaysia or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore, Malaysia or elsewhere including but not limited to foreign exchange controls in Singapore, Malaysia or overseas; or
- (g) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, taxation, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in any foreign exchange controls in Singapore or overseas, or any combination of any such changes or developments or crisis, or any deterioration of such conditions); or
- (h) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets in any jurisdiction); or
- (i) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or
- (j) any foreign exchange controls in Singapore and overseas or any occurrence of a combination of any such changes or developments or crises, or any deterioration of any such conditions; or
- (k) any rioting, looting, labour disputes, unavailability of transportation or act of God; or
- (l) any other occurrence of any nature whatsoever, which event or events shall in the reasonable opinion of the Joint Issue Managers and/or the Underwriters:
  - (i) results or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or
  - (ii) is likely to materially prejudice the success of the Invitation; or
  - (iii) makes it impossible, impracticable, inadvisable, inexpedient or not commercially viable to proceed with any of the transactions contemplated in the Placement Agreement or Management and Underwriting Agreement; or

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## MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

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- (iv) is likely to have a material adverse effect on the business, trading position, operations or prospects of the Company or of the Group; or
- (v) is such that no reasonable underwriter would have entered into the Placement Agreement or the Management and Underwriting Agreement; or
- (vi) results or is likely to result in the issue of a Stop Order by the Authority pursuant to the SFA; or
- (vii) makes it non-commercial or otherwise contrary to or outside the usual commercial customs or practices of underwriters in Singapore for the Underwriters to observe or perform or be obliged to observe or perform the terms of the Placement Agreement or the Management and Underwriting Agreement (as the case may be).

Notwithstanding anything herein contained, the Joint Issue Managers and Underwriters may by notice in writing to the Company and Vendors terminate the Management and Underwriting Agreement if:

- (a) at any time prior to the commencement of trading of the Shares on the Official List of the SGX-ST, a Stop Order shall have been issued by the Authority in accordance with Section 242 of the SFA;
- (b) at any time after registration of this Prospectus with the Authority but before the date of the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement prospectus (as the case may be) if it becomes aware of:
  - (i) a false or misleading statement or matter in the Prospectus;
  - (ii) an omission from the Prospectus of any information that should have been included in it under Section 243 of the SFA; or
  - (iii) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus if it had arisen before this Prospectus was lodged,

and that is materially adverse from the point of view of an investor; or

- (c) the issued Shares (including the Vendor Shares) and the New Shares have not been admitted to the Official List of the SGX-ST on or before 23 July 2012 (or such other date as the Company, the Vendors, and the Joint Issue Managers, Underwriters and Placement Agents may agree).

The Placement Agreement is conditional upon, *inter alia*, the execution of the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement or on the occurrence of certain events including those specified above.

Pursuant to the Management and Underwriting Agreement and the Placement Agreement, each of the Company and JBC Group agrees to jointly and severally, and ECOM agrees to severally fully and effectively indemnify the Joint Issue Managers, the Underwriters and sub-underwriters, the Placement Agents and the sub-placement agents, affiliates, associated and related companies and corporations of the Joint Issue Managers, the Underwriters and the Placement Agents, as well as their respective directors, employees and agents (including the directors and employees of such agents) ("**Indemnified Persons**") from and against all losses, damages, claims, costs (including legal costs on a full indemnity basis), expenses, charges, liabilities, actions, demands and proceedings which the Indemnified Persons may incur or suffer or which may be made against them as a result of, in connection with or

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## MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

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arising out of, directly or indirectly, the Invitation, the lodgement of the preliminary Prospectus, the registration and issue of the Prospectus or the Invitation, any actual or alleged misrepresentations by the Company and/or the Vendors or in connection with any actual or alleged inaccuracies in, or actual or alleged omission from, the preliminary Prospectus or, as the case may be, the Prospectus, any actual or alleged breach of the representations, warranties and undertakings or any failure or delay in performing its undertakings or obligations in the Management and Underwriting Agreement and/or the Placement Agreement or any fraud, act or omission by the Company or its respective directors, employees or agents and such indemnity shall extend to include all costs, charges and expenses on a full indemnity basis which the Indemnified Persons may pay or incur in disputing or defending any claim or action or other proceedings at any time in respect of which indemnity may be sought (whether or not such claim, action or proceeding is successful, compromised or settled). For the avoidance of doubt, the indemnity contained herein is without prejudice to any of the Joint Issue Managers', the Underwriters' and the Placement Agents' right of termination or any other rights and remedies under the Management and Underwriting Agreement and/or the Placement Agreement. Notwithstanding the aforesaid, the Company and the Vendors shall not be liable to indemnify the Indemnified Persons for costs (including legal costs) and expenses arising from claims, actions or proceedings brought by the Indemnified Persons against the Company and/or the Vendors under the Management and Underwriting Agreement and/or the Placement Agreement.

Further, each of the Company and JBC Group shall jointly and severally, and ECOM shall severally hold the Indemnified Persons fully and effectively indemnified against all damages, losses, liabilities, costs (including legal costs on a full indemnity basis) and expenses arising out of any claim, action or proceeding which may be brought or threatened to be brought against any of them in relation to the Invitation (whether or not such claim, action or proceeding is successful, compromised or settled) as a result of, arising out of or in connection with, directly or indirectly:

- (a) any failure by the Company or Vendors to comply with any requirements of any statute or statutory regulation, governmental or ministerial order or decree, or decision or circular of the SGX-ST or any other authority (including without limitation to the foregoing, any directive or order by the Authority pursuant to the SFA);
- (b) the preliminary Prospectus or, as the case may be, the Prospectus not containing all information material in the context of the Invitation, or any statement contained therein or in any information which is otherwise supplied by the Company or Vendors to the Joint Issue Managers and/or the Underwriters and/or the Placement Agents in connection with the Invitation being untrue, incorrect or misleading;
- (c) any misrepresentation contained in the preliminary Prospectus or, as the case may be, the Prospectus;
- (d) any breach by the Company or Vendors of any of its representations, warranties or obligations contained in the Management and Underwriting Agreement and/or the Placement Agreement;
- (e) any failure or delay by the Company or Vendors in performing its obligations in the Management and Underwriting Agreement and/or the Placement Agreement; and
- (f) any exercise by the Joint Issue Managers, the Underwriters and the Placement Agents of any rights and authorities granted under the Management and Underwriting Agreement and/or the Placement Agreement,

including in any such case (but without prejudice to the generality of the foregoing) all costs, (including legal costs on a full indemnity basis), charges, liabilities, expenses, actions and demands which the

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## **MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS**

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Indemnified Persons may incur or bear in disputing any such claim made against them or in establishing any claim on their part under the foregoing provisions, in each case except in relation to any claim arising out of the wilful default, gross negligence or fraud of the Indemnified Persons. Notwithstanding the aforesaid, the Company and the Vendors shall not be liable to indemnify the Indemnified Persons for costs (including legal costs) and expenses arising from claims, actions or proceedings brought by the Indemnified Persons against the Company and/or the Vendors under the Management and Underwriting Agreement and/or the Placement Agreement.

Save as disclosed above and in the section entitled "Potential Conflicts of Interests" of this Prospectus, our Company and the Vendors do not have any material relationship with any of the Joint Issue Managers, Underwriters and Placement Agents.

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## DIVIDEND POLICY

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Our Company currently does not have any formal dividend policy. The form, frequency and amount of dividends that may be declared and paid will depend on our actual and projected operating results, financial condition such as our cash position and retained earnings, other cash requirements including future capital expenditure, restrictions on payment of dividends imposed on us by our financing arrangements (if any) and other factors deemed relevant by our Directors. Past dividend payments by our Group should not be taken as an indication of dividends to be paid by us in the future.

We may declare final dividends with the approval of our Shareholders in a general meeting, but the amount of such dividends shall not exceed the amount recommended by our Directors. Our Directors may also declare interim dividends without seeking Shareholders' approval. We must pay all dividends out of profits pursuant to the Companies Act.

JB Cocoa declared dividends in respect of the following financial periods to its then shareholders set out in the table below:

<b>(RM'000)</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
Dividend	8,000	34,000	30,000

For FY2011, JB Cocoa paid dividends of RM10.0 million and RM20.0 million in June 2011 and February 2012 respectively.

Save as disclosed above, no dividends (final or interim) had been declared or paid by our Company and subsidiary for the Period Under Review.

### **Proposed Dividend in respect of FY2012**

In respect of FY2012, our Directors intend to recommend and distribute not less than 30.0% of our audited combined net profit attributable to Shareholders as dividends (the "**Proposed Dividend**"). Such dividends will depend on our actual and projected operating results, financial condition such as our cash position and retained earnings, other cash requirements including future capital expenditure, restrictions on payment of dividends imposed on us by our financing arrangements (if any) and other factors deemed relevant by our Directors. Investors should not treat the Proposed Dividend as an indication of our Group's future dividend policy. Future dividends will be paid by us as and when approved by our Shareholders and Directors.

You should note that all the foregoing statements are merely statements of our present intention and do not constitute a legally binding obligation on the part of our Company in respect of the payment of any dividends which may be subject to modification (including any reduction or non-declaration thereof) in our Directors' sole and absolute discretion. There can be no assurance that dividends will be paid in the future or of the amount or the timing of any dividends that are to be paid in the future.

No inference should or can be made from any of the foregoing statements as to our actual profitability or our ability to pay dividends in the future or any of the periods discussed.

Please refer to the section entitled "Taxation" of this Prospectus for further details on the taxes payable on dividends.



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## SHARE CAPITAL

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Our Company (Company Registration Number 201200268D) was incorporated in Singapore on 3 January 2012 under the Companies Act as a private limited company under the name of “JB Foods Pte. Limited”. As at the date of incorporation, the issued and paid-up share capital of our Company was S\$10, comprising 10 ordinary shares. Pursuant to the Restructuring Agreement, our Company acquired 21,999,990 shares in the issued and paid-up share capital of JB Cocoa owned by JBC Group (amounting to approximately 80.0% of the shares in the issued and paid-up share capital of JB Cocoa). The purchase consideration was satisfied by the allotment and issue of 126,399,933 Shares credited as fully paid by our Company to JBC Group. Upon the completion of the Restructuring Agreement, our issued and paid-up share capital was increased to S\$32,663,485, comprising 126,399,943 ordinary shares.

On 15 May 2012, our Company entered into the Share Swap Agreement with ECOM and Tey How Keong, pursuant to which our Company acquired 5,500,000 and 10 shares in the issued and paid-up share capital of JB Cocoa owned by ECOM and Tey How Keong respectively (amounting in aggregate to approximately 20.0% of the shares in the issued and paid-up share capital of JB Cocoa). The purchase consideration was satisfied by the allotment and issue of 31,600,000 Shares and 57 Shares credited as fully paid by our Company to ECOM and Tey How Keong respectively. Tey How Keong has renounced all the Shares he was entitled to receive as purchase consideration in favour of JBC Group. Upon the completion of the Share Swap Agreement, our issued and paid-up share capital was subsequently increased to S\$40,829,354, comprising 158,000,000 Shares. On 29 May 2012, our Company sub-divided each share in our Company into two (2) Shares. Following the sub-division, the issued and paid-up capital of our Company became S\$40,829,354, comprising 316,000,000 Shares. For more details on the Restructuring Exercise, please refer to the section entitled “Restructuring Exercise” of this Prospectus.

On 3 July 2012, we converted into a public limited company and changed our name to “JB Foods Limited”.

At the EGM held on 15 May 2012, our Shareholders approved, *inter alia*, the following:

- (a) the Share Swap Agreement and the allotment and issue of 31,600,057 Shares in the issued and paid-up share capital of our Company pursuant to the Share Swap Agreement;
- (b) the sub-division of each ordinary share in the capital of our Company into two (2) Shares;
- (c) the conversion of our Company into a public limited company and the change of name to “JB Foods Limited”;
- (d) the adoption of a new set of Articles of Association for our Company;
- (e) the allotment and issue of the 84,000,000 New Shares which are the subject of the Invitation. The New Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with our existing issued and fully paid-up Shares;
- (f) the Service Agreements; and
- (g) pursuant to Section 161 of the Companies Act, that our Directors be authorised to:
  - (i) issue Shares whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Instrument (as defined below) made or granted by our Directors while the resolutions are in force notwithstanding that the authority conferred by the resolutions may have ceased to be in force at the time of issue of such Shares); and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

## SHARE CAPITAL

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit provided that the aggregate number of Shares issued pursuant to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company), shall not exceed 50.0% of the issued share capital of our Company immediately after the Invitation, excluding treasury shares, and provided that the aggregate number of such Shares to be issued other than on a *pro rata* basis in pursuance to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing Shareholders shall not exceed 20.0% of the issued share capital of our Company immediately after the Invitation excluding treasury shares, and, unless revoked or varied by our Company in general meeting, such authority shall continue in force until the conclusion of the next AGM of our Company or the date by which the next AGM of our Company is required by law to be held, whichever is the earlier.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company, being ordinary shares. The rights and privileges of these Shares are stated in our Articles of Association of our Company. There is no founder, management, deferred or unissued Shares, reserved for issuance for any purpose.

No person has been, or is permitted to be, given an option to subscribe for and/or purchase any securities of our Company or our subsidiary. As at the Latest Practicable Date, no option to subscribe for and/or purchase Shares in our Company has been granted to, or was exercised by any of our Directors or Executive Officers.

Upon the allotment and issue of the New Shares, the resultant issued and paid-up share capital of our Company is S\$65,022,678 comprising 400,000,000 Shares.

Details of changes in our Company’s issued and paid-up share capital since our incorporation and immediately after the Invitation are as follows:

	Number of Shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up share capital as at the date of incorporation	10	10
Issue of Shares pursuant to the completion of the Restructuring Agreement <sup>(1)</sup>	126,399,933	32,663,485
Issue of Shares pursuant to the completion of the Share Swap Agreement <sup>(2)</sup>	31,600,057	40,829,354
	<u>158,000,000</u>	<u>40,829,354</u>
Sub-division of Shares	316,000,000	40,829,354
<b>Pre-Invitation issued and paid-up share capital</b>	<b>316,000,000</b>	<b>40,829,354</b>
Issue of New Shares pursuant to the Invitation	84,000,000	65,022,678 <sup>(3)</sup>
<b>Post-Invitation issued and paid-up share capital</b>	<b>400,000,000</b>	<b>65,022,678</b>

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## SHARE CAPITAL

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**Notes:**

- (1) The value of 126,399,933 Shares, S\$32,663,475 (equivalent to RM79,809,935), was determined based on the closing exchange rate of S\$1:RM2.4434 as at 31 December 2011.
- (2) The value of 31,600,057 Shares, S\$8,165,869 (equivalent to RM19,952,484), was determined based on the closing exchange rate of S\$1:RM2.4434 as at 31 December 2011.
- (3) Based on the gross proceeds from the issue of the New Shares of S\$25.2 million, after deducting the Invitation expenses of S\$1.0 million which are deducted against share capital.

Our Shareholders' equity as at (a) the date of incorporation, (b) after adjustments to reflect the new Shares issued pursuant to the Restructuring Exercise, and (c) immediately after the Invitation are set out below. This should be read in conjunction with the section entitled "Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011" set out in Appendix A of this Prospectus.

	As at date of incorporation (S\$)	After the Restructuring Exercise (S\$)	After the Invitation (S\$)
<b>Shareholders' equity</b>			
Issued and paid-up share capital	10	40,829,354	65,022,678
Retained profits	—	—	—
	10	40,829,354	65,022,678
Shareholders' equity	10	40,829,354	65,022,678

Save as set out in this section and the sections entitled "Restructuring Exercise" and "General and Statutory Information — Share Capital" of this Prospectus, there was no change in the issued and paid-up share capital of our Company and our subsidiary within the three (3) years preceding the Latest Practicable Date.

## SHAREHOLDERS

### OWNERSHIP STRUCTURE

The Shareholders of our Company and their respective shareholdings immediately before and after the Invitation are set out below:

	Before the Invitation <sup>(1)</sup>				After the Invitation <sup>(2)</sup>			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>								
Tey Kan Sam @ Tey Hin Ken <sup>(3)(4)</sup>	—	—	252,800,000	80.0	—	—	244,800,000	61.2
Tey How Keong <sup>(3)(5)</sup>	—	—	252,800,000	80.0	—	—	244,800,000	61.2
Goh Lee Beng <sup>(3)(6)</sup>	—	—	252,800,000	80.0	—	—	244,800,000	61.2
Yessa Matindas Tuegeh <sup>(7)</sup>	—	—	—	—	—	—	—	—
Chua Cheow Khoon Michael	—	—	—	—	—	—	—	—
Leow Wee Kia Clement	—	—	—	—	—	—	—	—
<b>Substantial Shareholder (other than Directors)</b>								
JBC Group <sup>(8)</sup>	252,800,000	80.0	—	—	244,800,000	61.2	—	—
Lim Ah Bet @ Chabo <sup>(3)(9)</sup>	—	—	252,800,000	80.0	—	—	244,800,000	61.2
ECOM <sup>(10)</sup>	63,200,000	20.0	—	—	55,200,000	13.8	—	—
Unichocola Pte. Ltd. <sup>(11)</sup>	—	—	63,200,000	20.0	—	—	55,200,000	13.8
IECOM Pte. Ltd. <sup>(12)</sup>	—	—	63,200,000	20.0	—	—	55,200,000	13.8
Jorge C. Esteve and grandchildren <sup>(11)</sup>	—	—	63,200,000	20.0	—	—	55,200,000	13.8
Isabel R. Esteve and lineal descendants <sup>(12)</sup>	—	—	63,200,000	20.0	—	—	55,200,000	13.8
<b>Public</b>	—	—	—	—	100,000,000	25.0	—	—
<b>Total</b>	<b>316,000,000</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>400,000,000</b>	<b>100.0</b>	<b>—</b>	<b>—</b>

#### Notes:

- (1) Based on the pre-Invitation share capital of 316,000,000 Shares.
- (2) Based on the enlarged issued and paid-up share capital of 400,000,000 Shares after the Invitation.
- (3) Tey Kan Sam @ Tey Hin Ken, our Non-Independent Non-Executive Chairman and his spouse, Lim Ah Bet @ Chabo are the parents of Tey How Keong, our CEO. Goh Lee Beng, our Executive Director, is the spouse of Tey How Keong.
- (4) Tey Kan Sam @ Tey Hin Ken, our Non-Independent Non-Executive Chairman, holds 30.0% of the issued and paid-up share capital of 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 252,800,000 Shares held by JBC Group.
- (5) Tey How Keong, our CEO, holds 36.0% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 14.0% 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 252,800,000 Shares held by JBC Group.
- (6) Goh Lee Beng, our Executive Director, holds 14.0% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 36.0% 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 252,800,000 Shares held by JBC Group.
- (7) Yessa Matindas Tuegeh, our Non-Independent Non-Executive Director, holds 0.02% of the issued and paid-up share capital of ECOM.
- (8) JBC Group is an investment holding company incorporated under the laws of Malaysia as a private company limited by shares on 2 November 1982.

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## SHAREHOLDERS

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- (9) Lim Ah Bet @ Chabo holds 20.0% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 30.0% 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 252,800,000 Shares held by JBC Group.
- (10) ECOM is a company incorporated under the laws of Switzerland as a private company limited by shares on 30 September 1999 as a soft commodities wholesale merchant.
- (11) Unichocola Pte. Ltd. (Company Registration No. 200416475K) is an investment holding company incorporated under the laws of Singapore as a private company limited by shares on 22 December 2004. Unichocola Pte. Ltd. holds approximately 36.0% of the issued and paid-up share capital of ECOM, and is therefore deemed interested in the 63,200,000 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.
- (12) IECOM Pte. Ltd. (Company Registration No. 200416479N) is an investment holding company incorporated under the laws of Singapore as a private company limited by shares on 22 December 2004. IECOM Pte. Ltd. holds approximately 26.3% of the issued and paid-up share capital of ECOM, and is therefore deemed interested in the 63,200,000 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.

### General Information

The Shares held by our Directors and Substantial Shareholders or their respective Associates do not carry different voting rights from the New Shares, which form part of the subject of this Invitation. As at the Latest Practicable Date and to the best of our Directors' knowledge and belief, our Directors are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control of our Company.

Save as disclosed above, our Company is not controlled directly or indirectly by another corporation or government or other natural or legal person, whether jointly or severally.

Save as disclosed above and in the section entitled "Interested Person Transactions" of this Prospectus, there are no other relationships between our Directors and Substantial Shareholders.

Save as disclosed above, each of the Shareholders of our Company as at the date of this Prospectus has confirmed that he does not hold any Shares on trust for any person and no other Shareholder holds any Shares on trust for him.

### SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed under the sections entitled "Restructuring Exercise", "Dilution" and "General and Statutory Information" of this Prospectus, there were no significant changes in the percentages of ownership of our Directors and Controlling Shareholders in our Company from the date of its incorporation until the Latest Practicable Date.

### MORATORIUM

All our existing Shareholders, namely JBC Group and ECOM who in aggregate hold 300,000,000 Shares in our Company, representing approximately 75.0% of our Company's enlarged issued and paid-up share capital immediately after the Invitation, have each undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of any part of their respective interests in the share capital of our Company for a period of six (6) months from the date of our Company's admission to the Official List of SGX-ST (the "**Moratorium Period**").

The shareholders of JBC Group, being Tey Kan Sam @ Tey Hin Ken, Tey How Keong, Goh Lee Beng and Lim Ah Bet @ Chabo, have each undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of any part of their respective interests in JBC Group for the Moratorium Period.

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## VENDORS

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The names of the Vendors and the number of Vendor Shares which they will offer pursuant to the Invitation are set out below:

Vendor	Material relationship with our Group after the Invitation	Shares held immediately before the Invitation		Vendor Shares offered pursuant to the Invitation		Shares held after the Invitation	
		Number of Shares	Percentage of pre-Invitation share capital (%)	Number of Vendor Shares	Percentage of pre-Invitation share capital (%)	Number of Shares	Percentage of post-Invitation share capital (%)
JBC Group	Controlling Shareholder	252,800,000	80.0	8,000,000	2.5	244,800,000	61.2
ECOM	Substantial Shareholder	63,200,000	20.0	8,000,000	2.5	55,200,000	13.8

Save as disclosed in the section entitled “Shareholders — Ownership Structure” of this Prospectus, the Vendors do not hold our Shares or interest therein as nominees of or on trust for anyone.

## CAPITALISATION AND INDEBTEDNESS

The following table shows our Group's cash and cash equivalents, as well as capitalisation and indebtedness of our Group as at 31 December 2011 and 30 April 2012:

- (i) based on the audited combined financial statements as at 31 December 2011; and
- (ii) based on the unaudited management accounts of our Group as at 30 April 2012.

You should read this table in conjunction with the "Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011" set out in Appendix A of this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Prospectus.

(RM'000)	Audited as at 31 December 2011	As at 30 April 2012	As adjusted for the net proceeds from the issue of New Shares
Cash and cash equivalents	48,630	30,097	87,101
<b>Indebtedness</b>			
<u>Non-current:</u>			
secured and guaranteed	—	—	—
secured and non-guaranteed	—	—	—
unsecured and guaranteed	—	—	—
unsecured and non-guaranteed	—	—	—
	—	—	—
<u>Current:</u>			
secured and guaranteed	100,131	59,767	59,767
secured and non-guaranteed	31	10	10
unsecured and guaranteed	42,048	80,907	80,907
unsecured and non-guaranteed	—	—	—
	142,210	140,684	140,684
<b>Total Indebtedness</b>	142,210	140,684	140,684
<b>Total Shareholders' equity</b>	99,762	117,444	174,448
<b>Total capitalisation and indebtedness</b>	241,972	258,128	315,132

As at 31 December 2011, our Group had credit facilities amounting to approximately RM206.9 million granted by various financial institutions of which RM142.2 million was utilised as at 31 December 2011. 94.5% of our indebtedness as at 31 December 2011 were denominated in GBP and USD with the remaining 5.5% denominated mainly in RM.

As at 31 December 2011, our short term debt comprised bank overdrafts, trade bills, term loans, bridging loans and finance lease liabilities. These indebtedness have been utilised primarily for our

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## CAPITALISATION AND INDEBTEDNESS

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general capital expenditure, repayment of our finance lease liabilities, our raw materials purchases and for our general working capital purposes.

Our indebtedness bear interests at fixed and floating rates. The effective interest rates per annum for our borrowings for FY2011 were 7.6% for bank overdrafts, 1.3% to 3.2% for trade bills, 3.9% to 4.3% for term loans, 6.6% for bridging loans and 4.2% for finance lease obligations. For further details on our indebtedness and interest rates, please refer to the section entitled “Interested Person Transactions — Present and On-going Interested Person Transactions” of this Prospectus.

Our borrowings (other than finance lease liabilities) are secured by a combination of fixed and floating assets, legal charge over prepaid leasehold land, corporate guarantees from the JBC Group, personal guarantees from Messrs Tey Kan Sam @ Tey Hin Ken and Tey How Keong, and for certain borrowings, corporate guarantees from the JBC Group and ECOM in agreed proportions. Please refer to the section entitled “Interested Person Transactions” of this Prospectus for further details of the corporate guarantees provided by JBC Group, ECOM and certain Directors of our Company.

Pursuant to the terms of the borrowing agreements with the Principal Bankers (namely AmBank (M) Berhad, Hong Leong Bank Berhad and Malayan Banking Berhad), JB Cocoa is required to obtain the respective banks consent for payment of dividends. JB Cocoa had applied to the respective banks for their consent in the waiver of such a requirement and JB Cocoa had received all the relevant consents for the waiver of the covenant on the restriction of payment of dividends upon our Company’s admission to the Official List of the SGX-ST. Save as provided above, we are not subject to any other covenants which limit our ability for payment of dividends.

To the best of our Directors’ knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

As at the Latest Practicable Date, there are no material changes in our cash and cash equivalents, capitalisation and indebtedness other than scheduled repayments on our indebtedness, changes in working capital and our retained earnings arising from the day-to-day operations in the ordinary course of our business.



## DILUTION

Dilution is the amount by which the Invitation Price paid by the subscribers and/or purchasers of our Invitation Shares in this Invitation exceeds the NAV per Share after the Invitation. Our NAV per Share as at 31 December 2011 adjusted for the Restructuring Exercise, before adjusting for the net proceeds from the issue of the New Shares and based on the pre-Invitation issued and paid-up share capital of 316,000,000 Shares, was 12.9 cents per Share.

Pursuant to the Invitation in respect of 84,000,000 New Shares at the Invitation Price, our NAV per Share after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation issued and paid-up share capital of 400,000,000 Shares would be 15.9 cents. This represents an immediate increase in NAV per Share of 3.0 cents to our existing Shareholders and an immediate dilution in NAV per Share of 14.1 cents or approximately 47.0% to our new investors.

The following table illustrates the dilution per Share as at 31 December 2011:

	<b>Cents</b>
Invitation Price per Share	30.0
NAV per Share based on our Company's pre-Invitation share capital of 316,000,000 Shares (adjusted for the Restructuring Exercise) and before adjusting for the net proceeds from the issue of the New Shares <sup>(1)</sup>	12.9
Increase in NAV per Share attributable to existing Shareholders <sup>(1)</sup>	3.0
NAV per Share after the Invitation <sup>(1)</sup>	15.9
Dilution in NAV per Share to new public investors <sup>(1)</sup>	14.1

**Note:**

(1) The computed NAV does not take in account our actual financial performance from 1 January 2012 to the Latest Practicable Date. Depending on our financial results, our NAV per Share may be higher or lower than the computed NAV.

The following table shows the average effective cost per Share paid by our existing Shareholders prior to the Invitation for Shares acquired by them during the period of three (3) years prior to the date of lodgement of this Prospectus, and the price per Share to be paid by our new public investors pursuant to the Invitation.

	<b>Number of Shares acquired</b>	<b>Consideration (S\$)</b>	<b>Average effective cost per Share (cents)</b>
<b>Existing Shareholders prior to the Invitation</b>			
JBC Group	252,800,000	32,663,490 <sup>(1)</sup>	12.9
ECOM	63,200,000	8,165,854 <sup>(1)</sup>	12.9
<b>Public</b>	100,000,000	30,000,000	30.0

**Note:**

(1) Based on the closing exchange rate of S\$1:RM2.4434 as at 31 December 2011.

Save as disclosed above, and the sections entitled "Restructuring Exercise" and "General and Statutory Information — Share Capital" of this Prospectus, no Director, Substantial Shareholder or their respective Associates have acquired any shares in our Company during the period of three (3) years prior to the Latest Practicable Date.

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## RESTRUCTURING EXERCISE

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We undertook the Restructuring Exercise, pursuant to which our Company became the holding company of our Group, as follows:

**(a) Incorporation of our Company and internal restructuring of our Group**

On 3 January 2012, our Company was incorporated in Singapore as a private limited company under the name of “JB Foods Pte. Limited” with JBC Group as the sole shareholder of 10 Shares upon incorporation.

Pursuant to the Restructuring Agreement, our Company acquired 21,999,990 shares in the issued and paid-up share capital of JB Cocoa owned by JBC Group (amounting to approximately 80.0% of the shares in the issued and paid-up share capital of JB Cocoa) for a purchase consideration of RM79,809,935. The purchase consideration was satisfied by the allotment and issue of 126,399,933 Shares credited as fully paid by our Company to JBC Group. The purchase consideration was arrived at based on approximately 80.0% of the audited NAV of JB Cocoa of RM99,762,419 as at 31 December 2011.

**(b) Acquisition by JB Foods of the remaining interest in JB Cocoa**

Pursuant to the Share Swap Agreement, our Company acquired 5,500,000 and 10 shares in the issued and paid-up share capital of JB Cocoa owned by ECOM and Tey How Keong respectively (amounting in aggregate to approximately 20.0% of the issued and paid-up share capital of JB Cocoa), for an aggregate purchase consideration of RM19,952,484. The purchase consideration was arrived at based on approximately 20.0% of the audited NAV of JB Cocoa of RM99,762,419 as at 31 December 2011. The purchase consideration was satisfied by the allotment and issue of 31,600,000 Shares and 57 Shares credited as fully paid by our Company to ECOM and Tey How Keong respectively. Tey How Keong has renounced all the Shares he was entitled to receive as purchase consideration in favour of JBC Group.

Upon the completion of the Restructuring Exercise, our Company owned the entire issued and paid-up share capital of JB Cocoa.

**(c) Sub-division of Shares in our Company**

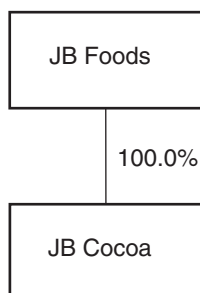
On 29 May 2012, our Company sub-divided each share in our Company into two (2) Shares. Following this sub-division, the issued and paid-up capital of our Company became S\$40,829,354 comprising 316,000,000 Shares.

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## GROUP STRUCTURE

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Our Group structure after the Restructuring Exercise and as at the Latest Practicable Date is as follows:



The details of our subsidiary as at the Latest Practicable Date are as follows:

<b>Name</b>	<b>Date and place of incorporation</b>	<b>Principal business</b>	<b>Principal place of business</b>	<b>Issued and paid-up share capital</b>	<b>Effective equity interest held by our Company</b>
JB Cocoa	17 May 2000/ Malaysia	Production and sale of cocoa ingredient products	Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia  Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia	RM27,500,000	100.0%

## SELECTED GROUP FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the “Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011” set out in Appendix A of this Prospectus.

### Combined Statements of Comprehensive Income<sup>(1)</sup>

(RM'000)	← Audited →		
	FY2009	FY2010	FY2011
Revenue	386,166	504,208	690,622
Cost of sales	(356,442)	(441,899)	(605,103)
Gross profit	29,724	62,309	85,519
Other income	7,777	6,316	3,359
Selling and distribution expenses	(3,859)	(4,043)	(6,227)
Administrative expenses	(3,598)	(7,939)	(9,246)
Other expenses	(222)	(994)	(3,589)
Finance costs	(2,613)	(1,679)	(2,718)
Profit before income tax	27,209	53,970	67,098
Income tax expense	(2,935)	(5,788)	(16,073)
Profit for the financial year, representing total comprehensive income for the financial year	24,274	48,182	51,025
Profit and total comprehensive income attributable to owners of the Company	24,274	48,182	51,025
EPS (sen) <sup>(2)</sup>	7.7	15.2	16.1
EPS (fully diluted) (sen) <sup>(3)</sup>	6.1	12.0	12.8

#### Notes:

- (1) Our combined statements of comprehensive income for the Period Under Review have been prepared on the basis that our Group had been in existence throughout the Period Under Review.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on the PAT and our pre-Invitation share capital of 316,000,000 Shares.
- (3) For comparative purposes, EPS (fully diluted) for the Period Under Review have been computed based on the PAT and our post-Invitation share capital of 400,000,000 Shares.

Had the Service Agreements been in place with effect from 1 January 2011, the PAT for FY2011 would have been RM51.7 million, and the EPS and EPS (fully diluted) would have been 16.4 sen and 12.9 sen respectively.

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## SELECTED GROUP FINANCIAL INFORMATION

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### Combined Statement of Financial Position<sup>(1)</sup>

<b>(RM'000)</b>	<b>Audited as at 31 December 2011</b>
<b>Non-current assets</b>	
Property, plant and equipment	81,766
Prepaid lease payment	6,251
	88,017
<b>Current assets</b>	
Inventories	138,469
Trade and other receivables	50,622
Prepayments	65
Cash and cash equivalents	48,630
	237,786
<b>Current liabilities</b>	
Trade and other payables	62,044
Bank borrowings	142,179
Finance lease payables	31
Derivative financial instruments	368
Current income tax payable	9,759
	214,381
<b>Net current assets</b>	23,405
<b>Non-current liabilities</b>	
Deferred tax liabilities	11,660
<b>Net assets</b>	99,762
<b>Capital and reserves</b>	
Share capital	27,500
Retained earnings	72,262
<b>Equity attributable to owners of the Company representing total equity</b>	99,762
NAV per Share (sen) <sup>(2)</sup>	31.6

**Notes:**

- (1) Our combined statement of financial position as at 31 December 2011 has been prepared on the basis that our Group had been in existence on this date.
- (2) The NAV per Share as at 31 December 2011 has been computed based on our pre-Invitation share capital of 316,000,000 Shares.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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*The following discussion of our results of operations and financial position has been prepared by our management and should be read in conjunction with the full text of this Prospectus, including the "Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011" set out in Appendix A of this Prospectus.*

*This discussion and analysis contains forward-looking statements which involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors" of this Prospectus. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumption by our Company, the Vendors, the Joint Issue Managers, Underwriters or Placement Agents or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Prospectus.*

### OVERVIEW

We are one of the major cocoa ingredient producers in Malaysia. Our Group's principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake. Cocoa powder and cocoa butter are our two (2) key products that comprised more than 90.0% of our revenue for the Period Under Review.

We sell our products primarily under the "JBCocoa" brand name and export our products worldwide to customers ranging from international trade houses to end users. They include Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Nestlé Philippines, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Godrej Hershey Ltd. and Arcor Saic. In FY2010, our market share in Malaysia, based on revenue was 13.3% computed as a percentage of JB Cocoa's revenue over the total revenue of all the cocoa processing companies in Malaysia with cocoa grinding licences. In FY2010, our cocoa bean processing accounted for 14.6% of the total cocoa beans processed in Malaysia.<sup>2</sup> Amongst others, our cocoa ingredient products are used by end users such as food and beverage and confectionery manufacturers as ingredients to produce chocolate, chocolate confectionery, cocoa-related food and beverages.

Our revenue grew by a CAGR of 33.7% from RM386.2 million in FY2009 to RM690.6 million in FY2011. Our PAT recorded a CAGR of 45.0% from RM24.3 million in FY2009 to RM51.0 million in FY2011.

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<sup>2</sup> The information in the preceding sentence and in this sentence has been extracted from the IMR Report disclosed under the section entitled "Industry Overview" of this Prospectus. While our Directors have taken reasonable actions to ensure that such information is reproduced in their proper form and context and that such information is extracted accurately and fairly from the IMR Report, none of the Joint Issue Managers, Underwriters and Placement Agents or our Company or Vendors or their respective officers, agents, employees and advisers have conducted an independent review of the contents or independently verified the accuracy thereof.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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### Revenue

We derive revenue mainly from the sales of cocoa ingredient products comprising cocoa butter, cocoa powder, cocoa liquor and cocoa cake. Cocoa shells are waste material from the cocoa ingredient production process with low or even no value. It is either sold as waste material or used as biofuel for our biomass boiler.

Our sales are based on confirmed orders from customers. We do not typically enter into long term contracts with them. Revenue is measured at fair value of consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented net of rebates, discounts and sales related taxes.

For the purpose of discussion herein, we have segmented our revenue by products as well as by geographical regions (based on our customers' invoice billing address) for the Period Under Review. The analysis provided below should be read in conjunction with the "Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011" set out in Appendix A of this Prospectus. While it is possible to segment our revenue by products and geographical regions, the allocation of costs and other income cannot be done in a similar manner with reasonable accuracy. This is because our costs are general costs which are pooled and used to serve all our customers. As we do not track the allocation of our cost of sales and operating costs by products and geographical regions, any attempt to match these expenses to revenue in the various segments is therefore not meaningful.

#### (a) Revenue Analysis by Product

Our revenue from the sale of cocoa ingredient products for the Period Under Review is set out below.

	←————— Audited —————→					
	FY2009		FY2010		FY2011	
	RM'000	%	RM'000	%	RM'000	%
<b>Revenue</b>						
Cocoa powder	116,496	30.2	232,565	46.1	358,109	51.9
Cocoa butter	257,726	66.7	260,844	51.7	282,794	41.0
Cocoa liquor	5,096	1.3	8,585	1.7	26,550	3.8
Cocoa cake	5,083	1.3	805	0.2	21,715	3.1
Others	1,765	0.5	1,409	0.3	1,454	0.2
<b>Total</b>	<b>386,166</b>	<b>100.0</b>	<b>504,208</b>	<b>100.0</b>	<b>690,622</b>	<b>100.0</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Our sales volume and average selling price per tonne of cocoa ingredient products for the Period Under Review is set out below.

	FY2009		FY2010		FY2011	
	Sales volume (tonne)	Average selling price per tonne (RM)	Sales volume (tonne)	Average selling price per tonne (RM)	Sales volume (tonne)	Average selling price per tonne (RM)
Cocoa powder	16,949	6,873	19,972	11,645	25,245	14,185
Cocoa butter	12,492	20,631	13,932	18,723	19,392	14,583
Cocoa liquor	342	14,901	589	14,576	1,934	13,728
Cocoa cake	1,112	4,571	64	12,578	1,540	14,101
<b>Total</b>	<b>30,895</b>		<b>34,557</b>		<b>48,111</b>	
<b>Weighted average selling price per tonne (RM)</b>		<b>12,442</b>		<b>14,550</b>		<b>14,325</b>

To the best of our Directors' knowledge of the industry, in terms of observed price trends, cocoa butter tends to have a negative co-relation to the price of cocoa powder. The cocoa processing industry is an intermediate industry that processes cocoa beans into cocoa ingredient products. The main product of the cocoa processing industry is cocoa liquor and its derivatives: cocoa butter, cocoa cake and cocoa powder. Cocoa butter and cocoa powder are traded priced as a ratio of the cocoa bean price. This mechanism allows the sharing of risk between the buyer and seller, as the actual price will vary in line with the variation in cocoa bean prices. These ratios usually remain stable while market factors affecting the cocoa market remain stable. These include supply and demand for cocoa beans, and also for cocoa butter and cocoa powder, as 'twin' products. Processors must sell a matching amount of cocoa powder by-product as cocoa butter and the profitability of the operation depends on the prices of both products. In theory, if demand for cocoa butter is high, and prices are high, manufacturers may be prepared to lower the price ratio for cocoa powder, and *vice versa*.

Over the Period Under Review, we experienced a decline in the average selling price per tonne of cocoa butter while the average selling price per tonne of cocoa powder increased.

### (b) Revenue Analysis by Geographical Region

Revenue	FY2009		FY2010		FY2011	
	RM'000	%	RM'000	%	RM'000	%
North America	208,633	54.0	223,688	44.4	216,685	31.4
Southeast Asia	27,825	7.2	70,013	13.9	114,123	16.5
Western Europe <sup>(1)</sup>	62,588	16.2	59,915	11.9	109,261	15.8
Other Asia <sup>(2)</sup>	29,101	7.6	47,380	9.4	82,696	12.0
Eastern Europe <sup>(3)</sup>	27,445	7.1	59,569	11.8	65,826	9.5
Central and South America	5,422	1.4	13,745	2.7	47,477	6.9
Africa	15,905	4.1	22,964	4.5	42,296	6.1
Oceania <sup>(4)</sup>	9,247	2.4	6,934	1.4	12,258	1.8
<b>Total</b>	<b>386,166</b>	<b>100.0</b>	<b>504,208</b>	<b>100.0</b>	<b>690,622</b>	<b>100.0</b>



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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### Notes:

- (1) Western Europe includes Denmark, Estonia, France, Germany, Greece, Italy, Latvia, Lithuania, the Netherlands, Portugal, Slovenia, Spain, Switzerland and United Kingdom.
- (2) Other Asia includes Bangladesh, China, Georgia, India, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, Korea, Pakistan, Saudi Arabia, Sri Lanka, Syria, Uzbekistan and Yemen.
- (3) Eastern Europe includes Poland, Romania, Russia and Ukraine.
- (4) Oceania consists of Australia and New Zealand.

Traditionally, as a percentage of our revenue, North America and Western Europe have been the largest markets of our cocoa ingredient products for the Period Under Review. Contributions from North America and Western Europe to our revenue decreased, in percentage terms, from 70.2% in FY2009 to 47.2% in FY2011 due mainly to a diversification of sales to other emerging markets such as Southeast Asia, Eastern Europe and Other Asia. Revenue contribution from Western Europe increased in FY2011, in both percentage and value, contributed by the increase in cocoa butter and cocoa cake.

The major factors that affect our revenue include:

- (a) actual and anticipated prices of cocoa beans and cocoa ingredient products;
- (b) the production capacity and utilisation rates of our cocoa processing facilities;
- (c) our ability to develop and widen the range of our products to fulfill the varied requirements and cater to various segments of our customers;
- (d) our ability to retain existing customers and/or secure new customers. The demand for our products is determined by our product quality, timeliness of delivery, ability to meet our customers' specifications and price competitiveness;
- (e) our ability to manage our exposure to fluctuations to foreign exchange in relation to our sales. An average of approximately 48.2% and 46.9% of our revenue over the Period Under Review were denominated in USD and GBP respectively, with the balance denominated in AUD, EUR, NZD and RM;
- (f) our ability to remain competitive in the cocoa processing industry; and
- (g) our ability to secure new clients may be affected by general economic and/or political climate of the region/countries in which our Group and customers operate.

### Cost of Sales

The following table sets forth our cost of sales for the Period Under Review:

	FY2009		FY2010		FY2011	
	RM'000	% of sales	RM'000	% of sales	RM'000	% of sales
<b>Cost of sales</b>						
Raw material costs	336,674	87.2	418,811	83.0	573,403	83.0
Labour costs, packaging costs and manufacturing overheads	19,768	5.1	23,088	4.6	31,700	4.6
<b>Total</b>	<b>356,442</b>	<b>92.3</b>	<b>441,899</b>	<b>87.6</b>	<b>605,103</b>	<b>87.6</b>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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Raw material costs accounted for more than 94.0% of our cost of sales for the Period Under Review. Our raw material costs comprise mainly cocoa beans used in production, cocoa ingredient products, potassium carbonate (a type of alkaliser) and related costs such as inward shipping costs and insurance charges.

Labour costs comprise mainly salaries and other payroll related costs of our employees in our operations, quality assurance and development departments. Packaging costs consist mainly of packing materials for our cocoa ingredient products while manufacturing overheads comprises energy costs, utilities charges, depreciation charges in relation to plant and machinery, amortisation of prepaid lease payment for the PTP plant and maintenance costs of plant and machinery.

The major factors that affect our cost of sales include:

- (a) our ability to source for cocoa beans;
- (b) the fluctuation in the prices of cocoa beans and cocoa ingredient products;
- (c) our ability to manage our exposure to fluctuations to foreign exchange in relation to our purchases. An average of approximately 68.9% and 28.0% of our purchases over the Period Under Review were denominated in USD and GBP respectively, with the balance denominated in EUR and RM;
- (d) our ability to optimise our processing yield of cocoa beans; and
- (e) wage levels, labour market conditions and changes in government policies and regulations in Malaysia.

### Gross Profit and Gross Profit Margin

Our gross profit and gross profit margin for the Period Under Review is set out below.

	FY2009	FY2010	FY2011
Gross profit (RM'000)	29,724	62,309	85,519
Gross profit margin (%)	7.7	12.4	12.4

### Other Income

Other income relates mainly to net foreign exchange gain, interest income, and fair value gain on derivatives. The fair value gain on derivatives is attributable to favourable exchange rate differences for our foreign currency forward contracts which have yet to mature or expire. The fair value of the foreign currency forward contracts is based on market prices as at the end of the respective reporting periods.

### Selling and Distribution Expenses

Selling and distribution expenses include freight charges, haulage charges, trucking fees, insurance charges, sales commission, custom duties, marketing samples, travelling costs for marketing, trade exhibition expenses, warehouse expenses and logistic charges.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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### Administrative Expenses

Administrative expenses consist mainly of salaries and related costs (comprising remuneration of directors and staff and defined contributions), fire insurance charges, upkeep of office and depreciation charges on property, plant and equipment (excluding those charged to cost of sales). Salaries and related costs represented the single largest component, which accounted for more than 60.0% of our administrative expenses for the Period Under Review.

### Other Expenses

Other expenses consist mainly of impairment loss on trade receivables, fair value loss on derivatives and professional fees and expenses incurred in relation to the Invitation. The fair value loss on derivatives is attributable to unfavourable exchange rate differences for our foreign currency forward contracts which have yet to mature or expire. The fair value of the foreign currency forward contracts is based on market prices as at the end of the respective reporting periods.

### Finance Costs

Finance costs relate to interests incurred on bank borrowings (such as trade bills, term loans and bridging loans) and finance leases.

### Income Tax Expense

Our Company, which was incorporated on 3 January 2012, is subject to income tax at the applicable statutory tax rate in Singapore which is currently 17.0%. Our subsidiary is taxed in accordance with the prevailing tax regulation of Malaysia over the Period Under Review. During the Period Under Review, provisions for income tax were made on income derived from our operations in Malaysia and the prevailing statutory tax rate in Malaysia was 25.0% over the Period Under Review.

Our effective and statutory tax rates for the Period Under Review are as follows:

(RM'000)	FY2009	FY2010	FY2011
PBT	27,209	53,970	67,098
Income tax expense			
— Current income tax	—	4,418	15,828
— Deferred income tax	2,935	1,370	245
Total	2,935	5,788	16,073
Malaysia's statutory tax rate	25.0%	25.0%	25.0%
Effective tax rate	10.8%	10.7%	24.0%

In FY2009 and FY2010, our effective tax rates of 10.8% and 10.7% respectively were lower than the prevailing statutory tax rate in Malaysia mainly due to tax incentives in the form of investment tax allowance ("ITA") for FY2009 and FY2010.

ITA is an allowance (in addition to the capital allowance) on qualifying expenditure incurred on property, plant and equipment within five (5) years from the date of the first capital expenditure is incurred. ITA

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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is granted by MITI and is available to companies involved in promoted activities or promoted products. Any unutilised ITA can be carried forward to subsequent years until the whole amount has been fully utilised.

JB Cocoa was granted the ITA status under reinvesting activities of processing food product of the Promotion of Investment Act 1986, at a rate of 60.0% on qualifying capital expenditure incurred within five (5) years for the production of cocoa butter, cocoa paste, cocoa cake and cocoa powder with effect from 17 August 2006 and for the production of deodorised cocoa butter and cocoa liquor with effect from 23 January 2007. The ITAs were fully utilised by the end of FY2010.

In FY2011, our effective tax rate of 24.0% is marginally lower than the prevailing statutory tax rate in Malaysia mainly due to tax incentives in the form of Reinvestment Allowance (“**RA**”). However, the amount of RA available for utilisation is lower than the amount of ITA utilised in FY2009 and FY2010.

RA is a special tax incentive granted to manufacturing companies which have been in operation for at least 36 months and incur capital expenditure for the expansion of production capacity, upgrading of production facilities, amongst others. RA is granted in the form of an allowance of 60.0% of qualifying capital expenditure incurred by the companies for 15 consecutive years. Generally, the allowance can be utilised to offset 70.0% of the statutory income or up to 100.0% of the statutory income under limited circumstances. No prior approval is required for the granting of RA. However, RA cannot be claimed in the same assessment year if the company is also enjoying other tax incentives such as ITA.

### INFLATION

There is no material impact of inflation on our performance for the Period Under Review.

### REVIEW OF THE RESULTS OF OPERATIONS

#### FY2010 vs FY2009

##### *Revenue*

Revenue increased by RM118.0 million or 30.6%, from RM386.2 million in FY2009 to RM504.2 million in FY2010. This was mainly due to an increase in revenue from cocoa powder.

Revenue from cocoa powder increased by RM116.1 million, from RM116.5 million in FY2009 to RM232.6 in FY2010, mainly due to higher sales volume and higher average selling price of cocoa powder. The increase in cocoa powder prices were mainly due to tighter supply conditions for cocoa solids in FY2010 as a result of the reduction in global grinding output in the previous financial year amidst the global financial crisis. Emerging markets in Eastern Europe and Asia which are predominantly cocoa powder markets mainly contributed to the sales growth in FY2010.

Revenue from cocoa butter and cocoa liquor increased in aggregate by RM6.6 million mainly due to higher sales volume and partially offset by decrease in both the average selling price of cocoa butter and cocoa liquor. The increase in sales volume was due to the increase in demand particularly in North America after the global financial crisis in 2008/2009.

There was a reduction in sales contribution of RM4.3 million from cocoa cake and RM0.4 million from the sale of others. The decrease in revenue contribution from cocoa cake was mainly due to lower sales volume and partially offset by increase in the average selling price of cocoa cake.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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### ***Cost of Sales***

Cost of sales increased by RM85.5 million or 24.0%, from RM356.4 million in FY2009 to RM441.9 million in FY2010 mainly due to increase in raw material costs.

Raw material costs increased by RM82.1 million, from RM336.7 million in FY2009 to RM418.8 million in FY2010. This was mainly due to increase in volume and price of cocoa beans used in production. This was mainly due to a 13.5% increase in volume of cocoa beans used in production from 37,714 tonnes in FY2009 to 42,821 tonnes in FY2010 coupled with an increase of 9.3% in the price of cocoa beans used in production from an average price of RM8,810 per tonne in FY2009 to RM9,625 per tonne in FY2010. The increase in the volume of cocoa beans used in production was due to an increase in demand for our products and the increase in the price of cocoa beans used in production was due to an increase in the Cocoa Bean Terminal Prices.

Our labour costs, packaging costs and manufacturing overheads increased by RM3.3 million, from RM19.8 million in FY2009 to RM23.1 million in FY2010. As a percentage of sales, labour costs, packaging costs and manufacturing overheads decreased from 5.1% in FY2009 to 4.6% in FY2010 due mainly to higher average price and economies of scale in production associated with higher sales and we continued to benefit from energy cost savings from the use of a biomass boiler.

### ***Gross Profit and Gross Profit Margin***

Gross profit increased by RM32.6 million or 109.6%, from RM29.7 million in FY2009 to RM62.3 million in FY2010 mainly due to higher gross profit margin, which improved from 7.7% in FY2009 to 12.4% in FY2010. The improvement in our gross profit margin was mainly attributable to an increase in weighted average selling price of cocoa ingredient products by 16.9%, contributed mainly by the increase in average selling price of cocoa powder by 69.4%.

### ***Other Income***

Other income decreased by RM1.5 million or 18.8%, from RM7.8 million in FY2009 to RM6.3 million in FY2010 mainly due to decrease in net foreign exchange gain of RM1.2 million and decrease in fair value gain on derivatives of RM0.3 million.

### ***Selling and Distribution Expenses***

Selling and distribution expenses increased marginally by RM0.2 million or 4.8%, from RM3.8 million in FY2009 to RM4.0 million in FY2010. This was mainly due to the increase in logistics charges and travelling costs for marketing resulting from higher sales volume in FY2010 and mitigated by the lower freight charges as we sold more to Asia compared to Europe during the year, and lower freight rates.

### ***Administrative Expenses***

Administrative expenses increased by RM4.3 million or 120.7%, from RM3.6 million in FY2009 to RM7.9 million in FY2010 mainly due to an increase in (i) directors' remuneration by RM2.8 million and (ii) remuneration of staff and related costs by RM1.0 million as a result of increments and bonuses paid.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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### ***Other Expenses***

Other expenses increased by RM0.8 million, from RM0.2 million in FY2009 to RM1.0 million in FY2010 mainly due to professional fees and expenses incurred in relation to the Invitation.

### ***Finance Costs***

Finance cost decreased by RM0.9 million or 35.7%, from RM2.6 million in FY2009 to RM1.7 million in FY2010 mainly due to lower utilisation of trade finance facilities.

### ***PBT***

Our PBT increased by RM26.8 million or 98.4%, from RM27.2 million in FY2009 to RM54.0 million in FY2010 due mainly to (i) higher gross profit, (ii) lower finance costs and partially offset by (iii) higher selling and distribution expenses and administrative expenses.

### **FY2011 vs FY2010**

#### ***Revenue***

Revenue increased by RM186.4 million or 37.0%, from RM504.2 million in FY2010 to RM690.6 million in FY2011. This was mainly due to an increase in revenue from cocoa powder.

Revenue from cocoa powder increased by RM125.5 million, from RM232.6 million in FY2010 to RM358.1 million in FY2011, mainly due to higher sales volume and higher average selling price of cocoa powder. The increase in sales was mainly due to increase in cocoa powder sales to Asia, in particular China and the Philippines.

Revenue from cocoa butter increased by RM22.0 million mainly due to higher sales volume and partially offset by decrease in the average selling price of cocoa butter. The increase in sales was mainly due to a new deodorised cocoa butter product launched in FY2011 which accounted for more than 20.0% of our cocoa butter sales.

Revenue from cocoa cake increased by RM20.9 million mainly due to higher sales volume and higher average selling price of cocoa cake. The increase in sales was mainly due to increase in cocoa cake sales to Spain, USA and Uruguay.

Revenue from cocoa liquor increased by RM18.0 million mainly due to higher sales volume and partially offset by decrease in the average selling price of cocoa liquor. The increase in sales was mainly due to increase in cocoa liquor sales to China, USA and the United Arab Emirates.

#### ***Cost of Sales***

Cost of sales increased by RM163.2 million or 36.9%, from RM441.9 million in FY2010 to RM605.1 million in FY2011, mainly due to increase in raw material costs.

Raw material costs increased by RM154.6 million or 36.9%, from RM418.8 million in FY2010 to RM573.4 million in FY2011. This was mainly due to increase in 36.5% increase in the volume of cocoa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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beans used in production from 42,821 tonnes in FY2010 to 58,439 tonnes to FY2011. The volume of cocoa beans used in production increased due to an increase in the demand for our products.

Our labour costs, packaging costs and manufacturing overheads increased by RM8.6 million, from RM23.1 million in FY2010 to RM31.7 million in FY2011. As a percentage of sales, the costs remained relatively unchanged.

### ***Gross Profit and Gross Profit Margin***

Gross profit increased by RM23.2 million or 37.3%, from RM62.3 million for FY2010 to RM85.5 million for FY2011. Our gross profit margin remained at 12.4% in FY2011, as compared to FY2010. This was mainly attributable to the increase in average selling price of cocoa powder by 21.8%, offset by the decrease in average selling price of cocoa butter by 22.1%. Both cocoa powder and cocoa butter sales volume increased by approximately the same.

### ***Other Income***

Other income decreased by RM3.0 million or 46.8%, from RM6.3 million in FY2010 to RM3.3 in FY2011, mainly due to decrease in net foreign exchange gain of RM2.1 million and decrease in fair value gain on derivatives of RM1.0 million.

### ***Selling and Distribution Expenses***

Selling and distribution expenses increased by RM2.2 million or 54.0%, from RM4.0 million in FY2010 to RM6.2 million in FY2011. This was mainly due to increase in freight charges which is in line with our increased sales volume, increase in warehouse expenses for storing our cocoa ingredients, higher travelling costs for marketing and trade exhibition expenses due to increased trips to visit customers and participation in trade exhibitions.

### ***Administrative Expenses***

Administrative expenses increased by RM1.3 million or 16.5%, from RM7.9 million in FY2010 to RM9.2 million in FY2011 mainly due to an increase in (i) directors' remuneration by RM0.5 million and (ii) remuneration of staff and related costs by RM0.4 million as a result of increments and bonuses paid.

### ***Other Expenses***

Other expenses increased by RM2.6 million, from RM1.0 million in FY2010 to RM3.6 million in FY2011 mainly due to fair value loss on derivatives and professional fees and expenses incurred in relation to the Invitation.

### ***Finance Costs***

Finance cost increased by RM1.0 million or 61.9%, from RM1.7 million in FY2010 to RM2.7 million in FY2011, mainly due to higher utilisation of trade finance facilities.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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### ***PBT***

Our PBT increased by RM13.1 million or 24.3%, from RM54.0 million in FY2010 to RM67.1 million in FY2011 due mainly to higher gross profit and partially offset by higher selling and distribution expenses, administrative expenses, finance costs and other expenses.

### **REVIEW OF FINANCIAL POSITION**

#### ***Non-current Assets***

Non-current assets comprise property, plant and equipment and prepaid lease payment.

As at 31 December 2011, the carrying amount of our property, plant and equipment amounted to RM81.8 million or 25.1% of our total assets, and comprised factory building, plant, machinery, tools and equipment, office equipment, furniture and fittings, motor vehicles and capital work-in-progress. Prepaid lease payments amounted to RM6.3 million, which represents the prepayment for two (2) sub-leases of land at Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia, and Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia, which is charged to profit or loss over the lease period of 24 years and 165 months respectively.

#### ***Current Assets***

Current assets comprise inventories, trade and other receivables, prepayments, derivative financial instruments and cash and cash equivalents (comprising deposits and cash and bank balances).

As at 31 December 2011, current assets amounted to RM237.8 million or 73.0% of our total assets. Inventories were the largest component of our current assets, accounting for 58.2%. Inventories comprised raw materials which are mainly cocoa beans and potassium carbonate.

Trade and other receivables of RM50.6 million comprised mainly (i) amounts due from external parties of RM48.4 million and (ii) amounts due from related parties (namely, ECOM Group) of RM2.1 million, arising from the sale of cocoa ingredient products to the ECOM Group. Please refer to the section entitled "Interested Person Transactions — Past Interested Person Transactions" of this Prospectus for further details on the transactions with the ECOM Group. Prepayments of approximately RM65,000 related mainly to prepaid insurance and maintenance services. The remaining balance of current assets of RM48.6 million relate to deposits and cash and bank balances.

#### ***Non-current Liabilities***

Non-current liabilities comprise deferred tax liabilities.

As at 31 December 2011, our deferred tax liabilities amounted to RM11.7 million or 5.2% of our total liabilities.

#### ***Current Liabilities***

Current liabilities comprise trade and other payables, bank borrowings, finance lease payables, derivative financial instruments and current income tax payable.



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

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As at 31 December 2011, current liabilities amounted to RM214.4 million or 94.8% of our total liabilities. Trade and other payables of RM62.0 million accounted for 28.9% of our current liabilities. Trade payables of RM23.6 million were related to purchases of raw materials. Other payables of RM38.4 million comprised mainly dividend payable of RM20.0 million declared in December 2011, accruals of RM9.6 million (comprising mainly bonus payable and accrued interest) and sundry payables of RM8.8 million. Sundry payables comprised payables for purchase of property, plant and equipment of RM3.2 million, and the balance was related to other non-trade payables incurred in relation to logistics, packaging and maintenance. Bank borrowings were the largest component of our current liabilities, accounting for 66.3%. These comprised trade bills of RM134.3 million, short term bridging loan of RM6.3 million and term loans of RM1.6 million. Finance lease payables amounted to approximately RM31,000. Derivative financial instruments of RM0.4 million related to outstanding foreign currency forward contracts which were marked-to-market as at 31 December 2011. Current income tax payables of RM9.8 million accounted for 4.6% of total current liabilities.

### ***Equity attributable to owners of the Company***

As at 31 December 2011, the equity attributable to owners of the Company amounted to RM99.8 million.

### **LIQUIDITY AND CAPITAL RESOURCES**

We financed our growth and operations through a combination of shareholders' equity (including retained profits), net cash generated from operating activities and borrowings from financial institutions. Our principal uses of cash have been for working capital requirements and capital expenditures.

Based on the audited combined statement of financial position as at 31 December 2011, our shareholders' equity amounted to RM99.8 million and indebtedness amounted to RM142.2 million (comprising bank borrowings and finance lease obligations). Our gearing ratio (defined as the sum of indebtedness divided by shareholders' equity) was 1.4 times. Our net current assets amounted to RM23.4 million and our working capital ratio (defined by current assets divided by current liabilities) was 1.1 times.

Our Directors are of the opinion that, as at the Latest Practicable Date, after taking into account our cash position, cash flow from operating activities and the amounts available under our existing bank facilities, our Group has adequate working capital to meet its present requirements. Please refer to the section entitled "Capitalisation and Indebtedness" of this Prospectus for details of our banking facilities.

We set out below a summary of our combined statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Prospectus, including the "Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011" set out in Appendix A of this Prospectus.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

(RM'000)	← Audited →		
	FY2009	FY2010	FY2011
Net cash from operating activities	5,062	66,208	21,413
Net cash used in investing activities	(2,702)	(8,785)	(22,290)
Net cash from/(used in) financing activities	7,807	(45,390)	23,929
Net change in cash and cash equivalents	10,167	12,033	23,052
Cash and cash equivalents at beginning of financial year	4,204	14,416	25,747
Effects of exchange rate changes	45	(702)	(169)
Cash and cash equivalents at end of financial year	14,416	25,747	48,630
<b><i>Cash and cash equivalents comprise:</i></b>			
Cash and bank balances	12,781	23,023	44,874
Short term deposit	1,730	2,840	3,756
Cash and cash equivalents on combined statements of financial position	14,511	25,863	48,630
Bank overdrafts	(95)	(116)	—
Cash and cash equivalents on combined statements of cash flows	14,416	25,747	48,630

### FY2009

In FY2009, we generated net cash from operating activities before working capital changes of RM32.8 million. Net cash used for working capital purposes amounted to RM27.8 million. This was due mainly to an increase in inventories of RM18.3 million and trade and other receivables of RM14.0 million, partially offset by an increase in trade and other payables of RM4.5 million. The net cash generated from operating activities amounted to RM5.1 million.

Net cash used in investing activities of RM2.7 million was mainly due to capital expenditure incurred for the implementation of an enterprise resource planning system and purchases of forklift and tools.

Net cash generated from financing activities was RM7.8 million. This was mainly due to an increase in utilisation of trade finance facilities for our cocoa bean purchases of RM16.2 million, partially offset by repayment of term loans of RM5.7 million and interest payment of RM2.6 million.

As a result of the above, there was a net increase of RM10.2 million in our cash and cash equivalents and effects of exchange rate changes of approximately RM45,000, from RM4.2 million as at 1 January 2009 to RM14.4 million as at 31 December 2009.

### FY2010

In FY2010, we generated net cash from operating activities before working capital changes of RM60.4 million. Net cash generated from working capital changes amounted to RM8.8 million. This was mainly due to an increase in trade and other payables of RM21.0 million and decrease in trade and other receivables of RM2.4 million, partially offset by an increase in inventories of RM14.5 million and

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

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prepayments of approximately RM28,000. In FY2010, we paid income tax of RM3.0 million. The net cash generated from operating activities was amounted to RM66.2 million.

Net cash used in investing activities of RM8.8 million was mainly capital expenditure incurred for the acquisition of a deodoriser and roaster for our production facility.

Net cash used in financing activities was RM45.4 million. This was mainly due to the payment of dividends of RM36.0 million, repayment of term loans of RM5.3 million, a decrease in utilisation of trade finance facilities of RM2.3 million, interest payment of RM1.7 million and payment of professional fees and expenses incurred in relation to the Invitation of RM0.1 million.

As a result of the above, there was a net increase of RM12.0 million in our cash and cash equivalents and negative effects of exchange rate changes of RM0.7 million, from RM14.4 million as at 1 January 2010 to RM25.7 million as at 31 December 2010.

### **FY2011**

In FY2011, we generated net cash from operating activities before working capital changes of RM79.7 million. Net cash used in working capital changes amounted to RM50.8 million due to an increase in inventories of RM16.9 million and trade and other receivables of RM26.0 million and a decrease in trade and other payables of RM7.9 million. In FY2011, we paid income tax of RM7.5 million. The net cash generated from operating activities amounted to RM21.4 million.

Net cash used in investing activities of RM22.3 million was mainly capital expenditure incurred for the acquisition of a cocoa butter presser, down payment for a cocoa powder pulverising plant and progress payment of construction for our production facility totalling RM19.3 million, as well as prepayment for sub-lease of Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia of RM3.1 million. This was partially offset by interest income of RM0.1 million.

Net cash generated from financing activities was RM23.9 million. This was mainly due to increase in utilisation of trade finance facilities of RM38.6 million and bridging loan drawdown of RM4.8 million, partially offset by payment of dividends of RM16.0 million, interest payment of RM2.7 million, repayment of hire purchase payables of approximately RM59,000 and payment of professional fees and expenses incurred in relation to the Invitation of RM0.7 million.

As a result of the above, there was a net increase of RM23.1 million in our cash and cash equivalents and negative effects of exchange rate changes of RM0.2 million, from RM25.7 million as at 1 January 2011 to RM48.6 million as at 31 December 2011.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital Expenditures and Divestments

Capital expenditures and divestments made by us during the Period Under Review and for the period from 1 January 2012 to the Latest Practicable Date are as follows:

(RM'000)	FY2009	FY2010	FY2011	1 January 2012 to the Latest Practicable Date
<b>Expenditures</b>				
Factory building	240	101	6	214
Plant, machinery, tools and equipment	448	10,675	8,244	839
Office equipment, furniture and fittings	330	173	182	252
Motor vehicles	280	—	256	—
Capital work-in-progress	1,193	1,515	10,135	14,500
<b>Total expenditures</b>	<b>2,491</b>	<b>12,464</b>	<b>18,823</b>	<b>15,805</b>
<b>Divestments</b>				
Factory building	—	—	—	—
Plant, machinery, tools and equipment	—	—	—	—
Office equipment, furniture and fittings	2	—	—	—
Motor vehicles	80	—	273	—
Capital work-in-progress	—	—	—	—
<b>Total divestments</b>	<b>82</b>	<b>—</b>	<b>273</b>	<b>—</b>

The above capital expenditures incurred in respect of our production facility in PTP were financed by internally generated funds, bank borrowings and finance leases. The capital work-in-progress includes production equipment and machinery in-progress and construction in-progress. The capital work-in-progress increased from RM1.5 million in FY2010 to RM10.1 million in FY2011 mainly due to work-in-progress for a cocoa pulverising and stabilisation facility and construction of new plant, warehouse and office building.

#### Commitments

##### *Capital Commitments*

As at the Latest Practicable Date, we have committed capital expenditure totalling RM14.5 million in relation to the expansion of our processing facility in PTP which includes the construction of a new plant, warehouse and office building thereon, purchase of production equipment and machinery and an automated storage and retrieval racking system. The capital expenditure will be financed by funds generated from our operations as well as bank borrowings consisting of two (2) short term bridging loans of RM9.1 million and RM11.5 million respectively from AmBank (M) Berhad. We have ear-marked approximately S\$8.3 million of our net proceeds from the Invitation for the repayment of these bridging loans.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

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### ***Operating Lease Commitments***

As at the Latest Practicable Date, we do not have any material operating lease commitments.

### **Contingent Liabilities**

As at the Latest Practicable Date, we do not have any material contingent liabilities.

## **FOREIGN EXCHANGE MANAGEMENT**

### **Accounting Treatment of Foreign Currencies**

The accounting records for the companies in our Group are maintained in their respective functional currencies.

Transactions in foreign currencies during the year are recorded in their respective functional currencies using exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into their respective functional currencies at exchange rates approximating those prevailing at that date. All resultant exchange differences are dealt with through profit or loss.

In the preparation of the combined financial statements of our Group, the financial statements of our Company have been translated at the rates of exchange prevailing at the end of the reporting period except share capital and reserves which are translated at historical exchange rates and income and expense items which are translated at the average exchange rates for the year. Exchange differences arising from the above translation are taken directly to other comprehensive income and accumulated in a separate component of equity.

### **Foreign Exchange Exposure**

Our reporting currency is in RM and our operations are primarily carried out in Malaysia. Other than the respective functional currencies of the companies in our Group (being S\$ and RM), we also transact in AUD, EUR, GBP, NZD and USD.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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The percentage of our revenue, purchases and expenses denominated in different currencies for the Period Under Review are as follows:

	FY2009 (%)	FY2010 (%)	FY2011 (%)	Weighted Average (%)
Percentage of revenue denominated in				
USD	31.5	49.7	56.5	48.2
GBP	64.4	46.0	37.7	46.9
Others <sup>(1)</sup>	4.1	4.3	5.8	4.9
	100.0	100.0	100.0	100.0
Percentage of purchases denominated in				
USD	80.6	78.8	54.7	68.9
GBP	17.5	18.4	41.2	28.0
Others <sup>(2)</sup>	1.9	2.8	4.1	3.1
	100.0	100.0	100.0	100.0
Percentage of expenses denominated in				
RM	74.4	87.0	78.9	80.5
USD	19.9	10.1	9.4	11.9
GBP	3.8	2.7	8.2	5.5
Others <sup>(3)</sup>	1.9	0.2	3.5	2.1
	100.0	100.0	100.0	100.0

**Notes:**

- (1) Others comprise AUD, EUR, NZD and RM.  
(2) Others comprise EUR and RM.  
(3) Others comprise AUD, EUR and S\$.

To the extent that (i) our revenue, purchases and expenses are not naturally matched in the same currency and (ii) there are timing differences between invoicing and collection/payment, we will be exposed to adverse fluctuations of the various currencies against the RM, which would adversely affect our earnings.

At present, we do not have any formal policy for hedging against foreign exchange exposure. In the past, we have used forward currency contracts to manage our foreign exchange exposure. We will continue to monitor our foreign exchange exposure and employ forward currency contracts to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by the Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with set policies and procedures.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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Our net foreign exchange gain for the Period Under Review are as follows:

	FY2009	FY2010	FY2011
Net foreign exchange gain (RM'000)	6,400	5,241	3,145
As a percentage of revenue (%)	1.7	1.0	0.5
As a percentage of PBT (%)	23.5	9.7	4.7

The net foreign exchange gains for the Period Under Review arose mainly due to the settlement of foreign currency contracts entered by the Group at their respective settlement dates and settlement of liabilities denominated in foreign currencies, in particular the USD. This was also partly contributed by the translation of trade bills, receivables and payables balances, which were denominated in foreign currencies, substantially in USD and GBP, at the end of the respective financial years.

In FY2009, the net foreign exchange gain mainly arose from the settlement of foreign currency contracts entered by our Group. In addition, our Group recorded realised and unrealised gain for payables denominated in GBP and USD due to the strengthening of RM against GBP and USD.

The decrease in net foreign exchange gain in FY2010 was mainly due to the strengthening of RM against foreign currencies, in particular USD, which resulted in realised and unrealised exchange loss for its receivables which were mainly denominated in USD, and repayments of trade financing facilities denominated in USD and GBP, since the RM strengthened against both currencies.

The net foreign exchange gain was further reduced to RM3.1 million in FY2011 due to unrealised loss from the translation of liabilities denominated in foreign currencies, particularly the USD, as RM weakened against the USD at the end of FY2011.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### PROSPECTS AND TREND INFORMATION

The following discussions about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward looking statements. Please also refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements” of this Prospectus. For FY2012, barring unforeseen circumstances, we have observed the following trends:

- (a) We expect the demand for our cocoa ingredient products to increase due to the trend of an increased demand for our cocoa ingredient products in Asia and Eastern Europe that we had experienced during the Period Under Review. Any increase in demand will be supported by our increase in production capacity.
- (b) We expect our selling price of cocoa ingredient products to move in tandem over time with the Cocoa Bean Terminal Price.
- (c) We expect the cost of cocoa beans to fluctuate with the Cocoa Bean Terminal Price.
- (d) We expect our operating expenses to increase in FY2012 particularly as a result of professional fees and expenses in relation to the Invitation.
- (e) We expect our inventory to increase to meet the expected increase in volume.

As at the Latest Practicable Date, save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operation”, “Prospectus Summary” and “Industry Overview” of this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following in the current financial year:

- (a) known trends in production, sales and inventory and in the costs and selling prices of our products and services or other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that will cause the financial information disclosed in this Prospectus to be not necessarily indicative of the future operating results or financial condition of our Group;
- (b) material commitment for capital expenditure; and
- (c) unusual or infrequent events or new developments that materially affect the profit or loss before tax of our Group.

### OUR ORDER BOOK

Our sales are based on confirmed orders from customers. We do not typically enter into long term contracts with them. From 1 January 2012 to the Latest Practicable Date, our order book based on confirmed orders was approximately 50,406 mt, of which approximately 20,502 mt had been fulfilled and RM250.8 million of revenue had been recognised. The remaining orders of 29,904 mt will continue to be delivered continually on a monthly basis until the end of 2013. The price of the cocoa ingredient products of such remaining orders will be determined closer to the date of delivery of the cocoa ingredient products.



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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### BUSINESS STRATEGIES AND FUTURE PLANS

Our aim is to increase shareholders' value by continuously growing our business and building on our existing strengths. Our business strategies and future plans centre around the expansion of our current production capacity, product development and process improvement, and enhancing our marketing initiatives especially in new or growing markets.

#### **We intend to expand our production capacity and facilities**

For FY2011, we operated at approximately 98.4% of our production capacity. We have observed an increase in demand of our products from Asia and Eastern Europe and we expect this trend to continue, barring unforeseen circumstances. We intend to increase our production capacity both through optimisation and enhancements to our existing facility in PTP and through investments in new facilities.

Currently, the production capacity of cocoa ingredient products at our PTP plant is 60,000 tonnes of cocoa bean equivalent per year. Over the next two (2) years, we intend to increase the capacity of our PTP plant from 60,000 tonnes to approximately 85,000 tonnes of cocoa bean equivalent per year through the construction of a new plant and warehouse, purchases of equipment as well as optimisation to current manufacturing processes. We plan to carry out our expansion in stages. The expansion is expected to complete by the second half of 2012. As a result of the expansion arising from our investment in new facilities and enhancements, our annual production capacity is expected to increase to approximately 85,000 tonnes of cocoa bean equivalent from FY2013. Capacity upgrades to certain production processes such as grinding, pressing and pulverising will also be made in stages so as to provide production flexibility as well as minimise production bottlenecks. We believe our approach of expanding in stages will provide us with flexibility as we progressively assess whether demand is adequate to support capacity expansion. The anticipated cost of expansion is RM50.8 million of which RM20.6 million is funded via bank borrowings from AmBank (M) Berhad and the remaining from internally generated funds. We expect to utilise a portion of our Invitation proceeds to repay a portion of the bank borrowings. Please refer to the section entitled "Use of Proceeds and Expenses Incurred" of this Prospectus for more details on our bank borrowings from AmBank (M) Berhad.

The expansion of our production capacity, if and where supported by any corresponding increase in demand for our products, will enable us to increase our revenue and profits by virtue of selling larger quantities of product and also increase our profit margins by spreading fixed overheads over a larger volume of production and consequently reducing per unit costs of our products. We believe the expansion of our production capacity will in the long run allow us to remain cost competitive.

To achieve our aims for growth, we will explore setting up or acquiring cocoa processing plants in countries which can provide our business with key advantages. Geographic dispersion of facilities brings us several advantages which include alternative sources of supply in the case of disruption, tax or other financial incentives, proximity to key customers and diversification of country risks associated with our operations. We will carefully consider any new investment opportunity and undertake extensive review and evaluation to determine whether such transaction will benefit our business.

We have been granted a call option by JBC Group to acquire their equity interest in PT Koko ("**PT Koko Call Option**"), which has commenced initial construction of a cocoa liquor processing facility in Maspion Industrial Estate in Gresik, Indonesia which is approximately 30 km from the port of Surabaya. Currently, Indonesia imposes an export tax of up to 15.0% on cocoa beans while cocoa liquor exports are not taxed. We believe the acquisition of PT Koko can benefit us by providing us with a secure supply to cocoa liquor while we will be able to consolidate its profits. This will enable us to mitigate our exposure to the Indonesian export tax. The option commences on the date of the PT Koko Call Option and continues for as long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Bee Leng and their

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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Associates remain the Directors and/or Controlling Shareholders of our Company. The construction of PT Koko's processing facility is expected to be completed in the second half of 2013 and the Audit Committee will evaluate the feasibility and benefit of exercising the PT Koko Call Option.

In addition, we have also been granted a call option by Tey How Keong and Saw Poh Chin (our Sales and Marketing Manager) to acquire their equity interest in Kakao GmbH ("**Kakao GmbH Call Option**"), which intends to construct a cocoa butter melting, deodorising and warehouse facility located in Valluhn-Gallin, Germany which is approximately 65 km from the port of Hamburg. The option period commences from the date of the Kakao GmbH Call Option and continues for as long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Bee Leng and their Associates remain the Directors and/or Controlling Shareholders of our Company. The construction of this facility is expected to be completed by the end of 2013, subject to the completion of the construction of a cocoa liquor processing facility by PT Koko. The Audit Committee will evaluate the feasibility and benefit of exercising the Kakao GmbH Call Option subsequently.

For details on PT Koko and Kakao GmbH and the respective call option agreements referred to above, please refer to the section entitled "Potential Conflicts of Interests" of this Prospectus.

### **We intend to further enhance our product development capability**

We aim to continue to develop and widen the range of our products to fulfil the varied requirements and cater to various segments of our customers. For instance, we are currently developing several new cocoa powder and cocoa butter specifications to add to our current line of products.

We intend to set up a new product development, process improvement and product applications laboratory. The estimated cost for the laboratory is RM3.0 million and is to be funded internally. We expect the laboratory to be ready by year 2014, barring unforeseen circumstances. The laboratory will enable us to improve our understanding of our customers' requirements with regard to the application of our products and to better serve our customers in terms of provision of technical support and solutions to increase the application of our products. With this new laboratory, we plan to develop new methodologies to enhance existing production throughput and versatility of our processing facility to produce customised products for our customers. Our quality assurance and development team, with this new laboratory, would also be able to produce chocolates, cocoa-based sweets or biscuits which will help us better understand our customers' request and also serve as a platform to demonstrate the versatility of our cocoa ingredient products in food application.

We also intend to collaborate with research and educational institutions and consultancy firms, amongst others, to develop new and advanced technologies to improve productivity, process efficiency and sustainability.

With the plans above put in place, we would then be in a better position to assist our customers during their formulation process with cocoa ingredient products. We believe that this will allow us to further cement a stable and long standing relationship with current customers and further expand our customer base.

### **We intend to enhance our marketing initiatives**

Over the years, we believe that we have established ourselves as a reliable cocoa ingredient supplier with a reputable brand and wide network to serve our end customers worldwide. In line with our plans to increase capacity, we intend to enhance our marketing initiatives to ensure an adequate demand for our products.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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We intend to continue to cultivate stronger and longer term relationships with our existing customers. To this end, we intend to increase coordination and integration among our sales and marketing, operations, quality assurance and development departments in order to provide customisation services for our customers more efficiently.

Our marketing initiatives for new business will be focused on fast growing geographical areas such as Asia and Eastern Europe by setting up dedicated marketing teams to cover these regions.

### **We intend to expand through acquisitions, joint ventures and/or strategic alliances**

In addition to growing organically, we may consider expanding our business through acquisitions, joint ventures or strategic alliances with parties who create synergistic values with our existing business. Through such acquisitions, joint ventures or strategic alliances, we will look to strengthen our market position, expand our network, as well as expand into new business complementary to our current business. We believe that our status as a listed company will allow us to be better placed for expansion. Should such opportunities arise, we will seek approval, where necessary, from our Shareholders and/or the relevant authorities in accordance with the requirements of the applicable laws and regulations.

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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY

Our Company was incorporated in Singapore on 3 January 2012 under the name “JB Foods Pte. Limited” as a private limited company under the Companies Act as an investment holding company. On 3 July 2012, our Company was converted into a public company limited by shares and our name was changed to “JB Foods Limited”. To facilitate the listing of our Company on the Official List of the SGX-ST, the Restructuring Exercise was undertaken to make JB Cocoa our wholly-owned subsidiary. The principal activities of JB Cocoa are the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake.

Our history began in the 1980s when JBC Group (then known as Guan Chong Food Industries Sdn Bhd which was subsequently renamed as Guan Chong Group Sdn Bhd before assuming its present name) was established in Muar, Johor by Tay Chong Swee and his six children including our Non-Independent Non-Executive Chairman Tey Kan Sam @ Tey Hin Ken (“**Tay Family**”) to process wet cocoa beans to dry cocoa beans. In 1983, JBC Group began to produce cocoa cake and cocoa butter.

In 1990, a cocoa processing plant was built in Pasir Gudang by GCCM which was owned by the Tay Family. Our Non-Independent Non-Executive Chairman Tey Kan Sam @ Tey Hin Ken and his son, Tey How Keong, who is currently our CEO, were involved in the establishment of GCCM and the processing facility in Pasir Gudang. During the same year, JBC Group sold its existing plant in Muar and became an investment holding company.

In 1993, GCCM became a subsidiary of JBC Group pursuant to a corporate restructuring. In 2002, JB Cocoa was incorporated as a subsidiary of JBC Group and approximately 80.0% of JB Cocoa’s shareholding interest is held by JBC Group while Mulcord, which is wholly-owned by ECOM (a company incorporated under the laws of Switzerland as a soft commodities wholesale merchant), invested in the remaining 20.0% shareholding interest.

Pursuant to the joint venture agreement entered into between JBC Group, Mulcord and Tey How Keong dated 18 January 2001 (“**Joint Venture Agreement**”), they each agreed, *inter alia*, to join efforts, contribute know-how, provide assistance and invest funds to establish and operate cocoa bean processing plants and other ancillary facilities relating thereto. JB Cocoa and ECOM have also entered into a marketing agreement (“**Marketing Agreement**”) pursuant to which ECOM agreed to buy 100.0% of JB Cocoa’s production of semi-finished cocoa products at prevailing market price upon request in writing by JB Cocoa. Pursuant to this agreement, JB Cocoa was not restricted from selling to other buyers provided that a right of first refusal was granted by JB Cocoa to ECOM. This agreement was entered into in relation to certain covenants in a bank facility agreement dated 1 October 2002 between JB Cocoa and Malayan Banking Berhad for financing facilities and will be terminated upon the repayment of such bank facilities or such other period as the parties (namely, JB Cocoa and ECOM) may mutually agree in writing and with the prior written consent of Malayan Banking Berhad. The Joint Venture Agreement and Marketing Agreement were made early in JB Cocoa’s operating history when JB Cocoa’s business was still in infancy.

On 27 May 2011, Mulcord transferred its entire shareholdings in JB Cocoa to ECOM. On 1 March 2012 JBC Group transferred its entire shareholdings in JB Cocoa to our Company pursuant to the Restructuring Agreement. A supplemental agreement was entered into between JBC Group, Tey How Keong, ECOM and our Company dated 2 March 2012 (“**Supplemental Agreement**”) pursuant to which ECOM and Tey How Keong consented to the transfer of JBC Group’s shareholding in JB Cocoa to our Company. The consent of ECOM and Tey How Keong was required as the Joint Venture Agreement provided that if there is a transfer of the shares of JB Cocoa to a proposed purchaser, an offer must first be offered to the other shareholders of JB Cocoa. Further to the Supplemental Agreement, our Company also agreed to undertake, fulfill and perform all the obligations of JBC Group arising under

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## GENERAL INFORMATION ON OUR GROUP

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the Joint Venture Agreement and ECOM and Tey How Keong agreed to release JBC Group from all of its obligations under the Joint Venture Agreement. The Supplemental Agreement was viewed by the parties as a necessary interim step prior to the termination of the Joint Venture Agreement.

The Joint Venture Agreement and the Marketing Agreement were subsequently terminated pursuant to the deeds of termination dated 15 May 2012. The rationale for the termination of the Joint Venture Agreement is to ensure equal treatment of all shareholders of our Company upon the Invitation. Our Group will continue to deal with ECOM in other commercial aspects such as being a customer and a supplier on an arm's length basis and in accordance with the rules of the Listing Manual. As our Group is no longer dependent upon the know-how and the funds of ECOM to sustain its business, the termination of the Joint Venture Agreement is not expected to have any impact on our Group.

In addition, the Marketing Agreement had never been invoked nor enforced by either JB Cocoa or ECOM against the other party and is not reflective of the commercial dealings between the respective parties. Through a letter dated 12 May 2012, Malayan Banking Berhad agreed to the termination of the Marketing Agreement. The termination of the Marketing Agreement is not expected to have any impact on our Group.

In conjunction with a restructuring of the assets of the Tay Family in 2003, the family of Tey Kan Sam @ Tey Hin Ken acquired the remaining shareholding in JBC Group that they did not already own from certain members of the Tay Family and JBC Group disposed of its entire shareholding in GCCM to GCR, the investment holding company controlled by the aforesaid members of the Tay Family. As a result, the entire issued share capital of JBC Group was wholly held by the family of Tey Kan Sam @ Tey Hin Ken while GCR held the entire issued share capital of GCCM. Subsequently in 2005, GCCM was listed on the main market of Bursa Malaysia Securities Berhad through a listing vehicle, GCB and GCR remained as a controlling shareholder of GCB.

As at the Latest Practicable Date, JBC Group and its shareholders have no shareholding interest in GCCM, GCB and GCR. Our Directors and Shareholders are not directors of any of GCCM, GCB and GCR and are not involved in the management of any of these companies. We and our subsidiary, JB Cocoa, have separate employees, businesses and management personnel from GCCM, GCB and GCR. As at the Latest Practicable Date, none of our Directors nor our Controlling Shareholder, JBC Group or their Associates owns any shares in GCCM, GCB and GCR.

In 2002, JB Cocoa commenced construction of the cocoa processing plant in PTP which was completed in 2003. We commenced production, sales and export of cocoa ingredient products during the same year, with our first alkalising and roasting line and first two (2) grinding lines and cocoa butter presses, with a production capacity of 30,000 tonnes cocoa bean equivalent per year. Our first production output of cocoa butter and cocoa powder was in July 2003 and October 2003 respectively.

In 2004, we were awarded ISO 9001:2000 certification and achieved standard requirements for a "HACCP based food safety system, September 2002", from Bureau Vistas Certification Netherlands B.V.. In the same year, we also commenced production with our second alkalising and roasting line and our third grinding line thereby increasing our cocoa ingredient production capacity to improve the quality of our cocoa liquor product.

Between 2005 and 2008, we commissioned our third cocoa butter press and commenced production with our fourth grinding line, which increased our cocoa ingredient production capacity to 50,000 tonnes cocoa bean equivalent per year. We also commenced production with our cocoa liquor tempering line, which increased our product range to include cocoa liquor. In 2008, we were awarded the "Certificate of Excellence, Industry Excellence Award" for the consumer products sector, 2007/2008 by Malaysian National News Agency and Basis Publications House Sdn Bhd.

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## GENERAL INFORMATION ON OUR GROUP

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In 2011, we commenced production with our third roasting line, and commissioned our fourth cocoa butter press which increased our cocoa ingredient production capacity to the present 60,000 tonnes of cocoa bean equivalent per year. In the same year, we were also awarded the “Best Cocoa Grinder Award 2010” by MCB and a certificate of appreciation for being selected as a finalist of the “Malaysian Commodities Industry Award 2011 for Best Manufacturing Factory” by the Ministry of Plantation Industries and Commodities at the Malaysia International Commodity Conference & Showcase.

On 1 June 2011, we entered into a sub-lease agreement with PTPSB with regards to sub-leasing an additional plot of vacant land with an area of approximately 20,707.8 sq m adjacent to its existing factory building for its expansion plans. The sub-lease will expire on 23 March 2025. As at the date of this Prospectus, our plant is operating at a cocoa ingredient production capacity of 60,000 tonnes of cocoa bean equivalent per year. Please refer to the section entitled “General Information on our Group — Properties and Fixed Assets” of this Prospectus for more details on our sub-lease agreements with PTPSB.

### BUSINESS OVERVIEW

#### Principal activities

We are one of the major cocoa ingredient producers in Malaysia. Our Group’s principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake. Cocoa powder and cocoa butter are our two (2) key products that comprised more than 90.0% of our revenue for the Period Under Review.

We sell our products primarily under the “JBCocoa” brand name and export our products worldwide to customers ranging from international trade houses to end users. They include Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Nestlé Philippines, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Godrej Hershey Ltd. and Arcor Saic. In FY2010, our market share in Malaysia, based on revenue was 13.3%, computed as a percentage of JB Cocoa’s revenue over the total revenue of all the cocoa processing companies in Malaysia with cocoa grinding licenses. In FY2010, our cocoa bean processing accounted for 14.6% of the total cocoa beans processed in Malaysia.<sup>3</sup> Amongst others, our cocoa ingredient products are used by end users such as food and beverage and confectionery manufacturers as ingredients to produce chocolate, chocolate confectionery, cocoa-related food and beverages.

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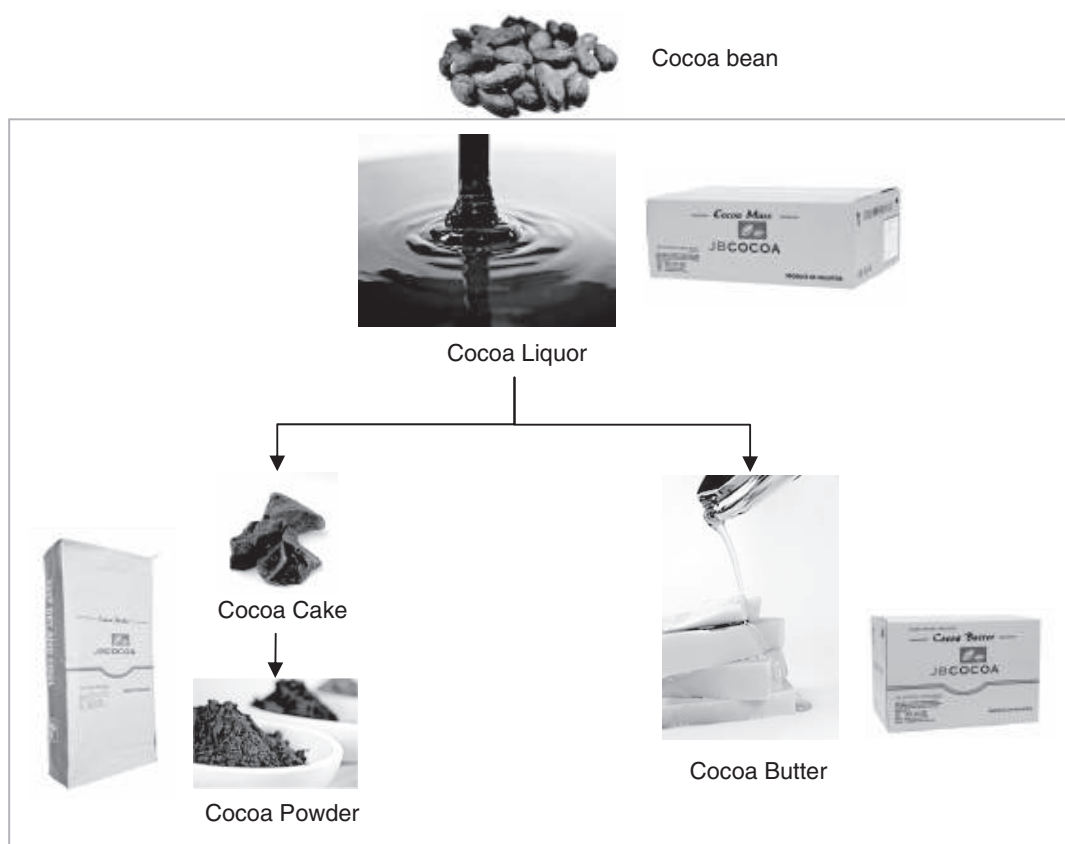
<sup>3</sup> The information in the preceding sentence and this sentence has been extracted from the IMR Report as disclosed under the section entitled “Industry Overview” of this Prospectus. While our Directors have taken reasonable actions to ensure that such information is reproduced in their proper form and context and that such information is extracted accurately and fairly from the IMR Report, none of the Joint Issue Managers, Underwriters and Placement Agents or our Company or Vendors or their respective officers, agents, employees and advisers have conducted an independent review of the contents or independently verified the accuracy thereof.

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## GENERAL INFORMATION ON OUR GROUP

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### Our Products



#### (i) Cocoa butter

We produce natural, deodorised or partially deodorised cocoa butter. Cocoa butter is also mainly used in the production of chocolates.

Natural cocoa butter is put through a deodorising process to reduce, remove or moderate the flavour and aroma of the cocoa butter by removing harsh or acidic flavours and off-flavours to produce deodorised cocoa butter. Deodorised cocoa butter is therefore, more homogeneous as the flavour and aroma is removed from the cocoa butter.

#### (ii) Cocoa powder

We produce a wide range of cocoa powder with varying pH value, application and fat content. We also have the capabilities to customise recipes for cocoa powder based on customer specifications such as producing specific taste and appearance.

Cocoa powder is mostly used to make cocoa beverages and as flavourings and coatings in the manufacture of food and beverage and confectionery products. As cocoa powder provides the flavouring and colouring in end consumer products, food and beverage and confectionery manufacturers require that the supply of cocoa powder meet their specific requirements.

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## GENERAL INFORMATION ON OUR GROUP

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### (iii) Cocoa liquor

Cocoa liquor is mainly used in the production of chocolates. By carefully blending the cocoa beans from different origins and through the precise control of parameters such as temperature, pressure and humidity during the alkalising and roasting process, we are able to enhance the taste, flavour and appearance of cocoa liquor. Our main customers for cocoa liquor are chocolate manufacturing companies.

Cocoa liquor can be pressed to produce cocoa butter and cocoa cake.

### (iv) Cocoa cake

We sell cocoa cake to international trade houses or cocoa powder millers to be refined into cocoa powder. However, majority of our cocoa cakes are further processed to produce cocoa powder.

All of our products are manufactured under stringent food safety standards. Our cocoa ingredient products are sold primarily under the “JBCocoa” brand name and exported worldwide to customers ranging from international trade houses to end users. Examples of users and applications of our cocoa ingredient products are shown below:

<b>Cocoa ingredient products</b>	<b>User</b>	<b>Application</b>
Cocoa butter	<ul style="list-style-type: none"><li>Chocolate manufacturers</li></ul>	Used to produce real chocolate <sup>(1)</sup> for the consumer market
Cocoa powder	<ul style="list-style-type: none"><li>Chocolate manufacturers</li><li>Food ingredients suppliers</li><li>Processed food manufacturers</li></ul>	Compound chocolate <sup>(2)</sup> Chocolate drinks, bakery products, chocolate confectioneries, etc
Cocoa liquor	<ul style="list-style-type: none"><li>Intermediate cocoa product manufacturers</li><li>Chocolate manufacturers</li></ul>	Used to produce real chocolate <sup>(1)</sup> for the consumer market Used to produce cocoa cake, cocoa butter and cocoa powder
Cocoa cake	<ul style="list-style-type: none"><li>Cocoa powder manufacturers/millers</li></ul>	Used to produce cocoa powder

**Notes:**

(1) Real chocolate is made of cocoa butter, cocoa liquor, sugar and other food flavourings.

(2) Compound chocolate is made of vegetable fat (i.e. CBE or CBS), cocoa powder, sugar and other food flavourings.



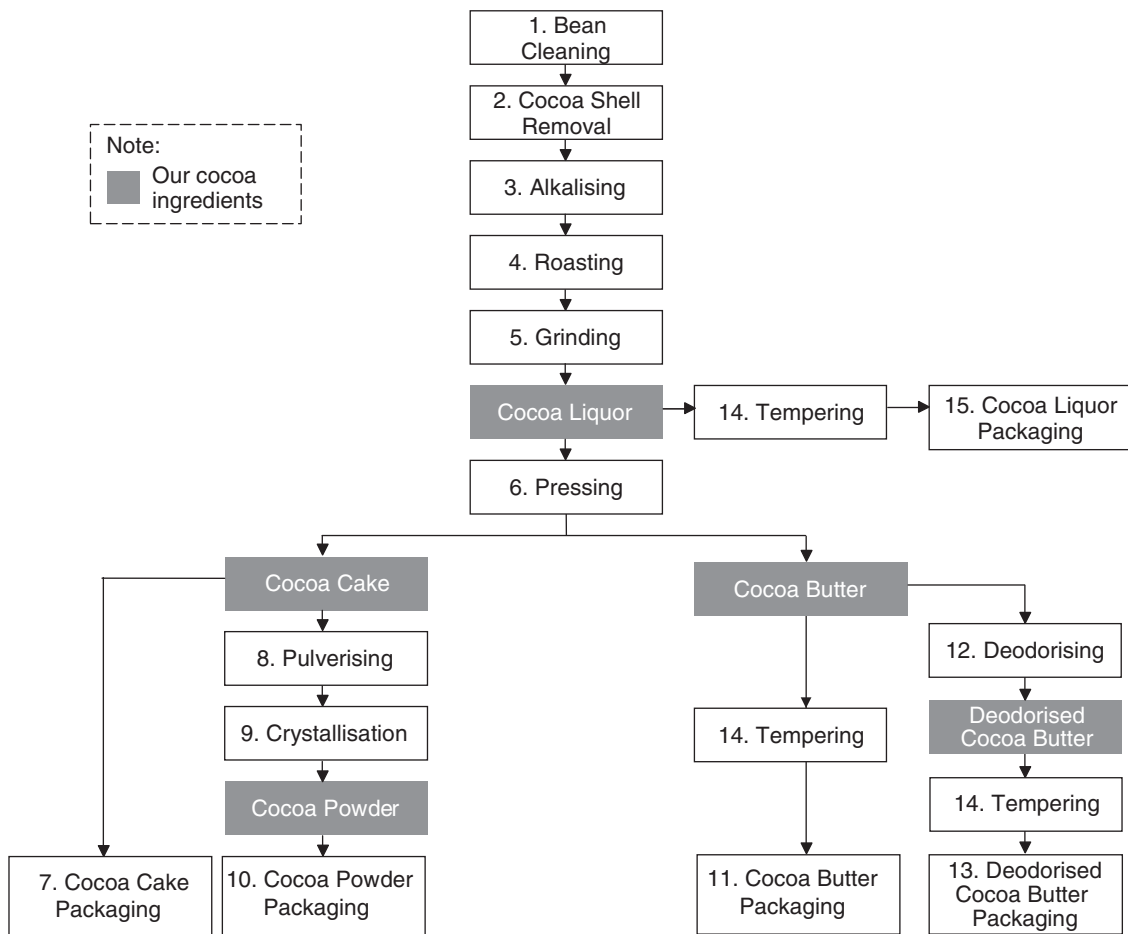
## GENERAL INFORMATION ON OUR GROUP

### Our Production Process

We produce all of our cocoa ingredient products from dry cocoa beans. The production of all our cocoa ingredient products is a combination of continuous and batch processes depending on section and process involved.

Our production process flow is depicted as follows:

### Production Process Flow for the Production of Cocoa Liquor, Cocoa Butter, Deodorised Cocoa Butter, Cocoa Cake and Cocoa Powder



## GENERAL INFORMATION ON OUR GROUP

Further details of each stage of the industrial cocoa production process are set out in the table as follows:

Stage	Operational Stage	Process Details
1	Bean Cleaning	<ul style="list-style-type: none"> <li>• Cocoa beans are transferred to the bean separator, magnet drum and de-stoner to remove dirt, metal and foreign materials.</li> <li>• Through a sieving process, the bean separator removes large matter and debris using coarse screens whereas smaller particles are removed through finer screens. Metal or ferrous matter are removed by magnets in the magnet drum and the de-stoner separates the cocoa beans from other heavy particles such as stones.</li> <li>• Subsequently, cocoa beans are transferred into the beans silo for temporary storage.</li> </ul>
2	Cocoa Shell Removing	<ul style="list-style-type: none"> <li>• Cocoa beans are transferred into the microniser for preheating, and the winnower to remove the cocoa shells from the nibs.</li> <li>• Cocoa shells are collected and used as a biomass fuel for boilers.</li> <li>• Cocoa nibs are transferred to the nibs silo for temporary storage.</li> </ul>
3	Alkalisising	<ul style="list-style-type: none"> <li>• The alkalisation process, also known as solubilisation, is a neutralisation process of cocoa nibs in an alkaline solution (usually potassium carbonate). The alkalisation process develops and customises the pH value, colour and flavour of the cocoa ingredient products.</li> <li>• During this process, cocoa nibs are transferred into a reactor and are neutralised by heating and mixing with alkaline solution to achieve the desired colour and flavour.</li> <li>• During the alkalisation process, it is important to ensure that the cocoa-derived ingredients have distinct colour and flavour for specific applications. We rely on the technical expertise of our staff in the operation of our alkalisising technology in this regard.</li> </ul>
4	Roasting	<ul style="list-style-type: none"> <li>• Roasting of cocoa nibs is one of the important processes to produce quality cocoa liquor in respect of flavour, as distinct flavours, aromas and the quality of cocoa liquor and powder are primarily defined during this process. Thus, the experience and technical expertise of our staff is important in this process.</li> <li>• It is crucial to ensure the nibs are evenly roasted to obtain optimal flavour development during roasting.</li> <li>• The roasting process is conducted in batches in the roaster and is controlled using multiple combinations of parameters such as temperature, pressure and humidity.</li> <li>• Roasting is also a sterilisation process as pathogens are destroyed during this process.</li> </ul>

## GENERAL INFORMATION ON OUR GROUP

Stage	Operational Stage	Process Details
5	Grinding	<ul style="list-style-type: none"> <li>• Grinding is a process to transform solid cocoa nibs into cocoa liquor in fluid form.</li> <li>• Roasted cocoa nibs are ground in three (3) stages: pre-grinder, intermediate grinder and fine grinder. The grinding of the cocoa nibs and frictional heat from the grinding process forms cocoa liquor (i.e. cocoa mass in liquid form).</li> <li>• Cocoa liquor is the first form of cocoa-derived ingredient used mainly in chocolate making.</li> <li>• Cocoa liquor is transferred into a tank for temporary storage before it is sent for pressing (Stage 6) or tempering (Stage 14).</li> </ul>
6	Pressing	<ul style="list-style-type: none"> <li>• Pressing is a process where cocoa liquor is filled into a hydraulic pressing machine and then separated into cocoa butter and cocoa cake.</li> <li>• Cocoa liquor is first transferred into the butter pressing machine to further separate it into cocoa butter and cocoa cake.</li> <li>• Cocoa liquor is then subject to high pressure to separate the fat content (cocoa butter) from the solid (cocoa cake).</li> <li>• Cocoa cake is then transferred into the cake silo while cocoa butter is transferred into the butter tank for temporary storage.</li> <li>• Cocoa cake in the cake silo will then be sent for packaging (Stage 7) or used to produce cocoa powder (Stages 8 to 10) while cocoa butter in the butter tank is ready to be packed (Stage 11) or processed further to produce deodorised cocoa butter (Stages 12 and 13).</li> </ul>
7	Cocoa Cake Packaging	<ul style="list-style-type: none"> <li>• Cocoa cake is packed into 25kg bags or 1 tonne jumbo bags.</li> </ul>
8	Pulverising	<ul style="list-style-type: none"> <li>• Pulverising (also known as milling) is a process to grind the cocoa cake to further reduce the particle size into very fine powder form (cocoa powder).</li> <li>• This process takes place in the impact classifier mill.</li> </ul>
9	Crystallisation	<ul style="list-style-type: none"> <li>• Cocoa powder that has been pulverised is sent to the cocoa powder crystalliser.</li> <li>• Crystallisation is a cooling process to stabilise the fat content in cocoa powder to prevent formation of clumped cocoa powder and to enhance the stability, colour and appearance of cocoa powder.</li> <li>• Crystallisation also helps to avoid further heat generation and re-crystallization of cocoa powder which may lead to the formation of clumps and affect the colour of cocoa powder.</li> </ul>
10	Cocoa Powder Packaging	<ul style="list-style-type: none"> <li>• Cocoa powder is packed into 25kg bags, 50lbs bags or 500kg jumbo bags.</li> </ul>
11	Cocoa Butter Packaging	<ul style="list-style-type: none"> <li>• Cocoa butter is packed into 25kg cartons or 1 tonne boxes.</li> </ul>

## GENERAL INFORMATION ON OUR GROUP

Stage	Operational Stage	Process Details
12	Deodorising	<ul style="list-style-type: none"> <li>Cocoa butter from the butter tank is transferred into the cocoa butter deodoriser to produce deodorised butter.</li> <li>Deodorising is a process to reduce, remove or moderate the flavour and aroma of the cocoa butter by removing harsh or acidic flavours and off-flavours through steam injection under high vacuum and high pressure to produce deodorised butter. This step is optional.</li> <li>Deodorised butter is a standard ingredient for making chocolate.</li> </ul>
13	Deodorised Cocoa Butter Packaging	<ul style="list-style-type: none"> <li>Deodorised cocoa butter is packed into 25kg cartons or 1 tonne boxes.</li> </ul>
14	Tempering	<ul style="list-style-type: none"> <li>Tempering is a precise temperature-time cooling process which takes place in the cocoa liquor/butter tempering machine.</li> <li>Cocoa liquor/butter is tempered to achieve a highly stable and glossy cocoa liquor/butter in solid form.</li> <li>Cocoa liquor/butter must be properly tempered to facilitate storage, transport and later melting process.</li> </ul>
15	Cocoa Liquor Packaging	<ul style="list-style-type: none"> <li>Cocoa mass is packed into 15kg cartons or 25kg cartons.</li> </ul>

### PRODUCTION CAPACITY AND UTILISATION

Currently, our cocoa ingredient production is entirely undertaken at our facility in PTP, details of which are set out below.

Main Types of Activities Carried out at the Facility	Approximate Land Area	Location of Facility <sup>(1)</sup>
Processing of cocoa butter, cocoa powder, cocoa liquor and cocoa cake	36,421.7 sq m	Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia

**Note:**

(1) In relation to Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia, which is presently an industrial land, we have commenced construction of a factory and warehouse as part of our plan to increase the capacity of our PTP plant from 60,000 tonnes to approximately 85,000 tonnes of cocoa bean equivalent per year. Please refer to the sections entitled "General Information on our Group — Properties and Fixed Assets" and "Prospects, Business Strategies and Future Plans — Business Strategies and Future Plans" of this Prospectus for further information.

Our utilisation rates for the Period Under Review are as follows:

	Approximate Maximum Annual Production Capacity (tonnes of cocoa bean equivalent) <sup>(1)</sup>	Actual Annual Production Output (tonnes of cocoa bean equivalent)	Utilisation Rate
FY2009	50,000 <sup>(2)</sup>	37,992	76.0%
FY2010	50,000 <sup>(2)</sup>	44,293	88.6%
FY2011	60,000 <sup>(3)</sup>	59,030	98.4%

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## GENERAL INFORMATION ON OUR GROUP

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### Notes:

- (1) The approximate maximum annual production capacity is as indicated by our bean grind capacity.
- (2) Approximate production capacity based on the assumption our facility operates for approximately 8,000 hours a year and on the basis of four (4) grinding lines and two (2) roasting lines.
- (3) Approximate production capacity based on the assumption our facility operates for approximately 8,000 hours a year and on the basis of four (4) grinding lines and three (3) roasting lines.

Our utilisation rates increased from 76.0% in FY2009 to 88.6% in FY2010 due to the recovery of the global economy at the end of FY2009 which resulted in increased demand and the consequent increase in production and utilisation rates. Our approximate maximum annual production capacity increased by 10,000 tonnes to 60,000 tonnes in FY2011 as a result of the commissioning of an additional roasting line. Our utilisation rate increased to 98.4% in FY2011 due to an increase in demand for our products.

## MARKETING

### Sales and Marketing

Over the years, we have established ourselves as a reliable cocoa ingredient supplier with a reputable brand. Our sales and marketing efforts are based on cultivating long term relationships with our customers, in particular, our cocoa powder customers, by working closely with them, understanding their requirements and customising our products to suit their specifications.

Our sales and marketing department is headed by Saw Poh Chin, our Sales and Marketing Manager. Our sales and marketing team works closely with our operations, quality assurance and development departments in order to better understand our customer's requirements and efficiently provide customisation services. We serve our customers directly from Malaysia through periodic visits to understand their needs.

Our marketing initiatives in the past have involved participation in cocoa related trade exhibitions, trade missions and associations which have provided us with the opportunity to increase our visibility, engage new customers and keep us updated on the latest market trends and developments.

We are a member of the Federation of Malaysian Manufacturers, Cocoa Manufacturers Group and Cocoa Association of Asia (CAA). These associations generally function as a bridge between the local governments or authorities and the cocoa processing industry players within the country or region. They provide a platform whereby industry players can come together to discuss about current industry issues, share industry and technical information and expand their business networks.

For our existing customers, we intend to continue to cultivate stronger and longer term relationships with them. To this end we intend to increase coordination and integration among our sales and marketing, operations and quality assurance departments in order to more efficiently provide customisation services for our customers.

Our marketing initiatives for new business will be focused on fast growing geographical areas such as Asia and Eastern Europe by setting up dedicated marketing teams to cover these regions.

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## GENERAL INFORMATION ON OUR GROUP

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### Marketing Channels

We generally categorise our marketing channels into three (3) types:

**(i) Direct to food and beverage, chocolate and confectionery manufacturers**

In general, most of our customised cocoa powder and cocoa liquor are marketed directly to food and beverage, chocolate and confectionery manufacturers who represent our key customers and typically purchase cocoa powder in bulk. These key customers usually demand customised products that suit their specifications.

**(ii) Through distributors**

We have non-exclusive distributors to distribute our generic cocoa powder. Our cocoa powder is distributed to Americas, Africa, Europe and Asia as well as Oceania.

These distributors have the geographical presence in these countries to provide timely service to the end users such as food and beverage, chocolate and confectionery manufacturers as well as the knowledge required to understand the local market demand.

**(iii) Through international trade houses**

We mainly sell our cocoa butter through international trade houses which on sell to end user chocolate manufacturers mainly located in Europe and North America. Traditionally, chocolate manufacturers source their cocoa butter from cocoa processors and international trade houses with presence in these regions.

### QUALITY ASSURANCE AND SAFETY CONTROLS

#### Quality Assurance

Our customers are highly selective of their cocoa ingredient products suppliers. Due to the stringent requirement of product quality and consistency, some of our customers require us to undergo a strict qualification process before purchasing from us. Subsequent to qualifications, some of our customers will continue to conduct audits on our processing facility from time to time. Our ability to deliver quality products consistently is critical to our ability to continue to service our customers and to meet the demands of prospective customers.

We are committed to maintain stringent quality controls throughout our production processes. Our quality assurance and development department is headed by Ho Kek Sian, our Quality Assurance and Development Manager. Our quality assurance team has the relevant training, experience and technical expertise to implement and ensure that our quality control procedures are adhered to in each stage of our production process. Our quality system is implemented in a systematic way and covers the entire manufacturing process from the receipt of raw materials to the delivery of the finished products.

Our modern manufacturing plant and processes have been carefully designed and set up, with a purpose of complying with various international quality and food safety standards. Currently, we are ISO 9001:2008 management systems certified. In order to maintain such certification, we are required to demonstrate our ability to consistently provide products that meet customer and applicable statutory and regulatory requirements, through effective application and continual improvement of the system. Our quality control processes have also attained HACCP certification for fulfilling the terms and

## GENERAL INFORMATION ON OUR GROUP

conditions for the implementation of HACCP system. This quality assurance program serves as a tool to assess hazards during manufacturing process and establish control systems which focus on prevention measures rather than relying on finished product testing. In order to ensure effective implementation of the quality system, all of our employees from top management to frontline workers are involved and fully committed in adhering to the quality standards. It is our practice to observe Good Manufacturing Practice principles in our daily operation and practice good hygiene awareness in every corner of our premises.

In addition, our processing plant is Kosher and Pareve and Halal certified. We also plan to obtain certification from the British Retail Consortium, a global standard for food safety.

Our existing quality assurance achievements include:

Year of Achievement	Achievement	Awarding institution(s)
2008	Halal certification for cocoa butter, cocoa cake, cocoa liquor/ mass and cocoa powder manufactured at our processing plant in PTP. The certification is valid until June 2014.	Islamic Development Department of Malaysia
2011	Accreditation of ISO 9001:2008 for the manufacturing of cocoa products (pure prime press cocoa butter, deodorised cocoa butter, natural cocoa cake, powder and liquor, alkalized cocoa cake, powder and liquor). The certification is valid until August 2013.	Bureau Vistas Certification Netherlands B.V.
2011	Kosher and Pareve certification for our products (certain cocoa powder, cocoa cake, cocoa liquor and cocoa butter products) produced at our processing plant in PTP. The certification is valid until October 2012.	Orthodox Jewish Community of Singapore
2011	Attained process certification for compliance of our processing plant in PTP with standard requirements for a HACCP based food safety system, June 2006, for the manufacturing of cocoa products (pure prime press cocoa butter, deodorised cocoa butter, natural cocoa cake, powder and liquor, alkalized cocoa cake, powder and liquor). The certification is valid until September 2013.	Bureau Vistas Certification Netherlands B.V.
2011	Attained HACCP certification for fulfilling the terms and conditions for the implementation of HACCP system at our processing plant in PTP for the manufacturing of cocoa products (pure prime press cocoa butter, natural and alkalized cocoa liquor, natural and alkalized cocoa cake, natural and alkalized cocoa powder and deodorized cocoa butter). The certification is valid until November 2013.	Ministry of Health of Malaysia

We will make the necessary applications for re-accreditation from the awarding institutions from time to time.

We have a quality assurance laboratory which is capable of performing all the required testing (physical, chemical and microbiological tests) and feedback results to our operations department in a timely manner. All tests have been developed according to analytical methods of the International Office of Cocoa, Chocolate and Sugar Confectionery and Association of Analytical Communities International which is recognised globally. Our cocoa ingredient products (cocoa liquor, cocoa butter and cocoa powder) and cocoa bean grading system also meet specific standards and requirements set by the Standards and Industrial Research Institute of Malaysia. These standards were established by the

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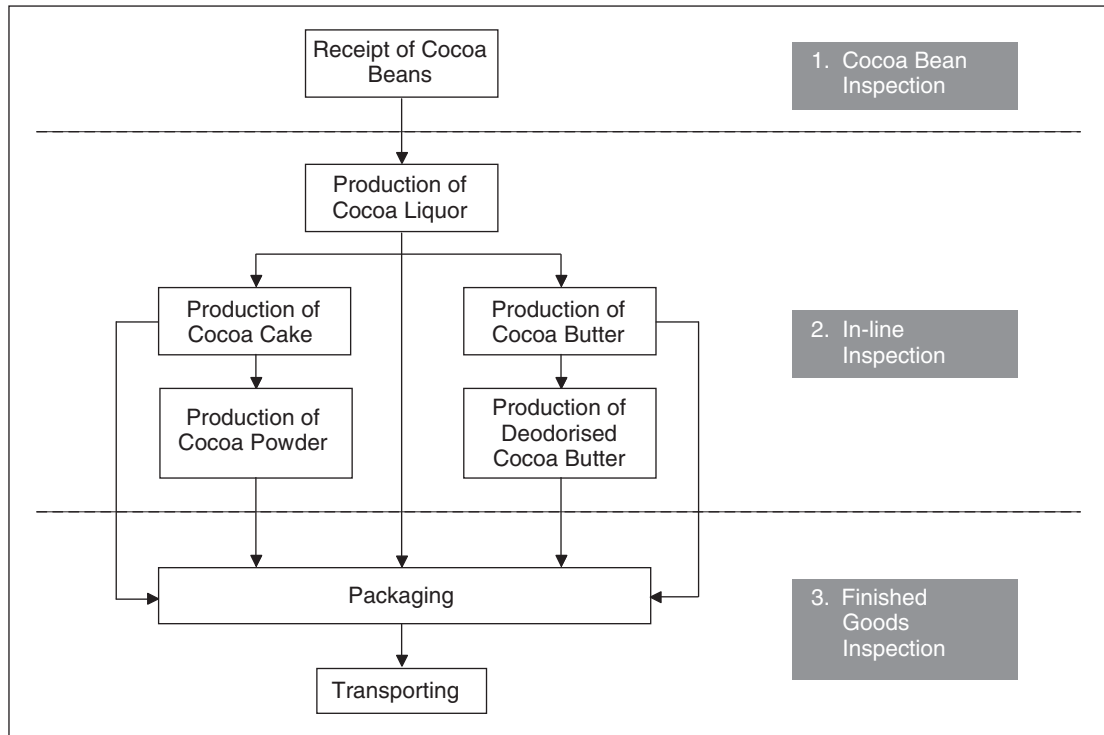
## GENERAL INFORMATION ON OUR GROUP

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Technical Committee on Cocoa and Cocoa Products which consist of representatives from government ministries, MCB, cocoa ingredient manufacturers, traders and academic bodies.

Generally, our quality assurance process is categorised into three (3) stages as diagrammatically represented below.

### Stages of Quality Assurance Process



#### (i) Cocoa Bean Inspection

Upon arrival at our warehouse, cocoa beans are subjected to quality checks which consist of bean count, waste percentage determination, moisture content determination and cut test to determine defects and fermentation levels.

Cocoa beans which pass the inspection test will be used for the production of cocoa ingredient products.

#### (ii) In-Line Inspection

The production of cocoa ingredient products is closely monitored as this helps us minimise wastage, increase production efficiency and ensure consistency of our product quality which are the key success factors in our business.

#### (iii) Finished Goods Inspection

After the cocoa ingredient products are packed, samples will be taken to undergo final testing. Our quality assurance team will release the finished goods upon completion of inspection and provided that the analysis results are within our defined specification.



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## GENERAL INFORMATION ON OUR GROUP

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### Safety Controls

The materials used in our production process include diesel and LPG, hazardous products which are explosive, flammable and toxic or harmful to human health and the environment. Hence, we place emphasis on the importance of safety in the production process and within our production facilities. Our human resource and administration department is responsible for the safety controls of our Group. Their roles and responsibilities in relation to safety controls are as follows:

- Implementation and execution of the overall in-house environment, safety and health policies;
- Implementation of hazard identification and assessment of potential risks and danger;
- Implementation of fire precautionary measures; and
- Implementation of safety procedures in the event of industrial accidents.

We also conduct safety awareness training for our entire workforce and fire drills on a regular basis to ensure that all our employees are constantly aware of our in-house environment, safety and health policies and the proper safety procedures to be undertaken in the event of industrial accidents.

For the Period Under Review and up to the Latest Practicable Date, we did not experience any major accidents which have resulted in serious injury or death.

### AWARDS AND CERTIFICATES

We are one of the major cocoa ingredient producers in Malaysia. Our cocoa ingredient products include cocoa butter, cocoa powder, cocoa liquor, and cocoa cake. All of our products are manufactured under stringent food safety standards. We sell our products primarily under the “JBCocoa” brand name and export our products worldwide to customers ranging from international trade houses to end users. As a testament of our commitment to quality, our Group has received the following awards:

Year of Award	Award	Awarding institution(s)
2008	Certificate of Excellence, Industry Excellence Award for the consumer products sector, 2007/2008	Malaysian National News Agency and Basis Publications House Sdn Bhd
2011	Best Cocoa Grinder Award 2010	MCB
2011	Certificate of appreciation for being selected as a finalist of the Malaysian Commodities Industry Award 2011 for Best Manufacturing Factory	Ministry of Plantation Industries and Commodities at the Malaysia International Commodity Conference & Showcase

In 2010, our Group’s market share in Malaysia based on revenue was 13.3%, computed as a percentage of JB Cocoa’s revenue over the total revenue of all the cocoa processing companies in Malaysia with cocoa grinding licenses. In 2010, our Group’s cocoa bean processing accounted for 14.6% of the total cocoa beans processed in Malaysia.<sup>4</sup>

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<sup>4</sup> The information in the preceding sentence and this sentence has been extracted from the IMR Report as disclosed under the section entitled “Industry Overview” of this Prospectus. While our Directors have taken reasonable actions to ensure that such information is reproduced in their proper form and context and that such information is extracted accurately and fairly from the IMR Report, none of the Joint Issue Managers, Underwriters and Placement Agents or our Company or the Vendors or their respective officers, agents, employees and advisers have conducted an independent review of the contents or independently verified the accuracy thereof.

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## GENERAL INFORMATION ON OUR GROUP

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Our aim is to increase shareholders' value by growing our business and building on our existing strengths. Our business strategies and future plans centre around the expansion of our current production capacity, product development and process improvement and enhancing our marketing initiatives especially in new or emerging markets.

### EMPLOYEE TRAINING

Our Group recognises the importance of human resources management as one of our critical success factors. We believe that human resource development is essential to enhance the productivity and operational efficiency of our business. Our human resources and administration department is headed by Thian Fong Chen, our Human Resource and Administration Manager.

#### Training

We provide on-the-job training and ensure that each new employee is assigned to a more experienced employee who trains, supervises and guides the new employee for a specific period of time. New employees involved in operations are required to undergo in-house operational training to familiarise themselves with our operational procedures, policies and practices. We also conduct periodic in-house training programmes on HACCP, Good Manufacturing Practice, ISO 9001:2008, and other environment, safety and health programmes for our employees.

#### Development

We believe in developing our human capital. It is our policy to develop and train employees to improve their skill and professionalism, in order to enhance productivity and operational efficiencies. As part of the development programme of our human resources, we also send our employees for external trainings. These trainings include workshops in relation to income tax, accounting, information technology skills, soft skills, technical skills, quality control as well as operation management. As training and development is a continuing process, we encourage our employees to continually upgrade their skills and knowledge through on-the-job training.

The cost of training and development of our employees over the Period Under Review was insignificant.

### CORPORATE SOCIAL RESPONSIBILITY

We are a member of the World Cocoa Foundation (“WCF”) and we make annual subscriptions and membership contributions to the WCF. The WCF supports cocoa producing farmers and their families worldwide. They encourage responsible and sustainable cocoa farming and strengthen communities. The WCF promotes economic and social development as well as improved environmental stewardship at the farm level through a range of programs and partnerships focusing on:

- Training men and women farmers to grow cocoa more productively and profitably, emphasising sustainable, responsible farming practices;
- Helping men and women farmers produce and market quality cocoa through stronger, more effective cooperatives and associations;
- Reducing crop loss and improving productivity through applied research;
- Promoting responsible, safe farming practices; and
- Expanding access to quality education and vocational training for young people.

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## GENERAL INFORMATION ON OUR GROUP

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We strive to enhance our corporate social responsibility in the marketplace, community, environment and work place and charitable contributions. For example, we make monetary contributions to the Cocoa Association of Asia for the purpose of helping Vietnam's cocoa farmers to boost cultivation of cocoa beans.

We believe that the long term sustainability of our Group thrives on the incorporation of corporate social responsibility commitments into our core business activities. Our Group has always recognised our responsibility and integrity when interacting with our employees, suppliers, customers, shareholders, community, investors and other stakeholders in order to achieve long term mutual sustainable relationships.

### INSURANCE

As at the Latest Practicable Date, we have taken up insurance policies including the following:

- Fire insurance for our buildings, fixtures and fittings, stock in trade, raw material, plant and machinery, and all other contents within our business premises that may be damaged or lost due to fire;
- Consequential loss insurance;
- Burglary insurance for all our movable and immovable properties;
- Machinery insurance for two (2) boilers and surrounding property against any damage to the boilers and surrounding property, third party property and bodily injury;
- Public liability insurance;
- Fidelity guarantee insurance that provides cover for loss of money, securities or inventory resulting from crime of our Group's employees;
- Money insurance that provides cover for monies-in-transit;
- Marine insurance; and
- Group personal accident insurance for all employees of JB Cocoa.

Our Directors will review our insurance coverage annually to ensure that our Group has sufficient insurance coverage. We may increase the coverage if we deem it necessary and appropriate.

We have not experienced any difficulties obtaining or renewing our insurance policies, or on realising claims under any of our insurance policies. As at the Latest Practicable Date, our Directors believe that the policy specifications and insured limits of these insurances are in line with normal commercial practice. Our Directors believe that the coverage from these insurance policies is adequate for our present operations. However, significant damage to our operations or to any of our properties, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial position. We are not insured against loss of key personnel and business interruption. If such events were to occur, our business may be materially and adversely affected.

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### PROPERTIES AND FIXED ASSETS

Our Group does not own any land. However, the buildings constructed on part of the land as described in the table below, are owned by us.

Our Group leases the following properties for our operations:

Registered Owner/ Lessor	Lessee	Sub-Lessee	Location	Date of Expiry of Lease	Lease Consideration (RM)	Land Area (sq m)	Use of Property
Lembaga Pelabuhan Johor, the port authority of the state of Johor	PTPSB	JB Cocoa	Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia <sup>(1)</sup>	Sub-lease expiring on 31 December 2024 <sup>(1)(2)</sup>	5,488,560.00 for the entire duration of the lease	36,421.7	Processing and production facility, including warehouse, product development and process improvement facility and office.
Lembaga Pelabuhan Johor, the port authority of the state of Johor	PTPSB	JB Cocoa	Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia	Sub-lease expiring on 23 March 2025 <sup>(2)(3)</sup>	3,120,551.28 for the entire duration of the lease	20,707.8	Processing and production facility, including warehouse, product development and process improvement facility and office. <sup>(4)</sup>

We have entered into a tenancy agreement with GCCM for the use of a warehouse at Warehouse 3A-4, Jalan Gudang 2, Johor Port, 81707, Pasir Gudang, Johor, Malaysia with a land area of approximately 1,080.0 sq m. Please refer to the section entitled “Other Present and On-Going Transactions” of this Prospectus for more details on the tenancy agreement. We also have tenancy arrangements with hostels owned by unrelated third parties for our workers.

#### Notes:

- (1) The property has been charged in favour of Malayan Banking Berhad on 26 June 2008 as security for several banking facilities granted by Malayan Banking Berhad. The sub-lease was registered in favour of JB Cocoa on 10 December 2002. This sub-lease has been registered with the Malaysian Registrar of Titles.
- (2) JB Cocoa has an option to extend the sub-lease for an additional 30 years.
- (3) The sub-lease agreement was entered into between JB Cocoa and PTPSB on 1 June 2011. This sub-lease will be registered with the Malaysian Registrar of Titles upon receipt of relevant documents from PTPSB. Legal Advisers to our Company on Malaysian Law had provided that if the sub-lease is not registered, a third party acting in good faith and without notice of the existing sub-lease in one way or another obtains a proprietary interest in the sub-lease, will be able to claim a priority

## GENERAL INFORMATION ON OUR GROUP

interest in the sub-lease over JB Cocoa. However, the unregistered sub-lease is good and valid as an agreement and may be enforceable by a decree of specific performance by JB Cocoa against PTPSB. We are awaiting presentation by PTPSB to us of the issue documents of title to enable us to present the sub-lease for registration.

- (4) Presently an industrial land, we have commenced construction of a factory and warehouse as part of our plan to increase the capacity of our PTP plant from 60,000 tonnes to approximately 85,000 tonnes of cocoa bean equivalent per year. Please refer to the section entitled “Prospects, Business Strategies and Future Plans — Business Strategies and Future Plans” for further information.

As at 31 December 2011, the carrying amount of our fixed assets comprising factory building, plant and machinery, tools and equipment, office equipment, furniture and fittings and motor vehicles was RM81.8 million.




To the best of our Directors’ knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets, saved as disclosed under the section entitled “Government Laws and Regulations” set out in Appendix D of this Prospectus.

As at the Latest Practicable Date, our Directors are not aware of any existing breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.


### INTELLECTUAL PROPERTY

Our products are labelled with the “JBCOCA” trademark save for the cocoa powder sold to the ECOM Group which they subsequently sell under their own brands. We have registered the trademark in China, India and the Russian Federation, the key markets to which we export our cocoa ingredient products.

#### List of Trademarks

No.	Trademark	Trademark Number	Issuer	Country of Registration	Class	Registration Date	Expiry Date
1.		5915132	Director-General, Trademark Office, State Administration for Industry and Commerce of People’s Republic of China.	China	30 <sup>(1)</sup>	28 November 2009	27 November 2019
2.		4302343	Director-General, Trademark Office, State Administration for Industry and Commerce of People’s Republic of China.	China	30 <sup>(2)</sup>	7 March 2007	6 March 2017
3.		1595886	Registrar of Trademark, India	India	30 <sup>(3)</sup>	29 August 2007	29 August 2017

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No.	Trademark	Trademark Number	Issuer	Country of Registration	Class	Registration Date	Expiry Date
4.		359172	Head of Federal Agency of Intellectual Property, Patent and Trade Marks, the Russian Federation	The Russian Federation	29 <sup>(4)</sup> 30 <sup>(4)</sup>	19 July 2007	19 July 2017

**Notes:**

- (1) Class 30 refers to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 30 for this trademark is in respect of cocoa, cocoa products, cocoa beverages with milk, cocoa beverages, chocolate beverages containing milk, chocolate beverages, chocolate and coffee flavouring (condiment).
- (2) Class 30 refers to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 30 for this trademark is in respect of cocoa, cocoa products, coffee, cocoa beverages, cocoa beverages with milk, tea, sweet syrup, chocolate, honey, and cake.
- (3) Class 30 refers to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 30 for this trademark is in respect of processed cocoa products, cocoa butter, cocoa paste, cocoa cake, cocoa powder, and industrial chocolate.
- (4) Class 29 and Class 30 refer to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 29 for this trademark is in respect of cocoa butter. The services classified under Class 30 for this trademark is in respect of processed cocoa products in volume including cocoa cake, cocoa paste, cocoa powder, and raw chocolate for production of chocolate.

Save as disclosed above, as at the Latest Practicable Date, our Group does not have any patents, licences or trademarks on which our business or profitability is materially dependent. We have not paid or received any royalties for any licence or use of any intellectual property.

### GOVERNMENT REGULATIONS

Save as disclosed below, as at the Latest Practicable Date, the business operations of our Group are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore and Malaysia.

#### Malaysia

The following are the approvals, major licences and permits issued to companies in our Group in order for us to carry out our operations, other than those pertaining to general business registration requirements:

#### Major Licences and Permits Obtained by JB Cocoa

Description of Approval/Licence/ Permit/Registration	Licence/ Reference Number	Authority	Date of Issuance or Commencement	Date of Expiry
Manufacturing Licence for Cocoa Butter, Cocoa Paste, Cocoa Cake & Cocoa Powder	A013753 (Serial No. A024904)	MITI	22 January 2002	No expiry date
Manufacturing Licence for Deodorised Cocoa Butter & Cocoa Liquor	A013753 (Serial No. A024905)	MITI	6 October 2006	No expiry date

## GENERAL INFORMATION ON OUR GROUP

Description of Approval/Licence/ Permit/Registration	Licence/ Reference Number	Authority	Date of Issuance or Commencement	Date of Expiry
Licence for Cocoa Grinder <sup>(1)</sup>	J-Tanjung Pelepas- 023-L3 (Serial No. 023)	MCB	25 April 2012	Not stated
Licence for Trader of Cocoa <sup>(1)</sup>	J-Tanjung Pelepas- 022-L1C (Serial No. 022)	MCB	25 April 2012	Not stated
Certificate of Fitness for occupation in respect of factory erected on part of land held under HS(D) 303868, PTD 2423, Mukim of Tanjung Kupang, Daerah Johor Bahru, Johor known as Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia	626/2003	Majlis Perbandaran Johor Bahru Tengah	19 December 2003	No expiry date
Business premises/advertising licence	Account No. L0507020003	Majlis Perbandaran Johor Bahru Tengah	1 January 2012	31 December 2012
Licence to purchase scheduled article (diesel fuel)	No. 849 P/D	Controller of Supplies, Malaysia	12 March 2012	11 March 2013
Licence to purchase scheduled article (liquefied petroleum gas)	J000801 (LPG)	Controller of Supplies, Malaysia	25 May 2012	24 May 2013
Fire Certificate in respect of the premises at Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia	JPM: JH/7/013 2012 (Serial No. 22569)	Director General of the Fire and Rescue Department	20 January 2012	19 January 2013
Certificate of fitness for hoisting machine (Registration No. JH PMA 236)	PMS-JH 36056	Inspector of Factories and Machinery	27 April 2012	23 July 2013
Certificate of fitness for hoisting machine (Registration No. JH PMA 237)	PMA-JH 36057	Inspector of Factories and Machinery	27 April 2012	23 July 2013
Certificate of fitness for hoisting machine (Registration No. JH PMA 238)	PMA-JH 36058	Inspector of Factories and Machinery	27 April 2012	23 July 2013
Certificate of fitness for hoisting machine (Registration No. JH PMA 239)	PMA-JH 36059	Inspector of Factories and Machinery	27 April 2012	23 July 2013

## GENERAL INFORMATION ON OUR GROUP

Description of Approval/Licence/ Permit/Registration	Licence/ Reference Number	Authority	Date of Issuance or Commencement	Date of Expiry
Certificate of fitness for hoisting machine (Registration No. JH PMA 5558)	PMA-JH 36060	Inspector of Factories and Machinery	27 April 2012	23 July 2013
Certificate of fitness for hoisting machine (Registration No. JH PMA 5559)	PMA-JH 36061	Inspector of Factories and Machinery	27 April 2012	23 July 2013
Certificate of fitness for unfired pressured vessel (Registration No. JH PMT 13331)	PMD-JH 58996	Inspector of Factories and Machinery	31 May 2012	23 August 2013
Certificate of fitness for steam boiler (Registration No. PMD 14769)	PMD-JH 5234	Inspector of Factories and Machinery	16 August 2011	26 October 2012
Certificate of fitness for unfired pressured vessel (Registration No. JH PMT 14140)	PMT-JH55770	Inspector of Factories and Machinery	29 April 2012	10 April 2013
Certificate of fitness for steam boiler (Registration No. JH PMD 943)	PMD-JH 5655	Inspector of Factories and Machinery	12 December 2011	10 January 2013
Certificate of fitness for steam boiler (Registration No. JH PMD 275)	PMD-JH 6193	Inspector of Factories and Machinery	31 May 2012	23 August 2013
Certificate of fitness for Unfired Pressured Vessel (Air Receiver Tank) (Registration No. JH PMT 658)	PMT-JH 53602	Inspector of Factories and Machinery	13 December 2011	13 January 2013
Certificate of fitness for Unfired Pressured Vessel (Oil Separator Tank) (Registration No. JH PMT 659)	PMT-JH 53601	Inspector of Factories and Machinery	13 December 2011	13 January 2013
Certificate of fitness for Unfired Pressured Vessel (Air Receiver Tank) (Registration No. JH PMT 660)	PMT-JH 53600	Inspector of Factories and Machinery	13 December 2011	13 January 2013
Certificate of fitness for Unfired Pressured Vessel (Air Receiver Tank) (Registration No. JH PMT 661)	PMT-JH 53599	Inspector of Factories and Machinery	13 December 2011	13 January 2013
Certificate of fitness for Unfired Pressured Vessel (Oil Separator Tank) (Registration No. JH PMT 662)	PMT-JH 53598	Inspector of Factories and Machinery	13 December 2011	13 January 2013
Certificate of fitness for Unfired Pressured Vessel (Pressure Filter) (Registration No. JH PMT 4038)	PMT-JH 53603	Inspector of Factories and Machinery	13 December 2011	13 January 2013



## GENERAL INFORMATION ON OUR GROUP

Description of Approval/Licence/ Permit/Registration	Licence/ Reference Number	Authority	Date of Issuance or Commencement	Date of Expiry
Certificate of fitness for Steam Boiler (Danstoker Fire- tube) (Registration No. PMD 14796)	PMD-JH 5661	Inspector of Factories and Machinery	13 December 2011	13 January 2013

**Note:**

- (1) The licence for cocoa grinder and the licence for trader of cocoa issued by MCB do not state the expiry date of the relevant licences. However, Regulation 9 of the Malaysian Cocoa Board Regulations 2012 provides that every licence issued or renewed shall be valid for a period of one (1) year or for such longer period but not exceeding five (5) years as MCB may determine from the date it is issued or renewed. MCB has informed us vide letter dated 15 May 2012 that both the licence for cocoa grinder and the licence for trader of cocoa will expire on 31 December 2013

From time to time, we will send our applications for the renewal of the licenses as and when required.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we have obtained all requisite approvals and licences and we have complied with all relevant laws and regulations that would materially affect our business operations and have obtained all the necessary material licences, registrations, permits or approvals. Save as disclosed above and in the section entitled "Government Laws and Regulations" set out in Appendix D of this Prospectus, we do not require any other material licences, registrations, permits or approvals in respect of our operations apart from those pertaining to general business registration requirements.

As at the Latest Practicable Date, except as disclosed in the section entitled "General and Statutory Information — Litigation" of this Prospectus, none of the aforesaid material licences, permits or approvals have been suspended or revoked and to the best of our knowledge and belief, there are at present no facts or circumstances which would cause such licences, registrations, permits or approvals to be suspended or revoked or for any applications for, or for the renewal of, any of these licences to be rejected by the relevant authorities.

### PRODUCT DEVELOPMENT

Our quality assurance and product development department plays a significant role in enabling us to meet our customers' high expectation of cocoa ingredient products and improving process efficiency.

Our quality assurance and product development department spearheads product development and customisation of cocoa ingredient and works closely with our sales and marketing and operations departments to fulfil the varied requirements and product specifications of our customers. Collectively, these departments assess whether our newly developed products are relevant to the market, appropriate for mass production and at the same time able to adhere to stringent quality requirements. We work closely with our customers to better understand their needs and new requirements as customised cocoa ingredient products often require the involvement of our customers.

We also conduct sensory evaluation (being taste and colour checks) of cocoa ingredient products in our sensory laboratory for organoleptic assessment by our well-trained panellists before sending out the new products to our customers.

## GENERAL INFORMATION ON OUR GROUP

Our product development achievements include the following:

Year	Achievements
2003	Development of a range of generic cocoa powder which includes natural and alkalised cocoa powder (JB100-11, JB250-11, JB800-11, JB550-11)
2004	Developed and customised cocoa powder (JB150-11) for an international confectionery manufacturer
2005	Developed and customised cocoa powder (JB350-11) for an international confectionery manufacturer
2006	Developed and customised cocoa powder (JB360-11)
2007	Developed and customised cocoa powder (JB208-11) for an international confectionery manufacturer
2008	Developed and customised cocoa powder (JB380-12) for an international confectionery manufacturer
2010	Developed and customised cocoa liquor (JB-LN-GH, JB-LN-IV), reddish cocoa powder (JB351-11), natural cocoa powder (JB110-11) and deodorised cocoa butter (JB-080-DB) for international confectionery manufacturers
2011	Developed brown cocoa powder (JB200-11), dark brown cocoa powder (JB850-11) and reddish cocoa powder (JB310-11)

During the Period Under Review, our expenses incurred in relation to product development were not significant. Other than as described above, we do not undertake research activities as the nature of our business does not require extensive research.

### MAJOR CUSTOMERS

We sell cocoa butter primarily to several international trade houses, whereas we sell cocoa powder directly to a larger number of customers. Our sales are based on confirmed orders from customers. We do not typically enter into long term contracts with them. Cocoa butter is sold by us to a relatively smaller number of customers as compared to cocoa powder. The number of customers for cocoa powder is more than customers for cocoa butter because cocoa powder is less homogeneous than cocoa butter (making it harder to commoditise) and has wider application. Such customers of cocoa powder include food and beverage companies and distributors of intermediate cocoa products. As a result, all of our major customers contributing 5.0% or more to our revenue during the Period Under Review are international trade houses.

The major customers who individually contributed 5.0% or more to our revenue for the Period Under Review were as follows:

Customer Name	Product Type	Percentage of our revenue (%)		
		FY2009	FY2010	FY2011
Theobroma B.V.	cocoa butter	19.8	19.3	10.9
ECOM Group <sup>(1)</sup>	cocoa butter and cocoa powder	31.6	15.2	10.7
General Cocoa Company Inc.	cocoa butter	7.0	12.2	8.7
ADM Group <sup>(2)</sup>	cocoa butter, cocoa powder and cocoa cake	5.2	3.0	2.9
Olam Europe Limited	cocoa butter	7.1	4.4	2.3

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## GENERAL INFORMATION ON OUR GROUP

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### Notes:

- (1) This comprises ECOM, ECOM AgroIndustrial Asia Pte. Ltd., AgroIndustrias Unidas de Cacao S.A. de C.V., Atlantic (USA), Inc, and Dutch Cocoa B.V. For further details on the transactions between our Group and the ECOM Group, please refer to the section entitled "Interested Person Transactions" of this Prospectus.
- (2) This comprises ADM Cocoa, ADM International SARL and ADM Schokinag UK Ltd.

The amount we sell to major customers fluctuates from year to year and depends on the sales terms, demand for our products, delivery requirements and customers expectations of market conditions. Cocoa butter is a homogenous ingredient product and normally traded in bulk quantity. Therefore the price and delivery requirements are key determining factors for its sales. We believe we are not particularly dependent on any single customer.

For Theobroma B.V., the decrease from 19.3% in FY2010 to 10.9% in FY2011 was mainly due to a decrease in quantity of cocoa butter sold as well as a decrease in the average selling price of the cocoa butter sold in FY2011.

For ECOM Group, the decrease from 31.6% in FY2009 to 15.2% in FY2010 was mainly due to a decrease in sale of cocoa butter and partially offset by an increase in sale of cocoa powder in FY2010.

For General Cocoa Company Inc, the increase from 7.0% in FY2009 to 12.2% in FY2010 was mainly due to an increase in quantity of cocoa butter sold partially offset by a decrease in the average selling price of the cocoa butter sold in FY2010.

As at the date of this Prospectus, ECOM is a Substantial Shareholder of our Company. Except for ECOM and Yessa Matindas Tuegeh, our Non-Independent Non-Executive Director, who has an interest in 0.02% in ECOM, none of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major customers.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our present relationship with any of our major customers.

Save as disclosed above, there is no other customer whose revenue contribution to us accounted for more than 5.0% of our revenue in the Period Under Review.

### MAJOR SUPPLIERS

Our purchases comprise mainly cocoa beans and cocoa ingredient products. The table below sets forth our suppliers which accounted for 5.0% or more of our purchases for the Period Under Review:

Supplier	Percentage of our purchases (%)		
	FY2009	FY2010	FY2011
Touton Far East Pte Ltd and Touton SA	11.4	11.7	17.1
Continaf BV	10.6	9.0	13.7
Olam International Limited	15.5	19.3	12.8
ECOM Group <sup>(1)</sup>	33.3	21.7	12.1
ADM Cocoa Pte. Ltd.	10.0	7.5	8.5
Armajaro Singapore Pte Ltd	5.4	4.5	8.3
Novel Commodities S.A.	—	4.2	5.5
Noble Resources SA	7.7	9.9	3.5
GCB Group <sup>(2)</sup>	0.4	6.6	1.5

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## GENERAL INFORMATION ON OUR GROUP

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### Notes:

- (1) This comprises ECOM and ECOM AgroIndustrial Asia Pte. Ltd. For further details on the transactions between our Group and the ECOM Group, please refer to the section entitled "Interested Person Transactions" of this Prospectus.
- (2) This comprises GCCM and GCB Cocoa Singapore Pte. Ltd. For further details on the transactions between our Group and GCB Group. Please refer to the section entitled "Other Present and On-going Transactions" of this Prospectus.

The amount we purchase from each supplier tends to fluctuate from year to year since our choice of suppliers may depend on the purchase terms, ability to meet the required amount, pricing offered by the supplier and type of beans as well as delivery requirements. Due to these factors and the fact that cocoa bean is a market traded commodity, we believe we are not particularly dependent on any single supplier. Furthermore, even though some of our suppliers including the GCB Group, are competitors, we believe that these factors and the fact that cocoa bean is a market traded commodity enable us to deal with and purchase from such suppliers on an independent basis.

For Touton Far East Pte Ltd and Touton SA, the increase from 11.7% in FY2010 to 17.1% in FY2011 was due to an increase in the quantity of cocoa beans purchased.

For Olam International Limited, the decrease from 19.3% in FY2010 to 12.8% in FY2011 was due to a decrease in the quantity of cocoa beans purchased as the prices offered by Olam International Limited was less competitive as compared to other suppliers.

For ECOM Group, the decrease from 33.3% in FY2009 to 21.7% in FY2010 and the decrease from 21.7% in FY2010 to 12.1% in FY2011 was due to a decrease in the quantity of cocoa beans purchased as the prices offered by ECOM was less competitive as compared to other suppliers.

For GCB Group, the increase from 0.4% in FY2009 to 6.6% in FY2010 was due to the purchase of cocoa beans from GCCM as the price offered by GCB Group was more competitive than other suppliers. The decrease from 6.6% in FY2010 to 1.5% in FY2011 was due to a reduction in purchase of cocoa beans from GCCM as the type of cocoa beans offered was not required by the Company.

Our Directors believe that our Group is not dependent on any single supplier as the products supplied by the above major suppliers can be easily sourced from other alternative suppliers in the market.

As at the date of this Prospectus, ECOM is a Substantial Shareholder of our Company. Except for ECOM and Yessa Matindas Tuegeh, our Non-Independent Non-Executive Director who has an interest in 0.02% of ECOM, none of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major suppliers.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our present relationship with any of our major suppliers.

Save as disclosed above, there is no other supplier whose supplies to us accounted for more than 5.0% of our purchases for the Period Under Review.

### CREDIT POLICY

#### Customers

Our normal payment terms for sales of cocoa butter are cash against presentation of title documents. During the Period Under Review, for sales of cocoa powder, we typically grant credit terms of up to 90 days from the date of the bills of lading to some of our customers.

## GENERAL INFORMATION ON OUR GROUP

We regularly review the credit terms and limits granted to our customers based on the customer's financial standing, payment history, transaction volume and the strength of our business relationship with the customer. We monitor closely any overdue trade debts and take steps to recover any outstanding debts.

Our average trade receivables turnover days for the Period Under Review were as follows:–

	FY2009	FY2010	FY2011
Average trade receivables turnover days <sup>(1)</sup>	19	18	20

**Note:**

(1) The average trade receivables turnover days for Period Under Review is calculated based on the average of the opening and closing trade receivables balance of the relevant financial year divided by the corresponding revenue and multiplied by 365 days.

We make full allowance of impairment loss for trade receivables that remain unpaid after 120 days from the end of the credit period.

Movements in allowance of impairment loss for trade receivables were as follows:

(RM'000)	FY2009	FY2010	FY2011
Balance at beginning of financial year	—	—	137
Charge for the financial year	—	137	16
Write-back of allowance no longer required	—	—	(67)
Balance at end of financial year	—	137	86

There were no bad debts written off during the Period Under Review.

The aging schedule of our trade receivables as at 31 December 2011 is as follows:

Period	Carrying value (RM'million)
Not past due	36.9
Past due less than one (1) month	13.5
<b>Total</b>	<b>50.4</b>

As at the Latest Practicable Date, we have collected RM50.39 million of the above trade receivables as at 31 December 2011 of RM50.40 million.

Barring any unforeseen circumstances, our Directors are of the opinion that the outstanding balance will be substantially collected.

### Suppliers

Payment for cocoa bean purchases is primarily due upon presentation of title documents which generally occurs soon after the cocoa beans purchased are loaded for shipment. Occasionally, upon negotiation, our cocoa bean suppliers will grant us credit terms for up to 60 days. Such credit terms granted will depend on factors such as the volume of our purchases, pricing and the strength of our business relationship.

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## GENERAL INFORMATION ON OUR GROUP

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Our average trade payables turnover days for the Period Under Review were as follows:

	FY2009	FY2010	FY2011
Average trade payables turnover days <sup>(1)</sup>	21	26	19

**Note:**

- (1) The average trade payables turnover days for the Period Under Review is calculated based on the average of the opening and closing trade payables balance of the relevant financial year divided by the corresponding purchases and multiplied by 365 days.

### INVENTORY MANAGEMENT

Our inventory comprises raw materials including cocoa beans and potassium carbonate, work-in-progress and finished products including cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Our average inventory turnover days for the Period Under Review were as follows:

	FY2009	FY2010	FY2011
Average inventory turnover days <sup>(1)</sup>	101	94	78

**Note:**

- (1) The average inventory turnover days for the Period Under Review is calculated based on the average of the opening and closing of the inventory balance of the relevant financial year divided by the corresponding cost of sales and multiplied by 365 days.

Our inventory turnover days improved from 101 days in FY2009 to 78 days in FY2011 due mainly to the increase in revenue over the Period Under Review.

In FY2009, we recorded a write-down of cocoa powder inventories by RM1.5 million due to a delay in a shipment of cocoa powder to a customer which was contracted a year earlier upon the specific request of a customer. This resulted in our current cocoa bean cost being higher than the contracted price of cocoa powder. We then wrote down this inventory to the net realisable value. In FY2010 and FY2011, we did not have any write-down of inventory.

As at the Latest Practicable Date, there is no material slow moving or obsolete inventories.

### COMPETITION

We compete with cocoa ingredient producers which have presence in Malaysia and Indonesia for the supply of cocoa ingredient products to international trade houses, food and beverage companies and distributors of intermediate cocoa products.

The global cocoa processing industry is mature, highly consolidated and is driven by a few major industry players. Established industry players are able to maintain prices at competitive levels as their initial investments have long been recouped. Furthermore, these companies may have built large processing capacities over the years that further enable them to achieve economies of scale and compete by pricing with minimal impact to their margins. Product homogeneity of cocoa butter further adds to the difficulty for new entrants to differentiate their products, where competitive factors include established reputation and length of relationship in customers.

The barriers of entry include the difficulties of establishing relationships with our customers. End users are selective of their suppliers. Often, once the relationship is made and confidence of the supplier

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## GENERAL INFORMATION ON OUR GROUP

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established, end users will not easily switch to other suppliers due to the lengthy processes of qualifying the supplier and product development. Furthermore, the technical know-how, proprietary methods and expertise in blending in order to produce products of high quality and in a consistent manner (i.e. flavour and colour) can only be acquired through experience from time spent in the industry, which cannot be easily replicated over a short period of time.

Our business and operations are capital intensive in nature. A processing facility requires an entire production line of machinery such as the winnower, roaster, grinder, presser, miller, boiler and deodorizer, as well as a sophisticated computer control system to control and monitor the production line during operations. The start up capital expenditure is therefore relatively high. The requirements of high levels of hygiene management to prevent contamination also contributes to the additional capital expenditure.

We consider the following to be our main competitors:

- ADM
- Barry Callebaut Malaysia
- Cargill Inc
- Delfi Malaysia (a division of Petra Foods Limited)
- GCCM
- MCM

Note: The companies are listed in alphabetical order and is not indicative of market ranking.

In FY2010, our Group's market share in Malaysia based on revenue was 13.3% computed as a percentage of JB Cocoa's revenue over the total revenue of all the cocoa processing companies in Malaysia with cocoa grinding licences. In FY2010, our Group's cocoa bean processing accounted for 14.6% of the total cocoa beans processed in Malaysia.<sup>5</sup>

To the best of our Directors' knowledge, none of our Directors, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our competitors listed above.

### COMPETITIVE STRENGTHS

We are one of the major cocoa ingredient producers in Malaysia with a production capacity of 60,000 tonnes of cocoa bean equivalent per year. We believe that our competitive advantages and key strengths as set out below continue to play an important role in our ability to compete against other industry players globally and provide us the platform to grow our business.

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<sup>5</sup> The information in the preceding sentence and this sentence has been extracted from the IMR Report as disclosed under the section entitled "Industry Overview" of this Prospectus. While our Directors have taken reasonable actions to ensure that such information is reproduced in their proper form and context and that such information is extracted accurately and fairly from the IMR Report, none of the Joint Issue Managers, Underwriters and Placement Agents or our Company or the Vendors or their respective officers, agents, employees and advisers have conducted an independent review of the contents or independently verified the accuracy thereof.

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## GENERAL INFORMATION ON OUR GROUP

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### **We place high priority on product quality and on our manufacturing processes**

We are committed and place high priority on product quality to ensure our customers receive quality cocoa ingredient products which meet or exceed their requirements. We believe our long standing relationships with international food and beverage companies and international trade houses are due to our ability to meet their stringent requirements.

Due to the stringent requirement of product quality and consistency, some of our customers require us to undergo strict qualification process before purchasing from us. Subsequent to us qualifying, some of our customers will continue to conduct audits on our processing facility. Our ability to deliver high quality products consistently is critical for us to continue servicing our customers and meeting the demands of prospective customers.

We have a quality management system and quality assurance program, which are certified ISO 9001:2008 and HACCP respectively. These internationally recognised standards and certifications demonstrate our commitment in assuring every step in our manufacturing process is conducted with quality in mind. In addition, our Group has obtained Kosher and Pareve certifications for our products produced at our processing plant in PTP and has also obtained Halal certification for our products manufactured at our processing plant in PTP. We intend to obtain British Retail Consortium certification, a global standard for food safety.

Apart from quality assurance systems, we have quality control laboratories such as a bean lab (for cocoa bean analysis upon arrival), quality control lab (to ensure that in-line samples adhere to predetermined specifications), microbiology lab (for maintaining food safety standards) and sensory lab (for evaluating the taste, aroma, appearance of our finished products).

### **We have an experienced management team**

Our Group is led by an experienced and dedicated management team spearheaded by our CEO. Our Executive Directors have collectively over 45 years of experience in the cocoa industry.

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. Their strength and experience in areas such as product pricing trend analysis, production planning and procurement, purchases/sales and foreign exchange contracts, production processes, quality assurance, product development and process improvement and sales and marketing are instrumental for the growth of our business in a competitive environment.

### **We have existing product development capabilities**

We believe that our operations, quality assurance, development, sales and marketing departments have over the years established technical and product development expertise. We are able to provide customisation of cocoa ingredient products, in particular, cocoa powder, to fulfill the varied requirements of our customers. In the past, we have successfully customised cocoa powder variations for our cocoa powder customers and believe our customisation ability allowed us to sell our cocoa powder better. Customisation of cocoa ingredient products often requires the involvement of our customers and us in product development, which normally involves a substantial commitment of time. We believe this will in the long run enable us to differentiate ourselves from our competitors.



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## GENERAL INFORMATION ON OUR GROUP

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Technicians in our operations department together with our product development and process improvement team are also able to develop production techniques and process control systems to improve quality and optimise capacity and efficiency of our production facility.

Our expertise enables us to deliver to our customers a high degree of flexibility in fulfilling their product requirements and specifications, whilst still meeting their stringent quality requirements and achieving cost efficiencies.

### **We have a wide customer base and long term relationships with customers and suppliers**

Our Group has developed a marketing and distribution operation with a wide network to serve our end customers worldwide. Our customers and suppliers include international trade houses such as Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Touton Far East Pte Ltd, Noble Resources SA and leading international food and beverage and confectionery companies such as Nestlé Philippines, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Godrej Hershey Ltd. and Arcor Saic. We have built long term relationships with our customers based on our track record of providing quality products and services and we believe that good working relationship with reliable suppliers is important to ensure that the delivery of our cocoa beans supplies is always on time and of good quality.

### **We are strategically located within a free trade zone in Malaysia**

Our production facility is situated within PTP, which is a strategic logistic hub within a free trade zone in Malaysia. This reduces the travel time by road between our plant to the port which allows us to significantly reduce land logistic costs to and from the port. We are also able to closely monitor our containers prior to the loading onto vessels for its onward journey to other ports. In addition, our operations and warehouse benefit from PTP's high level of security.

### **SEASONALITY**

Our cocoa butter sales are generally not significantly affected by seasonal factors as our cocoa butter is predominantly sold to international trade houses and these international trade houses traditionally stock up inventories in anticipation for higher demand during festive seasons. As the applications for cocoa powder are varied, such as cocoa based beverages, compound chocolates, pastries and cakes, the sale of cocoa powder is also not significantly affected by seasonal and cyclical factors.

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## INDUSTRY OVERVIEW

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*The information and analyses given in the following section entitled “Industry Overview” of this Prospectus are extracted from the IMR Report by Frost & Sullivan dated May 2012.<sup>6</sup> All citations in the following section of this Prospectus entitled “Industry Overview” have been extracted from the IMR Report. The IMR Report was prepared by Frost & Sullivan for the purpose of incorporation of information in this Prospectus.*

*While our Directors have taken reasonable action to ensure that the statements from the IMR Report have been reproduced in their proper form and context, and that such statements have been extracted accurately from the IMR Report, none of the Joint Issue Managers, Underwriters and Placement Agents or our Company or Vendors or their respective officers, agents, employees and advisers have conducted an independent review of the contents or independently verified the accuracy thereof.*

### **Overview and Outlook of the Malaysian Economy<sup>7</sup>**

Despite the challenging global economic and financial conditions, the Malaysian economy continued to expand in the fourth quarter of 2011, growing by 5.2% (3Q 11: 5.8%). Growth in domestic demand remained favourable, supported by both private and public sector spending.

Domestic demand expanded by 10.5% in the fourth quarter (3Q 11: 9.0%). Growth was sustained by a continued expansion in both household and business spending as well as public sector expenditure.

Private consumption grew at a pace of 7.1% (3Q 11: 7.3%), supported by favourable income growth and robust labour market conditions. Major consumption indicators such as imports of consumption goods, bank lending to households and credit card spending continued to show strong positive trends. Consumer confidence also remained positive, as reflected by the 4Q MIER Consumer Sentiments Index (106.3 points; 3Q 11: 108.7 points). Public consumption grew by 23.6% (3Q 11: 21.7%) due mainly to higher expenditure on emoluments and supplies and services.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), declined to 3.2% in the fourth quarter (3Q 11: 3.4%). Inflation in the *transport* category was lower at 3.2% (3Q 11: 4.3%) as the impact from the one-off adjustment to the prices of RON95 petrol, diesel and LPG in December 2010 wore off.

Inflation in the *food and non-alcoholic beverages* category rose to 5.3% during the quarter (3Q 11: 4.8%). Higher food prices were mainly due to higher prices in the *fish and seafood* subcategory, which rose by 7.7% (3Q 11: 6.7%), caused by supply shortages following adverse weather conditions domestically. The *meat* category also recorded higher inflation of 8.5% in the fourth quarter (3Q 11: 8.2%).

The Producer Price Index (PPI) increased at a slower rate of 7.5% on an annual basis during the fourth quarter (3Q 11: 10.9%). In terms of composition, prices in both the commodity related components and non-commodity related components recorded lower growth at 18.3% (3Q 11: 29.6%) and 2.1% (3Q 11: 2.3%) respectively. Prices of the local components of the PPI had a slower increase of 9.7% (3Q 11: 14.9%) while prices of the imported components of the PPI rose by 2.4% (3Q 11: 2.3%).

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<sup>6</sup> The information in this section has been extracted from the IMR Report.

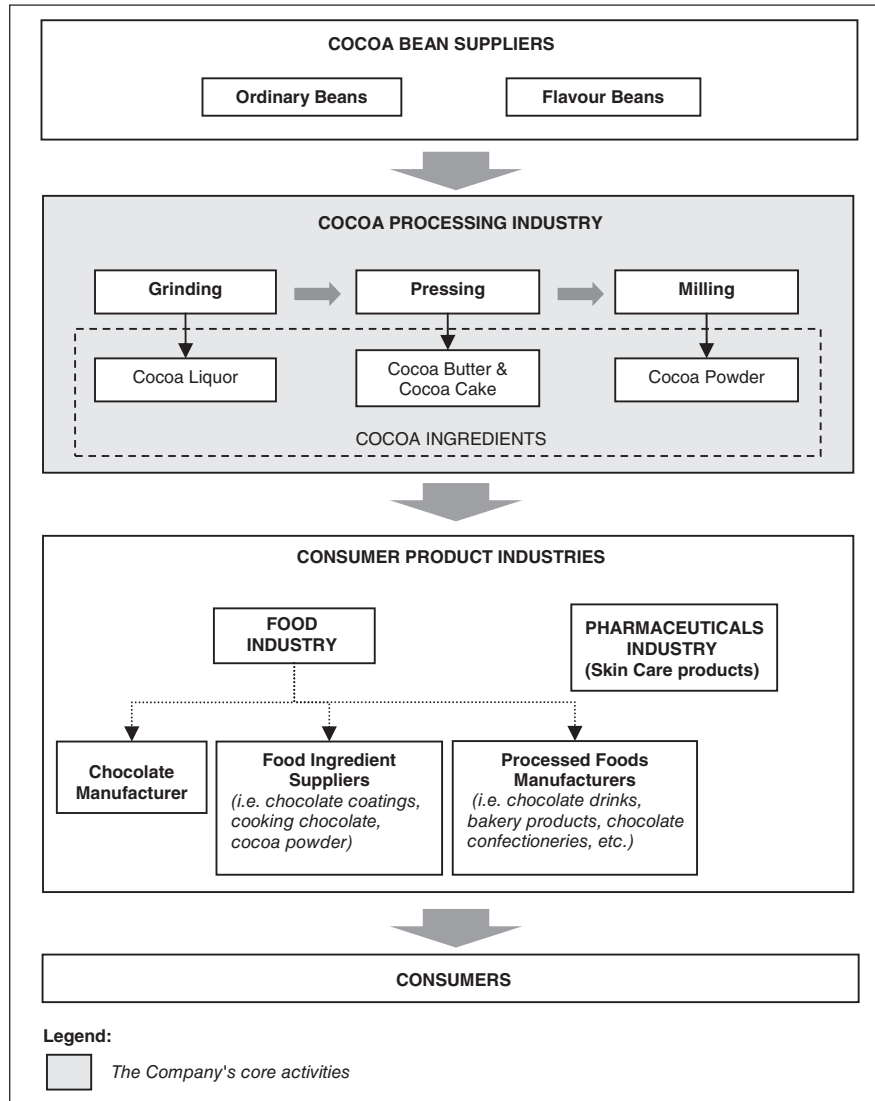
<sup>7</sup> Information extracted from the Quarterly Bulletin for the Fourth Quarter 2011 entitled “Economic and Financial Developments In Malaysia In the Fourth Quarter of 2011” published by Bank Negara Malaysia.

## INDUSTRY OVERVIEW

### Overview of the Cocoa Processing Industry

#### (a) Cocoa Processing Industry Value Chain and Segmentation

The industry value chain is illustrated in the following diagram.



Source: This diagram was prepared by Frost & Sullivan based on desk research and primary interview.

Cocoa bean suppliers supply cocoa beans to the cocoa processing industry. These suppliers may be the origin cocoa farmers/producers or cocoa bean traders. Cocoa beans can be categorised into ordinary or flavour beans. Approximately 90.0% of global cocoa bean production is ordinary beans.<sup>8</sup>

- (i) Ordinary beans are generally used for the manufacture of cocoa butter and high volume chocolate lines, and in the production of general use cocoa powder used as ingredients for convenient foods and beverages. Ordinary beans are also known as “basic” or “bulk” beans and are mostly produced from “Forastero” cocoa bean variety that originates from the Amazon region but has been cultivated widely around the world.

<sup>8</sup> The analysis is by Frost & Sullivan based on desk research and primary interview.

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## INDUSTRY OVERVIEW

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- (ii) Flavour beans are used to provide distinct flavouring and colour for fine chocolates, coatings and specific convenience food and beverages. Flavour beans are also known as “fine” beans. Flavour beans are mainly from the “Criollo” and “Trinitario” cocoa bean variety. The Criollo variety originates from Venezuela and has a distinct and complex taste which is different from the mass market chocolate. The Trinitario cocoa bean variety is a hybrid between Criollo and Forastero beans, and is the predominant flavour cocoa bean that is associated with dark chocolate. The Trinitario cocoa originated from Trinidad and also cultivated elsewhere around the world including Venezuela, Cameroon, Sri Lanka, Java and Papua New Guinea.

The cocoa processing industry is an intermediate industry that processes cocoa beans into cocoa ingredient products. The main product of the cocoa processing industry is cocoa liquor and its derivatives: cocoa butter, cocoa cake and cocoa powder.

(i) *Cocoa Liquor*

Cocoa liquor is the product of the grinding process of cocoa nibs, whereby the high heat and friction of the grinding causes the fat content in the cocoa nibs to be released producing a liquid/paste form. Cocoa liquor is used for making chocolate or pressed to extract cocoa butter and produce cocoa cake and powder.

(ii) *Cocoa Butter*

Cocoa butter is the fat content of cocoa beans. In the food industry, cocoa butter is extracted from cocoa liquor using a hydraulic press. Cocoa butter in its original form (also known as “natural” cocoa butter) is pale yellow in colour. Due to its complex molecular structure, the cocoa butter has a variable melting point between 17.3°C to 36.3°C, depending on the origin of the cocoa bean and its cooling method which results in a different arrangement of the fat molecules. The generally accepted melting point of cocoa butter for the food industry is between 34°C to 38°C. Cocoa butter is used in making chocolate, by combining with cocoa liquor to give chocolate the smooth texture. White chocolate is made purely from cocoa butter. Cocoa butter is also a natural emollient and is used in making cosmetics and skincare.

(iii) *Cocoa Cake*

During hydraulic pressing, the solids left behind are compacted into a cake form and is referred as cocoa cake. Cocoa cake typically contains 10.0% to 25.0% of the original fat content and is considered as a semi-finished cocoa product. Cocoa cake is sold to international trade houses or cocoa millers to be refined into cocoa powder, or sent for chemical expelling to extract the remaining cocoa butter.

(iv) *Cocoa Powder*

Cocoa powder is produced by processing cocoa cake into fine powder. The cocoa powder is used mostly to make cocoa beverages and as flavourings and coating in the manufacture of food stuff.

The cocoa ingredient end users are the downstream consumer product industries that use the cocoa ingredient products in the formulation of their products. The main end users are in the food industry which utilises approximately 98.0% of the global cocoa ingredient products, and the remaining 2.0% is supplied to the pharmaceutical industry.<sup>9</sup> Within the food industry, the main user segments are chocolate manufacturing, food ingredients and processed foods.

<sup>9</sup> The analysis is by Frost & Sullivan based on desk research and primary interview.

## INDUSTRY OVERVIEW

Most high quality cocoa liquor and cocoa butter is used in chocolate manufacturing. Cocoa liquor gives the chocolate flavour and cocoa butter is added to give the body and texture of the chocolate. Cocoa powder is used in other types of food ingredients and processed food manufacturing such as compound chocolate, bakery products and coatings, and as flavourings in products such as candies, beverages, biscuits and ice-cream. The pharmaceutical industry utilises cocoa butter as a product base and natural emollient to manufacture cosmetics and skincare products such as soap, lipstick, and skin lotion.

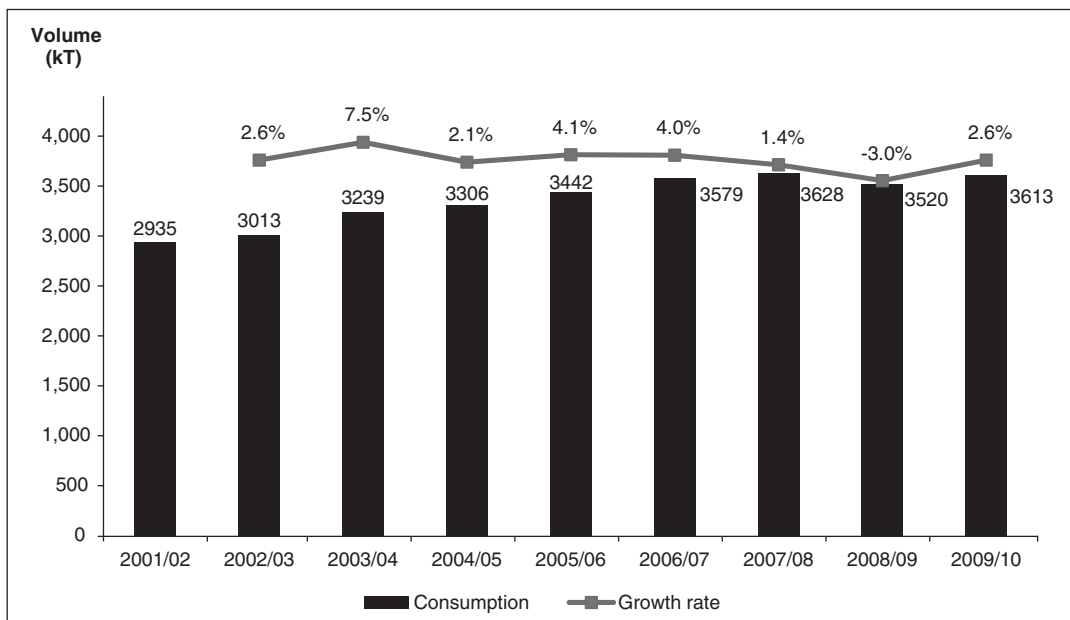
The largest cocoa ingredient end users are the chocolate manufacturers, supplying to the high chocolate consuming countries and regions in the world mainly in North America and Europe.

### Demand Conditions

#### (a) Apparent Domestic Cocoa Consumption<sup>10</sup>

Global consumption has demonstrated stable growth with apparent consumption having grown at a CAGR of 2.6% for the duration 2001/02 to 2009/10. The apparent global cocoa consumption in 2009/10 cocoa year stood at 3.6 million tonnes. The industry was affected by the 2008-2009 global financial crisis which saw reduced consumer spending as reflected by the contraction in consumption volume in the 2008/09 cocoa year to 3.5 million tonnes. Nevertheless, the global cocoa marketplace has been sustainable and consumption saw improvements as year-on-year growth rebounded by 2.6% to 3.6 million tonnes in 2009/10. The chart below illustrates the apparent global cocoa consumption during 2001/02 to 2009/10.

*Apparent Global Cocoa Consumption (2001/02 – 2009/10)*



Source: The information in the above diagram was extracted from the International Cocoa Organisation (“ICCO”), Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.

<sup>10</sup> The analysis is by Frost & Sullivan.

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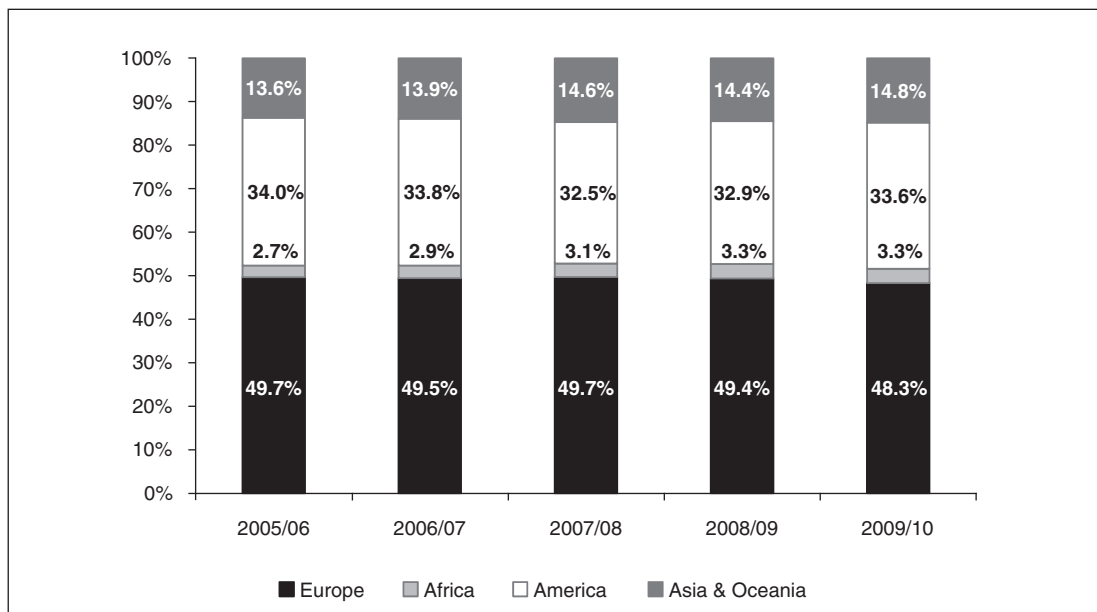
The highest cocoa consuming region in 2009/10 is Europe with total cocoa consumption of cocoa products at 48.3% of total global consumption. This is followed by the Americas (33.6%), Asia Oceania (14.8%) and Africa (3.3%).

During the 2005/06 to 2007/08 cocoa year, all regions experienced increased consumption with the African region leading in performance based on the 3 year duration CAGR at 10.8%, followed by Asia Oceania (6.3%), Europe (2.7%) and USA (0.5%). By 2008/09, all regions were impacted by the global financial crisis as can be seen by the slowed growth rate. CAGR for the 4 years duration ending 2008/09 is highest in the Africa region at 7.7%, followed by Asia Oceania (2.8%), Europe (0.5%) and the Americas (-0.4%). Among the regions, the Americas was affected the most, resulting in negative CAGR for the duration whereas Africa was the least affected with no market contraction during the 2008/09 cocoa year.

Nevertheless, the effect is short term and the market has shown to recover and normalise to pre-crisis levels in 2010/11. CAGR for the duration 2005/06 to 2009/11 was highest for Africa region at 6.4%, followed by Asia Oceania (3.2%), USA (0.9%) and Europe (0.5%).

The cocoa processing industry is a multi-billion industry with significant importance to the global market. Cocoa, a highly sought after food ingredient is ingrained in many cultures in the world, and will always be in demand. The chart below illustrates the apparent cocoa consumption by region during 2005/06 to 2009/10.

*Apparent Cocoa Consumption Ratio by Region (2005/06 – 2009/10)*



*Source: The information in the above diagram has been extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.*

In 2009/10, Europe and the Americas are the major cocoa consumers in the world based on apparent cocoa consumption. This can be attributed to the fact that both regions have long-standing histories related to the cocoa industry. The cocoa plant was said to have originated from Latin America whereby it was consumed by the Aztecs and Mayan people, and has been part of the indigenous Latin American culture. The cocoa consuming trend was then spread to Europe and North America since the 17<sup>th</sup> century. Chocolate eating developed into a widespread culture

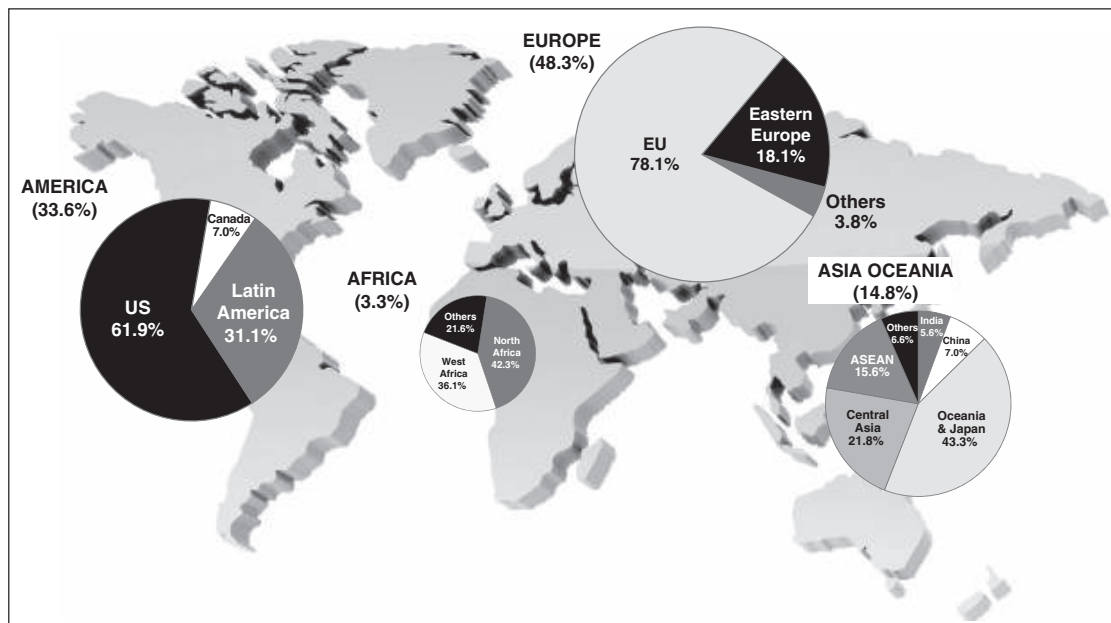
## INDUSTRY OVERVIEW

in Europe and North America since the 18<sup>th</sup> century, propelled by the industrial revolution which enabled mechanical processing of cocoa and mass production of chocolate.

Despite being a main cocoa producing region, Africa is not a major cocoa consumer. The cocoa crop was not native to Africa and was introduced as a commercial crop for the purpose of export to Europe and USA. Africa is an ideal location for cocoa growing because of the tropical weather that is suitable for the cocoa plant as well as the availability of abundant labour as the cocoa planting is labour intensive that requires manual tending and harvesting of the crops.<sup>11</sup>

Similarly, Asia Oceania is not a major cocoa consuming region. The major consumers within this region are Australia, New Zealand and Japan. Australia and New Zealand are culturally inclined towards chocolate eating as the settlers had originated mainly from Europe. Japan, on the other hand is a premium chocolate market due to the developed nation status with high income. China and India, currently are not major consumers however the long term potential in these markets exist due to the large population base and economic growth which are among the fastest in the world today. The chart below illustrates the apparent cocoa consumption by region in 2009/10.

*Apparent Cocoa Consumption by Region (2009/10)*



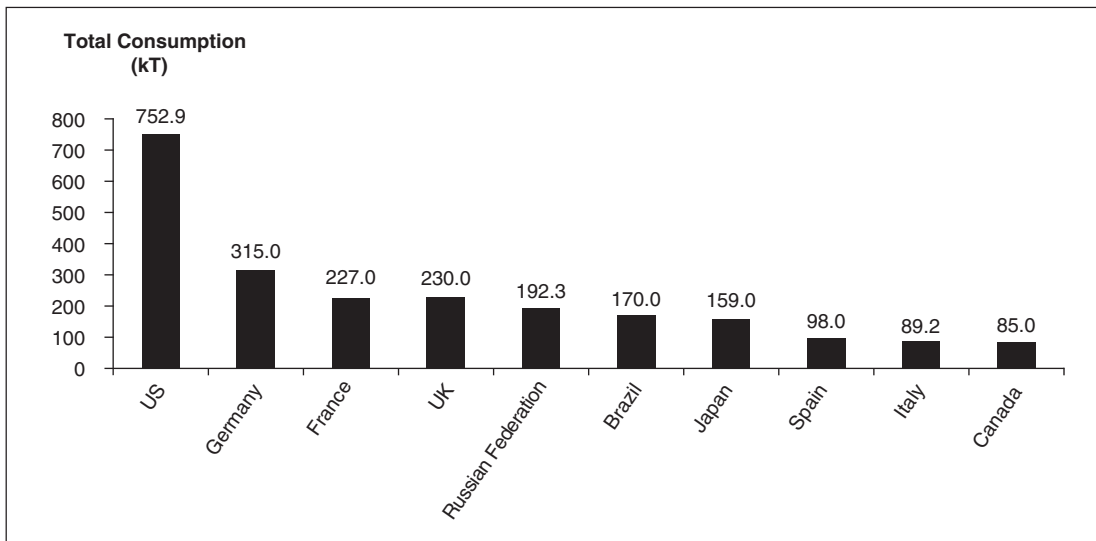
Source: The information in the above diagram was extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.

The top cocoa consuming market based on the apparent consumption is United States with domestic cocoa consumption in 2009/10 at 752.9 kT in cocoa beans equivalent which makes up approximately 21.0% of global domestic cocoa consumption. This is followed by Germany (315.0 kT), France (227.0 kT) and UK (230.0 kT). The chart below illustrates the top key cocoa consuming markets and relative consumption during 2009/10.

<sup>11</sup> This analysis is by Frost & Sullivan based on desk research and primary interview.

## INDUSTRY OVERVIEW

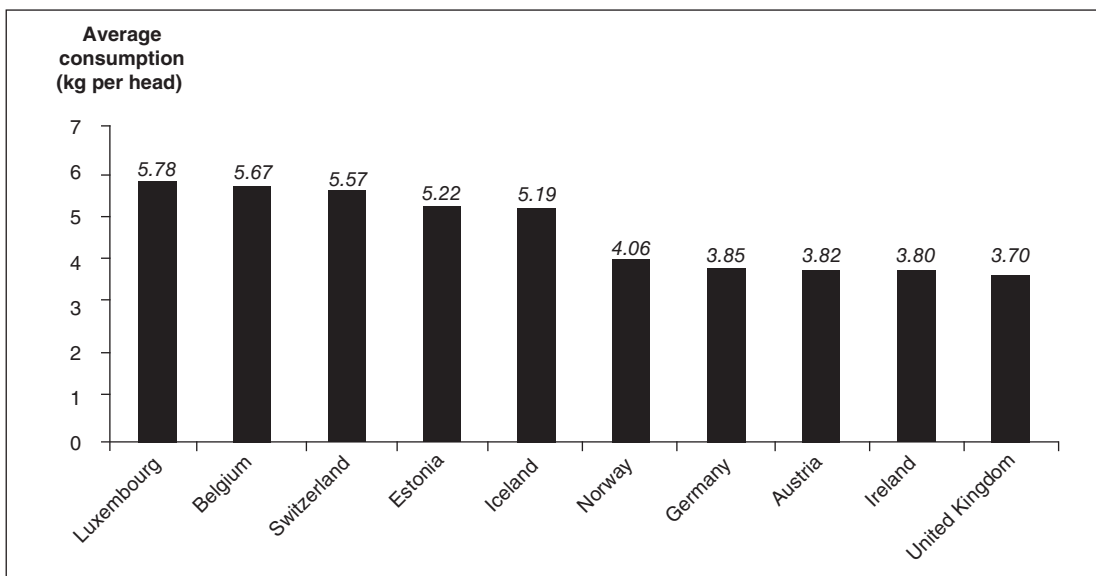
### Key Cocoa Consuming Markets and Consumption (2009/10)



Source: The information in the above diagram was extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.

When analysed based on consumption per capita, the top cocoa consuming market is Luxembourg, with average consumption in the 2009/10 cocoa year at 5.78 kg per head. This is followed closely by Belgium and Switzerland, at 5.67 kg per head and 5.57 kg per head respectively. It can also be seen that the key consuming markets with high average consumption per capita are in Western Europe. The chart below illustrates the key cocoa consumption markets based on consumption per capita in 2009/10.

### Key Cocoa Consuming Markets by Consumption per Capita (2009/10)



Source: The information in the above diagram was extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.



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## INDUSTRY OVERVIEW

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### (b) Cocoa Ingredient Import by Region<sup>12</sup>

#### (i) *Cocoa Liquor*

In 2009/10, the highest importing region for cocoa liquor was Europe, which imported approximately 3,483.2 kT of cocoa liquor. This was followed by the Americas, Asia Oceania and Africa region with import volumes of 55.0 kT, 52.6 kT and 7.9 kT respectively. All regions marked a drop in import volume in 2008/09 as compared to the previous cocoa year which can be attributed to the slowdown due to the global financial crisis. However, all regions showed a revival in import volume in 2009/10 with the Americas recording the highest change at 28.2%, followed by Africa (18.9%), Asia Oceania (14.1%) and Europe (10.2%).

#### (ii) *Cocoa Butter*

In 2009/10, the highest importing region for cocoa butter was Europe, importing approximately 480.9 kT. This was followed by the Americas, Asia Oceania and Africa at 132.0 kT, 65.4 kT and 8.3 kT respectively. With the exception of Africa, all other regions showed reduced import in 2008/09 as compared to the previous cocoa year. In 2009/2010, all regions showed a positive change in import volume when compared to the same period of previous year. The highest change was recorded by Asia Oceania at 9.5%, followed by the Americas (7.4%), Africa (5.1%) and Europe (1.6%). Europe's lower cocoa butter import in 2009/2010 can be attributed to a number of major events, such as the high stockpile of cocoa butter in warehouses across Europe as a result of lower end user demand during the 2008-2009 economic downturn as well as the major grinding capacity expansion by one of the international cocoa processing companies in its factory located in Germany compensating for the need to import from other regions.

#### (iii) *Cocoa Powder and Cake*

In 2009/10, the highest importing region for cocoa powder and cake was Europe, importing approximately 417.4 kT. This was followed by the Americas, Asia Oceania and Africa at 268.6 kT, 190.6 kT and 24.7 kT respectively. Africa and the Americas region showed a growth in import volume in 2008/09 as compared to the previous cocoa year whereas Europe and the Asia Oceania region showed a decline in import volume. In 2010, Europe, USA and Asia Oceania resumed its import to pre-crisis levels whereas import volume for Africa stabilised. Asia Oceania's outstanding performance was mainly due to the growth over a small volume and the increase in demand particularly from the fast emerging economies in South East Asia, China and India, which was attributable to the increased application for cocoa powder in the food industry. Considering that cocoa consumption is ingrained into the culture of the people in the Americas region, the market is expected to continue to recover whereby the demand for cocoa powder will be driven by the emerging economies in Latin America, particularly in Brazil.

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<sup>12</sup> All statistical data in this section is sourced from the Quarterly Bulletin of Cocoa Statistics, Vol. 37 No. 3 published by ICCO unless otherwise stated. All analysis of the statistical data is by Frost & Sullivan.

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## INDUSTRY OVERVIEW

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### (c) Cocoa ingredient products Major Importing Countries<sup>13</sup>

#### (i) *Cocoa Liquor*

In 2009/10, the major importing countries for cocoa liquor are Germany, France, the Netherlands, Belgium, United States, Poland, the Russian Federation, Ukraine, Canada and Italy, in order of decreasing import volume. With the exception of Poland, the Russian Federation and Italy, all of these countries showed an increase in imports during 2009/10 as compared to the previous cocoa year. In general, the global industry import for 2009/10 had recorded a total increase of approximately 12.5% from the previous year.

#### (ii) *Cocoa Butter*

In 2009/10, the major importing countries for cocoa butter are United States, Germany, the Netherlands, Belgium, France, United Kingdom, Switzerland, the Russian Federation, Italy, and Canada in order of decreasing import volume. With the exception of Netherlands, Belgium, France and Italy, all of these countries showed an increase in imports during 2009/10 as compared to the previous cocoa year. In general, the global industry import for 2009/10 had recorded a total increase of approximately 3.8% from the previous year.

#### (iii) *Cocoa Powder and Cake*

In 2009/10, the major importing countries for cocoa cake and powder are United States, Spain, Germany, France, the Russian Federation, the Netherlands, Canada, China, Italy and Belgium in order of decreasing import volume. With the exception of the Russian Federation and Italy, all other countries showed an increase in imports of cocoa butter during 2009/10 as compared to the previous year. In general, the global industry import for 2009/10 had recorded a total increase of approximately 7.7% from the previous year.

#### (iv) *Chocolate and Chocolate Product Import*

The highest importing country for chocolate and chocolate products was United States, with import volume at approximately 497.8 kT, followed by France (366.4 kT), Germany (312.9 kT), United Kingdom (287.2 kT) and Canada (165.5 kT). With the exception of Netherlands, all other major importing countries for chocolate and chocolate products have shown growth in the import volume for 2009/10 as compared to the previous year. This market recovery has resulted in resumed spending on chocolate and chocolate products as consumer confidence returned. Similarly, the major importing countries are mostly located in Europe and North America region, with the exception of Japan which is located in the Asia region.

The major importing region for chocolate and chocolate products in 2009/10 was Europe, importing approximately 2.6 million tonnes. This was followed by the Americas, Asia Oceania and Africa region with import volume at 838.3 kT, 583.9 kT and 89.9 kT respectively. All regions recorded a drop in import volume from 2007/08 to 2008/09. Nevertheless, the industry has shown recovery based on the positive change in 2009/10 for all regions as compared to the previous year. The region with the highest change for import volume in 2009/10 as compared to the same period of the previous year was Africa regions at 15.1%, followed by Asia Oceania, Americas and Europe at 12.7%, 7.1% and 2.8% respectively.

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<sup>13</sup> All statistical data in this section is sourced from the Quarterly Bulletin of Cocoa Statistics, Vol. 37 No. 3 published by ICCO unless otherwise stated. All analysis of the statistical data is by Frost & Sullivan.

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### Demand Dependencies

#### (a) Drivers

##### (i) *Chocolate and Chocolate Products Market*

The cocoa industry is driven by the chocolate market which mirrors the cocoa consumption growth. Chocolate, as food products are always in constant demand. The global cocoa consumption CAGR for the duration 2001/02 to 2009/10 was 2.6%.<sup>14</sup> Approximately 98.0% of cocoa butter produced goes into the production of chocolate and chocolate products such as beverages, bakeries and desserts.<sup>15</sup> Chocolate has been an important comfort food in many cultures especially in Europe and the Americas, which drives the chocolate consumption market. Chocolate consumption is highest during festive seasons such as Christmas and Easter, and the association with virility and wealth makes chocolate a popular gift item during Valentine's Day, birthdays, weddings and other celebrative occasions. The commercialisation of festive and celebrative season is also responsible for the increase in chocolate eating and gifts giving, which have become customary in some cultures, and a popular trend that has spread worldwide. The increasing wealth of many developing countries in Asia and Africa provides ample opportunity for the growth of the chocolate market.

##### (ii) *Increase in Application of Cocoa Powder*

Historically, cocoa butter demand had always determined the grinding requirement. However, the increase in applications of cocoa-based products as a result of better processing techniques and higher product development driven by the foods industry had resulted in the increase in demand for cocoa powder.<sup>16</sup> Cocoa powder has many applications in the food industry and is used as flavourings and ingredients in confectioneries, chocolate coatings, bakery products and beverages. The growth in this product segment is mainly driven by the developing countries and emerging markets in China, India and South East Asia.

For industry players in Malaysia, demand drivers specific to the Malaysian scenario is elaborated as follows:

##### (i) *Shifting of Grinding Away from the Americas*

Traditionally, Europe and the Americas are the major regions for cocoa grinding to serve the high demand for chocolate consumption there. There is an increasing trend of shifting the grinding activities away from these regions to be nearer to the source of cocoa beans located in Africa and Asia, as a cost saving strategy. Among the key contributing factors are the increasing cost of transporting bulk raw materials, as well as to avoid the need of keeping cocoa bean stock which is perishable. Furthermore, in the highly developed and industrialised countries, such as in the Western Europe countries and North America, the operating and labour costs are also higher.<sup>17</sup>

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<sup>14</sup> This information is extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3.

<sup>15</sup> This analysis is by Frost & Sullivan based on desk research and primary interview.

<sup>16</sup> This analysis is by Frost & Sullivan based on desk research and primary interview.

<sup>17</sup> This analysis is by Frost & Sullivan based on desk research and primary interviews.

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## INDUSTRY OVERVIEW

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(ii) *Outsourcing Trend to Malaysia*

Malaysia has positioned itself at a strategic advantage in the cocoa processing industry value chain due to its proximity to the source of cocoa beans particularly Indonesia. Also, in comparison to other developing countries within the region, Malaysia has a balance of skilled workforce and good infrastructure development, yet the cost of operating is substantially lower than that of the developed countries. Furthermore, Malaysia has built a good reputation for itself within the foods industry based on good government policies as well as the implementation of quality standards and industrial practice which has obtained worldwide recognition. Among others, Malaysia has also created a niche for itself in the Halal foods industry as the Halal hub of the region. With regards to political, economical and environmental stability, Malaysia scores highly in these areas. These factors weigh strongly as the reason for increased outsourcing trends for cocoa processing to Malaysia ensuring further the industry's long term sustainability.

**(b) Restraints**

(i) *High Butter Price Increasing Price of Chocolate and Chocolate Products*

The rising price of cocoa butter during the 2004-2008 period had resulted in chocolate manufacturers to increasingly produce chocolate confectioneries using CBS or reduce the size of the chocolate confectioneries in order to retain prices in order for consumers to still be able to afford it.<sup>18</sup> Despite the above, the international standard for chocolate and chocolate products, which places a restraint of a maximum 5.0% CBS,<sup>19</sup> ensures that this restraint is somewhat mitigated in the countries and regions which observe the standard such as EU, North America, Switzerland and Japan.

(ii) *Slower Development of the Chocolate-Eating Culture in Other Regions*

Eating chocolate is a cultural phenomenon enjoyed mostly by consumers in more affluent markets. The history of the commercialisation of chocolate and chocolate products for the consumer markets originated from Europe and USA regions since the 17<sup>th</sup> Century. The people in these regions have evolved a chocolate eating culture and are also among the major consumers for chocolate in the world.

Historically, Africa and many parts of Asia have not been a major consumer of chocolate due to their culture or because of affordability. Hence, growth has mainly been driven by Europe and the Americas region.

However, the relatively smaller size of these markets represents untapped opportunities to industry players. Economies such as China, India and South East Asia which is growing in wealth and has a large population base will be the new emerging markets for cocoa products in the long term.

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<sup>18</sup> This analysis is by Frost & Sullivan based on desk research.

<sup>19</sup> This information is extracted from the Codex Standard For Chocolate And Chocolate Products (Codex Stan 87-1981, Rev. 1 — 2003) published by The Codex Committee on Cocoa Products and Chocolate.

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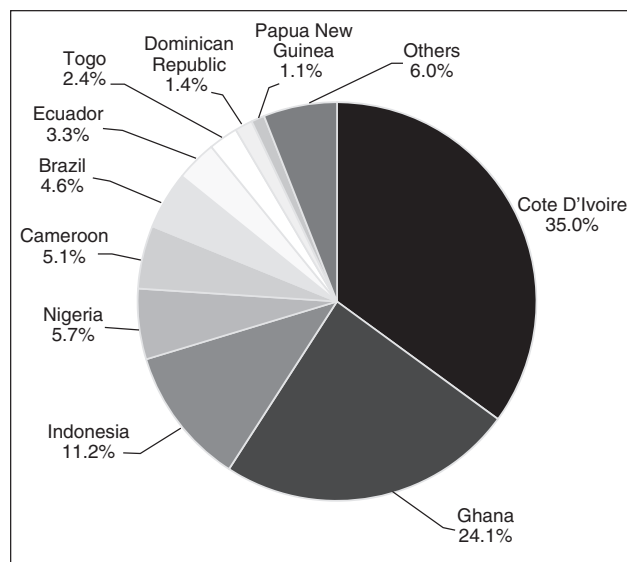
### Supply Conditions

#### (a) Cocoa Bean Production<sup>20</sup>

The cocoa cultivation regions are mainly concentrated in West Africa, Central and Latin America and Asia Oceania. Europe's climate is unsuitable for cocoa cultivation. The main cocoa bean producing region is West Africa encompassing approximately 73.9% of world's cocoa bean production in 2010/11 cocoa year, whereas Asia Oceania, and Central and Latin America produced 13.3% and 12.8% of the world's cocoa beans respectively.

In 2010/11, the largest cocoa bean producing country was Cote D'Ivoire, supplying approximately 35.0% of the world's cocoa beans, followed by Ghana (24.1%), Indonesia (11.2%), Nigeria (5.7%), Cameroon (5.1%), Brazil (4.6%), Ecuador (3.3%), Togo (2.4%), Dominican Republic (1.4%) and Papua New Guinea (1.1%). Other producing countries accounted for the remaining 6.0% of global cocoa bean production in 2010/11 cocoa year. The chart below illustrates the production of cocoa beans by country in 2010/11E.

*Production of Cocoa Beans by Country (2010/11E)*



*Source: The information in the above diagram was extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.*

Malaysia is a net importer of cocoa beans as the local crop production is small and not enough to sustain the local grinding industry. In 2010/2011 cocoa year Malaysia produced approximately 13 kT of dry cocoa beans as compared to the top 3 global producing countries, Cote D'Ivoire, Ghana and Indonesia, which produced 1,470 kT, 1,010 kT and 470 kT of dry cocoa beans respectively.

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<sup>20</sup> All statistical data in this section is sourced from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol. 37 No. 3 unless otherwise stated. All analysis of the statistical data is by Frost & Sullivan.

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In 2010, Malaysia imported approximately of 319.4 kT of dry cocoa beans at a market value of approximately RM 3.1 billion. The top 6 imports by volume, were Indonesia (70.2%), Ghana (11.6%), Papua New Guinea (5.6%), Cameroon (4.4%), Cote D'Ivoire (3.7%) and Nigeria (1.9%). Cocoa beans import from other countries collectively contributed approximately 2.6% out of total imports during 2010. Other countries comprise Togo, Solomon Islands, Tanzania, Vietnam, Argentina, Madagascar, Ecuador, Vanuatu, Philippines, Dominican Republic and China.<sup>21</sup>

Since April 2010, Indonesia has imposed an export tax of between 0.0% and 15.0% on the export of its cocoa beans.<sup>22</sup> The effective tax rate is adjusted based on prevailing international cocoa bean prices. Cocoa grinders and processors in Malaysia have been affected by this export tax as Indonesia is a major source of cocoa beans. As a mitigating measure, several industry players have acted to minimize the risk of higher bean prices. Among their measures is the setting up of grinding facilities in Indonesia where beans purchased in Indonesia are ground locally to avoid the imposition of this export tax or by purchasing cocoa liquor direct from Indonesia.

Indonesia is the 3rd largest cocoa bean producer in the world contributing 11.2% of the total global production in the 2010/11 cocoa year. In 2005/06, Indonesia produced 585 kT of cocoa beans. However, the subsequent years saw a decline in output, mainly due to aging crops producing lower yields, crops ridden by pests and diseases, as well as unfavourable weather conditions. By 2007/08, cocoa bean production in Indonesia declined to 485 kT, down by approximately 100 kT from 2005/06. Realising this, the Indonesia government had initiated a crop growing campaign as well as educating their smallholder farmers on measures to combat pests and diseases on their cocoa crops more effectively. The campaign yielded results as can be seen by a 9.2% increase in production in 2009/10, at an estimated volume of 535 kT. In 2010/11, production of cocoa bean dwindled as a result of unfavourable weather conditions which resulted in a less vibrant harvest season. Nevertheless, the ongoing campaign is expected to further increase bean production in the upcoming years as the newly planted crops are expected to reach their fruit-bearing ages and be ready for harvest.

### **(b) Cocoa Bean Prices<sup>23</sup>**

The quarterly average prices of cocoa beans during Q1 2001 to Q3 2011, based on the London and New York Futures show phases of highs and lows throughout this period. The main reason for the fluctuation in bean prices is due to global supply and demand imbalances. The increase in cocoa bean prices, among others, can be attributed to political instability in major producing countries, unfavourable weather conditions (i.e. excessive rain or draught) resulting in bad harvest, low stockpiles where producers hold onto large levels of inventory, and higher demand from the cocoa processing industry. Decreases in bean prices, meanwhile, can be attributed to good weather conditions resulting in good yield, large stockpiles, investment in new crops, government support/subsidies for fertilizers or disease/pests control measures, and decreased demand from the cocoa processing industry.

Other factors, although not limited to, that result in the movement of prices include speculative buying, changes in macro economic conditions (i.e. economic recession, increase in oil prices,

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<sup>21</sup> This information is extracted from the Malaysian Cocoa Monitor, Vol. 20, No. 1, June 2011, published by MCB.

<sup>22</sup> This analysis is by Frost & Sullivan based on desk research.

<sup>23</sup> All statistical data in this section is sourced from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol. 37 No. 3 unless otherwise stated. All analysis of the statistical data is by Frost & Sullivan.

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## INDUSTRY OVERVIEW

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arbitrage between the pounds and US dollar, etc.), stock-to-grinding ratio and consolidation/fragmentation in cocoa trade and processing industries.

In 2002/03, cocoa bean prices soared to almost double as compared to the previous cocoa year due to the weak harvest of cocoa crops from one of the largest cocoa bean producer, Cote D'Ivoire, which can be attributed to the aging cocoa trees that was giving lesser yields as well as the disruptions in cocoa cultivating activities caused by the political unrests there.

Despite this, the global production of cocoa beans for the subsequent years had continued to expand driven by the rising global demand. In the 2003/04 cocoa year, the global cocoa bean production grew by approximately 10.0% as compared to the previous cocoa year. Growth was highest in Ghana with production increased by approximately 48.0% than the previous cocoa year as a result of higher gate prices and effective government support in pest control measures. Production in Cote D'Ivoire had also recovered to 1.4 million tonnes.<sup>24</sup> Other producing countries which contributed towards global cocoa bean production growth include other Western African countries such as Cameroon and Nigeria, as well as Equador in Latin America. Brazil and Indonesia, on the other hand had suffered from unfavourable weather conditions as well as outbreak of diseases and pest attacks.

Excessive global production had kept the prices of cocoa beans for the following years at a downward trend. However, starting from 2005, global cocoa bean prices started to increase at a steady pace, then soared to a new high, mainly attributed to the depreciation of the US currency against other major currencies in the world and the global cocoa production deficits, in particular due to the decline in production in Cote D'Ivoire and Indonesia during 2007 to 2008 as a result of unfavourable weather conditions, diseases and pests outbreak, and the lack of investment in new crops.

In 2009, the global cocoa bean prices moderated as a result of the global financial crisis 2008-2009 during which consumer demand for chocolate products was significantly reduced, consequently affecting the cocoa beans demand from processors.

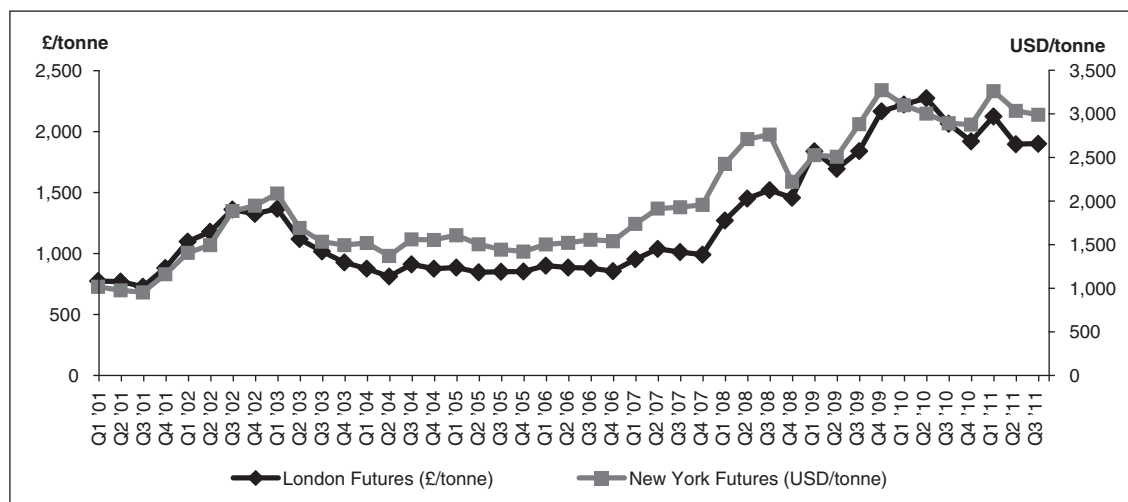
Albeit a temporary spike in Q1 2011 attributable to the Indonesia export tax scenario as well as the cocoa beans export ban in Cote D'Ivoire which lasted for several months due to its volatile political situation, global cocoa bean prices maintained stability by Q2 2011 and Q3 2011. The chart below illustrates the quarterly average of cocoa beans prices based on London and New York Futures for the duration Q1 2001 to Q3 2011.

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<sup>24</sup> This information is extracted from the ICCO Annual Report 2004/05.

## INDUSTRY OVERVIEW

### *Quarterly Average of Cocoa Beans Prices, London and New York Futures (Q1 2001- Q3 2011)*



Source: The information in the above diagram was extracted from various sources, and compiled by Frost & Sullivan.

### (c) Cocoa Ingredient Export and Market Contribution by Region<sup>25</sup>

#### (i) Cocoa Liquor

Malaysia exported 11.4 kT of cocoa liquor in 2005, growing to 19.2 kT in 2010. The CAGR for cocoa liquor export during 2005-2009 was approximately 11.0%. Malaysia's major export destination for cocoa liquor was the Asia Oceania region with export volume of 18.8 kT in 2010, contributing to approximately 97.6% of total cocoa liquor export for Malaysia. This was followed by Africa, Others and Europe at 280 tonnes, 109 tonnes and 73 tonnes respectively. The 6-year CAGR for the duration 2005-2010 for export to Asia Oceania was 13.4%, which was higher than the total cocoa liquor export CAGR for the same duration.

In 2010, cocoa liquor imports from Malaysia by the Asia Oceania region accounted for approximately 34.2% of the total import of cocoa liquor by the region. The cocoa liquor imports from Malaysia by the African region and European region accounted for approximately 3.3% and less than 1.0% of the total import of cocoa liquor by the respective regions for the same year.

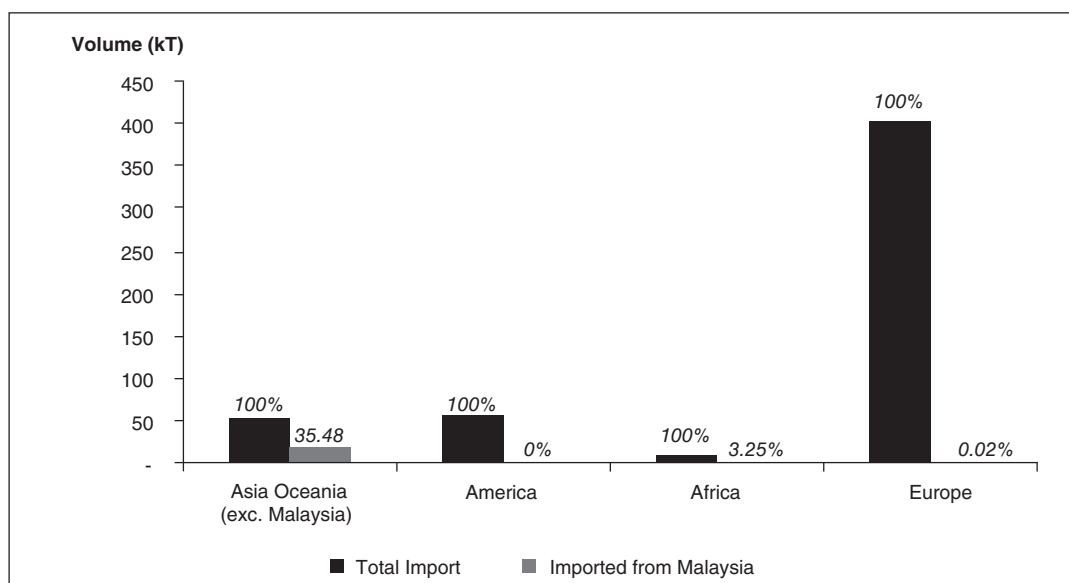
The chart below illustrates the cocoa liquor total import and import contribution from Malaysia for Asia Oceania, USA, Africa and Europe regions during 2010.

<sup>25</sup> All statistical data in this section is sourced from the Malaysia Cocoa Monitor, Vol.20, No. 1, June 2011, published by MCB unless otherwise stated. All analysis of the statistical data is by Frost & Sullivan.



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### *Cocoa Liquor Total Imports and Contribution from Malaysia, by Region (2010)*



*Sources: The information in the above diagram was extracted from the MCB, Malaysian Cocoa Monitor, Vol. 20 No. 1, June 2011 and ICCO Quarterly Bulletin of Cocoa Statistics, Vol. 37 No.3, the analysis was done by Frost & Sullivan.*

#### (ii) *Cocoa Butter*

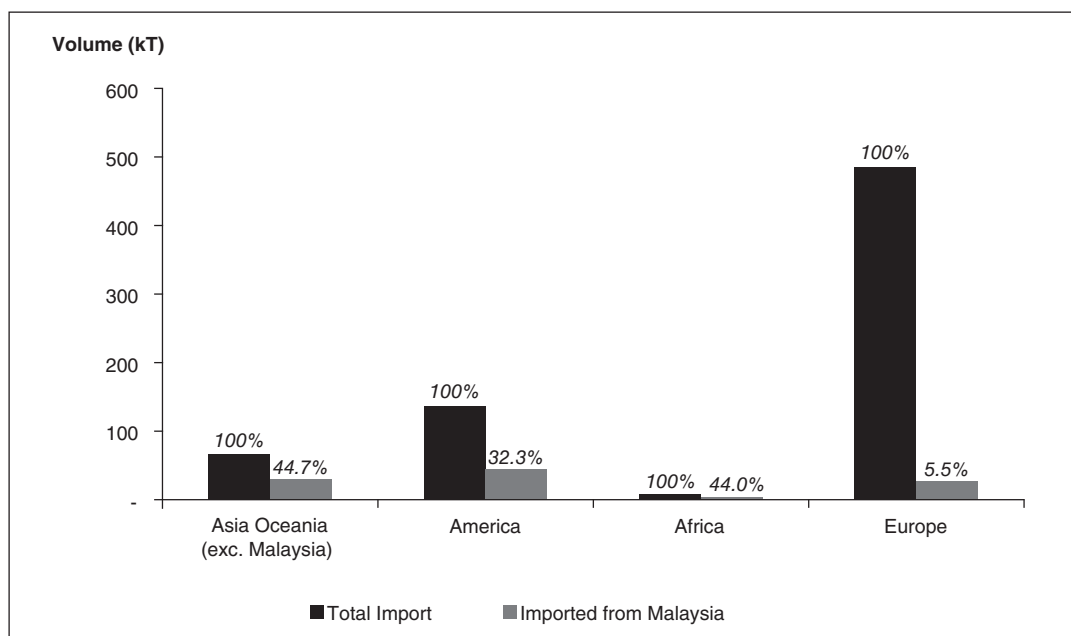
Malaysia exported 86.5 kT of cocoa butter in 2005, growing at a CAGR of 4.1% to approximately 106.0 kT in 2010. Malaysia export cocoa butter mainly to the Americas, Europe and the Asia Oceania region. In 2010, Malaysia exported 44.1 kT of cocoa butter to the Americas which contributed towards 41.6% of total cocoa butter export for Malaysia. This was followed by Asia Oceania (excluding Malaysia) and the European region with export volume at 29.8 kT and 26.6 kT respectively. In the same year, Malaysia exported 3.7 kT of cocoa butter to the African region and the remaining was exported to Others which accounted for approximately 1.7 kT. Growth in cocoa butter export was observed highest in the African region with CAGR during 2005-2010 at 13.4%. This was followed by the Americas (8.7%) and the Asia Oceania region (6.9%). CAGR for Europe for the same duration was -4.7%.

In 2010, cocoa butter imports from Malaysia accounted for approximately 44.7% of the total cocoa butter imported by Asia Oceania (excluding Malaysia). This was followed by the African region and the Americas with imports from Malaysia at approximately 44.0% and 32.3% respectively of the total import of cocoa liquor by the respective regions. Cocoa butter imports from Malaysia by the European region accounted for approximately 5.5% of the region's cocoa butter import for the same year.

## INDUSTRY OVERVIEW

The chart below illustrates the cocoa butter total import and import contribution from Malaysia for Asia Oceania, USA, Africa and Europe regions during 2010.

*Cocoa Butter Total Imports and Contribution from Malaysia, by Region (2010)*



*Sources: The information in the above diagram was extracted from the MCB, Malaysian Cocoa Monitor, Vol. 20 No. 1, June 2011 and ICCO Quarterly Bulletin of Cocoa Statistics, Vol. 37 No.3, the analysis was done by Frost & Sullivan.*

### (iii) Cocoa Powder and Cake

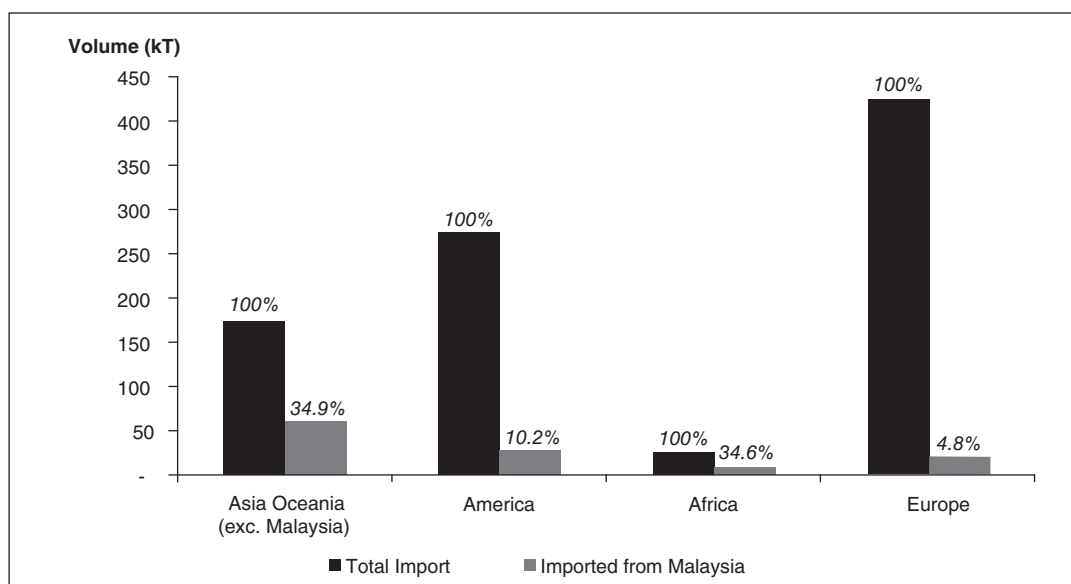
Malaysia exported 85.8 kT of cocoa powder and cake in 2005, growing at a CAGR of 6.6% to 118.1 kT in 2010. Malaysia's highest cocoa powder and cake export region during 2010 was to the Asia Oceania region, with export volume of 60.7kT, accounting for approximately 51.4% of the total cocoa powder and cake exported by Malaysia. With the exception of the Americas region, Malaysia's cocoa powder and cake export for all regions was affected during 2009 which can be attributed to the reduced demand in these regions during the global financial crisis. Nevertheless, in 2010, all regions showed a recovery in demand as export volume gradually resumed. Growth in cocoa powder and cake export was observed to be highest in the African region with CAGR during 2005-2010 at 15.2%. This was mainly due to the growth over a small base in 2005. Comparatively, CAGR for the Americas, Asia Oceania and European region was 8.3%, 5.5% and 5.0% respectively.

In 2010, cocoa powder and cake imports from Malaysia accounted for approximately 34.9% of the overall cocoa powder and cake imported by the Asia Oceania region (excluding Malaysia). Cocoa powder imports from Malaysia by Africa, Americas and Europe regions accounted for approximately 34.6%, 10.2% and 4.8% respectively of the total import of cocoa liquor by the respective regions.

## INDUSTRY OVERVIEW

The chart below illustrates the cocoa powder and cake total import and import contribution from Malaysia for Asia Oceania, USA, Africa and Europe regions during 2010.

*Cocoa Powder and Cake Total Imports and Contribution from Malaysia, by Region (2010)*



Sources: The information in the above diagram was extracted from the MCB, *Malaysian Cocoa Monitor*, Vol. 20 No. 1, June 2011 and *ICCO Quarterly Bulletin of Cocoa Statistics*, Vol. 37 No.3. The analysis was done by Frost & Sullivan.

### (d) Cocoa Ingredient Prices<sup>26</sup>

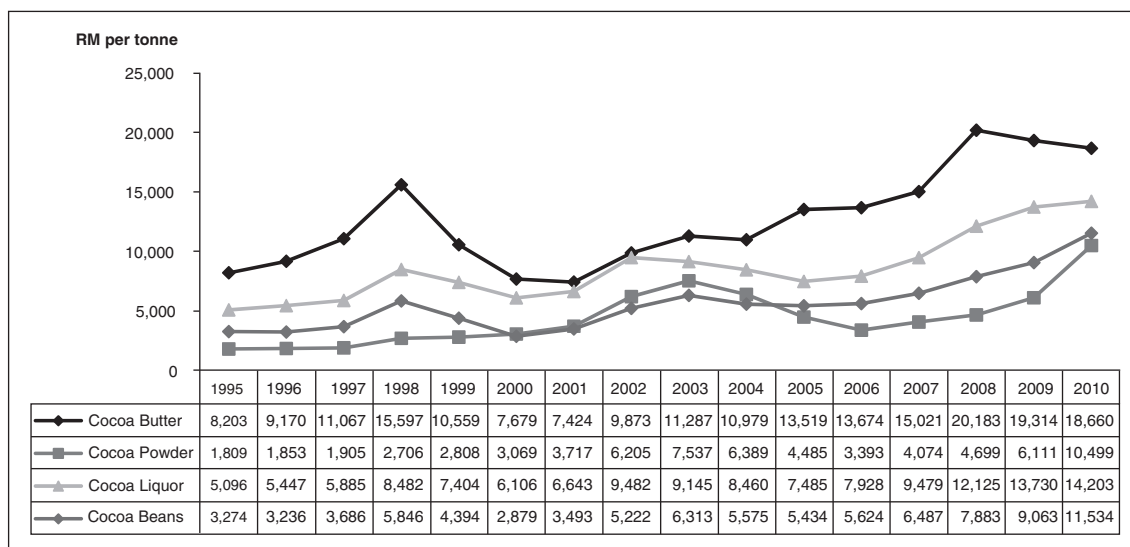
The average cocoa ingredient prices in Malaysia for the past 15 years ending 2010 was analysed based on the Freight on Board (“FOB”) price per tonne. In 2010, the FOB average price of cocoa butter was RM 18,660 whereas the average price of cocoa liquor was RM 14,203 for the same year. Cocoa powder prices have shown to be adjusting in approximation to the cocoa bean prices throughout the analysis period and sometimes even lower as observed during 2005 to 2010. In 2010, the FOB average price of cocoa powder was RM 10,499 per tonne as compared to the price of cocoa bean at RM 11,534 per tonne.

Average cocoa butter prices have been on an incline, from RM 7,424 per tonne in 2001, and increasing by 172% to RM 20,183 per tonne in 2008. This can be attributed to a number of factors such as the increase in cocoa bean prices due to a global imbalance in the supply and demand as a result of increased butter demand and lower crop yield during this period. In 2009, cocoa butter price have shown to have declined from the previous year whereas prices of cocoa bean, liquor and powder continued to increase. The shift in cocoa ingredient prices in the global market was mainly attributed to the drop in demand for cocoa butter during the global financial crisis, resulting in a surplus of stock worldwide. On the other hand, cocoa powder demand has been increasing due to the growth in emerging markets in South East Asia and China based on the increasing applications for cocoa powder in the food industry. The chart below illustrates the cocoa ingredient freight on board (FOB) prices in Malaysia during 1995 to 2010.

<sup>26</sup> All statistical data in this section was sourced from the Malaysia Cocoa Monitor, Vol.20, No. 1, June 2011, published by MCB unless otherwise stated. All analysis of the statistical data was done by Frost & Sullivan.

## INDUSTRY OVERVIEW

### *Cocoa Ingredient FOB Prices, Malaysia (1995-2010)*



Source: The information in the above diagram was extracted from the Malaysian Cocoa Board, as published online at [www.koko.gov.my](http://www.koko.gov.my). The analysis was done by Frost & Sullivan.

### (e) Substitute Products/Services

#### (i) Cocoa Butter

The main application for cocoa butter is as an ingredient in the manufacture of chocolate and chocolate products, and may be substituted by vegetable fats derived from other sources such as palm oil, coconut and illipe, in the form of CBA. The three categories of CBAs are CBS, CBR and CBE. These specialized fats have similar texture to cocoa butter but may have different melting profiles or level of tolerance to other fats. For example, CBS does not mix well with any other fats, including cocoa butter, whereas CBR may tolerate up to 20.0% of other fats. CBS and CBR are mainly used to make compound chocolate. CBE, on the other hand, can mix well with any other form of fats and is mainly used to partially substitute cocoa butter in chocolates.

CBA is mainly used as a measure to reduce the cost of making chocolate and to improve the chocolate product. Cocoa butter is more expensive than the other vegetable fats, thus the use of CBAs in making chocolate is often an economic consideration for the less affluent markets such as China, India and South East Asia. Cocoa butter for the application in chocolate making has a low melting point which gives it the unique characteristics that allow chocolate to melt in the mouth when consumed. This characteristic may not be suitable when marketing chocolate products to countries of warmer climates as the chocolate product will turn soft easily making it difficult to handle and distribute. The use of CBA overcomes the physical characteristic that limits the use of cocoa butter in these markets, improving the chocolate products.

Nevertheless, the international standard for chocolate and chocolate products dictates that for a product to be labelled "chocolate", the addition of vegetable fats other than cocoa butter must not exceed 5.0% of the total cocoa content, hence the substitution of cocoa butter with CBE is restricted in the countries and regions which observe the standard such as in EU, North America, Switzerland and Japan.

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## INDUSTRY OVERVIEW

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(ii) *Cocoa Powder and Cocoa Liquor*

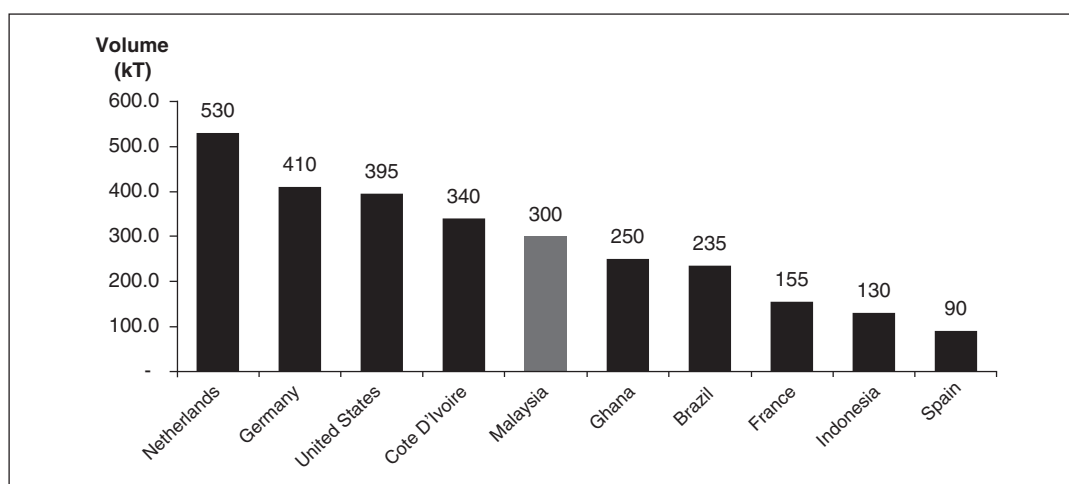
There is no substitute for cocoa powder and cocoa liquor. Both products give the unique taste, colour and odour that are associated with chocolate.

(f) **Market Size and Share**

(i) *Cocoa Processing Industry Size*

In 2010/2011 cocoa year the grinding industry in Malaysia processed an estimated 300.0 kT of cocoa beans or 7.8% of the global grinding volume, which is the fifth highest in the world after the Netherlands (13.8%), Germany (10.7%), United States (10.3%) and Cote D'Ivoire (8.9%). The chart below shows the top 10 cocoa bean grinding countries by volume in 2010/11E.

*Top 10 Cocoa Bean Grinding Countries by Volume (2010/11E)*



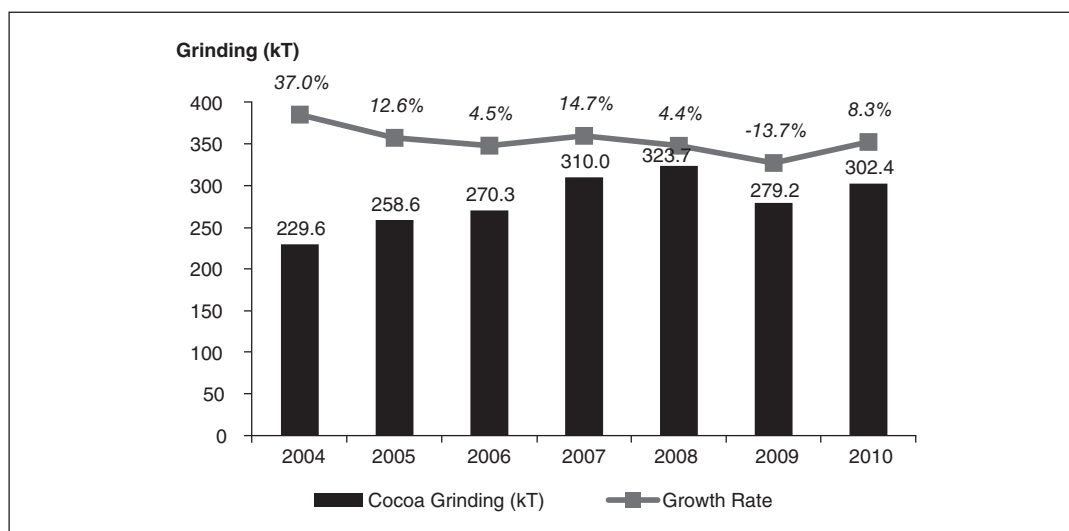
*Source: The information in the above diagram was extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.*

Malaysia's cocoa grinding industry had shown healthy growth from 229.7 kT in 2004 to 323.7 kT in 2008, an increase of almost 100 kT or approximately 40.0% over a 4 year period. The CAGR for grinding volume during 2004-2008 was approximately 9.0%. In 2009, the cocoa grinding industry in Malaysia experienced a contraction in grinding volume by approximately 13.7% as a result of the reduced global demand during the global financial crisis. This can be attributed to two general factors, i.e. the reduced expenditure by global consumers as well as the credit squeeze experienced by EU and US traders who were unable to finance the purchase of the cocoa ingredient products and were utilizing their own surplus stock.

The grinding industry in Malaysia experienced a positive turnaround by 2010 with annual growth rate recorded at 8.3%. The overall CAGR for 2004-2010 for the grinding volume in Malaysia was 4.7% indicating that the industry remained robust and highly sustainable as consumer confidence returned and consumers resumed their spending, and consequently the EU and US traders began to replenish their stocks. The chart below illustrates the cocoa grinding volume in Malaysia during 2004 to 2010.

## INDUSTRY OVERVIEW

### *Cocoa Grinding Volume, Malaysia (2004 – 2010)*



*Calendar Year: January–December*

*CAGR (2004-2008) 9.0%*

*CAGR (2004-2010) 4.7%*

*Source: The information in the above diagram was extracted from the Malaysian Cocoa Board, as published online at [www.koko.gov.my](http://www.koko.gov.my). The analysis by Frost & Sullivan.*

#### (ii) *Cocoa Ingredient Export by Revenue*

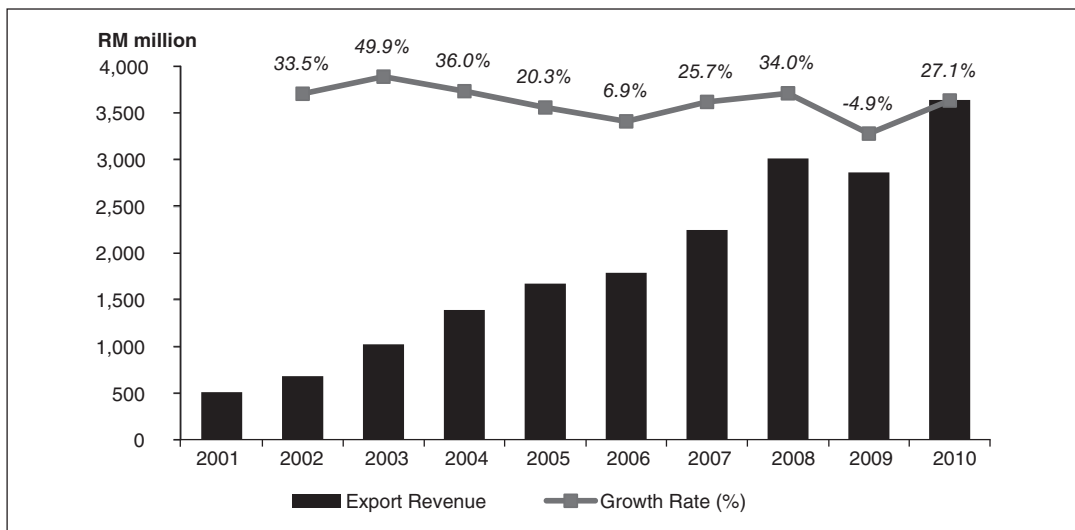
Malaysia is a net exporter of cocoa ingredient products such as cocoa liquor, cocoa butter, cocoa cake and cocoa powder. In 2010, the cocoa ingredient export revenue for Malaysia was approximately RM3.6 billion, a 27.1% growth from the previous year.

The cocoa ingredient export revenue for Malaysia experienced significant growth during 2001 to 2008 with CAGR at 28.8%. This was mainly attributed to the growth in export volume as a result of increased grinding activities in the country, as well as the increase in average price per volume of the cocoa ingredient products which was dependent on the cocoa beans commodity pricing.

In 2009, the cocoa ingredient export market for Malaysia experienced a dip as a result of the global financial crisis and decreased global demand. In the following year, the industry recovered and export volume rebounded and grew by approximately 8.9% from 238.4 kT to 259.6 kT. 2010 recorded a strong growth in export revenue as a result of higher cocoa bean prices and increased export volume. The chart below illustrates the cocoa ingredient export revenue in Malaysia during 2001 to 2010.

## INDUSTRY OVERVIEW

### *Cocoa Ingredient Export Revenue, Malaysia (2001-2010)*



*Calendar year: January–December*

*Source: The information in the above diagram was extracted from the Malaysian Cocoa Board, as published online at [www.koko.gov.my](http://www.koko.gov.my). The analysis was done by Frost & Sullivan.*

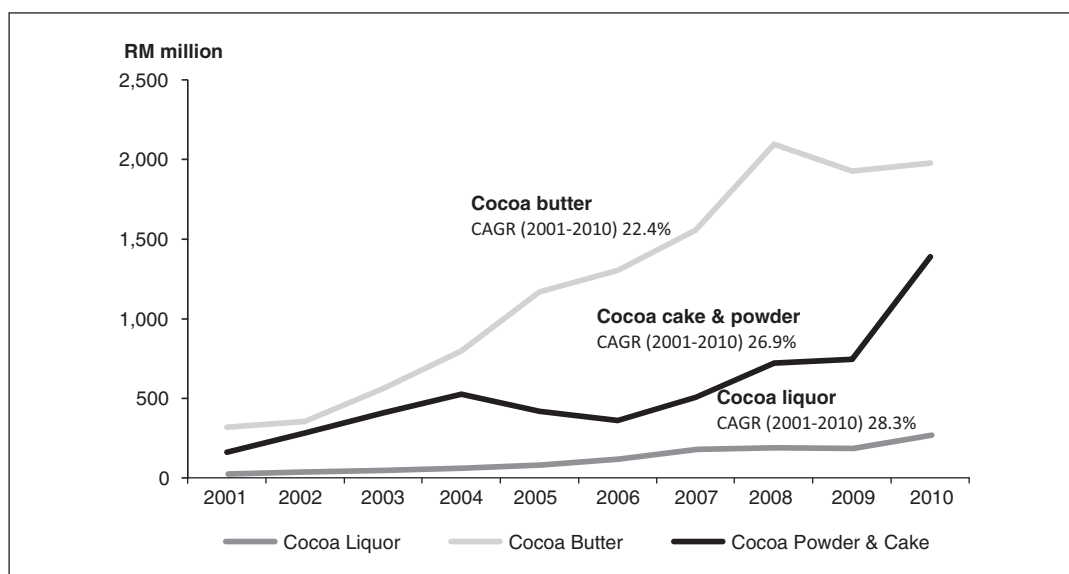
The main cocoa ingredient export revenue contribution was from cocoa butter which accounted for approximately 54.3% of the total cocoa ingredient export revenue for Malaysia in 2010. The cocoa butter export revenue for Malaysia had shown a strong growth with CAGR at 30.8% during the 2001 to 2008 period. In 2009, the export revenue from cocoa butter contracted by approximately 8.0% to RM1.9 billion as a result of reduced demand during the global financial crisis, then rebounded in the following year with growth of approximately 2.5% to export revenue of RM1.98 billion. Despite the downturn in 2009, the CAGR in export revenue for cocoa butter for the duration 2001–2010 was strong at 22.4%.

The cocoa powder and cocoa cake export revenue for Malaysia had the highest growth rate among other cocoa ingredient products, paving the way for bigger export markets. In 2010, export revenue for this segment grew at an outstanding rate of approximately 86.3% from the previous year to RM1.4 billion. Despite the global financial crisis, this segment continued to attract growth during 2009. The 10-year CAGR for the duration 2001 to 2010 was 26.9%.

In 2010, export revenue from cocoa liquor was RM273 million growing approximately 43.4% from the previous year. Discounting the global financial crisis which affected the export revenue in 2009, cocoa liquor export revenue for the duration 2001–2008 was approximately 31.2%. The chart below illustrates the cocoa butter, cocoa cake and powder, and cocoa liquor export revenue in Malaysia during 2001 to 2010.

## INDUSTRY OVERVIEW

### *Cocoa Ingredient Export Revenue, Malaysia (2001-2010)*



*Calendar year: January–December*

*Source: The information in the above diagram was extracted from the Malaysian Cocoa Board, as published online at [www.koko.gov.my](http://www.koko.gov.my). The analysis was done by Frost & Sullivan.*

#### **(h) Reliance on and Vulnerability to Imports**

The cocoa processing industry in Malaysia is highly reliant on imported beans as the local production is not sufficient to sustain the industry. Malaysia imports approximately 70.0% of cocoa beans from Indonesia<sup>27</sup> because Indonesia is the nearest supplier based on geographic location. However, Malaysia is not solely dependent on Indonesia as there are many other countries which supply cocoa beans. Malaysia also imports cocoa beans from other major producing countries such as Papua New Guinea, Cote D'Ivoire and Ghana. (Refer to sub-section entitled "Supply Conditions — Cocoa Bean Production" for details).

Malaysia will be vulnerable towards any policy changes by the government of the producing countries (i.e. implementation or increase of export tax, export ban on cocoa beans) and disruption to the cocoa bean supply (i.e. flood, onset of diseases and pests, political unrest) as these events will affect the cocoa bean prices.

#### **(i) Our Group's Market Share and Ranking**

In 2010, our Group's market share in Malaysia, based on revenue was 13.3% computed as a percentage of JB Cocoa's revenue over the total revenue of all cocoa processing companies in Malaysia with cocoa grinding licenses.

Other companies which comprise Barry Callebaut Malaysia, Cocohouse Industries, Delfi Malaysia, GCCM, KL Kris, Kokobudi, MCM and Majulah Koko collectively contributed 86.7% of the total cocoa processing industry revenue.

<sup>27</sup> The information was extracted from the Malaysian Cocoa Monitor, Vol. 20, No. 1, June 2011 published by MCB.



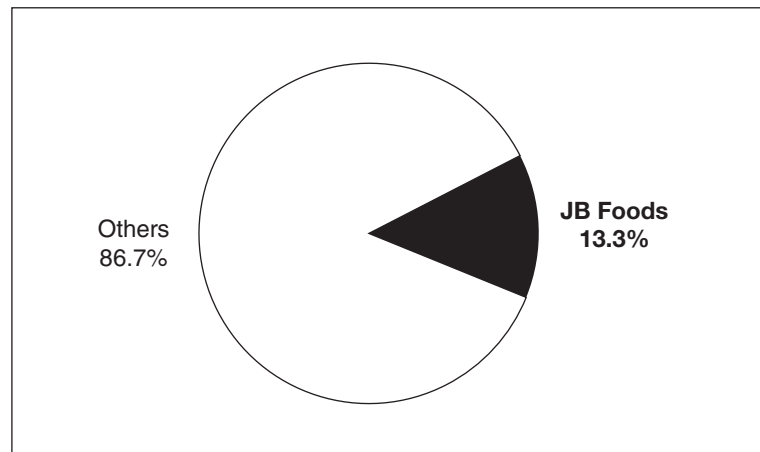
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## INDUSTRY OVERVIEW

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This computation was based on publicly available data obtained from Companies Commission of Malaysia as at 15 May 2012 and are limited to cocoa processing companies in Malaysia with grinding license as registered with MCB. The chart below illustrates JB Foods' market share within the cocoa processing industry in Malaysia.

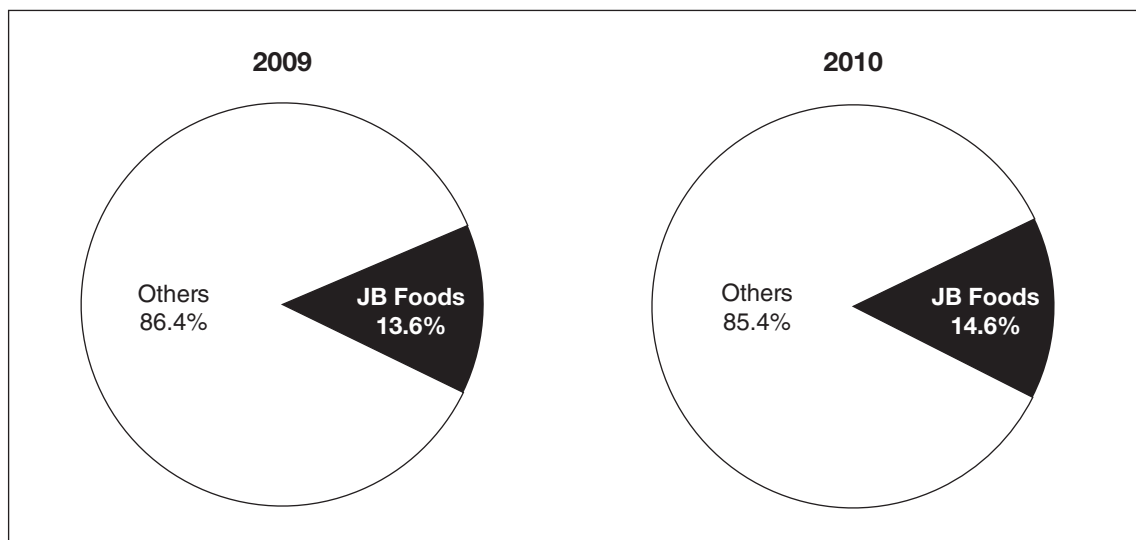
### *Our Group's Market Share (2010)*



*Source: This diagram was prepared by Frost & Sullivan, based on desktop research.*

### **(j) Our Group's Grinding Size**

In 2010, our Group's cocoa bean processing accounted for 14.6% of the total cocoa beans processed in Malaysia, an increase of approximately 1.0% from the previous year. Our Group's growth in industry size based on grinding volume is illustrated as follows:



*Source: This diagram was prepared by Frost & Sullivan, based on desktop research.*

## INDUSTRY OVERVIEW

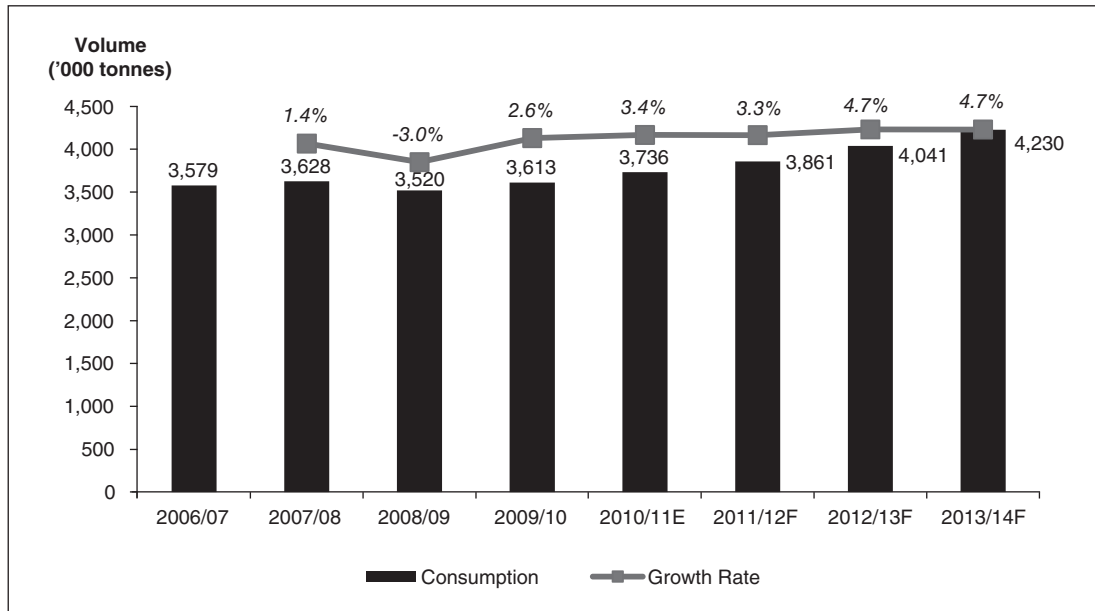
### Prospects<sup>28</sup>

#### (a) Demand Forecast and Outlook

In 2010/11E, the global cocoa consumption was estimated to have grown by 3.4% from the previous year and reached 3.7 million tonnes. Growth in this area is expected to continue and the global cocoa consumption is forecasted to grow to 4.2 million tonnes by 2013/14. The forecasted CAGR for the duration 2010/11 to 2013/14 is 4.2%.

The higher forecasted growth rate can be attributed to the expected recovery in EU and US consumer spending post the economic downturn, as well the anticipated growth of the emerging markets in Asia and Eastern Europe as a result of increased consumer disposable income as well as increased product varieties from new applications of cocoa powder. The chart below illustrates the historical global cocoa consumption during 2006/07 to 2010/11 and Frost & Sullivan's forecast for the duration 2011/12 to 2013/14.

#### Apparent Global Cocoa Consumption, Historical and Forecast (2006/07 – 2013/14F)



CAGR (2006/07 – 2012/13F) 2.4%

CAGR (2010/11E – 2012/13F) 4.2%

Source: The 2006/07-2010/11 historical data was sourced from Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3 published by ICCO. The 2011/12 – 2013/14 forecast is by Frost & Sullivan. The analysis was done by Frost & Sullivan.

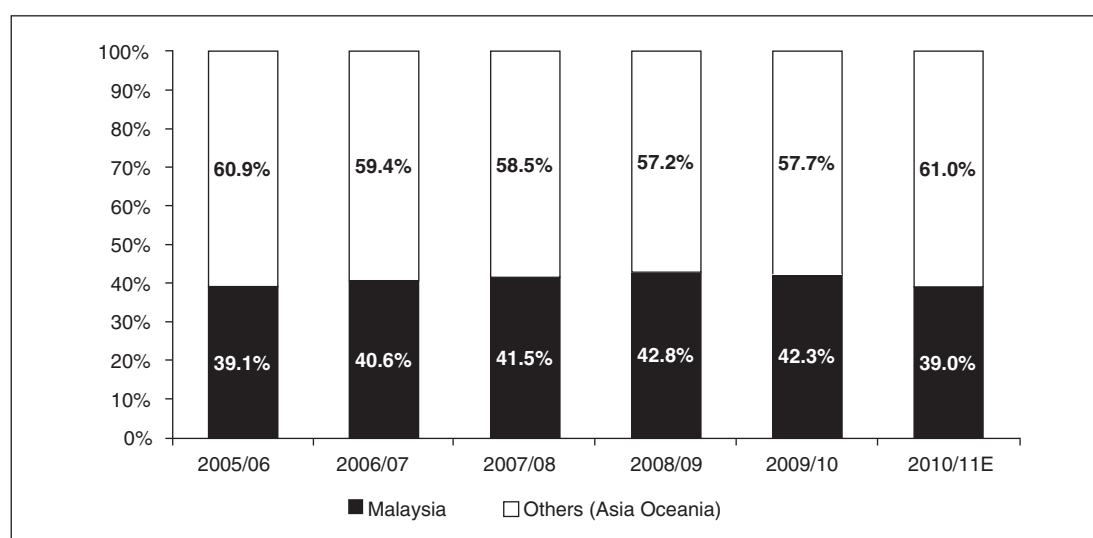
<sup>28</sup> The information in this section has been extracted from the IMR Report. While our Directors have taken reasonable actions to ensure that such information is reproduced in their proper form and context and that such information is extracted accurately and fairly from the IMR Report, none of the Joint Issue Managers, Underwriters and Placement Agents or our Company or Vendors or their respective officers, agents, employees and advisers have conducted an independent review of the contents or independently verified the accuracy thereof.

## INDUSTRY OVERVIEW

### (b) Outlook and Prospects of the Cocoa Processing Industry in Malaysia

In 2005/06, grinding volume in Malaysia accounted for approximately 39.1% of total grinding volume in the Asia Oceania region. A gradual shift of grinding ratio can be observed to move in favour of Malaysia up to 2008/09 during which the grinding volume in Malaysia contributed approximately 42.8% of the total grinding in the region capacities, in particular Indonesia. In 2010/11E, Malaysia is estimated to contribute approximately 39.0% of the total grinding volume in Asia Oceania. The chart below illustrates the grinding ratio for Malaysia within the Asia Oceania region during 2005/06 to 2010/11.

#### Grinding Ratio for Malaysia within the Asia Oceania Region (2005/06-2010/11E)



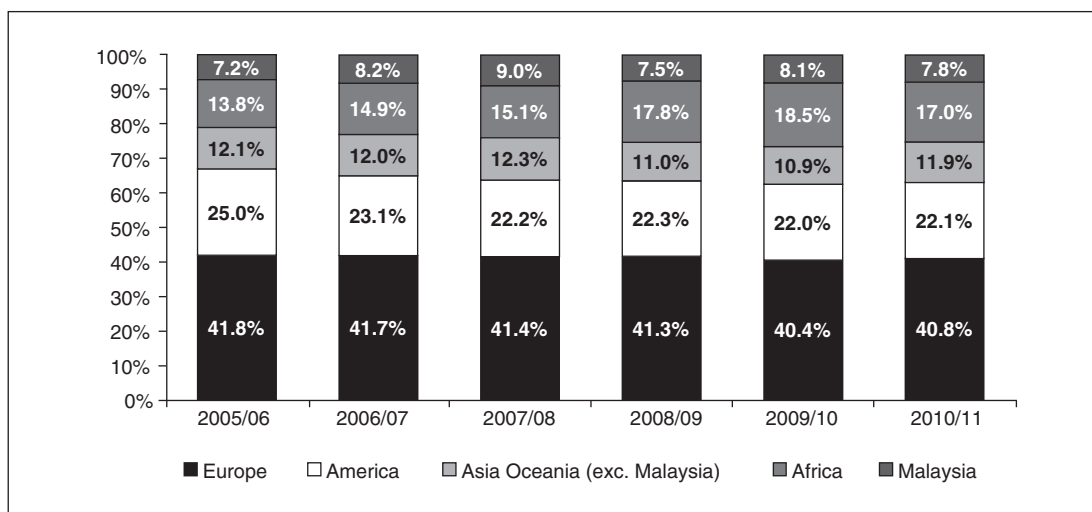
Source: The information in the above diagram has been extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.

Industry maturity in Europe and USA has resulted in slowed industry growth in these regions. Furthermore, the attraction of achieving higher cost savings and the lower investments required to set up greenfield facilities located in lower cost regions such as in Malaysia and Indonesia has resulted in a shift towards cocoa processing into these countries.

Relative to the global grinding volume, the grinding ratio for Malaysia for the past 5 consecutive years ending 2009/10 was seen to have experienced a stabilization period due to Africa's fast-building grinding capacities during this period. In 2010/11E, Malaysia is further expected to be affected by Indonesia's grinding capabilities as new facilities start production. The grinding ratio for Malaysia in 2010/11E is estimated at 7.8%. The chart below illustrates the grinding ratio for Malaysia compared with other regions during 2005/06 to 2010/11E.

## INDUSTRY OVERVIEW

### Grinding Ratio for Malaysia Compared with Other Regions (2005/06-2010/11E)



*Source: The information in the above diagram was extracted from the ICCO, Quarterly Bulletin of Cocoa Statistics, Vol 37 No 3. The analysis was done by Frost & Sullivan.*

Malaysia is at an advantage for not only as being in proximity to the cocoa bean supply in Indonesia, and new emerging market such as China, India and South East Asia, but also because of the availability of skilled workers, sound infrastructure, as well as the reputation for high standards in the cocoa industry.

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## INTERESTED PERSON TRANSACTIONS

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In general, transactions between our Group and any of its interested persons (namely, our Directors, CEO or Controlling Shareholders and their Associates) would constitute interested person transactions for the purpose of Chapter 9 of the Listing Manual. Details of interested person transactions for the Period Under Review and the period from 1 January 2012 to the Latest Practicable Date (the “**Relevant Period**”) are discussed below. Save as disclosed below and in the sections entitled “Restructuring Exercise” and “General Information on our Group — History” of this Prospectus, none of our Directors or Controlling Shareholders or their Associates has any interest in any material transaction, undertaken by our Group for the Relevant Period.

### INTERESTED PERSONS

The following persons or companies are considered “interested persons” for the purposes of this section.

#### (a) Tey Kan Sam @ Tey Hin Ken

Tey Kan Sam @ Tey Hin Ken is our Non-Independent Non-Executive Chairman. Tey Kan Sam @ Tey Hin Ken holds 30.0% of the issued and paid-up share capital of 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.

#### (b) Tey How Keong

Tey How Keong is our CEO. Tey How Keong holds 36.0% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 14.0% of the issued and paid-up share capital of JBC Group held by his spouse, Goh Lee Beng, our Executive Director.

#### (c) JBC Group

JBC Group is a private company limited by shares incorporated in Malaysia as an investment holding company. The shareholders are Tey Kan Sam @ Tey Hin Ken, his spouse, Lim Ah Bet @ Chabo, his son, Tey How Keong and Goh Lee Beng, who is the spouse of Tey How Keong. Tey Kan Sam @ Tey Hin Ken, Lim Ah Bet @ Chabo, Tey How Keong and Goh Lee Beng hold 30.0%, 20.0%, 36.0% and 14.0% of the issued and paid-up share capital of JBC Group respectively. Immediately after the Invitation, JBC Group will hold 61.2% of the Shares.

#### (d) Guan Chong Brothers Sdn Bhd

Guan Chong Brothers Sdn Bhd (“**Guan Chong Brothers**”) is a private company limited by shares incorporated in Malaysia as a haulage contractor, transport service provider and licensed petrol station operator. Guan Chong Brothers was a subsidiary of JBC Group, and the directors of Guan Chong Brothers include our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken and our CEO, Tey How Keong. On 6 September 2011, JBC Group transferred its shareholdings in Guan Chong Brothers to Kan Sam Sdn Bhd, which has the same shareholders as JBC Group.

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## INTERESTED PERSON TRANSACTIONS

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**(e) Edisi Marketing Sdn Bhd**

Edisi Marketing Sdn Bhd (“**Edisi**”) is a private company limited by shares incorporated in Malaysia for the purposes of general trading. Edisi was a subsidiary of JBC Group, and the directors of Edisi include our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken and our Executive Director, Goh Lee Beng. On 6 September 2011, JBC Group transferred its shareholdings in Edisi to Kan Sam Sdn Bhd, which has the same shareholders as JBC Group.

**(f) ECOM**

ECOM is a private company limited by shares incorporated in Switzerland as a soft commodities wholesale merchant. Prior to the Invitation, ECOM holds 20.0% of the issued and paid-up share capital of our Company. Transactions with the ECOM Group were interested person transactions prior to the Invitation. Immediately after the Invitation, ECOM will hold 13.8% of the Shares, and as such, ECOM will not be a Controlling Shareholder. Thus, ECOM is not an “Interested Person” as defined in Chapter 9 of the Listing Manual. ECOM’s subsidiaries, including ECOM AgroIndustrial Asia Pte. Ltd., AgroIndustrias Unidas de Cacao S.A. de C.V., Atlantic (USA), Inc and Dutch Cocoa B.V. will not be considered to be “Associates” of interested persons thereafter as defined in the Listing Manual. Therefore, transactions with the ECOM Group after the Invitation are not interested person transactions.

**(g) ECOM AgroIndustrial Asia Pte. Ltd.**

ECOM AgroIndustrial Asia Pte. Ltd. (“**ECOM Asia**”) is a private company limited by shares incorporated in Singapore as a soft commodities wholesale merchant. ECOM Asia is a subsidiary of our Substantial Shareholder, ECOM. Our Non-Independent Non-Executive Director, Yessa Matindas Tuegeh, is a director of ECOM Asia.

**(h) AgroIndustrias Unidas de Cacao S.A. de C.V.**

AgroIndustrias Unidas de Cacao S.A. de C.V. (“**AgroIndustrias**”) is a private company limited by shares incorporated in Mexico for the purposes of manufacturing cocoa products. AgroIndustrias is a subsidiary of our Substantial Shareholder, ECOM.

**(i) Atlantic (USA), Inc**

Atlantic (USA), Inc (“**ATUSA**”) is a private company limited by shares incorporated in New York as a coffee and cocoa wholesale merchant. ATUSA is a subsidiary of our Substantial Shareholder, ECOM.

**(j) Dutch Cocoa B.V.**

Dutch Cocoa B.V. (“**Dutch Cocoa**”) is a private company limited by shares incorporated in Netherlands as a manufacturer of cocoa products. Dutch Cocoa is a subsidiary of our Substantial Shareholder, ECOM.

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## INTERESTED PERSON TRANSACTIONS

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### PAST INTERESTED PERSON TRANSACTIONS

The transactions described in this section entitled “Interested Person Transactions — Past Interested Person Transactions” of this Prospectus are past and non-recurrent interested person transactions.

#### Provision of transportation services by Guan Chong Brothers

During the Relevant Period, Guan Chong Brothers provided transport services to our Group. Our Group uses such transport services to transport its raw materials and finished products.

The aggregate transportation charges incurred and paid during the Relevant Period for the provision of transport services are as follows:

(RM'000)	FY2009	FY2010	FY2011	1 January 2012 to the Latest Practicable Date
Transportation charges incurred and paid by our Group	437	475	417	—

Our Directors are of the view that the above transactions were not conducted on an arm’s length basis. We have not entered into such transactions since September 2011 and do not intend to enter into any such transactions with Guan Chong Brothers after the admission of our Company to the Official List of the SGX-ST.

#### Sale of cocoa shells and used packing materials to Edisi, and provision of repair and maintenance services by Edisi

During the Relevant Period, we sold cocoa shells and used packing materials to Edisi, and Edisi has provided repair and maintenance services to our Group.

The aggregate values of our Group’s transactions with Edisi during the Relevant Period are as follows:

(RM'000)	FY2009	FY2010	FY2011	1 January 2012 to the Latest Practicable Date
Sale of cocoa shells and used packing materials by our Group	127	95	572	—
Repair and maintenance fees paid by our Group	19	15	27	—

Our Directors are of the view that the above transactions were not conducted on an arm’s length basis. We do not intend to enter into any such transactions with Edisi after the admission of our Company to the Official List of the SGX-ST.

#### Purchase of forklift from Edisi

Our Group purchased a forklift from Edisi in FY2009. The amount paid by our Group for the forklift was RM110,000. There were no further transactions of this nature between our Group and Edisi during the Relevant Period.

## INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the above transaction was a one-off transaction and was not conducted on an arm's length basis. We do not intend to enter into such transactions with Edisi after the admission of our Company to the Official List of the SGX-ST.

### Past interested person transactions with the ECOM Group

Prior to the Invitation, ECOM holds 20.0% of the issued and paid-up share capital of our Company. Immediately after the Invitation, ECOM will hold 13.8% of the Shares, and as such, ECOM will not be a Controlling Shareholder. Except for Yessa Matindas Tuegeh, our Non-Independent Non-Executive Director, who owns 0.02% of the issued and paid-up share capital of ECOM, none of our Directors or Controlling Shareholders or their Associates have an interest, direct or indirect, in ECOM Group that is 30.0% or more of the issued share capital of ECOM Group. Thus, present and ongoing and future transactions between our Group and the ECOM Group ("**ECOM Group Transactions**") do not constitute "interested person transactions" as defined in Chapter 9 of the Listing Manual. Notwithstanding this, ECOM Group Transactions will be subject to the review of the Audit Committee half-yearly to ensure that the ECOM Group Transactions are comparable to that of transactions with third parties. In addition, our Non-Independent Non-Executive Director, Yessa Matindas Tuegeh, who has been appointed to our Board as a representative director of ECOM, will disclose his interest in ECOM and abstain from voting in connection with all matters in which the ECOM Group is interested.

### Sale of cocoa beans and purchase of cocoa ingredient products by and from the ECOM Group

We purchase from and sell to the ECOM Group cocoa beans and cocoa ingredient products respectively. During the Relevant Period, the aggregate values of our Group's transactions with each of the entities of the ECOM Group are as follows:

	FY2009		FY2010		FY2011		1 January 2012 to the Latest Practicable Date	
	(RM'000)	% of purchase/ sales	(RM'000)	% of purchase/ sales	(RM'000)	% of purchase/ sales	(RM'000)	% of purchase/ sales
<b>ECOM</b>								
Purchase of cocoa beans by our Group	12,488	3.6%	10,092	2.3%	43,850	7.6%	—	—
Sale of cocoa ingredient products by our Group	3,127	0.8%	14,589	2.9%	8,081	1.2%	—	—
<b>ECOM Asia</b>								
Purchase of cocoa beans by our Group	101,979	29.6%	83,406	19.4%	26,520	4.6%	28,266	14.0%
Sale of cocoa ingredient products by our Group	106,731	27.6%	36,192	7.2%	27,505	4.0%	1,067	0.4%
<b>AgroIndustrias</b>								



## INTERESTED PERSON TRANSACTIONS

	FY2009		FY2010		FY2011		1 January 2012 to the Latest Practicable Date	
	(RM'000)	% of purchase/ sales	(RM'000)	% of purchase/ sales	(RM'000)	% of purchase/ sales	(RM'000)	% of purchase/ sales
Sale of cocoa ingredient products by our Group	836	0.2%	1,158	0.2%	3,708	0.5%	—	—
<b>ATUSA</b>								
Sale of cocoa ingredient products by our Group	10,235	2.7%	24,513	4.9%	34,727	5.0%	13,356	5.3%
<b>Dutch Cocoa</b>								
Sale of cocoa ingredient products by our Group	951	0.2%	—	—	—	—	—	—

We purchase from and sell to the ECOM Group cocoa beans and cocoa ingredient products respectively depending on purchase terms, ability to meet required amount, availability of cocoa beans and cocoa ingredient products and amount of cocoa beans and cocoa ingredient products required by our Group at any point of time. Cocoa beans are a market traded commodity and our transactions are conducted at the prevailing market rate and on an arm's length basis on ordinary commercial terms in the ordinary course of business and on terms which are not more favourable to the ECOM Group than those available to third parties. Our Non-Independent Non-Executive Director, Yessa Matindas Tuegeh, who has been appointed to our Board as a representative director of ECOM, will disclose his interest in ECOM and abstain from voting in connection with all matters in which the ECOM Group is interested.

### Provision of corporate guarantees by ECOM

As at the Latest Practicable Date, ECOM had provided corporate guarantees in agreed proportions with JBC Group to secure our Group's obligations under certain credit facilities, details of which are set out below:

Financial Institution	Type of Facilities	Amount/ Limit of Facilities Granted (RM'000)	Interest Rate	Amount Guaranteed (RM'000)	Amount Owing (RM'000)
Malayan Banking Berhad	Overdrafts, letters of credit, trust receipts, bankers acceptance, accepted bills, bank guarantees, export credit refinancing, onshore foreign currency loans, foreign exchange contracts	206,260	For overdrafts, base lending rate + 1.0% per annum  For letters of credit, Association of Banks in Malaysia rate  For trust receipts, base lending rate + 1.25% per annum	16,400	63,236

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## INTERESTED PERSON TRANSACTIONS

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Financial Institution	Type of Facilities	Amount/ Limit of Facilities Granted (RM'000)	Interest Rate	Amount Guaranteed (RM'000)	Amount Owing (RM'000)
			For Murabahah trust receipts, base lending rate + 2.25% per annum		
			For bankers acceptance and accepted bills (Islamic financing), 0.75% per annum		
			For bank guarantees, 0.125% per month or minimum RM50.00		
			For export credit refinancing, Exim Bank financing rate +1.0% per annum		
			For onshore foreign currency loans, cost of funds + 1.0% per annum		
			For foreign exchange contracts, foreign currency rate		

The largest outstanding amount guaranteed by ECOM during the Relevant Period, based on month-end balances, was approximately RM16.1 million.

As no fee was paid to ECOM for the provision of the above guarantees and/or indemnities, the above arrangements were not carried out on an arm's length basis but are beneficial to our Group.

Following the admission of our Company to the Official List of the SGX-ST, we intend to request for the discharge of the above guarantees by ECOM and replace them with corporate guarantees and/or indemnities provided by our Group. Our Directors do not expect any material change in the terms and conditions of the relevant credit facilities arising from the discharge of the guarantees. Should any of the financial institutions be unwilling to release and discharge the above guarantees, ECOM will continue to provide the guarantees.

## INTERESTED PERSON TRANSACTIONS

### PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

#### Provision of guarantees and/or indemnities by Tey Kan Sam @ Tey Hin Ken, Tey How Keong and JBC Group

As at the Latest Practicable Date, our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken, our CEO, Tey How Keong, and JBC Group have provided joint and several personal and corporate guarantees to secure our Group's obligations under certain credit facilities, details of which are set out below:

Financial Institution	Type of Facilities	Amount/ Limit of Facilities Granted (RM'000)	Interest Rate	Amount Guaranteed (RM'000)	Amount Owing (RM'000)
Malayan Banking Berhad	Overdrafts, letters of credit, trust receipts, bankers acceptance, accepted bills, bank guarantees, export credit refinancing, onshore foreign currency loans, foreign exchange contracts, term loan	206,260	<p>For overdrafts, base lending rate + 1.0% per annum</p> <p>For letters of credit, Association of Banks in Malaysia rate</p> <p>For trust receipts, base lending rate + 1.25% per annum</p> <p>For Murabahah trust receipts, base lending rate + 2.25% per annum</p> <p>For bankers acceptance and accepted bills (Islamic financing), 0.75% per annum</p> <p>For bank guarantees, 0.125% per month or minimum RM50.00</p> <p>For export credit refinancing, Exim Bank financing rate + 1.0% per annum</p> <p>For onshore foreign currency loans, cost of funds + 1.0% per annum</p> <p>For foreign exchange contracts, foreign currency rate</p> <p>Term loan, cost of funds + 1.0% per annum</p>	99,860	63,236

## INTERESTED PERSON TRANSACTIONS

Financial Institution	Type of Facilities	Amount/ Limit of Facilities Granted (RM'000)	Interest Rate	Amount Guaranteed (RM'000)	Amount Owing (RM'000)
AmBank (M) Berhad	Bankers acceptance, foreign currency trade loan, short term loans, foreign exchange contracts, credit bills negotiation	96,600	For bankers acceptance and foreign currency trade loan, cost of funds + 1.0% per annum  For temporary bankers acceptance and foreign currency trade loan, cost of funds + 1.0% per annum  For short term loans, base lending rate	78,600	45,422
Hong Leong Bank Bhd	Bankers acceptance, letters of credit, trust receipts, bankers acceptance, export credit refinancing, onshore foreign currency loans, foreign exchange contracts, foreign bills of exchange	61,000	For bankers acceptance, cost of funds + 1.25% per annum  For letters of credit, 0.1% per month or minimum RM50.00  For trust receipts, base lending rate + 1.25% per annum  For bankers acceptance, 1.25% per annum  For export credit refinancing, prevailing export credit refinancing funding rate + 1.25% per annum  For onshore foreign currency loans, such rate as the bank may determine	43,000	37,075
Total:		363,860		221,460	145,733

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## INTERESTED PERSON TRANSACTIONS

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The largest outstanding amount guaranteed by our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken, our CEO, Tey How Keong, and JBC Group during the Relevant Period, based on month-end balances, was approximately RM143.5 million.

As no fee was paid to the above guarantors for the provision of the above guarantees and/or indemnities, the above arrangements were not carried out on an arm's length basis but are beneficial to our Group.

Following the admission of our Company to the Official List of the SGX-ST, we intend to request for the discharge of the above corporate and personal guarantees and/or indemnities by the above guarantors and replace them with corporate guarantees and/or indemnities provided by our Group. Our Directors do not expect any material change in the terms and conditions of the relevant credit facilities arising from the discharge of the corporate and personal guarantees and/or indemnities. Should any of the financial institutions be unwilling to release and discharge the above guarantees, the guarantors will continue to provide the guarantees.

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## OTHER PRESENT AND ON-GOING TRANSACTIONS

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### Transactions with the GCB Group (“GCB Group Transactions”)

None of our Directors or Controlling Shareholders or their Associates have an interest, direct or indirect, in GCB. Thus, GCB Group Transactions do not constitute “interested person transactions” as defined in Chapter 9 of the Listing Manual. Notwithstanding this, present and ongoing and future transactions between our Group and the GCB Group will be treated as interested person transactions and shall comply with the requirements of Chapter 9 of the Listing Manual. These transactions will be subject to the review of the Audit Committee in accordance with the guidelines set out in the section entitled “Guidelines for Recurrent and Future Interested Person Transactions and Other Transactions” of this Prospectus. In addition, our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken, our CEO, Tey How Keong and our Executive Director, Goh Lee Beng, will abstain from voting and making any recommendations at board meetings in connection with all matters in which the GCB Group is interested, by virtue of their family relationship with the families of Tay See @ Tay Cheng Guan and Tey Chi @ Tay Chin Chuan, who are the brothers of Tey Kan Sam @ Tey Hin Ken, which effectively control GCR, and their family relationship with certain directors of GCB, namely, Tay Hoe Lian and Tay How Sik @ Tay How Sick.

### GCB

GCB is a company listed on the main board of Bursa Malaysia Securities Berhad, principally engaged in the processing and sale of cocoa ingredient products. GCR owns approximately 52.34%<sup>29</sup> of the shares in the issued and paid-up share capital of GCB. GCB’s directors include Tay Hoe Lian and Tay How Sik @ Tay How Sick, who are both nephews of Tey Kan Sam @ Tey Hin Ken and first cousins of Tey How Keong. GCR is effectively controlled by the families of Tay See @ Tay Cheng Guan and Tey Chi @ Tay Chin Chuan, who are the brothers of Tey Kan Sam @ Tey Hin Ken.

### GCCM

GCCM is a wholly-owned subsidiary of GCB.

### GCB Singapore

GCB Singapore is a wholly-owned subsidiary of GCB. The directors of GCB Singapore are Tay How Yeh, Tay How Sik @ Tay How Sick, Tay See Min and Tay Hoe Lian, who are nephews of Tey Kan Sam @ Tey Hin Ken and first cousins of Tey How Keong and Hia Cheng.

During the Relevant Period, our Group’s transactions with the GCB Group are as follows:

**(a) Sale and purchase of cocoa beans and cocoa ingredient products (including potassium carbonate) from GCB Group**

We purchase from and sell to GCB Group cocoa beans and cocoa ingredient products (including potassium carbonate). The aggregate values of such transactions between our Group and GCB Group during the Relevant Period are as follows:

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<sup>29</sup> This has been extracted from the 2011 Annual Report of GCB and has been included in its proper form and context in this Prospectus. The information has not been verified by our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents or their respective officers, agents, employees and advisers.

## OTHER PRESENT AND ON-GOING TRANSACTIONS

(RM'000)	FY2009	FY2010	FY2011	1 January 2012 to the Latest Practicable Date
<b>GCCM</b>				
Sale of cocoa beans and cocoa ingredient products by our Group	840	1,887	—	—
Purchase of cocoa beans and cocoa ingredient products by our Group	1,538	28,586	1,706	1,735
<b>GCB Singapore</b>				
Purchase of cocoa ingredient products by our Group	—	—	7,214	—

We purchase from and sell to GCCM and GCB Singapore cocoa beans and cocoa ingredient products (including potassium carbonate) depending on purchase terms, ability to meet required amount, availability of cocoa beans and cocoa ingredient products and amount of cocoa beans and cocoa ingredient products required by our Group at any point of time. Cocoa beans are a market traded commodity and our Directors believe that such transactions are based on prevailing market rates and conducted on an arm's length basis or on terms which were not more favourable to interested persons than those generally available to third parties. After the admission of our Company to the Official List of the SGX-ST, we may continue to purchase from and sell to GCCM and GCB Singapore cocoa beans and cocoa ingredient products on an arm's length basis in the ordinary course of business and on terms which are not more favourable to GCCM and GCB Singapore than those available to third parties.

**(b) Rental of warehouse from GCCM and provision of tolling (cocoa processing) services by GCCM**

We rent a warehouse at Warehouse 3A-4, Jalan Gudang 2, Johor Port, 81707, Pasir Gudang, Johor, Malaysia, with a land area of approximately 1,080.0 sq m, from GCCM for in-transit storage purposes, and GCCM provides tolling services to our Group principally to deodorize cocoa butter. The aggregate values of such transactions between our Group and GCCM during the Relevant Period are as follows:

(RM'000)	FY2009	FY2010	FY2011	1 January 2012 to the Latest Practicable Date
Rental paid by our Group	161	176	175	84
Tolling fees paid by our Group	408	98	—	—

Our Directors believe that the warehouse rental rates paid and the tolling fees paid by our Group are commensurate with the prevailing market rates, and that the above transactions were carried out on an arm's length basis and in the ordinary course of business and on terms which are not more favourable to GCCM than those available to third parties.

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## **GUIDELINES FOR RECURRENT AND FUTURE INTERESTED PERSON TRANSACTIONS AND OTHER TRANSACTIONS**

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We may, in the ordinary course of business, enter into certain transactions with “interested persons” as defined in Chapter 9 of the Listing Manual. Such transactions could arise at any time and from time to time. In addition, we may also enter into future transactions with GCB Group. Such transactions include, but are not limited to, the transactions described in the sections entitled “Interested Person Transactions” and “Other Present and On-Going Transactions” of this Prospectus.

Insofar as the families of Tay See @ Tay Cheng Guan and Tey Chi @ Tay Chin Chuan, who are the brothers of Tey Kan Sam @ Tey Hin Ken, remain as Controlling Shareholders of GCB, the following review procedures will apply to any GCB Group Transaction.

All future transactions with interested persons and GCB Group Transactions shall comply with the requirements of Chapter 9 of the Listing Manual. As stated in the Listing Manual, and as provided in our Articles of Association, a Director is required to abstain from voting in any contract or arrangement in which he has a personal material interest.

All interested person transactions and all GCB Group Transactions will be subject to the review of the Audit Committee. We will prepare relevant information to assist the Audit Committee in its review. Before any agreement or arrangement that is not in the ordinary course of business of our Group is transacted, the views of the Audit Committee will be sought. The Audit Committee shall ensure that all interested person transactions and GCB Group Transactions comply with the provisions in Chapter 9 of the Listing Manual and further that all interested person transactions and GCB Group Transactions are conducted on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interests of our Company and our minority Shareholders.

We will implement internal control measures in connection with the interested person transactions and the GCB Group Transactions. Such internal controls include the following:

- (a) when purchasing from or procuring services from interested persons or the GCB Group, we shall take into account the prices and terms of at least two (2) other comparative offers from third parties (where possible), contemporaneous in time. The purchase price or procurement price, as the case may be, shall not be higher than the most competitive price of the two (2) comparative offers from third parties. As our main raw material, cocoa beans, is a market traded commodity, reference to the Cocoa Bean Terminal Price will also be made;
- (b) in determining the most competitive purchase price or procurement price, as the case may be, we may take into consideration all pertinent factors, including but not limited to, quality specifications, cost, delivery time, purchase terms, ability to meet the required amount, availability of the product, quantity of the product required and track record;
- (c) when selling products or providing services to interested persons or the GCB Group, the prices or the fees and terms of at least two (2) other successful transactions of a similar nature with third parties (where possible) will be used as comparison to ensure that the interests of our minority Shareholders are not disadvantaged. The sale price shall not be lower than the lowest sale price or fee of the other two (2) successful transactions with third parties. Further, in selling our cocoa ingredient products, reference to the Cocoa Bean Terminal Price will also be made; and
- (d) when renting properties from or to interested persons or the GCB Group, we shall take appropriate steps to ensure that such rent is commensurate with prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (where necessary). The rent



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## **GUIDELINES FOR RECURRENT AND FUTURE INTERESTED PERSON TRANSACTIONS AND OTHER TRANSACTIONS**

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payable shall be based on the most competitive market rental rates of similar properties in terms of size and location, based on the results of the relevant enquiries.

The considerations in paragraphs (a) to (d) above will allow for variation from prices and terms of the comparative offers or sales so long as the volume of trade, credit worthiness of the buyer, differences in service, reliability, purchase terms, availability of demand and supply for cocoa, a market traded and quoted product or other relevant factors justify the variation and so long as the comparative offer or sale incorporates modifications that account for volatility of the market for the goods and services in question.

For (a), (b), (c) and (d) above, in the event that it is not possible for appropriate information (for comparative purposes) to be obtained, the matter will be referred to the Audit Committee and the Audit Committee will determine whether the purchase or sale price/fees or rental fees to be paid or received are fair and reasonable and consistent with our Group's usual business practices.

Any contracts to be made with an interested person or the GCB Group shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions between us and unrelated parties and the terms are no more favourable to the interested person or the GCB Group than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person or the GCB Group are no more favourable than those extended to unrelated parties.

In respect of all interested person transactions and GCB Group Transactions, we shall adopt the following policies:

- (a) In the event that a member of the Audit Committee is interested in any interested person transaction or in any GCB Group Transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction.
- (b) We shall maintain a register to record all interested person transactions and all GCB Group Transactions which are entered into by our Group, including any quotations obtained from unrelated parties to support the terms of the interested person transactions or the GCB Group Transactions.
- (c) We shall incorporate into our internal audit plan a review of all interested person transactions and all GCB Group Transactions entered into by our Group.
- (d) The Audit Committee shall review the internal audit reports at least half-yearly to ensure that all interested person transactions and all GCB Group Transactions are carried out on an arm's length basis and in accordance with the procedures outlined above. Furthermore, if during these periodic reviews, the Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that the interests of minority Shareholders are not prejudiced, we will adopt new guidelines and procedures. The Audit Committee may request for an independent financial adviser's opinion as it deems fit.

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## **GUIDELINES FOR RECURRENT AND FUTURE INTERESTED PERSON TRANSACTIONS AND OTHER TRANSACTIONS**

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In the case of a GCB Group Transaction, our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken, our CEO, Tey How Keong and our Executive Director, Goh Lee Beng shall abstain from making any recommendations on such transactions and voting on resolutions approving interested person transactions involving themselves and our Group. In addition, Tey Kan Sam @ Tey Hin Ken, Tey How Keong and Goh Lee Beng shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholder(s).

Our Board of Directors will ensure that all interested person transactions and all GCB Group Transactions will be subject to the disclosure requirements of the Listing Manual, and will be subject to Shareholders' approval if deemed necessary under the provisions of the Listing Manual. In accordance with Rule 919 of the Listing Manual, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. In addition, such interested persons shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholder(s). In the case of a GCB Group Transaction, our Non-Independent Non-Executive Chairman, Tey Kan Sam @ Tey Hin Ken, our CEO, Tey How Keong and our Executive Director, Goh Lee Beng shall cause JBC Group and its Associates to abstain from voting as a shareholder on resolutions approving such transactions. In addition, Tey Kan Sam @ Tey Hin Ken, Tey How Keong and Goh Lee Beng and their Associates shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholder(s).

We will disclose in our annual report the aggregate value of interested person transactions and GCB Group Transactions conducted during each financial year.

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## POTENTIAL CONFLICTS OF INTERESTS

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In general, a conflict of interest arises when any of our Directors, Controlling Shareholders or their Associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as our Group.

### INTERESTS OF OUR DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

#### PT Koko

PT Koko is a private limited company incorporated under the laws of Indonesia on 26 April 2011. PT Koko has commenced initial construction of a cocoa liquor processing facility in Maspion Industrial Estate in Gresik, Indonesia which is approximately 30 km from the port of Surabaya. Upon the completion of the facility, expected to be in the second half of 2013, and upon commencement of PT Koko's operations, PT Koko will produce cocoa liquor. PT Koko is in the process of obtaining the requisite licences and permits required for the operation of the facility. The cocoa liquor produced by PT Koko is intended to be supplied to our Group, and will be further processed to primary end products such as cocoa cake, cocoa butter and cocoa powder. This facility had not been incorporated in our Group for the following reasons:

- (a) The green field nature of the development of the facility;
- (b) Uncertainties as to the timing of the construction and thereafter the commissioning of the processing facility;
- (c) Uncertainties as to the timing of obtaining the requisite licenses and permits before the commencement of operations; and
- (d) Potential risks as to the feasibility of the operations.

Our Controlling Shareholder, JBC Group, presently holds 75.0% equity interest of PT Koko. An independent third party company, PT Aneka Food Indonesia, whose shares are held by unrelated third parties, holds 25.0% equity interest in PT Koko. Pursuant to a capitalisation exercise, it is intended that the JBC Group's shareholdings in PT Koko will be increased to 80.0% and PT Aneka Food Indonesia's shareholdings in PT Koko will be decreased to 20.0%.

In order to address any potential conflicts of interests which may arise between our Group and PT Koko, our Company had on 15 May 2012, entered into the PT Koko Call Option with JBC Group pursuant to which JBC Group irrevocably granted our Company the right to purchase all its shares in the issued and paid-up share capital of PT Koko together with any other form of capital injections made by it in PT Koko, including but not limited to, debentures or shareholders' advances ("**PT Koko Call Option Shares**"), as the case may be. JBC Group's cost of investment in PT Koko as at the Latest Practicable Date (comprising paid-up share capital and shareholders' loan) is RM16.5 million. The consideration for the grant of the PT Koko Call Option is RM1.00.

The salient terms of the PT Koko Call Option are as follows:

- (i) We may exercise the call option at any time commencing on the date of the PT Koko Call Option and for as long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Bee Leng and their Associates remain the Directors and/or Controlling Shareholders of our Company ("**PT Koko Call Option Period**");
- (ii) Our Board of Directors (excluding interested Directors and Directors who are deemed connected to JBC Group), upon recommendations being made by the Audit Committee, shall have the sole

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## POTENTIAL CONFLICTS OF INTERESTS

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discretion to determine whether to exercise the PT Koko Call Option after taking into account, amongst others, the following considerations:

- (a) whether it is in our best commercial interest to exercise the PT Koko Call Option; and/or
  - (b) whether PT Koko is competing for business with us; and/or
  - (c) whether JBC Group may be involved in a situation of a conflict of interest by virtue of its interest in all the shares in the issued and paid-up share capital of PT Koko which are registered in the name of JBC Group or issued to JBC Group together with any other form of capital injections made by JBC Group in PT Koko, including but not limited to, debentures or shareholders' advances, as the case may be.
- (iii) The consideration for the PT Koko Call Option Shares ("**PT Koko Call Option Price**") payable to JBC Group shall be the lower of:
- (a) cost of investment (which is defined as the total amount invested by JBC Group in PT Koko either as issued and paid-up share capital for the PT Koko Call Option Shares or in any other form of capital injections made by JBC Group in PT Koko, including but not limited to, debentures or shareholders' advances as at the date of the notice of exercise or the notice of acceptance as the case may be) invested by JBC Group in PT Koko together with interest accruing at the rate of seven per centum (7.0%) per annum calculated from the date JBC Group's cost of investment was made to PT Koko until the date JBC Group receives the notice of fulfillment of all the conditions precedents set out in the PT Koko Call Option ("**PT Koko Unconditional Date**"). Please refer to sub-paragraph (vi) below for the list of the conditions precedents; or
  - (b) the amount as determined by a valuation conducted by an independent valuer who shall be appointed by the Audit Committee and acceptable to the SGX-ST.
- (iv) JBC Group shall undertake to update the Audit Committee on a quarterly basis on the following matters:
- (a) the progress of the construction of the plant in Indonesia by PT Koko;
  - (b) any capital expenditure incurred by PT Koko;
  - (c) the expected "**Operative Date**" (which is defined as the date when the first sale of PT Koko's cocoa ingredient products produced by its factory in Maspion Industrial Estate, Gresik, Indonesia, is transacted to its customer);
  - (d) any additional investment made by JBC Group in PT Koko either in the paid-up share capital of PT Koko or advances made by JBC Group or any other shareholders or any other stakeholders, including but not limited to, bondholders and debenture holders;
  - (e) any major approvals obtained in respect of PT Koko's operations; and
  - (f) any change in the governmental policies that may materially affect the business of PT Koko.
- (v) If, at any time during the PT Koko Call Option Period and for so long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Lee Beng and their Associates remain as Directors and/or Controlling Shareholders of our Company, JBC Group proposes to sell the PT Koko Call Option Shares to an unrelated third party purchaser ("**PT Koko Prospective Purchaser**") at a price agreed with the

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## POTENTIAL CONFLICTS OF INTERESTS

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PT Koko Prospective Purchaser, JBC Group covenants with us that before proceeding with the sale to the PT Koko Prospective Purchaser, JBC Group shall first offer us (“**PT Koko Offer**”) the right to purchase the PT Koko Call Option Shares at the “**PT Koko Offer Price**” (which is defined as the price agreed with the PT Koko Prospective Purchaser for the purchase of the PT Koko Call Option Shares or the PT Koko Call Option Price, whichever is the lower).

- (vi) Upon the exercise of the PT Koko Call Option or acceptance of the PT Koko Offer to purchase the PT Koko Call Option Shares, we and JBC Group shall undertake to fulfill the following conditions precedent within six (6) months from the date of the notice of exercise or the notice of acceptance or such other dates as may be mutually agreed between the parties:
- (a) we are to obtain the approval from our Shareholders to purchase all the PT Koko Call Option Shares from JBC Group pursuant to the listing rules of the SGX-ST (including but not limited to Chapters 9 and 10 of the Listing Manual) and/or the Companies Act, if required. Where a transaction falls under Chapter 9 of the Listing Manual, where applicable, an independent financial advisor shall be appointed as well;
  - (b) JBC Group to cause PT Koko to obtain the approval from the Coordination Board for Capital Investment (*Badan Koordinasi Penanaman Modal*) in Indonesia for the transfer of the PT Koko Call Option Shares to us;
  - (c) JBC Group to obtain the approval from the shareholders of JBC Group for the sale of the PT Koko Call Option Shares to us. The shareholders of JBC Group being Tey Kan Sam @ Tey Hin Ken, Tey How Keong, Goh Lee Beng and Lim Ah Bet @ Chabo have undertaken to approve the sale of the PT Koko Call Option Shares to the Company; and
  - (d) any other approvals required from all regulatory authorities either in Singapore, Malaysia or Indonesia by us to purchase the PT Koko Call Option Shares.
- (items (a) to (d) shall collectively be referred to as the “**PT Koko Conditions Precedent**”)
- (vii) The PT Koko Call Option Price or the PT Koko Offer Price, as the case may be, shall be paid to JBC Group within 30 days from the PT Koko Unconditional Date.
- (viii) During the PT Koko Call Option Period, JBC Group undertakes to maintain its shareholding in PT Koko at a minimum of 75.0%. JBC Group undertakes to ensure that PT Koko shall not allot and issue new shares in PT Koko (“**PT Koko New Shares**”) to any party except JBC Group and the other existing shareholder of PT Koko. Any such allotment and issuance of PT Koko New Shares shall only be carried out in proportion to JBC Group’s shareholdings as at the date of the PT Koko Call Option (unless otherwise agreed to by our Company, such consent not to be unreasonably withheld). For the avoidance of doubt, JBC Group’s shareholding in PT Koko shall be maintained at a minimum of 75.0% at all times or such percentage owned by JBC Group, whichever is higher at all times.
- (ix) In the event that the PT Koko Call Option is not exercised during the Call Option Period, JBC Group undertakes to ensure that PT Koko grants our Group the right of first refusal to purchase on an arm’s length basis all or any such quantity of supply of cocoa liquor it had produced as our Group may require.

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## POTENTIAL CONFLICTS OF INTERESTS

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- (x) The PT Koko Call Option is governed by Singapore laws. It shall terminate and lapse and be of no further effect whatsoever upon the occurrence of the earliest of the following events:
- (a) JBC Group has ceased to be a shareholder of PT Koko upon completion of the sale of the PT Koko Call Option Shares to the PT Koko Prospective Purchaser;
  - (b) any winding up proceeding is filed or winding up order is made against JBC Group or if JBC Group shall be unable to pay its debts or if an official receiver or manager and receiver or similar officer is appointed in respect of all or any part of the business or assets of JBC Group;
  - (c) any winding up proceeding is filed or winding up order is made against PT Koko or if PT Koko shall be unable to pay its debts or if an official receiver or manager and receiver or similar officer is appointed in respect of all or any part of the business or assets of PT Koko; or
  - (d) the expiry of the PT Koko Call Option Period.

Save as provided above, there are no other conditions or provisions in the PT Koko Call Option which limits or have the effect of limiting our Company's ability to exercise the PT Koko Call Option.

The Audit Committee will review, on an annual basis, whether or not to exercise the PT Koko Call Option, and our Company will announce its reasons for exercising or not exercising the PT Koko Call Option and the views of the Audit Committee through a SGXNET announcement on the SGX-ST's website at <http://www.sgx.com>.

### **Undertakings by PT Koko**

PT Koko has executed a non-compete undertaking dated 15 May 2012, in favour of our Company which provides that for as long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Lee Beng and their Associates remain as Directors and/or Controlling Shareholders of our Company, and until such time that PT Koko has been acquired by our Company:

- (i) it shall not, and shall use best efforts to procure that its Associates (whether present or future) shall not, in any capacity, be engaged in or interested in or carry on any business which will compete with the business of our Group;
- (ii) it shall not, and shall use best efforts to procure that its Associates (whether present or future) shall not, have any interest, directly or indirectly, and/or executive management position (including but not limited to board membership) in any entity whose business competes with the business of our Group, except that it shall be permitted to have interest not exceeding 5.0% in any securities of any corporation listed or quoted on any stock exchange notwithstanding that such corporation may be engaging in a business which may compete with the business of our Group; and
- (iii) it shall not, and shall use best efforts to procure that its Associates (whether present or future) shall not, solicit, market to or entice away, whether directly or indirectly, from our Group any customer.

For the purposes of the abovementioned undertaking, "business of our Group" shall refer to any business in relation to cocoa processing.

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## POTENTIAL CONFLICTS OF INTERESTS

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### Kakao GmbH

Kakao GmbH was incorporated under the laws of Germany on 21 September 2010. Kakao GmbH intends to construct a cocoa butter melting, deodorising and warehousing facility located in Valluhn-Gallin, Germany. The construction of this facility is expected to be completed by the end of 2013, subject to the completion of the construction of a cocoa liquor processing facility by PT Koko. Kakao GmbH is in the process of obtaining the requisite licences and permits for the construction and operation of the facility. This facility had not been incorporated in our Group for the following reasons:

- (a) The green field nature of the development of the facility;
- (b) Uncertainties as to the timing of the construction and thereafter the commissioning of the processing facility;
- (c) Uncertainties as to the timing of obtaining the requisite licenses and permits before the commencement of operations; and
- (d) Potential risks as to the feasibility of the operations.

Our CEO, Tey How Keong and our Sales and Marketing Manager, Saw Poh Chin, hold 80.0% and 20.0% equity interest respectively in Kakao GmbH. Tey How Keong and Saw Poh Chin's aggregate investment in Kakao GmbH as at the Latest Practicable Date (comprising paid-up share capital and shareholders' loan) is RM8.4 million.

In order to address any potential conflicts of interests which may arise between our Group and Kakao GmbH, our Company had on 15 May 2012, entered into a Kakao GmbH Call Option with Tey How Keong and Saw Poh Chin ("**Kakao GmbH Grantors**") where the Kakao GmbH Grantors have irrevocably granted us the right to purchase all their shares in the issued and paid-up share capital of Kakao GmbH together with any other form of capital injections made by them in Kakao GmbH, including but not limited to, debentures or shareholders' advances ("**Kakao GmbH Call Option Shares**)," as the case may be pursuant to the Kakao GmbH Call Option. The consideration for the grant of the Kakao GmbH Call Option is RM1.00.

The salient terms of the Kakao GmbH Call Option are as follows:

- (i) We may exercise the call option at any time commencing on the date of the Kakao GmbH Call Agreement and for as long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Bee Leng and their Associates remain the Directors and/or Controlling Shareholders of our Company ("**Kakao GmbH Call Option Period**");
- (ii) Our Board of Directors (excluding interested Directors and Directors who are deemed connected to the Kakao GmbH Grantors), upon recommendations being made by the Audit Committee, shall have the sole discretion to determine whether to exercise the Kakao GmbH Call Option after taking into account, amongst others, the following considerations:
  - (a) whether it is in our best commercial interest to exercise the Kakao GmbH Call Option; and/or
  - (b) whether Kakao GmbH is competing for business with us; and/or
  - (c) whether the Kakao GmbH Grantors may be involved in a situation of a conflict of interest by virtue of their interest in all the shares in the issued and paid-up share capital of Kakao GmbH which are registered in the name of the Kakao GmbH Grantors or issued to the Kakao

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## POTENTIAL CONFLICTS OF INTERESTS

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GmbH Grantors together with any other form of capital injections made by the Kakao GmbH Grantors in Kakao GmbH including but not limited to debentures or shareholders' advances, as the case may be;

- (iii) The consideration for the Kakao GmbH Call Option Shares ("**Kakao GmbH Call Option Price**") payable to the Kakao GmbH Grantors shall be the lower of:
  - (a) cost of investment (which is defined as the total amount invested by the Kakao GmbH Grantors in Kakao GmbH either as issued and paid-up share capital for the Kakao GmbH Call Option Shares or in any other form of capital injections made by the Kakao GmbH Grantors in Kakao GmbH, including but not limited to, debentures or shareholders' advances as at the date of the notice of exercise or the notice of acceptance as the case may be) invested by the Kakao GmbH Grantors in Kakao GmbH together with interest accruing at the rate of seven per centum (7.0%) per annum calculated from the date each Kakao GmbH Grantor's respective cost of investment was made to Kakao GmbH until the date the Kakao GmbH Grantors receive the notice of the fulfillment of all the conditions precedents set out in the Kakao GmbH Call Option ("**Kakao GmbH Unconditional Date**"). Please refer to sub-paragraph (vi) below for the list of the conditions precedents; or
  - (b) the amount as determined by a valuation conducted by an independent valuer who shall be appointed by the Audit Committee and acceptable to the SGX-ST.
- (iv) The Kakao GmbH Grantors shall undertake to update the Audit Committee on a quarterly basis on the following matters:
  - (a) the progress of the construction of the plant in Valluhn-Gallin, Germany by Kakao GmbH;
  - (b) any capital expenditure incurred by Kakao GmbH;
  - (c) the expected "**Operative Date**" (which is defined as the date when the first sale of Kakao GmbH's cocoa ingredient products produced by its factory in Valluhn-Gallin, Germany is transacted to its customer);
  - (d) any additional investment made by the Kakao GmbH Grantors in Kakao GmbH either in the paid-up share capital of Kakao GmbH or advances made by the Kakao GmbH Grantors or any other shareholders or any other stakeholders, including but not limited to, bondholders and debenture holders;
  - (e) any major approvals obtained in respect of Kakao GmbH's operations; and
  - (f) any change in the governmental policies that may materially affect the business of Kakao GmbH.
- (v) If, at any time during the Kakao GmbH Call Option Period and for so long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Lee Beng and their Associates remain as directors and/or Controlling Shareholders of our Company, the Kakao GmbH Grantors propose to sell the Kakao GmbH Call Option Shares to an unrelated third party purchaser ("**Kakao GmbH Prospective Purchaser**") at a price agreed with the Kakao GmbH Prospective Purchaser, the Kakao GmbH Grantors covenant with us that before proceeding with the sale to the Kakao GmbH Prospective Purchaser, the Kakao GmbH Grantors shall first offer to us ("**Kakao GmbH Offer**") the right to purchase the Kakao GmbH Call Option Shares at the "**Kakao GmbH Offer Price**" (which is



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## POTENTIAL CONFLICTS OF INTERESTS

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defined as the price agreed with the Kakao GmbH Prospective Purchaser for the purchase of the Kakao GmbH Call Option Shares or the Kakao GmbH Call Option Price, whichever is lower).

(vi) Upon the exercise of the Kakao GmbH Call Option or acceptance of the Kakao GmbH Offer to purchase the Kakao GmbH Call Option Shares, we shall undertake to fulfill the following conditions precedent within six (6) months from the date of the notice of exercise or the notice of acceptance or such other dates as may be mutually agreed between the parties:

- (a) we are to obtain the approval from our Shareholders to purchase all the Kakao GmbH Call Option Shares from the Kakao GmbH Grantors pursuant to the listing rules of the SGX-ST (including but not limited to Chapters 9 and 10 of the Listing Manual) and/or the Companies Act, if required. Where a transaction falls under Chapter 9 of the Listing Manual, where applicable, an independent financial advisor shall be appointed as well;
- (b) any other approvals required from all regulatory authorities either in Singapore, Malaysia or Germany by us to purchase the Kakao GmbH Call Option Shares.

(items (a) and (b) shall collectively be referred to as the “**Kakao GmbH Conditions Precedent**”)

(vii) The Kakao GmbH Call Option Price or the Kakao GmbH Offer Price, as the case maybe, shall be paid to the Kakao GmbH Grantors within 30 days from the Kakao GmbH Unconditional Date.

(viii) During the Kakao GmbH Call Option Period, the Kakao GmbH Grantors undertake to ensure that Kakao GmbH shall not allot and issue new shares in Kakao GmbH (“**Kakao GmbH New Shares**”) to any party except the Kakao GmbH Grantors. Any such allotment and issuance of Kakao GmbH New Shares shall only be carried out in proportion to the Kakao GmbH Grantors’ shareholdings as at the date of the Kakao GmbH Call Option (unless otherwise agreed to by our Company, such consent not to be unreasonably withheld). For avoidance of doubt, the Kakao GmbH Grantors’ aggregate shareholding in Kakao GmbH shall remain at 100% of Kakao GmbH at all times.

(ix) The Kakao GmbH Call Option is governed by Singapore laws. It shall terminate and lapse and be of no further effect whatsoever upon the occurrence of the earliest of the following events:

- (a) the Kakao GmbH Grantors have ceased to be shareholders of Kakao GmbH upon completion of the sale of the Kakao GmbH Call Option Shares to the Kakao GmbH Prospective Purchaser;
- (b) any bankruptcy proceeding is filed or bankruptcy order is made against the Kakao GmbH Grantors or any of them or if the Kakao GmbH Grantors or any of them shall be unable to pay his/her debts or if an official receiver or manager and receiver or similar officer is appointed in respect of all or any part of the business or assets of the Kakao GmbH Grantors;
- (c) any winding up proceeding is filed or winding up order is made against Kakao GmbH or if Kakao GmbH shall be unable to pay its debts or if an official receiver or manager and receiver or similar officer is appointed in respect of all or any part of the business or assets of Kakao GmbH; or
- (d) the expiry of the Kakao GmbH Call Option Period.

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## POTENTIAL CONFLICTS OF INTERESTS

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Save as provided above, there are no other conditions or provisions in the Kakao GmbH Call Option which limits or have the effect of limiting our Company's ability to exercise the Kakao GmbH Call Option.

The Audit Committee will review, on an annual basis, whether or not to exercise the Kakao GmbH Call Option, and our Company will announce its reasons for exercising or not exercising the Kakao GmbH Call Option and the views of the Audit Committee through a SGXNET announcement on the SGX-ST's website at <http://www.sgx.com>.

### Undertakings by Kakao GmbH

Kakao GmbH has executed a non-compete undertaking dated 15 May 2012, in favour of our Company which provides that for as long as Tey How Keong, Tey Kan Sam @ Tey Hin Ken, Goh Lee Beng and their Associates remain as Directors and/or Controlling Shareholders of our Company, and until such time that the entire equity interest in Kakao GmbH has been acquired by our Company:

- (i) it shall not, and shall use best efforts to procure that its Associates (whether present or future) shall not, in any capacity, be engaged in or interested in or carry on any business which will compete with the business of our Group;
- (ii) it shall not, and shall use best efforts to procure that its Associates (whether present or future) shall not, have any interest, directly or indirectly, and/or executive management position (including but not limited to board membership) in any entity whose business competes with the business of our Group, except that it shall be permitted to have interest not exceeding 5.0% in any securities of any corporation listed or quoted on any stock exchange notwithstanding that such corporation may be engaging in a business which may compete with the business of our Group; and
- (iii) it shall not, and shall use best efforts to procure that its Associates (whether present or future) shall not, solicit, market to or entice away, whether directly or indirectly, from our Group any customer.

For the purposes of the abovementioned undertaking, "business of our Group" shall refer to any business in relation to cocoa processing.

Finally, Tey How Keong, Tey Kan Sam @ Tey Hin Ken and Goh Lee Beng shall declare to the Audit Committee, any acquisition, disposal or transfer by them or their Associates of any securities of any corporation listed or quoted on any stock exchange, where such corporation is engaging in a business competing with the business of our Group.

### INTERESTS OF THE JOINT ISSUE MANAGERS, UNDERWRITERS AND PLACEMENT AGENTS

Save as disclosed below in respect of AmFraser (being one of the Joint Issue Managers, Underwriters and Placement Agents), none of the Joint Issue Managers, Underwriters and Placement Agents have a material relationship with our Group.

AmBank (M) Berhad (one of our Principal Bankers) is an affiliate company of AmFraser, both of which are indirect wholly-owned subsidiaries of AMMB Holdings Berhad.

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## POTENTIAL CONFLICTS OF INTERESTS

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### INTERESTS OF EXPERTS

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have been within the two (2) years preceding the date of this Prospectus, been acquired or disposed of by or leased to our Group or are proposed to be acquired or disposed of by or leased to our Group.

No expert is employed on a contingent basis by our Group; or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiary; or has a material economic interest, whether direct or indirect, in our Group, including an interest in the success of the Invitation.

Save as disclosed in the section entitled "Management, Underwriting and Placement Arrangements" of this Prospectus, no commission, discount or brokerage has been paid or other special terms granted within two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our subsidiary.

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## DIRECTORS, MANAGEMENT AND STAFF

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### DIRECTORS

Our Directors are entrusted with the responsibility for the overall management and formulation of business strategies for our Group. Their particulars are as follows:

Name	Age	Address	Country of Principal Residence	Position in our Company
Tey Kan Sam @ Tey Hin Ken <sup>(1)</sup>	70	Lot CP1 Jalan Tanjung A/6 Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor, Malaysia	Malaysia	Non-Independent Non-Executive Chairman
Tey How Keong <sup>(1)</sup>	46	Lot CP1 Jalan Tanjung A/6 Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor, Malaysia	Malaysia	CEO
Goh Lee Beng <sup>(1)</sup>	46	Lot CP1 Jalan Tanjung A/6 Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor, Malaysia	Malaysia	Executive Director
Yessa Matindas Tuegeh	37	79 Robinson Road #17-04/05/06 CPF Building Singapore 068897	Singapore	Non-Independent Non-Executive Director
Chua Cheow Khoo Michael	62	10 Surrey Road #09-02 Singapore 307748	Singapore	Lead Independent Non-Executive Director
Leow Wee Kia Clement	38	53 Cairnhill Road #25-01 Cairnhill Plaza Singapore 229664	Singapore	Independent Non-Executive Director

**Note:**

(1) Tey Kan Sam @ Tey Hin Ken, our Non-Independent Non-Executive Chairman is the father of Tey How Keong, our CEO. Goh Lee Beng, our Executive Director, is the spouse of Tey How Keong.

Information on the business and working experiences of each of our Directors are as set out below:

**Tey Kan Sam @ Tey Hin Ken** is our Non-Independent Non-Executive Chairman as well as the founder of our Group. He was appointed to the Board of our Group on 4 May 2012.

Tey Kan Sam @ Tey Hin Ken has over 30 years of experience in the cocoa business. In November 1982, he established JBC Group (then known as Guan Chong Food Industries Sdn Bhd, and subsequently renamed as Guan Chong Group Sdn Bhd before assuming its present name) in Muar, Johor to process wet cocoa beans to dry cocoa beans for sale to cocoa ingredients producers.

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## DIRECTORS, MANAGEMENT AND STAFF

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Recognising that there was a fast growing demand for cocoa ingredient products, he led JBC Group to venture downstream to produce cocoa cake and cocoa butter in 1983. Subsequently in May 2000, Tey Kan Sam @ Tey Hin Ken established JB Cocoa together with his son, Tey How Keong, and built a cocoa ingredients processing facility in PTP.

**Tey How Keong** is our CEO. He was appointed to the Board of our Group on 3 January 2012 and is responsible for the overall strategic, management and business development of our Group.

Tey How Keong has over 23 years of experience in cocoa business. He started his career in the cocoa business in November 1988 as sales manager of JBC Group. In August 1989, he was appointed as a director of GCCM and played an active role in setting up its cocoa processing plant in Pasir Gudang, and remained as a director until October 2003.

In May 2000, Tey How Keong established our subsidiary, JB Cocoa, and under his leadership, our Group has expanded over the years and has become an active player within the cocoa ingredients production industry in Malaysia and foreign markets.

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

**Goh Lee Beng** is our Executive Director and is responsible for overseeing the trading and logistics department of our Group, which monitors world cocoa trends, cocoa trading, sourcing of cocoa beans and marketing of cocoa butter. She was appointed to the Board of our Group on 4 May 2012.

Upon graduation, Goh Lee Beng joined GCCM in November 1989 as an executive and was responsible for logistics, operations and inventory management. She left GCCM in December 2002. She joined JB Cocoa in January 2003 and was appointed as its Executive Director in August 2003. Over the last nine (9) years, she has been overseeing our Group's trading and logistics department to ensure the effectiveness and efficiency of our Group's logistics management.

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

**Yessa Matindas Tuegeh** is our Non-Independent Non-Executive Director. He was appointed to the Board of our Group on 4 May 2012 and is the representative director of ECOM on our Board.

Yessa Matindas Tuegeh started his career in September 1997 in PT Cahaya Kalbar TBK, a manufacturer of specialty fats and cocoa products, where he joined as an international marketing officer. In July 1998, he was redesignated as the international marketing manager of PT Cahaya Kalbar TBK, before being promoted to general manager in May 2002. After leaving PT Cahaya Kalbar TBK in November 2002, he joined ECOM AgroIndustrial Asia Pte. Ltd. as a senior trader, where his responsibilities included trading cocoa products and futures. Thereafter he was promoted to the position of cocoa director, and was involved in, *inter alia*, managing cocoa trading and operations in Asia and expansion projects of cocoa in Asia.

Yessa Matindas Tuegeh graduated with a Bachelor of Science and Business Administration Washington University, Missouri, USA in 1997 and obtained a Master of Business Administration from the Graduate School of Business of The University of Chicago in 2004.

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## DIRECTORS, MANAGEMENT AND STAFF

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**Chua Cheow Khoon Michael** is our Lead Independent Non-Executive Director. He was appointed to the Board of our Group on 4 May 2012.

Chua Cheow Khoon Michael is currently the chief investment officer of Sapphire Corporation Limited and has more than 30 years of experience in financial and management accounting and general management. He has held senior positions in multinational companies including Reckitts & Colman Singapore Pte Ltd from March 1987 to June 1989, the Singapore Technologies group of companies from July 1989 to October 1999, the Sembcorp group of companies from November 1999 to April 2000 and Delifrance Singapore Pte Ltd from August 2001 to September 2002. He is also an independent director of Cogent Holdings Limited and China Titanium Ltd, companies listed on the Main Board and the Catalist Board of the SGX-ST respectively.

Chua Cheow Khoon Michael graduated with a Bachelor of Business from the Charles Sturt University, Mitchell College of Advanced Education, Australia in 1977 and was admitted as a Certified Practising Accountant by the Australian Society of Certified Practising Accountants in 1987.

**Leow Wee Kia Clement** is our Independent Non-Executive Director. He was appointed to the Board of our Group on 4 May 2012. He is currently a partner and head of corporate finance at Partners Capital (Singapore) Pte Ltd, a firm specialising in corporate finance activities, where he is involved in the management of the origination and execution of initial public offerings, mergers and acquisition, advisory transactions as well as other fund raising activities, and has over 12 years of corporate finance experience.

Leow Wee Kia Clement worked as an investment banking officer at Keppel Capital Holdings between October 1999 to December 2000, before he joined PricewaterhouseCoopers Corporate Finance Pte Ltd as a senior associate from January 2001 to December 2002. From January 2003 to March 2005, he joined Daiwa Securities SMBC Limited as an assistant vice president of corporate finance. He subsequently joined KBC Bank NV as an associate director of merchant banking until October 2006. Thereafter, he was a managing director of corporate finance at Phillip Securities Pte Ltd from November 2006 to May 2009, before leaving to join Partners Capital (Singapore) Pte Ltd in June 2009.

He graduated from Cornell University, United States with a Bachelor of Science in Applied Economics in 1994. He completed the course for Master of Business Administration in 2011 at the University of Oxford, United Kingdom, and was also conferred a Postgraduate Diploma in Financial Strategy in 2009 by the University of Oxford, United Kingdom. He also completed the Governance as Leadership Program at Harvard Kennedy School, United States in 2010. He is presently an independent non-executive director at Mann Seng Metal International Limited, listed on the Catalist board, and has also served as a member of the Singapore Institute of Directors since April 2009.

All our Directors possess the relevant experience and expertise to act as Directors of our Company, as evidenced by their business and working experience set out above. Pursuant to Rule 210(5)(a) of the Listing Manual, save for Chua Cheow Khoon Michael and Leow Wee Kia Clement, who are currently independent directors of companies listed in Singapore, our Directors do not have prior experience as directors of public listed companies in Singapore. However, Tey Kan Sam @ Tey Hin Ken, Tey How Keong, Goh Lee Beng and Yessa Matindas Tuegeh have undertaken relevant training to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore. Their training included a course conducted by the Singapore Institute of Directors on directors' responsibilities and corporate governance of SGX-ST listed companies.

Except as disclosed above and in the section entitled "Shareholders" of this Prospectus, and save for Yessa Matindas Tuegeh, who has been appointed to our Board as a representative director of ECOM, none of our Directors is related by blood or marriage to one another or any of our Substantial

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## DIRECTORS, MANAGEMENT AND STAFF

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Shareholders, and to the best of our Director's knowledge, there are no arrangements or understandings with any of our Substantial Shareholders, customers, suppliers, or any other person, pursuant to which any of our Directors was appointed.

None of our Independent Directors sits on the board of our subsidiary, JB Cocoa, which is based in jurisdictions other than Singapore. The list of present and past directorships and other offices of each Director over the past five (5) years, excluding those held in our Group, is set out below:

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Tey Kan Sam @ Tey Hin Ken	<u>Companies within our Group</u>	<u>Companies within our Group</u>
	<ul style="list-style-type: none"> <li>• JB Foods</li> <li>• JB Cocoa</li> </ul>	Nil
	<u>Companies not within our Group</u>	<u>Companies not within our Group</u>
	<ul style="list-style-type: none"> <li>• JBC Group</li> <li>• Keluarga Tay Sdn Bhd (in the process of voluntary liquidation)</li> <li>• Kan Sam Sdn Bhd</li> <li>• Guan Chong Brothers Sdn Bhd</li> <li>• Guan Chong Industries Sdn Bhd</li> <li>• Edisi Marketing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Kan Sam Foods Berhad</li> </ul>
	<u>Other offices</u>	<u>Other offices</u>
	<ul style="list-style-type: none"> <li>• PT Koko (Board of Commissioners)</li> </ul>	Nil
Tey How Keong	<u>Companies within our Group</u>	<u>Companies within our Group</u>
	<ul style="list-style-type: none"> <li>• JB Foods</li> <li>• JB Cocoa</li> </ul>	Nil
	<u>Companies not within our Group</u>	<u>Companies not within our Group</u>
	<ul style="list-style-type: none"> <li>• JBC Group</li> <li>• PT Koko</li> <li>• JB Cocoa Europe Sp.z.o.o (in the process of voluntary liquidation)</li> <li>• Kan Sam Sdn Bhd</li> <li>• Guan Chong Brothers Sdn Bhd</li> <li>• Kakao GmbH</li> </ul>	<ul style="list-style-type: none"> <li>• Edisi Marketing Sdn Bhd</li> <li>• Kan Sam Foods Berhad</li> </ul>
	<u>Other offices</u>	<u>Other offices</u>
	Nil	Nil

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## DIRECTORS, MANAGEMENT AND STAFF

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Name	Present Directorships	Past Directorships
Goh Lee Beng	<u>Companies within our Group</u>	<u>Companies within our Group</u>
	<ul style="list-style-type: none"> <li>• JB Foods</li> <li>• JB Cocoa</li> </ul>	Nil
	<u>Companies not within our Group</u>	<u>Companies not within our Group</u>
	<ul style="list-style-type: none"> <li>• JBC Group</li> <li>• PT Koko</li> <li>• Keluarga Tay Sdn Bhd (in the process of voluntary liquidation)</li> <li>• Kan Sam Sdn Bhd</li> <li>• Edisi Marketing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Kan Sam Foods Berhad</li> </ul>
	<u>Other offices</u>	<u>Other offices</u>
	Nil	Nil
Yessa Matindas Tuegeh	<u>Companies within our Group</u>	<u>Companies within our Group</u>
	<ul style="list-style-type: none"> <li>• JB Foods</li> </ul>	Nil
	<u>Companies not within our Group</u>	<u>Companies not within our Group</u>
	<ul style="list-style-type: none"> <li>• ECOM AgroIndustrial Asia Pte. Ltd.</li> <li>• XIN YI KANG Textile Products Pte. Ltd.</li> <li>• Monpi Coffee Exports Ltd</li> </ul>	Nil
	<u>Other Offices</u>	<u>Other offices</u>
	Nil	Nil
Chua Cheow Khoon Michael	<u>Companies within our Group</u>	<u>Companies within our Group</u>
	<ul style="list-style-type: none"> <li>• JB Foods</li> </ul>	Nil
	<u>Companies not within our Group</u>	<u>Companies not within our Group</u>
	<ul style="list-style-type: none"> <li>• Cogent Holdings Limited</li> <li>• Treasure Lodge Limited</li> <li>• China Titanium Ltd</li> <li>• National Car Rentals (Private) Limited</li> </ul>	<ul style="list-style-type: none"> <li>• MEGA-ZINE Pte Ltd</li> <li>• Wan Kang Holdings Pte Ltd</li> <li>• Onezine Pte Ltd</li> </ul>
	<u>Other offices</u>	<u>Other offices</u>
	Nil	Nil



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## DIRECTORS, MANAGEMENT AND STAFF

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Name	Present Directorships	Past Directorships
Leow Wee Kia Clement	<u>Companies within our Group</u>	<u>Companies within our Group</u>
	<ul style="list-style-type: none"> <li>• JB Foods</li> </ul>	Nil
	<u>Companies not within our Group</u>	<u>Companies not within our Group</u>
	<ul style="list-style-type: none"> <li>• Partners Capital (Singapore) Pte Ltd</li> <li>• Mann Seng Metal International Limited</li> </ul>	Nil
	<u>Other offices</u>	<u>Other offices</u>
	Nil	Nil

### EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by our Executive Officers. The particulars of our Executive Officers are detailed below:

Name	Age	Address	Country of Principal Residence	Position in our Company
Low Kim Poh	37	9 Jalan Jaya Putra 2/7 Taman JP Perdana 81100 Johor Bahru Johor, Malaysia	Malaysia	Chief Financial Officer
Ong Kim Teck	37	25 Jalan Sutera Pulai 2/20 Taman Sutera Utama 81300 Johor Bahru Johor, Malaysia	Malaysia	Operations Manager
Ho Kek Sian	34	13 Jalan Nusaria 4/9 Taman Nusantara 81550 Gelang Patah Johor, Malaysia	Malaysia	Quality Assurance and Development Manager
Teo Swee Guan	45	20 Jalan Harmonium 22/4 Taman Desa Tebrau 81100 Johor Bahru Johor, Malaysia	Malaysia	Tax, Costing and Purchasing Manager
Saw Poh Chin	36	No 5 Jalan Sutera Biru 3 Taman Sutera 81200 Johor Bahru Johor, Malaysia	Malaysia	Sales and Marketing Manager
Thian Fong Chen	33	26 Jalan Pulai 35 Taman Pulai Utama 81300 Skudai Johor Bahru Johor, Malaysia	Malaysia	Human Resource and Administration Manager

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## DIRECTORS, MANAGEMENT AND STAFF

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Information on the business and working experiences of each of our Executive Officers are as set out below:

**Low Kim Poh** is the Chief Financial Officer of our Group. He has been a chartered accountant of the Malaysian Institute of Accountants since 2002 after he completed his Association of Chartered Certified Accountant (ACCA) course in 2001.

Low Kim Poh started his career in March 1994 as an audit trainee at SQ Associates. He left the company to join South Pacific Corporate Advisory Sdn Bhd as a senior business advisor from June 1996 to June 2001. From July 2001 to August 2003, he was the accountant of Micro Nutrition Sdn Bhd, Eonchem Engineering Sdn Bhd and Eonlipids Sdn Bhd. He oversaw the accounts and administration functions of Micro Nutrition Sdn Bhd and the accounts, administration and purchasing functions of Eonchem Engineering Sdn Bhd and Eonlipids Sdn Bhd. In August 2003, he joined JB Cocoa as its financial accountant where he oversaw the accounts, finance and human resource functions. In June 2004, he left JB Cocoa to establish Kplow & Co, a company providing accounting services until December 2004. In January 2005, he joined GCG (JB) Sdn Bhd as its business compliance manager where he was involved in internal audit of the accounting and operations departments for the company's businesses in South East Asia, before returning to JB Cocoa in April 2006 as its Group Accountant. Since returning to JB Cocoa in April 2006, he has been responsible for all financial and accounting related matters of our Group. He is also involved in foreign currency management and conducts feasibility studies and investment appraisal for all our Group's projects.

**Ong Kim Teck** is the Operations Manager of our Group. He leads and monitors the overall production, factory maintenance, electrical, electronics and information technology matters in the processing facility.

Upon graduation, Ong Kim Teck joined Golsta Synergy Berhad as a mechanical engineer in September 1997 and was involved in equipment design and managing engineering projects for five (5) years until March 2002. From April 2002 to June 2004, he joined JB Cocoa and was appointed as a project manager, during which he oversaw the construction of the processing facility in PTP, including monitoring the installation of the equipment and maintenance issues in the processing facility. In July 2004, he was appointed as the factory manager of our processing facility in PTP. Subsequently in April 2011, he was promoted to Operations Manager of our Group.

Ong Kim Teck graduated with a Bachelor of Engineering with Honours (School of Mechanical Engineering) from the University of Liverpool, United Kingdom in 1997.

**Ho Kek Sian** is our Quality Assurance and Development Manager. He spearheads product development and customisation of cocoa ingredient and works closely with our sales and marketing, operations, quality assurance and development departments.

Ho Kek Sian joined JB Cocoa as its process control engineer from February 2003 to April 2004. In May 2004, he joined Supervitamins Sdn. Bhd. as a research and development engineer where he was involved in various research and development projects such as the pilot trial of producing palm fatty acid methyl ester or biodiesel and research on producing higher concentration of natural tocotrienols and tocopherol concentrate. He left Supervitamins Sdn. Bhd. in August 2007 to join Foster Wheeler Asia Pacific Pte. Ltd. from September 2007 to September 2010 as its pharmaceutical project engineer for three (3) years. In September 2010, he joined ADM Cocoa Pte. Ltd. as its production engineer. In December 2010, Ho Kek Sian left ADM Cocoa Pte. Ltd. to rejoin JB Cocoa as its Quality Assurance and Development Manager.

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## DIRECTORS, MANAGEMENT AND STAFF

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He graduated with a Bachelor of Engineering (Chemical — Bioprocess) from the University of Technology, Malaysia in 2000. He subsequently obtained a Master of Engineering from the University of Technology, Malaysia in 2003. In 2005, he became a graduate member of the Board of Engineers, Malaysia.

**Teo Swee Guan** is our Tax, Costing and Purchasing Manager. As the Tax, Costing and Purchasing Manager of our Group, Mr Teo is responsible for all tax and costing affairs of our Company, including corporate and personal tax planning, group restructuring tax planning, transfer pricing and other tax compliance, product and job costing, cost control, and valuation of stocks. Teo Swee Guan also oversees our Group's purchasing department.

Teo Swee Guan started his career as audit trainee in April 1987 with Goonting & Chew. He then joined Ernst & Young (then known as Ernst & Whinney) from February 1990 to April 1991 and Chong & Associates from April 1991 to July 1993. He was subsequently employed as an accounts officer of RJ Plaster Products Sdn Bhd from July 1993 to September 1995, a finance and administrative executive of Region Impart Sdn Bhd from September 1995 to February 1997, and the group finance and administrative manager from April 1997 to August 1998. From August 1998 to October 2002, he entered the manufacturing industry. He joined NM Packaging (M) Sdn Bhd (a subsidiary of NM Holdings Pte Ltd) as a finance and administration manager, where he was in charge of corporate finance, accounts, and human resources. In November 2002, he joined Chong & Associates as a tax manager where he was involved in corporate and personal tax compliance and planning until April 2008. Subsequently, in May 2008, he joined K.E. Chen & Associates as a tax manager before he left in March 2011 to join M.S. Wong & Co in April 2011 as a tax manager, where he was similarly involved in corporate and personal tax compliance and planning. He left M.S. Wong & Co in June 2011 to join JB Cocoa as its Tax, Costing and Purchase Manager in July 2011.

Teo Swee Guan has been a chartered accountant of the Malaysian Institute of Accountants since 2007, and a member of the Association of Chartered Certified Accountants, Chartered Institute of Management Accountants and Chartered Tax Institute of Malaysia since 2007 after he completed the Associate of Chartered Certified Accountant (ACCA) course in 2007.

**Saw Poh Chin** is our Sales and Marketing Manager. She has over ten (10) years of experience in the cocoa business. She is currently managing and marketing our products to international markets, and assisting in product development activities of our Group.

Saw Poh Chin started her career in GCCM in February 2000 as a research and development chemist until May 2002. In June 2002, she joined JB Cocoa as its quality and research and development manager until December 2004. After two (2) years, she was reassigned as the technical support manager and was involved in technical support of our operation. She was later reassigned as our technical sales manager in January 2007. In September 2010, she was re-designated as the Sales and Marketing Manager of our Group.

Saw Poh Chin 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.

**Thian Fong Chen** is our Human Resource and Administration Manager since September 2010. He has over seven (7) years of working experience in human resource. He is currently in charge of all the human resource and administration related matters in our Group.

In May 2001, Thian Fong Chen joined Kenwood Logistics Malaysia Sdn. Bhd. as its logistics planning officer, where he was in charge of international shipment planning and warehousing until May 2004. In

## DIRECTORS, MANAGEMENT AND STAFF

June 2004, he joined V.S. Industry Berhad as an executive in the human resource department, where he was involved in recruitment, training and development. He was subsequently promoted to an assistant manager of human resource and administration in October 2006 and was in charge of human resource and administration matters. He subsequently left V.S. Industry Berhad in July 2007 to join UPECA Engineering Sdn Bhd as the company's group assistant manager for human resource and administration from July 2007 to August 2008, where he was responsible for human resource and administration matters. In August 2008, he joined J.K. Wire Harness Sdn Bhd as its manager of human resource and administration where he was in charge of human resource and administration matters until August 2010, prior to joining JB Cocoa as our human resource and administration manager in September 2010.

He graduated with a Bachelor of Science (Human Resource Development) from the University of Technology, Malaysia in 2001. In 2005, he obtained a Master of Science (Human Resource Development) from the University of Technology, Malaysia.

Save as disclosed below, none of our Executive Officers has any present or past directorships over the past five (5) years:

Name	Present Directorships	Past Directorships
Saw Poh Chin	Kakao GmbH <sup>(1)</sup>	—

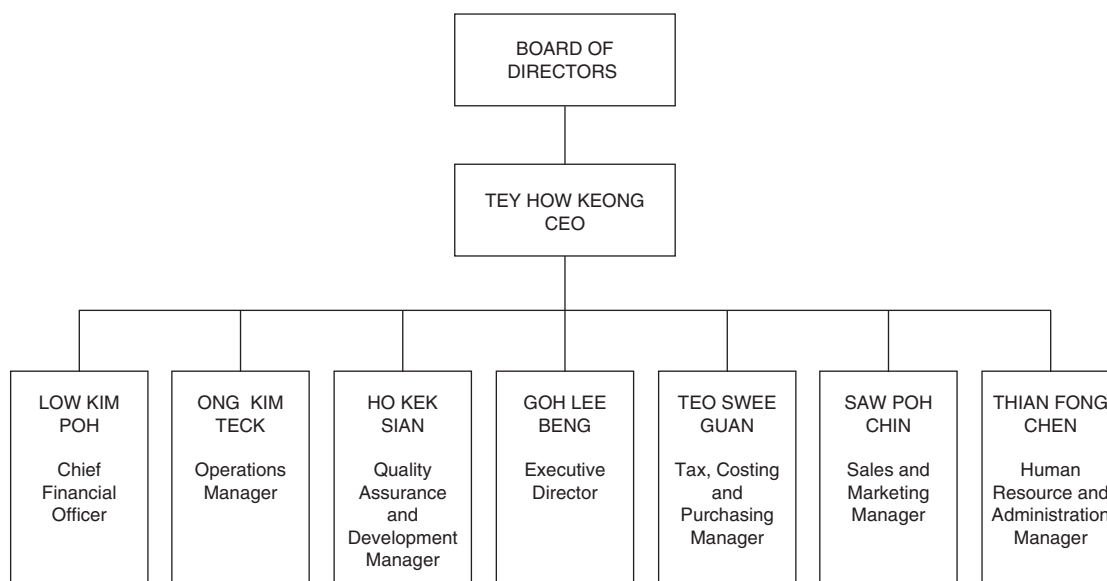
**Note:**

(1) After the admission of our Company to the Official List of the SGX-ST, Saw Poh Chin will resign as a director of Kakao GmbH.

None of our Executive Officers is related by blood or marriage to one another or any of our Substantial Shareholders, and to the best of our Director's knowledge, there are no arrangements or understandings with any of our Substantial Shareholders, customers, suppliers, or any other person, pursuant to which any of our Executive Officers was appointed.

### MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at date of this Prospectus:



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## DIRECTORS, MANAGEMENT AND STAFF

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### REMUNERATION OF OUR DIRECTORS AND EXECUTIVE OFFICERS

The remuneration paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands<sup>(1)</sup> of \$250,000 during FY2010 and FY2011 (being the two (2) most recent completed financial years) and as estimated for FY2012, excluding bonuses under any profit-sharing plan or any other profit-linked agreement(s), is as follows:

<b>Directors</b>	<b>FY2010</b>	<b>FY2011</b>	<b>Estimated for FY2012</b>
Tey Kan Sam @ Tey Hin Ken	Band A	Band A	Band A
Tey How Keong	Band B	Band B	Band B
Goh Lee Beng	Band A	Band A	Band A
Yessa Matindas Tuegeh	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A
Chua Cheow Khoo Michael	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A
Leow Wee Kia Clement	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A
<b>Executive Officers</b>			
Low Kim Poh	Band A	Band A	Band A
Ong Kim Teck	Band A	Band A	Band A
Ho Kek Sian	— <sup>(2)</sup>	Band A	Band A
Teo Swee Guan	— <sup>(2)</sup>	Band A	Band A
Saw Poh Chin	Band A	Band A	Band A
Thian Fong Chen	— <sup>(2)</sup>	Band A	Band A

**Notes:**

(1) Remuneration bands:

“Band A” refers to remuneration from S\$0 to S\$250,000 per annum.

“Band B” refers to remuneration from S\$250,001 to S\$500,000 per annum.

(2) Not appointed during the relevant period.

### REMUNERATION OF EMPLOYEES RELATED TO OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this Prospectus, save as disclosed in the section entitled “Shareholders — Ownership Structure” of this Prospectus, none of our full-time employees are related to our Directors and Substantial Shareholders.

In the event of any new employment of employees who are related to our Directors or Substantial Shareholders, the remuneration of such employees will be reviewed annually by the Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of the Remuneration Committee. In the event that a member of the Remuneration Committee is related to the employee under review, he will abstain from participating in the review.

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## DIRECTORS, MANAGEMENT AND STAFF

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### EMPLOYEES

As at 31 December 2011, we have 200 full-time employees. We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary employees.

All our employees are not unionised. We believe the relationships between the management and staff have been good and are expected to continue in the future. To our Directors' knowledge, there has not been any incidence of labour disputes or work stoppages which affected our operations.

All our employees are based in Malaysia. The functional distribution of our full-time employees for the Period Under Review are as follows:

Functional distribution	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011
Management <sup>(1)</sup>	5	6	8
Accounts and Finance	5	6	7
Human Resource and Administration	10	9	12
Tax, Costing and Purchasing	2	2	2
Operations and Quality Assurance and Development	129	131	160
Trading and Logistics	4	5	6
Sales and Marketing	2	3	5
<b>Total</b>	<b>157</b>	<b>162</b>	<b>200</b>

**Note:**

(1) Management includes our Executive Directors and Executive Officers.

The gradual increase in the number of employees during the Period Under Review was in line with our business expansion.

### Pension or retirement benefits

Other than amounts set aside or accrued in respect of mandatory employee funds, no amounts have been set aside or accrued by our Company or subsidiary to provide pension, retirement or similar benefits to our employees.

### SERVICE AGREEMENTS

Our Company entered into separate Service Agreements with our Executive Directors, Tey How Keong and Goh Lee Beng (each an "**Executive**" for the purposes of this section of this Prospectus), on 15 May 2012.

The Service Agreements shall be effective and in force for a period of three (3) years from the date of our Company's admission to the Official List of the SGX-ST ("**Initial Term**"). Assuming that there is no termination of the Service Agreements prior to the Initial Term pursuant to the provisions thereof, the Service Agreements may be renewed at the end of the Initial Term for such period and on such terms as may be agreed between our Company and the Executives.

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## DIRECTORS, MANAGEMENT AND STAFF

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The Service Agreements may be terminated by mutual agreement upon one (1) party giving to the other party at least six (6) months' notice in writing or six (6) months' salary in lieu of such notice to the other party. Pursuant to a termination by mutual agreement, the parties shall agree upon the quantum of the gratuity and performance bonus payable to the Executives in good faith consultation with each other, taking into consideration the views of the Remuneration Committee and the pro-rated contributions of the Executives.

If an Executive shall at any time be incapacitated or prevented by physical illness, physical injury caused by accident or any other circumstances beyond the Executive's control (excluding becoming of an unsound mind) (such incapacity or prevention being hereinafter referred to as the "incapacity") from discharging in full of the Executive's duties hereunder for a total of six (6) months from the date of the initial diagnosis by a doctor, our Company may, by notice in writing of six (6) months to the Executives given at any time so long as the incapacity shall continue, terminate the Executives' employment provided always that the Executive shall be paid his or her full remuneration for the notice period of six (6) months and thereafter such additional remuneration, if any, as our Board, as advised by the Remuneration Committee, shall in its absolute discretion determine. The Service Agreements will automatically determine upon the Executives' deaths.

Notwithstanding the aforesaid, our Company shall be entitled to terminate a Service Agreement with an Executive without prior notice, but without prejudice to any right of action already accrued to any party in respect of any breach of the Service Agreement, in any of the following cases:

- (a) if the Executive commits any material or persistent breach of any of the provisions of the Service Agreement;
- (b) if the Executive is guilty of any grave or wilful misconduct or gross neglect or gross negligence in the discharge of his duties hereunder;
- (c) if the Executive becomes bankrupt or make any arrangement or composition with his creditors;
- (d) if the Executive is guilty of conduct tending to bring himself or our Company into disrepute;
- (e) if the Executive becomes of unsound mind;
- (f) if the Executive is convicted of any criminal offence other than an offence which in the reasonable opinion of our Board does not affect his position as Executive Director of our Company;
- (g) if the Executive is guilty of dishonesty;
- (h) if the Executive neglects or refuses, without reasonable cause, to attend to the business of our Company or any related company to which he/she is assigned duties; and/or
- (i) if the Executive ceases to hold the office of director pursuant to our Company's articles of association or is disqualified from holding the office of, or acting as, a director of any company, pursuant to any applicable law, for whatever reason.

Under the Service Agreements, the Executives shall, for so long as they are employees of our Company and for the period of 12 months from the date he/she ceases to be an employee of our Company, be subject to non-competition obligations.

Under the terms of the respective Service Agreements, Tey How Keong and Goh Lee Beng are entitled to receive a monthly basic salary of US\$21,000 and US\$12,000 respectively and an annual wage supplement of two (2) months' salary. Our Company will also reimburse the Executives for all

## DIRECTORS, MANAGEMENT AND STAFF

reasonable travelling, accommodation, entertainment and other out-of-pocket expenses reasonably incurred by the Executive in or about the discharge of his duties under the Service Agreements, subject to limits from time to time approved by the Board.

The Executives will be paid a performance bonus based on our incremental Consolidated PBT and their respective rates of performance bonus payable will be computed according to the table below. For this purpose, Consolidated PBT is defined as our Group's audited consolidated PBT, before payment of the performance bonus and excluding any gain/loss earned from extraordinary items.

The amount of performance bonus that each Executive will receive in each financial year will be determined as follows:

Consolidated PBT amount	Performance Bonus (cumulative)	
	Tey How Keong	Goh Lee Beng
Consolidated PBT < RM20 million	Nil	Nil
RM20 million ≤ Consolidated PBT < RM30 million	2.00% of such part of Consolidated PBT of RM20 million and above but less than RM30 million	0.50% of such part of Consolidated PBT of RM20 million and above but less than RM30 million
RM30 million ≤ Consolidated PBT < RM40 million	2.25% of such part of Consolidated PBT of RM30 million and above but less than RM40 million	0.75% of such part of Consolidated PBT of RM30 million and above but less than RM40 million
RM40 million ≤ Consolidated PBT < RM50 million	2.50% of such part of Consolidated PBT of RM40 million and above but less than RM50 million	1.00% of such part of Consolidated PBT of RM40 million and above but less than RM50 million
Consolidated PBT ≥ RM50 million	2.75% of such part of Consolidated PBT of RM50 million and above	1.25% of such part of Consolidated PBT of RM50 million and above

Save as disclosed above, there are no profit-sharing plans or any other profit-linked agreements or arrangements between our Company and any of our Directors, Executive Officers or employees. Each of our Executive Directors had entered into employment agreements with subsidiaries within our Group, which will subsist after our Company is admitted to the Official List of the SGX-ST.

The payment of the salary and bonuses pursuant to the Service Agreements may be paid out by our Company or any or a number of our Company's subsidiaries in accordance with the laws of each country in which such a subsidiary is incorporated and in such proportion as our Company shall allocate and direct. Save as provided above, the Service Agreements are also in addition to and not in derogation of any other employment agreements agreed upon between the Executives and any of our Company's subsidiaries which shall remain in all force and effect in accordance with their terms thereof.

Under the Service Agreements, the total remuneration of the Executives is subject to annual review by the Board of Directors and/or the Remuneration Committee. During the continuance of the Executives' employment under the Service Agreements, the Executives' basic monthly salary shall be payable in arrears at the end of each month of employment.



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## **DIRECTORS, MANAGEMENT AND STAFF**

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Had the Service Agreements been in existence since the beginning of FY2011, the aggregate remuneration (including contributions and fixed bonus) of the Executives would have been RM3.4 million instead of RM4.2 million and our PBT for FY2011 would have been RM67.9 million instead of RM67.1 million.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiary with any of our Directors or Executive Officers. There are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or any of its subsidiary which provide for benefits upon termination of employment.

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## CORPORATE GOVERNANCE

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Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders of our Company.

We have six (6) Directors on our Board of Directors, of which two (2) are Independent Directors. Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our other Directors and/or Substantial Shareholders, save as disclosed in the sections entitled “Shareholders”, “Interested Person Transactions” and “Directors, Management and Staff” of this Prospectus. Our Independent Directors are also not related to other Directors and/or Substantial Shareholders.

In addition, our Board of Directors has formed three (3) committees: (a) the Audit Committee, (b) the Remuneration Committee and (c) the Nominating Committee.

### **Audit Committee**

Our Audit Committee comprises Chua Cheow Khoon Michael, Leow Wee Kia Clement and Yessa Matindas Tuegeh. The Chairman of our Audit Committee is Chua Cheow Khoon Michael.

Our Audit Committee will meet, at a minimum, on a quarterly basis. Our Audit Committee will assist our Board of Directors in discharging their responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain an effective system of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment, offering high standards of accountability to our Shareholders. Our Audit Committee shall meet periodically to perform the following functions:

- (a) review our financial and operating results and accounting policies;
- (b) review the audit plans of our Company’s external auditors and/or internal auditors (where applicable), the scope of work and the results of our auditors’ review and evaluation of our internal accounting control systems (including reviewing management letters and management responses);
- (c) evaluating our internal accounting control systems and ensuring coordination between the external auditors, the internal auditors and our management, and review the assistance given by our 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 our management, where necessary);
- (d) review our external auditors’ reports;
- (e) review the cooperation given by our Company’s officers to the external auditors;
- (f) review the half yearly and annual, and quarterly (if applicable) financial statements of our Company and our Group and the results announcements before the submission to our 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 and any other relevant statutory or regulatory requirements;
- (g) review and evaluate our administrative, operating and internal accounting and financial control procedures;

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## CORPORATE GOVERNANCE

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- (h) review and make recommendation to our Board on the nomination of external auditors and internal auditors for appointment or re-appointment and matters relating to the resignation or dismissal of the external auditors and internal auditors;
- (i) review interested person transactions falling within Chapter 9 of the Listing Manual, if any;
- (j) review and discuss with our 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 our Group's operating results or financial position and our management's response;
- (k) review any potential conflicts of interest;
- (l) review our key financial risk areas, with a view to providing an independent oversight on our 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 our Company to our Directors;
- (n) undertake such reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (o) generally undertake such other functions and duties which may be required by statute or the rules of the Listing Manual, and by such amendments made thereto from time to time;
- (p) reviewing the suitability of our Chief Financial Officer; and
- (q) review, on an annual basis, whether or not to exercise the PT Koko Call Option and the Kakao GmbH Call Option.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. Each member of our Audit Committee shall abstain from voting on any resolution in respect of matters in which he is or may be interested in.

Upon the admission of our Company to the Official List of the SGX-ST, we will engage an independent external audit or accounting firm to conduct a review of the internal control processes and procedures, including review of our Group's production and internal control processes and procedures in view of the family relationships within the ranks of our Group. Our Audit Committee will be presented with a copy of the findings of the review, which shall include a commentary and/or report on the adequacy of the internal controls, by the independent external auditors or accounting firm and shall be advised by these independent external auditors or accounting firm on how to improve on our Group's internal control weakness, if any. Such findings shall be reported to our Audit Committee within one (1) year of the admission of our Company to the Official List of the SGX-ST. Currently, our Board, with the concurrence of the Audit Committee, based on the internal controls established and maintained by our Group, work performed by the external auditors and reviews by our Board and our Audit Committee, is of the view that our internal control procedures are adequate to address our financial, operational and compliance risks.

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## CORPORATE GOVERNANCE

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### **Chief Financial Officer**

Low Kim Poh is our Chief Financial Officer. In connection with the Invitation, Low Kim Poh has worked closely with the Independent Auditors and Reporting Accountants in the preparation of the audited combined financial statements in this Prospectus, and has provided, verified and substantiated operational information to the Independent Auditors and Reporting Accountants and the working group based on his knowledge of our Group's operations, accounting policies and financial position. Through his close involvement in the preparation of this Prospectus, and the experience and understanding of our Group's business, Low Kim Poh is not aware of any significant weaknesses in the internal controls of our Group.

Low Kim Poh started his career in March 1994 as an audit trainee at SQ Associates. In August 2003, he joined JB Cocoa as its financial accountant where he oversaw the accounts, finance and human resource functions. In June 2004, he left JB Cocoa to establish Kplow & Co, a company providing accounting services until December 2004. In January 2005, he joined GCG (JB) Sdn Bhd as its business compliance manager where he was involved in internal audit of the accounting and operations departments for the company's businesses in South East Asia, before returning to JB Cocoa in April 2006 as its Group Accountant. Since returning to JB Cocoa in April 2006, he has been responsible for all financial and accounting related matters of our Group. He is also involved in foreign currency management and conducts feasibility studies and investment appraisal for all our Group's projects.

Based on the above, our Audit Committee noted that Low Kim Poh would have the relevant knowledge, expertise and experience suitable for the position of Chief Financial Officer of our Group. Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Low Kim Poh does not have the competence, character and integrity expected of a Chief Financial Officer of a listed issuer.

In addition, our Audit Committee shall, one (1) year after the admission of our Company to the Official List of the SGX-ST, review the suitability of Low Kim Poh as our Chief Financial Officer and the overall effectiveness of the finance functions of our Group, taking into consideration any feedback from our Group's auditors.

### **Remuneration Committee**

We have established a Remuneration Committee with the responsibility to oversee the general compensation of employees of our Group with a goal to motivate, recruit and retain our employees and Directors through competitive compensation and progressive policies. In addition, all aspects of remuneration including our Directors' and Executive Officers' fees, salaries, allowances, bonuses and benefits as well as the remuneration of persons related to our Directors and Substantial Shareholders shall be considered by our Remuneration Committee. In particular, our Remuneration Committee is responsible for implementing and administering any share option scheme and other performance bonus scheme(s) that our Group may set up in the future.

Our Remuneration Committee comprises Leow Wee Kia Clement, Chua Cheow Khoon Michael and Tey Kan Sam @ Tey Hin Ken. The Chairman of our Remuneration Committee is Leow Wee Kia Clement. Our Independent Directors on our Remuneration Committee will review and approve annually the total remuneration of our Directors, Executive Officers and other employees who are related to our Directors or Substantial Shareholders. In the event that any member of our Remuneration Committee is interested in a decision to be made by our Remuneration Committee, he will abstain from the decision-making process and shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Remuneration Committee in respect of his remuneration package.

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## CORPORATE GOVERNANCE

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### **Nominating Committee**

Our Nominating Committee comprises Leow Wee Kia Clement, Chua Cheow Khoo Michael and Tey Kan Sam @ Tey Hin Ken. The Chairman of our Nominating Committee is Leow Wee Kia Clement. Our Nominating Committee will be responsible for (a) re-nomination of our Directors having regard to our Directors' contribution and performance, (b) determining annually whether or not a Director is independent, and (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which addresses how our Board is to enhance long term Shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board. Each member of our Nominating Committee shall abstain from voting any resolutions and making recommendations and/or participating in any deliberations of our Nominating Committee in respect of the assessment of his performance or re-nomination as a Director.

For appointment of new directors to our Board, our Nominating Committee would, in consultation with our Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. Our Nominating Committee does so by first evaluating the existing strengths and capabilities of our Board, assess the likely future needs of our Board, assess whether this need can be fulfilled by the appointment of one (1) person and if not, then to consult our Board with respect to the appointment of two (2) persons. Our Nominating Committee will interview all potential candidates and make recommendations to our Board for approval.

Our Board will consider the potential candidates and Directors newly appointed by our Board are appointed by way of Board resolution, following which they are subject to election by shareholders at the next AGM immediately following their appointment and thereafter, they are subject to the one-third rotation rule.

### **BOARD PRACTICES**

Our Directors are appointed by our shareholders at a general meeting, and an election of Directors takes place annually. One-third (or the number nearest one-third) of our Directors, are required to retire from office at each AGM. Further, all our Directors are required to retire from office at least once in every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled "Summary of Selected Articles of Association of our Company" set out in Appendix C of this Prospectus.

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## TAXATION

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*The following discussion is limited to a general description of certain tax consequences in the jurisdictions described below with respect to ownership of our Shares. It does not purport to be comprehensive nor exhaustive. Prospective investors should consult their tax advisors regarding the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of the relevant jurisdiction could later disagree with the explanations or conclusions set out below.*

### SINGAPORE TAXATION

#### *Income Tax*

##### **General**

Singapore resident taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign income received or deemed received in Singapore. However, foreign income in the form of branch profits, dividends and service income (“**specified foreign income**”) received or deemed received in Singapore on or after 1 June 2003 by a resident taxpayer are exempted from tax in Singapore provided the following conditions are met:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15.0%; and
- (iii) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

As a concession, the “**subject to tax**” condition in (i) above would, with effect from 30 July 2004, be considered met for specified foreign income which are exempt from tax in the foreign jurisdiction from which the specified foreign income is received if the exemption is due to a tax incentive granted by the foreign jurisdiction for carrying out substantive business activities in that jurisdiction. Generally, substantive business activities refer to business activities that are carried out through staff with certain expertise and actual expenditure is incurred to carry out the activities. In addition, all foreign-sourced personal income received or deemed received in Singapore by a Singapore tax resident individual (except where such income is received through a partnership in Singapore) on or after 1 January 2004 will be exempt from tax in Singapore if the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the individual. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

Non-Singapore tax-resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign income received or deemed received in Singapore, subject to certain exemptions. Non-Singapore tax-resident individual taxpayers, subject to certain exemptions, are subject to Singapore income tax only on income accruing in or derived from Singapore. A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is regarded as a tax resident in Singapore in a year

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## TAXATION

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of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

### *Rates of Tax*

The corporate tax rate in Singapore is 17.0% with effect from year of assessment 2010 (i.e. financial year ended 2009). In addition, 75.0% of up to the first S\$10,000 of a company's normal chargeable income, and 50.0% of up to the next S\$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17.0%. In addition, for newly incorporated companies, subject to meeting certain conditions, the first S\$100,000 and one-half of up to the next S\$200,000 of their normal chargeable income will be eligible for tax exemption.

Singapore tax-resident individuals are subject to tax based on progressive rates, currently ranging from 0.0% to 20.0%.

Non-Singapore resident individuals are generally subject to tax at 20.0% except that Singapore employment income is tax at a flat rate of 15.0% or at resident rate, whichever yield a higher tax.

### **Dividend Distributions**

#### *One-Tier Corporate Taxation System (“One-Tier System”)*

The previous imputation system was replaced by a One-Tier System on 1 January 2003. Under the One-Tier System, the tax paid by a company is a final tax and the after-tax profits of the company can be distributed to shareholders as tax-exempt (one-tier) dividends.

#### *Withholding Tax*

There is no withholding tax on non-Singapore tax resident Shareholders. Our Company has opted to move to the one-tier corporate tax system on 12 March 2003. Therefore, our Company is on the one-tier corporate tax system and can only declare tax-exempt (one-tier) dividends to our Shareholders in Singapore. Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

### **Capital Gains Tax**

There is no tax on capital gains in Singapore.

Thus any gains derived from the disposal of our Shares acquired for long term investment will not be taxable in Singapore.

On the other hand, where the taxpayer is deemed by the IRAS to be carrying on a trade or business of dealing in shares in Singapore, gains from disposal of shares are of an income nature (rather than capital gains) and thus subject to Singapore income tax.

However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

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## TAXATION

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Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, the disposal profit would be taxable.

### **Bonus Shares**

Any bonus shares received by our Shareholders are not taxable.

### **Stamp Duty**

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof of the consideration for, or market value of our Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore. Stamp duty is also not applicable to electronic transfers of Shares through the central depository system.

### **Estate Duty**

Singapore estate duty has been abolished with effect from 15 February 2008.

### **Goods and Services Tax (“GST”)**

The issue, sale or transfer of ownership of shares is considered a supply of exempt services for Singapore GST purposes. Hence, investors would not incur any GST on the subscription price of our shares. Expenses incurred in the course of subscribing to our shares may be subject to GST if the provider of the service is GST registered, such as legal fees and brokerage charges. Where investors are GST registered, these expenses are generally not recoverable as input tax credit from the IRAS except under certain conditions.

Investors should seek advice from their tax consultants if they are making an input tax claim.

The subsequent disposal of our shares by investors belonging in Singapore is also exempt from GST. However, the GST on expenses incurred in the process of disposal is generally not claimable as input tax credit from IRAS. These expenses may be zero-rated if the services are provided to investors belonging outside Singapore.

## **MALAYSIA TAXATION**

### **Tax Residence**

Under Malaysian tax law, a company is regarded as a resident if the management and control of its affairs are exercised in Malaysia. There is a considerable body of case law which shows that management and control will vest in the place where the directors meet and make major decisions. In



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## TAXATION

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practice, the Malaysian Inland Revenue Board will generally consider the location of the board of directors' meetings and the nature of decisions made at the directors' meeting when ascertaining a company's tax residence status.

### Corporate Tax

Resident companies are generally subject to Malaysian income tax at the prevailing corporate tax rate of 25.0% for the year of assessment 2009 and thereafter (except for resident companies with a paid-up capital of RM2.5 million or less and is not related to a company (directly or indirectly) with a paid-up capital of more than RM2.5 million at the beginning of the basis period for a year of assessment, which are entitled to a preferential tax rate of 20.0% on the first RM500,000 of their taxable income). Non-resident companies are subject to a flat corporate tax rate of 25.0% on their chargeable income.

### Dividends

Prior to 2008, Malaysia adopted an imputation system of taxation for resident companies. The Finance Act 2007 introduced a shift to a single-tier system which will completely phase out the imputation system by 31 December 2013. During the transitional period, resident companies can continue to pay Limited Transitional Imputation System dividends until the dividend franking account is reduced to nil or the resident companies exercise an irrevocable option. Under the Limited Transitional Imputation System, only dividends that are paid in cash and in respect of ordinary shares are capable of being franked.

Under the imputation system, dividends (other than tax-exempt dividends) were declared gross and paid net of such corporate tax, whereby corporate income tax paid by the company would be imputed to its shareholders who would receive a tax credit equal to the tax deemed to have been deducted at source. Dividends paid by a Malaysian company would be regarded as having "suffered" income tax at the prevailing tax rates (unless paid out of its tax-exempt income account) and non-resident shareholder would have no further Malaysian tax liability in respect of this dividend income.

A tax-exempt dividend could only be distributed from a tax-exempt income account without deduction of tax in Malaysia and this was only available to Malaysian companies enjoying certain tax incentives or receiving tax-exempt dividend income or receiving foreign source income or had chargeable income for year of assessment 2000 (preceding year basis) which tax payable was waived. Malaysian law generally provided that the exemption was a two-tier exemption, i.e. the Malaysian company may distribute tax-exempt dividends to its shareholders, which may, if it is a Malaysian resident company, in turn distribute tax-exempt dividends to its shareholders. Thereafter, any dividends paid out by the last mentioned shareholder (being a company) would no longer be tax-exempt.

The single-tier system will remove the dividend franking requirements for Malaysian resident companies, i.e., Malaysian resident companies will no longer be required to deduct tax on dividends paid to shareholders. The tax payable by a Malaysian resident company will now constitute a final tax.

Dividends paid under the single-tier system will be tax-exempt in the hands of shareholders.

### Withholding Tax

No Malaysian withholding taxes are imposed on dividends paid from Malaysian corporations to non-resident shareholders.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificate(s). Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to the prevailing Singapore goods and services tax at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. None of our Directors, Executive Officers or Controlling Shareholders:
  - (a) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 two (2) years from the date he ceased to be a partner;
  - (b) has, at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction 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 two (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;
  - (c) has any unsatisfied judgments against him;
  - (d) 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;
  - (e) 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;
  - (f) has, at any time during the last ten (10) years, had judgment 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, nor has he 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;
  - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) 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;
  - (i) 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;

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## GENERAL AND STATUTORY INFORMATION

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- (j) 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;
  - (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;
  - (iii) any business trust which has been investigated for 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 the period when he was so concerned with the entity or business trust; and
- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

### SHARE CAPITAL

2. Save as disclosed below and set out in the sections entitled “Dilution”, “Share Capital” and “Restructuring Exercise” of this Prospectus, there were no changes in the issued and paid-up share capital of our Company and our subsidiary within the three (3) years preceding the Latest Practicable Date.

Date of issue	Number of shares issued	Consideration (S\$)	Purpose of issue	Resultant issued share capital (S\$)
<b>Our Company</b>				
3 January 2012	10	10	Incorporation	10
1 March 2012	126,399,933	32,663,475 <sup>(1)</sup>	Internal restructuring	32,663,485
15 May 2012	31,600,057	8,165,869 <sup>(2)</sup>	Restructuring Exercise	40,829,354

**Notes:**

- (1) The consideration was satisfied by the allotment and issue of 126,399,933 Shares credited as fully paid by our Company to JBC Group.
- (2) The consideration was satisfied by the allotment and issue of 31,600,000 Shares and 57 Shares credited as fully paid by our Company to ECOM and Tey How Keong respectively.

Our subsidiary, JB Cocoa, has not issued any shares in the issued and paid-up share capital of JB Cocoa within the three (3) years preceding the Latest Practicable Date.

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## GENERAL AND STATUTORY INFORMATION

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3. Save in the sections entitled “Share Capital” and “Restructuring Exercise” of this Prospectus and in paragraph 2 above, no Shares in, or debentures of, our Company or our subsidiary have been issued or are agreed to be issued, by our Company or our subsidiary, as fully or partly paid-up and whether for cash or for a consideration other than cash, within the three (3) years preceding the date of this Prospectus.

### LITIGATION

4. As at the Latest Practicable Date, neither our Company nor our subsidiary are engaged in any legal or arbitration proceedings as plaintiff or defendant including those which are pending or known to be contemplated which may have or have had, in the last 12 months immediately preceding the date of lodgement of this Prospectus, a material effect on the financial position or the profitability of our Company or our subsidiary.

We provide below the following regulatory proceedings which have been concluded as at the Latest Practicable Date:

On 5 October 2011, JB Cocoa was served a notice dated 29 September 2011 by the Department of Environment, Johor (“DOE”), stating that JB Cocoa has failed to install a sampling chimney and has installed chimneys without the prior written approval of DOE.

Further to the above mentioned notice, JB Cocoa has undertaken the remedial steps prescribed by the DOE. Vide letters dated 30 January 2012, DOE approved the installation of the 14 units of chimneys subject to, *inter alia*, the following:

- (a) that JB Cocoa ensures that any emission from the chimneys is in compliance with the provisions of the Environmental Quality (Clean Air) Regulations 1978; and
- (b) that JB Cocoa will obtain prior approval from the DOE prior to installing any fixtures in the future.

As at the date of this Prospectus, no penalties or fines have been imposed on JB Cocoa in relation to the notice served by DOE on 29 September 2011.

Save as disclosed above, we are not, and have not been, involved in any legal or arbitration proceedings which may have, or which have had, in the 12 months immediately preceding the date of this Prospectus, a material effect on the financial position or profitability of our Group nor are there any such proceedings, to our knowledge, currently threatened, pending or contemplated.

### MATERIAL CONTRACTS

5. The following contracts, not being contracts entered into in the ordinary course of business, to which our Company or our subsidiary is a party within the two (2) years preceding the date of lodgement of this Prospectus and are or may be material:
  - (a) the PT Koko Call Option;
  - (b) the Kakao GmbH Call Option;
  - (c) the Restructuring Agreement;

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## GENERAL AND STATUTORY INFORMATION

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- (d) the Share Swap Agreement;
- (e) the Joint Venture Agreement and the Marketing Agreement;
- (f) the Supplemental Agreement;
- (g) the deed of termination between our Company, ECOM and Tey How Keong dated 15 May 2012 pursuant to which our Company, ECOM and Tey How Keong agreed to terminate the Joint Venture Agreement; and
- (h) the deed of termination between our subsidiary, JB Cocoa and ECOM dated 15 May 2012 pursuant to which JB Cocoa and ECOM agreed to terminate the Marketing Agreement.

Please refer to the sections entitled “Potential Conflicts of Interest” for items (a) and (b) above, “Restructuring Exercise” for items (c) and (d) above and “History” for items (e), (f), (g) and (h) above, of this Prospectus.

### MISCELLANEOUS

- 6. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 January 2011 and the Latest Practicable Date.
- 7. Save as disclosed in this Prospectus, our Directors are not aware of any event which has occurred since the end of FY2011 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Prospectus.
- 8. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are as follows:

<b>Name and Address</b>	<b>Membership in Professional Body</b>	<b>Partner-in-charge/ Professional Qualification</b>
BDO LLP Public Accountants and Certified Public Accountants 21 Merchant Road #05-01 Royal Merukh S.E.A. Building Singapore 058267	Institute of Certified Public Accountants of Singapore	Leong Hon Mun Peter (a member of the Institute of Certified Public Accountants of Singapore)

We currently have no intention of changing our auditors after the admission to, and listing of, our Company on the Official List of the SGX-ST.

### CONSENTS

- 9. The Independent Auditors and Reporting Accountants, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Independent Auditors' Report set out in Appendix A of this Prospectus in the form and context in which they are included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
- 10. The Joint Issue Managers, Underwriters and Placement Agents have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their

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## GENERAL AND STATUTORY INFORMATION

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names and references thereto in the form and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.

11. The Solicitors to the Invitation, the Solicitors to the Joint Issue Managers, Underwriters and Placement Agents and the Legal Advisers to our Company on Malaysian Law have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.
12. The Independent Business and Market Research Consultants have given and have not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the “Independent Market Research Report on the Cocoa Processing Industry” dated May 2011 in the form and context in which they are included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
13. The Solicitors to the Invitation, the Solicitors to the Joint Issue Managers, Underwriters and Placement Agents, the Legal Advisers to our Company on Malaysian Law, the Share Registrar and Share Transfer Office, the Principal Bankers, and the Receiving Banker, do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and each of them makes no representation regarding any statement in this Prospectus, and to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of, the statements, information, opinions in or omissions from this Prospectus.

### RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND VENDORS

14. Our Directors and the Vendors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors and the Vendors are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

### DOCUMENTS AVAILABLE FOR INSPECTION

15. Copies of the following documents may be inspected at the registered office of our Company during normal business hours for a period of six (6) months from the date of registration of this Prospectus:
  - (a) the Memorandum and Articles of Association of our Company;
  - (b) the Audited Combined Financial Statements of JB Foods Limited and its Subsidiary for the Financial Years Ended 31 December 2009, 2010 and 2011 set out in Appendix A of this Prospectus;
  - (c) the material contracts referred to in the section entitled “General and Statutory Information — Material Contracts” of this Prospectus;

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## GENERAL AND STATUTORY INFORMATION

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- (d) the letters of consent referred to in the section entitled “General and Statutory Information — Consents” of this Prospectus;
- (e) the Service Agreements referred to in the section entitled “Directors, Management and Staff — Service Agreements” of this Prospectus;
- (f) the audited financial statements of all companies within our Group for the financial years ended 31 December 2009, 2010 and 2011; and
- (g) the Independent Market Research Report on the Cocoa Processing Industry dated May 2011 by Frost & Sullivan.



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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL  
YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**JB Foods Limited  
and its subsidiary**

Audited Combined Financial Statements  
For the financial years ended 31 December 2009, 2010 and 2011

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL  
YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**STATEMENT OF DIRECTORS**

We, Tey How Keong and Goh Lee Beng, being two of the Directors of JB Foods Limited (the “Company”), do hereby state that, in the opinion of the Directors,

- (i) the accompanying combined financial statements as set out on pages A-5 to A-65 together with notes thereto are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Company and its subsidiary (the “Group”) as at 31 December 2009, 2010 and 2011 and of the results, changes in equity and cash flows of the Group for the financial years ended on those dates, and
- (ii) 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.

On behalf of the Board of Directors

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**Tey How Keong**  
Director

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**Goh Lee Beng**  
Director

Singapore  
13 July 2012

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL  
YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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13 July 2012

The Board of Directors  
JB Foods Limited  
80 Robinson Road  
#02-00  
Singapore 068898

Dear Sirs,

***Report on the Combined Financial Statements***

We have audited the accompanying combined financial statements of JB Foods Limited (the “Company”) and its subsidiary (collectively the “Group”) as set out on pages A-5 to A-65, comprising the combined statements of financial position as at 31 December 2009, 2010 and 2011, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2009, 2010 and 2011 and a summary of significant accounting policies and other explanatory information.

*Management’s Responsibility for the Combined Financial Statements*

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

*Auditors’ Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of combined financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL  
YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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***Report on the Combined Financial Statements (Continued)***

*Opinion*

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2009, 2010 and 2011 and the results, changes in equity and cash flows of the Group for the financial years ended 31 December 2009, 2010 and 2011.

***Other Matter***

This report has been prepared solely for inclusion in the Prospectus of the Company in connection with the initial public offering of the shares of the Company on the Official List of Singapore Exchange Securities Trading Limited.

Yours faithfully

**BDO LLP**  
Public Accountants and  
Certified Public Accountants

Singapore

Leong Hon Mun Peter  
Partner-in-charge

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL  
YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**COMBINED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009, 2010 AND 2011**

	Note	2009 RM	2010 RM	2011 RM
<b>Non-current assets</b>				
Property, plant and equipment	5	60,295,295	68,288,084	81,766,062
Prepaid lease payment	6	4,129,488	3,841,992	6,251,391
		<u>64,424,783</u>	<u>72,130,076</u>	<u>88,017,453</u>
<b>Current assets</b>				
Inventories	7	107,075,521	121,584,632	138,468,900
Trade and other receivables	8	27,279,133	24,208,213	50,622,144
Prepayments		98,727	126,927	65,525
Derivative financial instruments	9	898,118	1,927,824	—
Cash and cash equivalents	10	14,511,518	25,863,045	48,629,598
		<u>149,863,017</u>	<u>173,710,641</u>	<u>237,786,167</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	11	26,004,636	50,175,421	62,044,401
Bank borrowings	12	105,536,222	98,005,086	142,179,370
Finance lease payables	13	57,013	59,428	30,590
Derivative financial instruments	9	—	—	368,006
Current income tax payable		—	1,418,000	9,758,834
		<u>131,597,871</u>	<u>149,657,935</u>	<u>214,381,201</u>
<b>Net current assets</b>		<u>18,265,146</u>	<u>24,052,706</u>	<u>23,404,966</u>
Less:				
<b>Non-current liabilities</b>				
Finance lease payables	13	90,018	30,590	—
Deferred tax liabilities	14	10,045,000	11,415,000	11,660,000
		<u>10,135,018</u>	<u>11,445,590</u>	<u>11,660,000</u>
<b>Net assets</b>		<u>72,554,911</u>	<u>84,737,192</u>	<u>99,762,419</u>
<b>Capital and reserves</b>				
Share capital	15	27,500,000	27,500,000	27,500,000
Retained earnings		45,054,911	57,237,192	72,262,419
Equity attributable to owners of the Company representing total equity		<u>72,554,911</u>	<u>84,737,192</u>	<u>99,762,419</u>

*The accompanying notes form an integral part of the combined financial statements.*

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL  
YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	Note	2009 RM	2010 RM	2011 RM
Revenue	16	386,165,959	504,207,836	690,622,591
Cost of sales		(356,442,053)	(441,899,159)	(605,103,122)
Gross profit		29,723,906	62,308,677	85,519,469
Other income	17	7,777,272	6,316,073	3,359,567
Selling and distribution expenses		(3,859,359)	(4,043,280)	(6,227,497)
Administrative expenses		(3,598,294)	(7,938,779)	(9,246,335)
Other expenses		(221,865)	(993,792)	(3,589,320)
Finance costs	18	(2,612,995)	(1,678,618)	(2,717,764)
Profit before income tax	19	27,208,665	53,970,281	67,098,120
Income tax expense	20	(2,935,000)	(5,788,000)	(16,072,893)
<b>Profit for the financial year, representing total comprehensive income for the financial year</b>		<u>24,273,665</u>	<u>48,182,281</u>	<u>51,025,227</u>
Profit and total comprehensive income attributable to owners of the Company		<u>24,273,665</u>	<u>48,182,281</u>	<u>51,025,227</u>
<b>Earnings per share (cents)</b>	21			
— Basic		<u>88.3</u>	<u>175.2</u>	<u>185.5</u>
— Diluted		<u>88.3</u>	<u>175.2</u>	<u>185.5</u>

*The accompanying notes form an integral part of the combined financial statements.*

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**COMBINED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2009		27,500,000	20,781,246	48,281,246
Profit for the financial year		—	24,273,665	24,273,665
Total comprehensive income for the financial year		—	24,273,665	24,273,665
Balance at 31 December 2009		27,500,000	45,054,911	72,554,911
Balance at 1 January 2010		27,500,000	45,054,911	72,554,911
Profit for the financial year		—	48,182,281	48,182,281
Total comprehensive income for the financial year		—	48,182,281	48,182,281
Distribution to owners:				
Dividends	22	—	(36,000,000)	(36,000,000)
Balance at 31 December 2010		27,500,000	57,237,192	84,737,192
Balance at 1 January 2011		27,500,000	57,237,192	84,737,192
Profit for the financial year		—	51,025,227	51,025,227
Total comprehensive income for the financial year		—	51,025,227	51,025,227
Distribution to owners:				
Dividends	22	—	(36,000,000)	(36,000,000)
Balance at 31 December 2011		27,500,000	72,262,419	99,762,419

*The accompanying notes form an integral part of the combined financial statements.*

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**COMBINED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	Note	2009 RM	2010 RM	2011 RM
<b>Operating activities</b>				
Profit before income tax		27,208,665	53,970,281	67,098,120
Adjustments for:				
Amortisation of prepaid lease payment		287,496	287,496	711,152
Depreciation of property, plant and equipment		4,252,986	4,471,776	5,254,188
Fair value (gain)/loss on derivative financial instruments		(1,352,668)	(1,029,706)	2,295,830
Impairment loss on trade receivables		—	137,276	15,866
Listing expenses		—	662,746	929,368
Loss on disposal of plant and equipment		41,292	—	86,387
Write-back of impairment loss on trade receivables		—	—	(67,216)
Unrealised (gain)/loss on foreign exchange		(1,756,978)	245,428	772,563
Value of inventory written down		1,541,866	—	—
Interest expense		2,612,995	1,678,618	2,717,764
Interest income		(19,978)	(45,547)	(135,381)
Operating cash flows before working capital changes		32,815,676	60,378,368	79,678,641
Changes in working capital:				
Inventories		(18,327,924)	(14,509,111)	(16,884,268)
Trade and other receivables		(13,956,868)	2,395,882	(26,039,618)
Prepayments		260	(28,200)	61,402
Trade and other payables		4,530,647	20,971,382	(7,916,134)
Cash generated from operations		5,061,791	69,208,321	28,900,023
Income tax paid		—	(3,000,000)	(7,487,059)
Net cash from operating activities		5,061,791	66,208,321	21,412,964
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment		5,200	—	4,000
Purchase of property, plant and equipment		(2,727,070)	(8,830,659)	(19,309,003)
Payment of prepaid lease payment		—	—	(3,120,551)
Interest received		19,978	45,547	135,381
Net cash used in investing activities		(2,701,892)	(8,785,112)	(22,290,173)

*The accompanying notes form an integral part of the combined financial statements.*



**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**COMBINED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

	Note	2009 RM	2010 RM	2011 RM
<b>Financing activities</b>				
Drawdown of trade bills		238,463,316	225,160,635	309,720,377
Repayment of trade bills		(222,311,720)	(227,431,940)	(271,111,763)
Drawdown of bridging loans		—	—	6,272,565
Repayment of term loans		(5,676,989)	(5,280,287)	(1,447,106)
Repayment of finance lease payables		(54,600)	(57,013)	(59,428)
Dividends paid		—	(36,000,000)	(16,000,000)
Interest paid		(2,612,995)	(1,678,618)	(2,717,764)
Listing expenses paid		—	(102,746)	(727,935)
Net cash from/(used in) financing activities		<u>7,807,012</u>	<u>(45,389,969)</u>	<u>23,928,946</u>
Net change in cash and cash equivalents		10,166,911	12,033,240	23,051,737
Cash and cash equivalents at beginning of financial year		4,203,796	14,416,374	25,747,445
Effects of exchange rate changes		<u>45,667</u>	<u>(702,169)</u>	<u>(169,584)</u>
Cash and cash equivalents at end of financial year	10	<u><u>14,416,374</u></u>	<u><u>25,747,445</u></u>	<u><u>48,629,598</u></u>

*The accompanying notes form an integral part of the combined financial statements.*

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## **APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF JB FOODS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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### **NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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

These combined financial statements were authorised for issue by the Directors on 13 July 2012 and have been prepared for inclusion in the Prospectus of JB Foods Limited (the “Company”).

#### **1. Corporate information**

##### **1.1 Domicile and activities**

The Company was incorporated in the Republic of Singapore on 3 January 2012 under the Singapore Companies Act, Chapter 50 (the “Act”) as an exempt private limited company in the name of JB Foods Pte. Limited. In connection with its conversion into public company limited by shares, the Company changed its name to JB Foods Limited.

The address of the Company’s registered office is at 80 Robinson Road #02-00 Singapore 068898. The Company’s registration number is 201200268D.

The Company is a subsidiary of JB Cocoa Group Sdn. Bhd. (“JBC Group”), a company incorporated in Malaysia, which is also its ultimate holding company.

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

The principal activities of the subsidiary company are set out in Note 1.2 to the combined financial statements.

##### **1.2 Restructuring exercise**

Prior to the Invitation, a restructuring exercise (the “Restructuring Exercise”) was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

###### **(a) Incorporation of JB Foods Pte. Limited (“JB Foods”) and internal restructuring of the Group**

On 3 January 2012, the Company was incorporated in Singapore as a private limited company under the name of “JB Foods Pte. Limited” with JBC Group as the sole shareholder of 10 ordinary shares upon incorporation.

Pursuant to the restructuring agreement dated 1 March 2012 entered into between the Company and JBC Group (“Restructuring Agreement”), the Company acquired 21,999,990 ordinary shares in the issued and paid-up share capital of JB Cocoa Sdn. Bhd. (“JB Cocoa”) owned by JBC Group (amounting to approximately 80.0% of the ordinary shares in the issued and paid-up share capital of JB Cocoa) for a purchase consideration of RM79,809,935. The purchase consideration was satisfied by the allotment and issue of 126,399,933 ordinary shares credited as fully paid by the Company to JBC Group. The purchase consideration was arrived at based on approximately 80.0% of the audited net assets value of JB Cocoa of RM99,762,419 as at 31 December 2011.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**1. Corporate information (Continued)**

**1.2 Restructuring exercise (Continued)**

**(b) Acquisition by JB Foods of the remaining interest in JB Cocoa**

Pursuant to the share swap agreement dated 15 May 2012 entered into between the Company and Ecom Agroindustrial Corp Limited (“ECOM”) and Tey How Keong (“Share Swap Agreement”), the Company acquired 5,500,000 and 10 ordinary shares in the issued and paid-up share capital of JB Cocoa owned by ECOM and Tey How Keong respectively (amounting in aggregate to approximately 20.0% of the issued and paid-up share capital of JB Cocoa), for an aggregate purchase consideration of RM19,952,484. The purchase consideration was arrived at based on approximately 20.0% of the audited net assets value of JB Cocoa of RM99,762,419 as at 31 December 2011. The purchase consideration was satisfied by the allotment and issue of 31,600,000 ordinary shares and 57 ordinary shares credited as fully paid by the Company to ECOM and Tey How Keong respectively. Tey How Keong has renounced all the shares he was entitled to receive as purchase consideration in favour of JBC Group.

**(c) Sub-division of ordinary shares in the Company**

On 29 May 2012, the Company sub-divided each ordinary share in the Company into two (2) ordinary shares. Following this sub-division, the issued and paid-up capital of the Company became S\$40,829,354 comprising 316,000,000 ordinary shares.

Upon the completion of the Restructuring Exercise, the Company owned the entire issued and paid-up share capital of JB Cocoa.

As at the date of this report, the Company has the following subsidiary:

<b>Name of company</b>	<b>Date and country of incorporation</b>	<b>Issued and paid-up share capital</b>	<b>Principal activities</b>	<b>Effective equity interest held</b>
JB Cocoa Sdn. Bhd.	17 May 2000 Malaysia	RM27,500,000	Production and sale of cocoa ingredients products	100%

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**2. Basis of preparation of combined financial statements**

The Restructuring Exercise involved companies which are under common control. The combined financial statements of the Group for the financial years ended 31 December 2009, 2010 and 2011 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsiary relationship was not established until after the end of the reporting periods.

These combined financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiary after the Restructuring Exercise.

The combined financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”). The combined financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of combined financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on managements’ best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the combined financial statements are disclosed in Note 4 to the combined financial statements.

The statutory audited financial statements of the subsidiary for the financial years ended 31 December 2009, 2010 and 2011 were audited by the following auditors who issued unqualified audit opinions in their reports:

<b>Auditors</b>	<b>Financial year</b>
Crowe Horwath Chartered Accountants, Malaysia	Financial years ended 31 December 2009 and 2010
BDO Chartered Accountants, Malaysia	Financial year ended 31 December 2011

The statutory financial statements of the Malaysia subsidiary for the relevant years have been prepared in accordance with the Malaysia Financial Reporting Standards.

No financial statements of the Company were prepared or audited as the Company incorporated on 3 January 2012.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies**

**3.1 Changes in accounting policies**

During the financial years ended 31 December 2009, 2010 and 2011, the Group adopted the new or revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the annual periods beginning on or after 1 January 2009, 2010 and 2011 respectively. Changes to the Group’s accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group’s accounting policies.

*FRS and INT FRS issued but not yet effective*

As at the date of authorisation of these combined financial statements, the Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

	<b>Effective date (Annual periods beginning on or after)</b>
FRS 1 : Amendment to FRS 1 — Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 12 : Amendments to FRS 12 — Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 19 : Employee Benefits (Revised)	1 January 2013
FRS 27 : Separate Financial Statements	1 January 2013
FRS 28 : Investments in Associates and Joint Ventures	1 January 2013
FRS 32 : Amendments to FRS 32 — Offsetting of Financial Assets and Financial Liabilities	1 January 2014
FRS 101 : Amendments to FRS 101 — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107 : Amendments to FRS 107 Disclosures — Transfers of Financial Assets	1 July 2011
FRS 107 : Amendments to FRS 107 Disclosures — Offsetting of Financial Assets and Financial Liabilities	1 January 2013
FRS 110 : Consolidated Financial Statements	1 January 2013
FRS 111 : Joint Arrangements	1 January 2013
FRS 112 : Disclosure of Interests in Other Entities	1 January 2013
FRS 113 : Fair Value Measurement	1 January 2013
INT FRS 120 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Consequential amendments were also made to various standards as a result of these new or revised standards.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies (Continued)**

**3.1 Changes in accounting policies (Continued)**

*FRS and INT FRS issued but not yet effective (Continued)*

The Group expects that the adoption of the above FRS and INT FRS, if applicable, will have no material impact on the financial statements in the period of initial application except as discussed below.

*Amendments to FRS 1 Presentation of Items of Other Comprehensive Income*

The amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, the Group does not expect any impact on its financial position or performance upon adoption of this standard from the financial year beginning 1 January 2013.

*FRS 110 Consolidated Financial Statements*

FRS 110 changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements will apply to all types of potential subsidiary. FRS 110 requires an investor to reassess the decision on whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e power, variable returns and the ability to use power to affect returns. This FRS is to be applied for annual periods beginning on or after 1 January 2013. The Group will determine the impact of this standard when it becomes effective.

*FRS 112 Disclosure of Interests in Other Entities*

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that assists users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. This FRS becomes effective from annual periods beginning on or after 1 January 2013. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies (Continued)**

**3.1 Changes in accounting policies (Continued)**

*FRS and INT FRS issued but not yet effective (Continued)*

*FRS 113 Fair Value Measurement*

FRS 113 provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosure about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 January 2013. The Group will determine the impact of this standard when it becomes effective.

**3.2 Basis of combination**

The combined financial statements comprise the financial statements of the Company and its subsidiary as at the end of each reporting period. The financial statements of the subsidiary are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

*Acquisition under common control*

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity.

**3.3 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies (Continued)**

**3.3 Property, plant and equipment (Continued)**

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, 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.

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 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.

Depreciation 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	2–10%
Plant and machinery, tools and equipment	5–20%
Office equipment, furniture and fittings	10–20%
Motor vehicles	8–20%

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 reclassification to the appropriate category of property, plant and equipment when it is completed and ready for use with depreciation commencing thereafter.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.



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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies (Continued)**

**3.3 Property, plant and equipment (Continued)**

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

**3.4 Prepaid lease payments**

Prepaid lease payments represent the lump sum payment for the sub-lease of lands. The amount is charged to profit or loss using the straight line basis over their lease period of 24 years and 165 months respectively.

**3.5 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the "weighted average" basis 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.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business, less estimated cost of completion, costs incurred in marketing and distribution and selling expenses. 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.

**3.6 Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies (Continued)**

**3.6 Impairment of non-financial assets (Continued)**

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

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. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.7 Financial assets**

The Group classifies its financial assets as loans and receivables and financial assets, at fair value through profit or loss. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “trade and other receivables” and “cash and cash equivalents” on the combined statements of financial position.

(ii) Financial assets at fair value through profit or loss

This category has two sub-categories, financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

*Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.7 Financial assets (Continued)**

*Initial and subsequent measurement*

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment, if any, and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in fair value of the “financial assets at fair value through profit or loss” are recognised in profit or loss in the financial year in which the changes in fair value arise.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

*Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting on allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.8 Derivative financial instruments**

Derivative financial instruments held by the Group are recognised as assets or liabilities on the combined statements of financial position and classified as financial assets or financial liabilities at the fair value through profit or loss.

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profile.

**3.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balance 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 combined statements of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and short-term deposits less bank overdrafts.

**3.10 Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 (Continued)**

**3. Summary of significant accounting policies (Continued)**

**3.10 Financial liabilities (Continued)**

(i) Trade and other payables (Continued)

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(ii) Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the combined statements of financial position.

*Recognition and derecognition*

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

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.11 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

**3.12 Revenue recognition**

Revenue is measured at fair value of consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised upon passage of title to the customer which coincides with the delivery and acceptance.

Interest income is recognised on a time-proportion basis using the effective interest method.

**3.13 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.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.14 Leases**

*Group as lessee of operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

*Group as lessee of finance leases*

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

**3.15 Employee benefits**

*Defined contribution plans*

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.



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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.16 Borrowing costs**

Borrowing costs comprise interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. All other borrowing costs are recognised in profit or loss in the financial year in which they are incurred.

**3.17 Income tax**

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 differences can be utilised.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.17 Income tax (Continued)**

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**3.18 Foreign currencies**

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

Management has determined the currency of the primary economic environment in which the entity of the Group operates, i.e. functional currency, to be Ringgit Malaysia. The functional currency of the Company is the Ringgit Malaysia as it reflects the primary economy in which the entity operates.

In preparing the financial statements, 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 re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

**3.19 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.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**3. Summary of significant accounting policies (Continued)**

**3.20 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance.

**4. Critical accounting judgements and key sources of estimation uncertainty**

**4.1 Critical judgements made in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments or financial assets

The Group follows the guidance of FRS 36 and FRS 39 on determining when an investment or a financial asset is impaired. This determination requires significant judgements. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of the near-term business outlook for an investment or a financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Classification of leasehold lands

The classification of leasehold lands as a finance lease or an operating lease required the use of judgements in determining the extent to which risks and rewards incidental to its ownership lie. The fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the lease does not transfer substantially all the risks and rewards to the Group and is classified as operating lease.

(iii) Determination of functional currency

In determining the functional currency, judgement is required to determine the currency that mainly influences selling prices for goods and services and of the country whose competitive forces and regulations mainly determines the selling prices of its goods and services. The functional currency is determined based on management's assessment of the economic environment in which the entities of the Group operate and process of determining selling prices.

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**4. Critical accounting judgements and key sources of estimation uncertainty (Continued)**

**4.2 Key sources of estimation uncertainty**

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of these assets to be within 5 to 50 years. The carrying amounts of property, plant and equipment as at 31 December 2009, 2010 and 2011 were RM60,295,295; RM68,288,084 and RM81,766,062 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

(ii) Allowance for inventories

Inventory is valued at the lower of cost and net realisable value. Cost is determined primarily using the “weighted average” method. 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. Such factors may require the Group to reduce the value of its inventories. The carrying amounts of inventories as at 31 December 2009, 2010 and 2011 were RM107,075,521; RM121,584,632 and RM138,468,900 respectively.

(iii) Allowance for doubtful trade and other receivables

The management establishes allowance for doubtful receivables when it believes that payment of amounts owed is unlikely to occur. In establishing the allowance, the management considers the historical experience and changes to the customers’ financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of the ability to make the required payments, additional allowance may be required. The carrying amounts of trade and other receivables as at 31 December 2009, 2010 and 2011 were RM27,279,133; RM24,208,213 and RM50,622,144 respectively.

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**4. Critical accounting judgements and key sources of estimation uncertainty (Continued)**

**4.2 Key sources of estimation uncertainty (Continued)**

(iv) Income taxes

The Group recognises expected income tax liabilities based on estimates of income tax payable. 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 provisions, in the financial year in which such determination is made. The carrying amounts of current income tax payable as at 31 December 2009, 2010 and 2011 were RMNil; RM1,418,000 and RM9,758,834 respectively. The carrying amounts of deferred tax liabilities as at 31 December 2009, 2010 and 2011 were RM10,045,000; RM11,415,000 and RM11,660,000 respectively.

**5. Property, plant and equipment**

	<b>Factory buildings RM</b>	<b>Plant and machinery, tools and equipment RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Motor vehicles RM</b>	<b>Capital work-in- progress RM</b>	<b>Total RM</b>
<b>Cost</b>						
Balance at 1 January 2009	22,829,679	60,305,688	1,793,013	1,411,687	665,043	87,005,110
Additions	239,744	448,424	329,752	280,451	1,193,000	2,491,371
Disposals	—	—	(1,500)	(80,000)	—	(81,500)
Reclassification	100,000	—	565,043	—	(665,043)	—
Balance at 31 December 2009	<u>23,169,423</u>	<u>60,754,112</u>	<u>2,686,308</u>	<u>1,612,138</u>	<u>1,193,000</u>	<u>89,414,981</u>
<b>Accumulated depreciation</b>						
Balance at 1 January 2009	4,573,495	19,021,269	925,203	381,741	—	24,901,708
Depreciation	990,518	2,841,968	297,062	123,438	—	4,252,986
Disposals	—	—	(875)	(34,133)	—	(35,008)
Balance at 31 December 2009	<u>5,564,013</u>	<u>21,863,237</u>	<u>1,221,390</u>	<u>471,046</u>	<u>—</u>	<u>29,119,686</u>
<b>Carrying amount</b>						
Balance at 31 December 2009	<u>17,605,410</u>	<u>38,890,875</u>	<u>1,464,918</u>	<u>1,141,092</u>	<u>1,193,000</u>	<u>60,295,295</u>

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**5. Property, plant and equipment (Continued)**

	Factory buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>Cost</b>						
Balance at 1 January 2010	23,169,423	60,754,112	2,686,308	1,612,138	1,193,000	89,414,981
Additions	101,341	10,674,969	172,946	—	1,515,309	12,464,565
Reclassification	—	1,193,000	—	—	(1,193,000)	—
Balance at 31 December 2010	<u>23,270,764</u>	<u>72,622,081</u>	<u>2,859,254</u>	<u>1,612,138</u>	<u>1,515,309</u>	<u>101,879,546</u>
<b>Accumulated depreciation</b>						
Balance at 1 January 2010	5,564,013	21,863,237	1,221,390	471,046	—	29,119,686
Depreciation	1,000,477	2,964,407	371,922	134,970	—	4,471,776
Balance at 31 December 2010	<u>6,564,490</u>	<u>24,827,644</u>	<u>1,593,312</u>	<u>606,016</u>	<u>—</u>	<u>33,591,462</u>
<b>Carrying amount</b>						
Balance at 31 December 2010	<u>16,706,274</u>	<u>47,794,437</u>	<u>1,265,942</u>	<u>1,006,122</u>	<u>1,515,309</u>	<u>68,288,084</u>

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**5. Property, plant and equipment (Continued)**

	Factory buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>Cost</b>						
Balance at 1 January 2011	23,270,764	72,622,081	2,859,254	1,612,138	1,515,309	101,879,546
Additions	6,000	8,243,562	182,313	256,000	10,134,678	18,822,553
Disposals	—	—	—	(273,000)	—	(273,000)
Balance at 31 December 2011	<u>23,276,764</u>	<u>80,865,643</u>	<u>3,041,567</u>	<u>1,595,138</u>	<u>11,649,987</u>	<u>120,429,099</u>
<b>Accumulated depreciation</b>						
Balance at 1 January 2011	6,564,490	24,827,644	1,593,312	606,016	—	33,591,462
Depreciation	1,004,851	3,717,257	394,364	137,716	—	5,254,188
Disposals	—	—	—	(182,613)	—	(182,613)
Balance at 31 December 2011	<u>7,569,341</u>	<u>28,544,901</u>	<u>1,987,676</u>	<u>561,119</u>	<u>—</u>	<u>38,663,037</u>
<b>Carrying amount</b>						
Balance at 31 December 2011	<u>15,707,423</u>	<u>52,320,742</u>	<u>1,053,891</u>	<u>1,034,019</u>	<u>11,649,987</u>	<u>81,766,062</u>

As at the end of the reporting period, the carrying amounts of motor vehicles which were acquired under finance lease agreements were as follows:

	2009 RM	2010 RM	2011 RM
Motor vehicles	<u>231,467</u>	<u>201,067</u>	<u>170,667</u>

Finance lease assets are pledged as securities for the related finance lease payables (Note 13).

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**5. Property, plant and equipment (Continued)**

For the purpose of the combined statements of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	<b>2009 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>
Aggregate cost of property, plant and equipment acquired	2,491,371	12,464,565	18,822,553
Unpaid balance included in other payables (Note 11)	(95,317)	(3,729,223)	(3,242,773)
Cash paid in respect of acquisitions in previous financial year	<u>331,016</u>	<u>95,317</u>	<u>3,729,223</u>
Cash paid during the financial year	<u><u>2,727,070</u></u>	<u><u>8,830,659</u></u>	<u><u>19,309,003</u></u>

During the financial years ended 31 December 2009, 2010 and 2011, included in the Group's capital work-in-progress is an amount of interest expense of RMNil, RMNil and RM25,761 respectively, which is capitalised at interest rate of 6.6% per annum.

As at the end of the reporting periods, the Group's property, plant and equipment have been charged under a debenture for banking facilities as set out in Note 12 to the financial statements.

**6. Prepaid lease payment**

	<b>2009 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>
Balance at beginning of financial year	4,416,984	4,129,488	3,841,992
Additions	—	—	3,120,551
Amortisation	<u>(287,496)</u>	<u>(287,496)</u>	<u>(711,152)</u>
Balance at end of financial year	<u><u>4,129,488</u></u>	<u><u>3,841,992</u></u>	<u><u>6,251,391</u></u>
Analysed as:			
Sub-lease of land	<u><u>4,129,488</u></u>	<u><u>3,841,992</u></u>	<u><u>6,251,391</u></u>

Payment represents the prepayment for sub-lease of lands from Port of Tanjung Pelepas, which is charged to profit or loss over their lease period of 24 years and 165 months respectively. As at 31 December 2009, 2010 and 2011, a sub-leased land with the carrying amounts of RM4,129,488; RM3,841,992 and RM3,554,496 respectively is charged against for bank borrowings granted to a subsidiary as disclosed in Note 12.



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**7. Inventories**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Raw materials	61,277,076	66,700,848	89,128,097
Work-in-progress	8,362,279	8,301,148	12,304,255
Finished goods	34,820,464	43,428,127	33,581,487
Stores and supplies	2,615,702	3,154,509	3,455,061
	<u>107,075,521</u>	<u>121,584,632</u>	<u>138,468,900</u>

The cost of inventories recognised as expenses and included in “cost of sales” line item for the financial years ended 31 December 2009, 2010 and 2011 amounted to RM336,676,870; RM418,811,370 and RM573,403,093 respectively.

The write-down of inventories recognised as expenses and included in “cost of sales” line item for the financial years ended 31 December 2009, 2010 and 2011 amounted to RM1,541,866; RMNil and RMNil respectively.

As at the end of the reporting periods, the Group’s inventories have been charged under a debenture for banking facilities as set out in Note 12 to the financial statements.

**8. Trade and other receivables**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade receivables			
— third parties	21,806,599	22,053,059	48,400,419
— related company	68,693	—	—
— related parties	4,712,014	1,823,392	2,090,503
	<u>26,587,306</u>	<u>23,876,451</u>	<u>50,490,922</u>
Allowance for impairment loss			
— third parties	—	(137,276)	(85,926)
	26,587,306	23,739,175	50,404,996
Deposits	638,344	380,963	190,571
Other receivables	53,483	88,075	26,577
	<u>27,279,133</u>	<u>24,208,213</u>	<u>50,622,144</u>

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**8. Trade and other receivables (Continued)**

Trade receivables are non-interest bearing and the normal trade term ranges from cash against documents to 90 days from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The trade amounts due from a related company and related parties are non-interest bearing, unsecured and granted on the normal trade terms.

As at the end of the reporting periods, the Group's trade and other receivables have been charged under a debenture for banking facilities as set out in Note 12 to the financial statements.

Movements in allowance for impairment loss of trade receivables were as follows:

	<b>2009 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>
Balance at beginning of financial year	—	—	137,276
Charged for the financial year	—	137,276	15,866
Write-back of allowance no longer required	—	—	(67,216)
Balance at end of financial year	<u>—</u>	<u>137,276</u>	<u>85,926</u>

During the respective financial years, the Group carried out a review on the recoverable amount of its trade receivables. The review led to an allowance made for impairment loss of trade receivables of RMNil; RM137,276 and RM15,866 were recognised in profit or loss under "other expenses" line item for the financial years ended 31 December 2009, 2010 and 2011.

The write-back of allowance for impairment loss of trade receivables no longer required of RMNil; RMNil and RM67,216 were recognised in profit or loss under "other income" line item subsequent to the recovery of the related receivables for the financial years ended 31 December 2009, 2010 and 2011.

Trade and other receivables are denominated in the following currencies:

	<b>2009 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>
Australian dollar	6,362	—	7,722
United States dollar	15,929,916	19,373,719	37,839,293
Euro	971,909	736,664	1,583,672
Pound sterling	9,180,156	2,634,881	8,995,936
Ringgit Malaysia	1,190,790	1,462,949	2,195,521
	<u>27,279,133</u>	<u>24,208,213</u>	<u>50,622,144</u>

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**9. Derivative financial instruments**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Forward foreign currency contracts</b>			
Contract/Notional amount	51,321,179	103,314,352	26,777,823
Derivative assets/(liabilities)	898,118	1,927,824	(368,006)

The Group uses forward currency 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. Such derivatives do not qualify for hedge accounting.

Forward foreign currency contracts are used to hedge the Group's sales and purchases denominated in United States dollar, Pound sterling and Euro for which firm commitments existed at the end of the respective reporting periods.

**10. Cash and cash equivalents**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	12,781,518	23,022,884	44,873,413
Short-term deposit	1,730,000	2,840,161	3,756,185
Cash and cash equivalents on combined statements of financial position	14,511,518	25,863,045	48,629,598
Bank overdrafts (Note 12)	(95,144)	(115,600)	—
Cash and cash equivalents on combined statements of cash flows	14,416,374	25,747,445	48,629,598

The effective interest rate and tenure of the short-term deposit placed with a licensed bank at the end of the reporting period is 1.4%, 2.6% and 2.8% per annum and with maturity of 4, 4 and 4 days for the financial years ended 31 December 2009, 2010 and 2011.

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**10. Cash and cash equivalents (Continued)**

Cash and cash equivalents of combined statements of financial position are denominated in the following currencies:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
United States dollar	5,926,532	20,274,579	26,002,719
Euro	3,776	1,674,281	921,837
Pound sterling	6,691,935	393,115	17,097,142
Ringgit Malaysia	1,884,290	3,515,250	4,289,169
Singapore dollar	—	—	312,462
Others	4,985	5,820	6,269
	<u>14,511,518</u>	<u>25,863,045</u>	<u>48,629,598</u>

**11. Trade and other payables**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables			
— third parties	5,296,139	23,452,842	19,362,745
— related parties	17,139,688	14,335,666	4,253,900
	<u>22,435,827</u>	<u>37,788,508</u>	<u>23,616,645</u>
Other payables			
— third parties	1,454,442	6,980,188	8,790,564
— related companies	348,341	117,962	—
— related party	14,650	35,450	—
Accrued operating expenses	1,751,376	5,253,313	9,637,192
Dividend payables	—	—	20,000,000
	<u>26,004,636</u>	<u>50,175,421</u>	<u>62,044,401</u>

Trade payables are non-interest bearing and the normal trade terms granted ranges from cash against documents to 60 days from the date of invoices.

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**11. Trade and other payables (Continued)**

The trade amounts due to related parties are unsecured, non-interest bearing and repayable based on the normal trade credit terms granted.

The non-trade amounts due to related companies and related party are unsecured, non-interest bearing and repayable on demand.

Included in other payables is an amount of RM95,317; RM3,729,223 and RM3,242,773 payable for the purchase of property, plant and equipment (Note 5).

Trade and other payables are denominated in the following currencies:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
United States dollar	13,765,735	26,968,604	21,507,637
Euro	251,535	2,296,379	927,619
Pound sterling	5,865,477	9,731,550	2,474,492
Ringgit Malaysia	6,121,889	10,901,536	36,671,346
Others	—	277,352	463,307
	<u>26,004,636</u>	<u>50,175,421</u>	<u>62,044,401</u>

**12. Bank borrowings**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current liabilities</b>			
<b>Secured</b>			
Bank overdrafts	95,144	115,600	—
Trade bills	93,403,542	71,532,222	98,549,092
Term loans			
— Portion of term loans due for repayment within one year which are subject to a repayment on demand clause	5,295,910	1,468,818	986,759
— Portion of term loans due for repayment after one year which are subject to a repayment on demand clause	3,013,876	1,560,681	595,634
	<u>8,309,786</u>	<u>3,029,499</u>	<u>1,582,393</u>
	101,808,472	74,677,321	100,131,485

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**12. Bank borrowings (Continued)**

	2009 RM	2010 RM	2011 RM
<b>Current liabilities</b>			
<b>Unsecured</b>			
Trade bills	3,727,750	23,327,765	35,775,320
Bridging loans	—	—	6,272,565
	<u>3,727,750</u>	<u>23,327,765</u>	<u>42,047,885</u>
	<u>105,536,222</u>	<u>98,005,086</u>	<u>142,179,370</u>
	2009 RM	2010 RM	2011 RM
<b>Term loans</b>			
Term loan I repayable by 84 monthly instalments of RM119,048 each commencing 30 January 2004	1,237,940	—	—
Term loan II repayable by 84 monthly instalments of RM59,524 each commencing 27 February 2004	597,549	—	—
Term loan III repayable by 84 monthly instalments of RM178,572 each commencing 31 March 2004	2,037,450	—	—
Term loan IV repayable by 84 monthly instalments of RM69,500 each commencing 31 May 2005	1,898,542	1,120,135	317,087
Term loan V repayable by 84 monthly instalments of RM59,215 each commencing 29 December 2006	2,538,305	1,909,364	1,265,306
	<u>8,309,786</u>	<u>3,029,499</u>	<u>1,582,393</u>

In December 2010, the Institute of Certified Public Accountants of Singapore issued guidance on the classification of callable term loan (“guidance”). The guidance clarified that callable term loans should be classified as current in their entirety in the statement of financial position as the entity does not have the unconditional right as at the reporting date to defer settlement for at least twelve months after the reporting date. Accordingly, the Group reclassified its bank borrowings to current liabilities. The reclassification has no effect on the net assets or the results of the Group.

For the presentation of the combined financial statements as at 31 December 2009, 2010 and 2011, the Group reclassified RM3,013,876; RM1,560,681 and RM595,634 respectively of secured bank term loans from non-current liabilities to current liabilities. In addition to the basic loan terms and specific clauses defining events, the above bank borrowings also include an overriding repayment at any time at their sole discretion irrespective of whether a default event has occurred. The bank term loans were not scheduled for repayment within twelve months after the end of each respective reporting period.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**12. Bank borrowings (Continued)**

Bank overdrafts are secured by:

- (a) joint and several guarantees by certain Directors of the Company;
- (b) corporate guarantee issued by the holding company and a corporate shareholder;
- (c) first party legal charge over a prepaid lease payment with a carrying value of RM4,129,488; RM3,841,992 and RM3,554,496 for the financial years ended 31 December 2009, 2010 and 2011 respectively as referred to in Note 6 to the combined financial statements; and
- (d) debenture over fixed and floating assets of the subsidiary, both present and future.

Trade bills are secured by:

- (a) joint and several guarantees by certain Directors of the Company;
- (b) corporate guarantee issued by the holding company and an agreed proportion of corporate guarantee by a corporate shareholder;
- (c) certain trade bills of RM93,403,542 (2010: RM71,532,222; 2011: RM98,549,092) are secured by first party legal charge over a prepaid lease payment with a carrying amount of RM4,129,488, RM3,841,992 and RM3,554,496 for the financial years ended 31 December 2009, 2010 and 2011 respectively as referred to in Note 6 to the combined financial statements; and
- (d) certain trade bills of RM93,403,542 (2010: RM71,532,222; 2011: RM98,549,092) are secured by debenture over fixed and floating assets of the subsidiary, both present and future.

In November 2010, term loan I and II were fully repaid and in December 2010, term loan III was fully repaid. Term loan I, II and III are secured by:

- (a) joint and several guarantees by certain Directors of the Company;
- (b) corporate guarantee issued by the holding company and a corporate shareholder;
- (c) first party legal charge over a prepaid lease payment with a carrying value of RM4,129,488; RM3,841,992 and RM3,554,496 for the financial years ended 31 December 2009, 2010 and 2011 respectively as referred to in Note 6 to the combined financial statements; and
- (d) debenture over fixed and floating assets of the subsidiary, both present and future.

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**12. Bank borrowings (Continued)**

The term loan IV from a financial institution is repayable over 84 months installments commencing June 2005. Term loan IV is secured by:

- (a) joint and several guarantees by certain Directors of the Company;
- (b) corporate guarantee issued by the holding company and a corporate shareholder;
- (c) first party legal charge over a prepaid lease payment with a carrying value of RM4,129,488; RM3,841,992 and RM3,554,496 for the financial years ended 31 December 2009, 2010 and 2011 respectively as referred to in Note 6 to the combined financial statements; and
- (d) debenture over fixed and floating assets of the subsidiary, both present and future.

The term loan V from a financial institution is repayable over 84 monthly installments commencing December 2006. Term loan V is secured by:

- (a) joint and several guarantees by certain Directors of the Company;
- (b) corporate guarantee issued by the holding company;
- (c) first party legal charge over a prepaid lease payment with a carrying value of RM4,129,488; RM3,841,992 and RM3,554,496 for the financial years ended 31 December 2009, 2010 and 2011 respectively as referred to in Note 6 to the combined financial statements; and
- (d) debenture over fixed and floating assets of the subsidiary, both present and future.

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Banking facilities granted	194,260,000	201,260,000	206,860,000
Banking facilities utilised	<u>105,536,222</u>	<u>98,005,086</u>	<u>142,179,370</u>

Borrowings are arranged at floating rates, thus exposing the Group to interest rate risk.



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**12. Bank borrowings (Continued)**

The effective interest rates per annum for bank borrowings during the financial years are as follows:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	%	%	%
Bank overdrafts	7.3	6.6	7.6
Trade bills	1.0–2.5	1.1–3.6	1.3–3.2
Term loans	3.2–3.9	3.2–4.5	3.9–4.3
Bridging loan	—	—	6.6

Bank borrowings are denominated in the following currencies:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	RM	RM	RM
United States dollar	67,876,155	65,948,269	65,714,316
Pound sterling	23,106,681	28,911,718	68,610,096
Ringgit Malaysia	14,553,386	3,145,099	7,854,958
	<u>105,536,222</u>	<u>98,005,086</u>	<u>142,179,370</u>

**13. Finance lease payables**

	<b>Minimum lease payments</b>	<b>Future finance charges</b>	<b>Present value of minimum lease payments</b>
	RM	RM	RM
<b>2009</b>			
<b>Current liabilities</b>			
Within one financial year	61,944	(4,931)	57,013
<b>Non-current liabilities</b>			
After one financial year but within five financial years	92,886	(2,868)	90,018
	<u>154,830</u>	<u>(7,799)</u>	<u>147,031</u>

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**13. Finance lease payables (Continued)**

	Minimum lease payments RM	Future finance charges RM	Present value of minimum lease payments RM
<b>2010</b>			
<b>Current liabilities</b>			
Within one financial year	61,944	(2,516)	59,428
<b>Non-current liabilities</b>			
After one financial year but within five financial years	30,942	(352)	30,590
	<u>92,886</u>	<u>(2,868)</u>	<u>90,018</u>
<b>2011</b>			
<b>Current liabilities</b>			
Within one financial year	<u>30,942</u>	<u>(352)</u>	<u>30,590</u>

The finance lease term is for 5 years for the financial years ended 31 December 2009, 2010 and 2011. The effective interest rates for the finance lease obligations are 4.2%; 4.2% and 4.2% per annum for the financial years ended 31 December 2009, 2010 and 2011 respectively.

Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Finance lease payables are denominated in Ringgit Malaysia.

**14. Deferred tax liabilities**

	2009 RM	2010 RM	2011 RM
Balance at beginning of financial year	7,110,000	10,045,000	11,415,000
Deferred tax relating to the origination of temporary differences	2,935,000	1,439,000	42,983
Overprovision in prior years	—	(69,000)	202,017
Balance at end of financial year	<u>10,045,000</u>	<u>11,415,000</u>	<u>11,660,000</u>

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**14. Deferred tax liabilities (Continued)**

Deferred tax liabilities/(assets) are attributable to the following:

	<b>Accelerated tax depreciation RM</b>	<b>Provisions RM</b>	<b>Total RM</b>
Balance at 1 January 2009	7,110,000	—	7,110,000
Recognised in profit or loss	2,935,000	—	2,935,000
Balance at 31 December 2009	<u>10,045,000</u>	<u>—</u>	<u>10,045,000</u>
Balance at 1 January 2010	10,045,000	—	10,045,000
Recognised in profit or loss	1,370,000	—	1,370,000
Balance at 31 December 2010	<u>11,415,000</u>	<u>—</u>	<u>11,415,000</u>
Balance at 1 January 2011	11,415,000	—	11,415,000
Recognised in profit or loss	555,000	(310,000)	245,000
Balance at 31 December 2011	<u>11,970,000</u>	<u>(310,000)</u>	<u>11,660,000</u>

**15. Share capital**

For the purpose of preparing the combined financial statements, the share capital represents the paid-up share capital of the Company and its subsidiary. As the Company was only incorporated after the end of the reporting periods, the share capital presented relates entirely to JB Cocoa.

**16. Revenue**

Revenue represents invoiced value of goods sold net of returns and discounts.

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**17. Other income**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fair value gain on derivative financial instruments	1,352,668	1,029,706	—
Interest income	19,978	45,547	135,381
Foreign exchange gain, net	6,400,196	5,240,820	3,144,970
Reversal of impairment loss on trade receivables	—	—	67,216
Others	4,430	—	12,000
	<u>7,777,272</u>	<u>6,316,073</u>	<u>3,359,567</u>

**18. Finance costs**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expenses:			
— finance leases	7,346	4,931	2,515
— term loans	396,561	206,170	97,474
— trade bills	2,209,088	1,467,517	2,551,048
— bridging loan	—	—	66,727
	<u>2,612,995</u>	<u>1,678,618</u>	<u>2,717,764</u>

**19. 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:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>Cost of sales</i>			
Depreciation of property, plant and equipment	3,924,726	4,068,656	4,828,627
Amortisation of prepaid lease payment	287,496	287,496	711,152
Value of inventory written down	1,541,866	—	—
	<u>5,754,088</u>	<u>4,356,152</u>	<u>5,540,779</u>

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**19. Profit before income tax (Continued)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>Administrative expenses</i>			
Depreciation of property, plant and equipment	328,260	403,120	425,561
Operating leases:			
— Rental of crane	5,490	4,995	4,720
— Rental of equipment	70	—	—
— Rental of forklift	22,638	13,350	14,700
— Rental of generator	—	830	—
— Rental of hostel	62,875	61,510	44,520
— Rental of warehouse	—	—	12,000
Research and development expenses	—	8,302	310
<i>Other expenses</i>			
Fair value loss on derivative financial instruments	—	—	2,295,830
Impairment loss on trade receivables	—	137,276	15,866
Listing expenses	—	662,746	929,368
Loss on disposal of plant and equipment	41,292	—	86,387

The profit before income tax also includes:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>Staff costs:</i>			
Salary and other emoluments	5,501,865	10,696,121	11,621,657
Pension costs — defined contribution plan	594,224	816,267	1,692,740
Social security costs	54,665	62,786	79,996
Other staff related expenses	257,244	290,797	428,696
	<u>6,407,998</u>	<u>11,865,971</u>	<u>13,823,089</u>

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**19. Profit before income tax (Continued)**

The staff costs are recognised in the following line items in profit or loss:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cost of sales	3,893,201	5,634,047	6,643,919
Administrative expenses	2,514,797	6,231,924	7,179,170
	<u>6,407,998</u>	<u>11,865,971</u>	<u>13,823,089</u>

Included in staff costs were Directors' remuneration as shown in Note 23 to the combined financial statements.

**20. Income tax expense**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current income tax			
— current financial year	—	4,418,000	16,000,000
— over provision in prior financial years	—	—	(172,107)
	<u>—</u>	<u>4,418,000</u>	<u>15,827,893</u>
Deferred income tax			
— current financial year	2,935,000	1,439,000	42,983
— (over)/under provision in prior financial years	—	(69,000)	202,017
	<u>2,935,000</u>	<u>1,370,000</u>	<u>245,000</u>
Total income tax expense recognised in profit or loss	<u>2,935,000</u>	<u>5,788,000</u>	<u>16,072,893</u>

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**20. Income tax expense (Continued)**

***Reconciliation of effective income tax rate***

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before income tax	27,208,665	53,970,281	67,098,120
Income tax expense at the domestic tax rates applicable to profits in countries where the Group operates	6,802,000	13,493,000	16,774,530
Tax effect of expenses not deductible for income tax purposes	31,000	247,000	572,199
Tax effect of income not subject to tax	(331,000)	—	—
Tax effect of double deduction expenses	(14,000)	(37,000)	(103,620)
Tax effect on incentive under investment tax allowances	(3,553,000)	(7,846,000)	(1,200,126)
(Over)/under provision of deferred tax expense in prior years	—	(69,000)	202,017
Over provision of current tax expense in prior financial years	—	—	(172,107)
	<u>2,935,000</u>	<u>5,788,000</u>	<u>16,072,893</u>

JB Cocoa is incorporated in Malaysia and is subjected to a corporate tax rate of 25% for the financial years ended 2009, 2010 and 2011.

Subject to the agreement of the relevant tax authorities, the Group has the following items as at year end to offset against its future taxable profits:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unabsorbed tax losses	3,548,000	—	—
Unutilised investment tax allowance	31,840,000	—	—

No deferred tax assets has been recognised in the financial statements for the above items as there is no assurance beyond any reasonable doubt that future taxable profits will be sufficient to allow deferred tax assets to be realised.

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**21. Earnings per share**

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners of the Company for the financial years ended 31 December 2009, 2010 and 2011 by the actual aggregated number of ordinary shares in issue in the relevant periods.

	<b>2009</b>	<b>2010</b>	<b>2011</b>
Profit attributable to owners of the Company (RM)	<u>24,273,665</u>	<u>48,182,281</u>	<u>51,025,227</u>
Actual aggregated number of shares during the financial year applicable to basic earnings per share	<u>27,500,000</u>	<u>27,500,000</u>	<u>27,500,000</u>

Dilutive earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

**22. Dividends**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>The subsidiary, JB Cocoa paid the following dividend:</b>			
<b>(a) In respect of financial year ended 31 December 2009</b>			
A final single tier tax exempt dividend of approximately 29.09% on 27,500,000 ordinary shares of RM1.00 each	—	8,000,000	—
<b>(b) In respect of financial year ended 31 December 2010</b>			
A first interim single tier tax exempt dividend of approximately 65.45% on 27,500,000 ordinary shares of RM1.00 each	—	18,000,000	—
A second interim single tier tax exempt dividend of approximately 36.36% on 27,500,000 ordinary shares of RM1.00 each	—	10,000,000	—
A third single tier tax exempt dividend of approximately 21.82% on 27,500,000 ordinary shares of RM1.00 each	—	—	6,000,000



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**22. Dividends (Continued)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>(c) In respect of financial year ended 31 December 2011</b>			
A first interim single tier tax exempt dividend of approximately 36.36% on 27,500,000 ordinary shares of RM1.00 each	—	—	10,000,000
A second interim single tier tax exempt dividend of approximately 72.73% on 27,500,000 ordinary shares of RM1.00 each	—	—	20,000,000
	<u>—</u>	<u>36,000,000</u>	<u>36,000,000</u>

**23. Significant related party transactions**

For the purposes of these combined financial statements, parties are considered to be related to the Group if the Group have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the combined financial statements, the following are significant related party transactions between the Group and its related parties during the financial years ended 31 December 2009, 2010 and 2011 at rates and terms agreed between the parties:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Ultimate holding company</b>			
Dividend paid	<u>—</u>	<u>28,799,987</u>	<u>12,799,994</u>
<b>Related companies</b>			
Repair and maintenance	19,330	15,150	27,369
Sale of cocoa shell and used packing materials	(126,570)	(94,559)	(571,558)
Transportation charges	436,708	475,094	417,304
Purchase of property, plant and equipment	<u>110,000</u>	<u>—</u>	<u>—</u>

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**23. Significant related party transactions (Continued)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Related parties</b>			
Sale of goods	(122,719,678)	(78,339,400)	(74,021,564)
Purchase of goods	116,005,702	122,083,225	79,290,431
Tolling fee expense	408,364	97,896	—
Warehouse rental expense	161,020	175,680	174,929
Dividend paid	—	7,200,000	3,200,000

**Compensation of key management personnel**

The remuneration of the key management personnel including the Directors of the Company and its subsidiary for the financial years ended 31 December 2009, 2010 and 2011 were as follows:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Directors</b>			
Short-term employee benefits	924,540	3,469,200	3,525,700
Pension costs — defined contribution plan	100,044	241,428	665,100
	<u>1,024,584</u>	<u>3,710,628</u>	<u>4,190,800</u>
<b>Other key management personnel</b>			
Short-term employee benefits	385,981	905,050	963,255
Pension costs — defined contribution plan	46,632	68,112	156,960
	<u>432,613</u>	<u>973,162</u>	<u>1,120,215</u>
	<u>1,457,917</u>	<u>4,683,790</u>	<u>5,311,015</u>

**24. Commitments**

**24.1 Capital commitments**

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>Authorised and contract for:</i>			
Purchase of plant and equipment	<u>7,200,000</u>	<u>3,518,000</u>	<u>25,682,995</u>

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**24. Commitments (Continued)**

**24.2 Operating lease commitments**

*When the Group as a lessee*

At the end of the reporting period, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Not later than one financial year	—	—	72,000

The disclosed commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in future. The leases typically run for an initial period of 6 months, with an option to renew the lease for another 3 months.

**25. Segment information**

Management has determined the operating segments based on the reports reviewed by the chief executive officer.

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 resource allocation and performance assessment. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of individual entity within the Group.

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.

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**25. Segment information (Continued)**

The Group operates in only one business segment which is production and sale of cocoa ingredients products.

**Analysis by geographical activities**

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
North America	208,633,029	223,688,242	216,684,918
Southeast Asia	27,824,358	70,012,986	114,123,459
Western Europe	62,588,297	59,915,249	109,261,012
Eastern Europe	27,444,868	59,569,206	65,826,584
Other Asia (excluding Southeast Asia)	29,101,319	47,379,768	82,695,772
Africa	15,904,876	22,963,953	42,296,372
Central and South America	5,422,077	13,744,755	47,476,428
Oceania	9,247,135	6,933,677	12,258,046
Total revenue	<u>386,165,959</u>	<u>504,207,836</u>	<u>690,622,591</u>

**26. Financial instruments, financial risks and capital management**

The Group's activities expose it to credit risk, market risk (including interest rate risk and foreign exchange risk) and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors 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 has been no change to the Group's exposures to these financial risks or the manner in which it manages and measures the risk.

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.1 Credit risk**

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for group or similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic profile.

The Group has no significant concentration of credit risk except for a trade receivable from third parties which accounts for approximately 10%, 10% and 10% of the total trade receivables as at 31 December 2009, 2010 and 2011 respectively.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

**Exposure to credit risk**

The exposure of credit risk for trade receivables (including related companies and related parties) by geographical region is as follows:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Asia (excluding Malaysia)	8,135,343	7,680,667	20,911,880
Europe	9,143,248	11,655,771	16,896,563
Malaysia	498,963	993,911	1,978,373
North America	4,471,255	1,562,200	3,611,991
South America	549	1,060,591	761,739
Others	4,337,948	786,035	6,244,450
	<u>26,587,306</u>	<u>23,739,175</u>	<u>50,404,996</u>

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.1 Credit risk (Continued)**

**The age analysis of trade receivables that are past due is as follows:**

	<b>Gross amount</b>	<b>Impairment</b>
	<b>RM</b>	<b>RM</b>
<b>2009</b>		
— Past due 0 to 30 days	17,985,342	—
— Past due 31 to 60 days	879,489	—
— Past due 61 to 90 days	457,268	—
— Past due over 90 days	211,674	—
	<u>21,133,773</u>	<u>—</u>
<b>2010</b>		
— Past due 0 to 30 days	1,267,405	—
— Past due 31 to 60 days	27,830	—
— Past due 61 to 90 days	—	—
— Past due over 90 days	138,352	(137,276)
	<u>1,433,587</u>	<u>(137,276)</u>
<b>2011</b>		
— Past due 0 to 30 days	13,521,997	—
— Past due 31 to 60 days	9,818	—
— Past due 61 to 90 days	—	—
— Past due over 90 days	85,926	(85,926)
	<u>13,617,741</u>	<u>(85,926)</u>

**Trade receivables that are neither past due nor impaired**

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

**Trade receivables that are past due but not impaired**

The Group believes that no impairment allowance is necessary in respect of those trade receivables not impaired. They are substantially companies with good collection track record and no recent history of default.

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk**

Market risk is the risk that changes in market prices, such as interest rates and equity prices that will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Foreign exchange risk management*

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar, Euro and Pound sterling. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the Group are as follows:

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk (Continued)**

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

	United States dollar RM	Euro RM	Pound sterling RM	Ringgit Malaysia RM	Others RM	Total RM
<b>At 31 December 2009</b>						
<b>Financial assets</b>						
Trade and other receivables	15,929,916	971,909	9,180,156	1,190,790	6,362	27,279,133
Cash and cash equivalents	5,926,532	3,776	6,691,935	1,884,290	4,985	14,511,518
	21,856,448	975,685	15,872,091	3,075,080	11,347	41,790,651
<b>Financial liabilities</b>						
Trade and other payables	13,765,735	251,535	5,865,477	6,121,889	—	26,004,636
Bank borrowings	67,876,155	—	23,106,681	14,553,386	—	105,536,222
Finance lease payables	—	—	—	147,031	—	147,031
	81,641,890	251,535	28,972,158	20,822,306	—	131,687,889
Net financial (liabilities)/assets	(59,785,442)	724,150	(13,100,067)	(17,747,226)	11,347	(89,897,238)
Less: Forward foreign currency contracts (Contracted notional principal)	30,897,010	4,024,455	10,636,347	—	5,763,367	51,321,179
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currency	—	—	—	17,747,226	—	17,747,226
Net foreign currency exposure	(28,888,432)	4,748,605	(2,463,720)	—	5,774,714	(20,828,833)



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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk (Continued)**

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

	United States dollar RM	Euro RM	Pound sterling RM	Ringgit Malaysia RM	Others RM	Total RM
<b>At 31 December 2010</b>						
<b>Financial assets</b>						
Trade and other receivables	19,373,719	736,664	2,634,881	1,462,949	—	24,208,213
Cash and cash equivalents	20,274,579	1,674,281	393,115	3,515,250	5,820	25,863,045
	39,648,298	2,410,945	3,027,996	4,978,199	5,820	50,071,258
<b>Financial liabilities</b>						
Trade and other payables	26,968,604	2,296,379	9,731,550	10,901,536	277,352	50,175,421
Bank borrowings	65,948,269	—	28,911,718	3,145,099	—	98,005,086
Finance lease payables	—	—	—	90,018	—	90,018
	92,916,873	2,296,379	38,643,268	14,136,653	277,352	148,270,525
Net financial (liabilities)/assets	(53,268,575)	114,566	(35,615,272)	(9,158,454)	(271,532)	(98,199,267)
Less: Forward foreign currency contracts (Contracted notional principal)	83,437,011	2,626,036	3,825,520	—	13,425,785	103,314,352
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currency	—	—	—	9,158,454	—	9,158,454
Net foreign currency exposure	30,168,436	2,740,602	(31,789,752)	—	13,154,253	14,273,539

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk (Continued)**

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

	United States dollar RM	Euro RM	Pound sterling RM	Ringgit Malaysia RM	Others RM	Total RM
<b>At 31 December 2011</b>						
<b>Financial assets</b>						
Trade and other receivables	37,839,293	1,583,672	8,995,936	2,195,521	7,722	50,622,144
Cash and cash equivalents	26,002,719	921,837	17,097,142	4,289,169	318,731	48,629,598
	63,842,012	2,505,509	26,093,078	6,484,690	326,453	99,251,742
<b>Financial liabilities</b>						
Trade and other payables	21,507,637	927,619	2,474,492	36,671,346	463,307	62,044,401
Bank borrowings	65,714,316	—	68,610,096	7,854,958	—	142,179,370
Finance lease payables	—	—	—	30,590	—	30,590
	87,221,953	927,619	71,084,588	44,556,894	463,307	204,254,361
Net financial (liabilities)/assets	(23,379,941)	1,577,890	(44,991,510)	(38,072,204)	(136,854)	(105,002,619)
Less: Forward foreign currency contracts (Contracted notional principal)	1,413,151	12,504,339	7,815,360	—	5,044,973	26,777,823
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currency	—	—	—	38,072,204	—	38,072,204
Net foreign currency exposure	(21,966,790)	14,082,229	(37,176,150)	—	4,908,119	(40,152,592)

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk (Continued)**

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

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 risk management policies to ensure that the net exposure is at an acceptable level.

*Foreign currency sensitivity analysis*

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 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 outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

	<b>Increase/(Decrease) Profit after income tax</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>United States dollar</i>			
Strengthens against Ringgit Malaysia	2,241,954	1,997,572	876,748
Weakens against Ringgit Malaysia	(2,241,954)	(1,997,572)	(876,748)
<i>Euro</i>			
Strengthens against Ringgit Malaysia	(27,156)	(4,296)	(59,171)
Weakens against Ringgit Malaysia	27,156	4,296	59,171
<i>Pound sterling</i>			
Strengthens against Ringgit Malaysia	491,253	1,335,573	1,687,182
Weakens against Ringgit Malaysia	(491,253)	(1,335,573)	(1,687,182)

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk (Continued)**

*(ii) Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings and finance lease payables as shown in Notes 12 and 13 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. 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 sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the reporting period, with all variables held constant.

If the interest rate increases or decreases by 1%, profit after income tax, will increase or decrease by:

	<b>Increase/(Decrease) Profit after income tax</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bank borrowings	814,608	754,745	1,035,728

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.2 Market risk (Continued)**

*(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.

**26.3 Liquidity risk**

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

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

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period).

	<b>Carrying amount RM</b>	<b>Contractual undiscounted cash flows RM</b>	<b>Within 1 year RM</b>	<b>1–5 years RM</b>
<b>2009</b>				
Finance lease payables	147,031	154,830	61,944	92,886
Term loans	8,309,786	8,671,161	8,671,161	—
Trade and other payables	26,004,636	26,004,636	26,004,636	—
Bank overdraft	95,144	95,144	95,144	—
Trade bills	97,131,292	97,610,445	97,610,445	—
	<u>131,687,889</u>	<u>132,536,216</u>	<u>132,443,330</u>	<u>92,886</u>

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**26. Financial instruments, financial risks and capital management (Continued)**

**26.3 Liquidity risk (Continued)**

	<b>Carrying amount RM</b>	<b>Contractual undiscounted cash flows RM</b>	<b>Within 1 year RM</b>	<b>1–5 years RM</b>
<b>2010</b>				
Finance lease payables	90,018	92,886	61,944	30,942
Term loans	3,029,499	3,182,955	3,182,955	—
Trade and other payables	50,175,421	50,175,421	50,175,421	—
Bank overdraft	115,600	115,600	115,600	—
Trade bills	94,859,987	95,119,177	95,119,177	—
	<u>148,270,525</u>	<u>148,686,039</u>	<u>148,655,097</u>	<u>30,942</u>
<b>2011</b>				
Finance lease payables	30,590	30,942	30,942	—
Term loans	1,582,393	1,638,375	1,638,375	—
Trade and other payables	62,044,401	62,044,401	62,044,401	—
Trade bills	134,324,412	135,028,490	135,028,490	—
Bridging loan	6,272,565	6,272,565	6,272,565	—
	<u>204,254,361</u>	<u>205,014,773</u>	<u>205,014,773</u>	<u>—</u>

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.

**26.4 Capital management policies and objectives**

The Group manages its capital to ensure that the Group is able to continue as going concern and maintains an optimal capital structure so as to maximise shareholder's value. The Group is not subject to any externally imposed capital requirements for the financial years ended 31 December 2009, 2010 and 2011.

The Group constantly reviews the capital structure to ensure the Group is able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's overall strategy remains unchanged during the financial years ended 31 December 2009, 2010 and 2011.

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.4 Capital management policies and objectives (Continued)**

The Group is in compliance with all externally imposed capital requirements for the financial years ended 2009, 2010 and 2011.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group include within net debt, trade and other payables, bank borrowings and finance lease payables less cash and cash equivalents. Capital consists of total capital plus reserves.

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade and other payables	26,004,636	50,175,421	62,044,401
Bank borrowings	105,536,222	98,005,086	142,179,370
Finance lease payables	147,031	90,018	30,590
Less: Cash and cash equivalents	(14,511,518)	(25,863,045)	(48,629,598)
Net debt	<u>117,176,371</u>	<u>122,407,480</u>	<u>155,624,763</u>
Total equity	<u>72,554,911</u>	<u>84,737,192</u>	<u>99,762,419</u>
Total capital	<u><u>189,731,282</u></u>	<u><u>207,144,672</u></u>	<u><u>255,387,182</u></u>
Gearing ratio (%)	<u>61.8</u>	<u>59.1</u>	<u>60.9</u>

**26.5 Fair values**

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 values of non-current financial liabilities were not materially different from their carrying amounts at the end of the reporting period.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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**26. Financial instruments, financial risks and capital management (Continued)**

**26.5 Fair values (Continued)**

- 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).

	Level 1 RM	Level 2 RM	Level 3 RM
<b>2009</b>			
<b>Assets measured at fair value</b>			
Financial assets at fair value through profit or loss			
— Forward currency contract	—	898,118	—
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2010</b>			
<b>Assets measured at fair value</b>			
Financial assets at fair value through profit or loss			
— Forward currency contract	—	1,927,824	—
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2011</b>			
<b>Liabilities measured at fair value</b>			
Financial liabilities at fair value through profit or loss			
— Forward currency contract	—	368,006	—
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**27. Events after the reporting period**

**27.1** At the extraordinary general meeting held on 15 May 2012, the shareholders of the Company approved, *inter alia*, the following:

- (a) the Share Swap Agreement and the allotment and issue of 31,600,057 ordinary shares in the issued and paid-up share capital of the Company pursuant to the Share Swap Agreement;
- (b) the sub-division of each ordinary share in the capital of the Company into two (2) ordinary shares;
- (c) the conversion of the Company into a public limited company and the change of name to “JB Foods Limited”;



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**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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**27. Events after the reporting period (Continued)**

- (d) the adoption of a new set of Articles of Association for the Company;
- (e) the allotment and issue of the 84,000,000 new ordinary shares which are the subject of the Invitation. The new ordinary shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with our existing issued and fully paid-up ordinary shares;
- (f) the Service Agreements; and
- (g) pursuant to Section 161 of the Companies Act, that the Company's Directors be authorised to:
  - (i) issue ordinary shares whether by way of rights, bonus or otherwise (including ordinary shares as may be issued pursuant to any Instrument (as defined below) made or granted by the Directors while the resolutions are in force notwithstanding that the authority conferred by the resolutions may have ceased to be in force at the time of issue of such ordinary shares); and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into ordinary shares.

At any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of ordinary shares issued pursuant to such authority (including ordinary shares issued pursuant to any Instrument but excluding ordinary shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company), shall not exceed 50.0% of the issued share capital of the Company immediately after the Invitation, excluding treasury shares, and provided that the aggregate number of such ordinary shares to be issued other than on a *pro-rata* basis in pursuance to such authority (including ordinary shares issued pursuant to any Instrument but excluding ordinary shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing shareholders shall not exceed 20.0% of the issued ordinary share capital of the Company immediately after the Invitation excluding treasury shares, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

- 27.2** On 29 May 2012, the Company sub-divided each ordinary share in the Company into two (2) ordinary shares. Following this sub-division, the issued and paid-up capital of the Company became S\$40,829,354 comprising 316,000,000 ordinary shares.

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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Our Company was converted from a private limited company on 3 July 2012. Our corporate affairs are governed by our Articles. The following statements are brief summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Articles but are qualified in entirety by reference to our Articles, a copy of which will be available for inspection at our registered offices during normal business hours for a period of 6 months from the date of the registration of this Prospectus with the SGX-ST. The summary below does not purport to be complete and is qualified in its entirety by reference to our Articles.

### Shares

As at the date of this Prospectus, our issued share capital is S\$65,022,678 consisting of 400,000,000 ordinary shares (“**Shares**”). We have one (1) class of shares, which have identical rights in all respects and rank equally with one another. Our Articles provide that we may issue shares in such denominations and with such preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are liable to be redeemed, the terms and manner of redemption being determined by our Directors. Our Shares do not have a par value.

As at the date of this Prospectus, 316,000,000 Shares have been issued and fully paid. All of our Shares are in registered form and recorded in our share register book. We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed 50.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the then existing Shareholders of our Company shall not exceed 20.0% or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being. The approval, if granted, will lapse at the conclusion of the AGM following the date on which the approval was granted unless otherwise revoked or varied by Shareholders in a general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares presently issued, all new Shares are under the control of our Directors who may allot and issue the same with such rights and restrictions as they may think fit.

### Shareholders

We maintain a register of Shareholders which contains the particulars of our Shareholders. Only persons who are registered on our register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. Except as required by law, no person shall be recognised by our Company as holding any share upon any trust and we shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as provided otherwise by our Articles or by law) any other rights for any Share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the respected member thereof or (where the person entered in the Register of Members as the

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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registered holder of a Share is the Depository) the person whose name is entered in the Depository Register in respect of that Share. If any Share stands jointly in the name of two or more persons, only the person who stands first in the register shall be entitled to receive notices from our Company and notice so given shall be sufficient notice to all the holders of such Shares.

We may close our register of Shareholders at such times and for such periods as the Directors may from time to time, determine, provided that, the register may not be closed for more than thirty (30) days in aggregate in any calendar year and our company gives prior notice of such closure as may be required by the SGX-ST, stating the period and purposes for which closure is made. We typically close the Register of Shareholders to determine our Shareholders' entitlement to receive dividends and other distributions.

### **Transfer of Shares**

There is no restriction on the transfer of fully paid Shares except where required by law or the Listing Manual or the rules or bye-laws of the SGX-ST. Our Directors may in their discretion decline to register any transfer of Shares on which we have a lien or in the case of Shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve. Subject to our Articles, Shares may be transferred by a duly signed instrument of transfer in a form approved by our Directors and the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is deposited at our registered office together with the certificates of our Shares and such other evidence of title as they may reasonably require to make the transfer. We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Directors may require.

### **General Meetings of Shareholders**

We are required to hold an AGM every year. Under our Articles, the AGM shall be held in each year (within a period of not more than 15 months after the holding of the last preceding AGM). In addition, for so long as our Shares of the Company are listed on the Official List of the SGX-ST, the interval between the close of the Company's financial year and the date of the Company's AGM shall not exceed four (4) months or such period as may be prescribed or permitted by the SGX-ST.

Our Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if our Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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### **Voting Rights**

A holder of our ordinary Shares is entitled to attend and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds ordinary Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting (a) on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two or more proxies, only one of the two proxies as determined by that Shareholder or, in the absence of such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and (b) on a poll, every Shareholder present in person or by proxy shall have one vote for each fully paid Share which he holds or represents and in respect of partly paid shares where calls are not due and unpaid. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by at least five (5) Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a second or casting vote.

### **Dividends**

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. See the section entitled, "Bonus and Rights Issue" below.

All dividends are paid pro-rata amongst our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share or class of shares provide otherwise.

Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of Shareholders or (as the case may be) the Depository Register. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

### **Bonus and Rights Issue**

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any sums standing to the credit of the profit and loss account and distribute the same as bonus shares credited as fully paid-up to our Shareholders in proportion to their shareholdings.

Our Board may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue, the Companies Act and the regulations of any stock exchange on which we are listed. Our Board may also issue bonus

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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Shares to participants of any share incentive or option scheme or plan implemented by the Company and approved by our Shareholders in such manner and on such terms our Board shall think fit.

### Take-overs and Substantial Shareholdings

#### Obligations under The Singapore Code on Take-overs and Mergers

There are requirements under Singapore laws on take-over offers for our Shares that apply to us. We will be subject to Sections 138, 139 and 140 of the SFA and the Singapore Code on Take-over and Mergers (the “**Take-over Code**”) issued by the Authority pursuant to Section 321 of the SFA (collectively, the “**Singapore Take-over and Merger Laws and Regulations**”) for so long as our Shares are listed for quotation on the SGX-ST. The SFA and the Take-over Code regulate the acquisition of ordinary shares of public companies or corporations, all or any of our Shares of which are listed for quotation on a securities exchange, and contains certain provisions that may delay, deter or prevent a future take-over or change in control of such a public company or corporation. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code.

A mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting shares in that company acquires additional voting shares representing more than 1.0% of the voting shares in that company in any six (6) month period. Under the Take-over Code, “Parties acting in concert” comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other unless the contrary is established, including without limitation the following:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance, other than a bank in the ordinary course of business, to any of the above for the purchase of voting rights.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i);
  - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vi) any person who has provided financial assistance, other than a bank in the ordinary course of business, to any of the above for the purchase of voting rights.

Under the Take-over Code, a mandatory offer for consideration other than cash must, subject to certain exceptions, be accompanied by a cash alternative at not less than the highest price by the offeror or parties acting in concert with the offeror during the offer period and within the six (6) months preceding the acquisition of Shares that triggered the take-over offer obligation.

Under the Take-over Code, where effective control of a public company incorporated in Singapore is acquired or consolidated by a person, or persons acting in concert, a general offer to all other Shareholders of the company is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that our Shareholders subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

### **Obligation to notify substantial shareholdings and changes thereto**

For so long as our Shares are listed on the SGX-ST, each member shall, (a) upon becoming a substantial shareholder of our Company, (b) for so long as he remains a substantial shareholder of our Company, upon a change in the percentage level of his interest or interests in our Company and (c) upon ceasing to be a substantial shareholder of our Company, give our secretary a notice in writing of

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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(i) the particulars of our Shares beneficially owned by him, or (ii) the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or (iii) the particulars of the date and circumstances of the cessation of substantial shareholding, as the case may be, within two (2) business days after (aa) becoming a substantial shareholder, (bb) the date of change in the percentage level of his interests, or (cc) the date of cessation, as the case may be. The term “substantial shareholder” shall have the same meaning ascribed to it in Sections 81(1) and 81(2) of the Companies Act, and the term “interest” or “interests” shall have the meaning ascribed to it in Section 83(3) of the Companies Act. The requirement to give notice shall not apply to CDP.

“Percentage level”, in relation to a Substantial Shareholder, means the percentage figure ascertained by expressing the total votes attached to all the voting Shares in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting Shares in our Company and, if it is not a whole number, rounding that figure down to the next whole number.

Pursuant to the Listing Manual, our Company will immediately announce on SGXNET any notices of Substantial Shareholders’ interests or Directors’ interests in our Shares received by us.

The Securities and Futures (Amendment) Act 2009 (the “**Amendment Act**”) was gazetted on 23 February 2009 and will, *inter alia*, migrate the substantial shareholder disclosure requirements to the SFA and extend the obligation to notify substantial shareholdings and changes thereto to persons having an interest in Shares in companies incorporated outside Singapore, whose Shares are listed for quotation on the SGX-ST by way of a primary listing. The amendments affecting substantial shareholder disclosure requirements have yet to take effect.

While the definition of “interest” in our voting Shares for the purposes of substantial shareholder disclosure requirements under the SFA is similar to that under the Companies Act, the SFA provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting Share is regarded as having an interest in such Share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting Shares.

### **Liquidation or Other Return of Capital**

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### **Indemnity**

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board, auditor, secretary and officers shall be entitled to be indemnified by us against all costs, charges, losses, expenses and liabilities incurred in (a) the execution and discharge of their duty in their respective offices unless such costs, charges, losses, expenses or liabilities arise as a result of any negligence, default, breach of duty or breach of trust on their part in relation to us, and (b) defending any proceedings, whether civil or criminal, relating to the affairs of our Company and in which judgment is given in their favour or in which they are acquitted or in connection with any application under the Companies Act in which relief is granted by the court.



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### Limitations on Rights to Hold or Vote Shares

Except as described in the sections entitled “Voting Rights” and “Take-overs and Substantial Shareholdings” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

### Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder’s Shares by our other Shareholders or by us;
- (e) in the case of a purchase of Shares by the company, provide for a reduction accordingly of the company’s capital; or
- (f) provide that we be wound up.

### Treasury Shares

Our Articles of Association expressly permits our Company to acquire our issued shares and to hold such shares as treasury shares in accordance with the requirements of Section 76 of the Companies Act. Our Company may make a purchase or an acquisition of our own shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (ii) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our company in general meeting. The aggregate number of ordinary Shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where ordinary Shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

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## APPENDIX B — DESCRIPTION OF OUR SHARES

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Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where shares are held as treasury shares, our Company may at any time (i) sell the shares (or any of them) for cash; (ii) transfer the shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the shares (or any of them).

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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The discussion below provides information about certain provisions of our Articles of Association. This description is only a summary and is qualified by reference to our Articles of Association, a copy of which will be displayed at our registered office at 80 Robinson Road #02-00 Singapore 068898. The following are extracts of the provisions in our Articles relating to:

(a) **A director's power to vote on a proposal, arrangement or contract in which he is interested**

*Article 90(1) — Powers of Directors to contract with Company*

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. 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.

*Article 90(2) — Relaxation of restriction on voting*

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to these Articles or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

*Article 91(2) — Exercise of voting power*

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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- (b) **A director's power to vote on remuneration (including pension or other benefits) for himself or for any other director and whether the quorum at a meeting of the board of directors to vote on directors' remuneration may include the director whose remuneration is the subject of the vote**

*Article 86(1) — Fees*

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

*Article 86(2) — Extra remuneration*

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.

*Article 86(3) — Remuneration of director*

The fees (including any remuneration under Article 86(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

*Article 87 — Expenses*

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

*Article 88 — Pensions to directors and dependants*

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

*Article 89 — Benefits for employees*

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

*Article 94 — Remuneration of Chief Executive Officer/Managing Director*

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

*Article 103(1) — Alternate Directors*

Any Director of the Company may at any time appoint any person who is not a Director or alternate Director and who is approved by a majority of his co-Directors to be his alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

**(c) The borrowing powers exercisable by the directors and how such borrowing powers may be varied**

*Article 118 — Directors' borrowing powers*

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security for any debt or obligation of the Company or of any third party.

**(d) The retirement or non-retirement of a director under an age limit requirement**

*Article 93 — Chief Executive Officer/Managing Director to be subject to retirement by rotation*

Any Director who is appointed as a Chief Executive Officer/Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company notwithstanding the provisions of his contract of

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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service in relation to his executive office and if he ceases to hold the office of Director from any cause he shall *ipso facto* and immediately cease to be a Chief Executive Officer/Managing Director.

*Article 96(1)(viii) — Vacation of office of director*

The office of a Director shall be vacated, subject to the provisions of the Act, at the conclusion of the Annual General Meeting commencing next after he attains the age of seventy (70) years.

*Article 98 — Retirement of directors by rotation*

Subject to these Articles and to the Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire from office at least once every three (3) years.

*Article 99 — Selection of directors to retire*

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

*Article 100 — Deemed re-elected*

The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (ii) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (iii) such Director has attained any retiring age applicable to him as a Director; or
- (iv) the nominating committee appointed has given notice in writing to the directors that such director is not suitable for re-appointment, having regard to the Director's contribution and performance.

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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(e) **The number of shares, if any, required for the qualification of a director**

*Article 85 — Qualifications*

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings but subject to the provisions of the Act he shall not be of or over the age of seventy (70) years at the date of his appointment.

(f) **The rights, preferences and restrictions attaching to each class of shares**

*Article 4 — Issue of new shares*

Subject to the Act and these Articles, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Article 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

*Article 5(1) — Rights attached to certain shares*

Preference shares may be issued subject to such limitations thereof as may be prescribed by the Exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these Articles. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

*Article 5(2)*

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

*Article 7(2) — Rights of preference shareholders*

The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the

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holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

*Article 16(1) — Entitlement to certificate*

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor, the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

*Article 21(1) — Directors' power to decline to register*

Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.

*Article 47 — Rights and privileges of new shares*

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.



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### *Article 71(1) — Voting rights of Members*

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

### *Article 71(3)*

Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before the time of the relevant general meeting (the “**cut-off time**”) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor’s Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor’s Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

### *Article 72 — Voting rights of joint holders*

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

### *Article 73 — Voting rights of members of unsound mind*

If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.

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### *Article 74 — Right to vote*

Subject to the provisions of these Articles, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

### (g) **Any change in capital**

#### *Article 50(1) — Power to consolidate, cancel and subdivide shares*

The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:

- (i) consolidate and divide all or any of its shares;
- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
- (iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (iv) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

#### *Article 50(2) — Repurchase of Company's shares*

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

#### *Article 51 — Power to reduce capital*

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

- (h) **Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law**

*Article 7(1) — Variation of rights*

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.

*Article 8 — Creation or issue of further shares with special rights*

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

- (i) **Any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement operates**

*Article 130(1) — Unclaimed dividends*

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

(j) **Any limitation on the right to own shares including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares**

*Article 11 — No trust recognised*

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

*Article 20 — Person under disability*

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

*Article 48(1) — Issue of new shares to Members*

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

*Article 48(2)*

Notwithstanding Article 48(1) above but subject to the Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant Instruments; and/or

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## APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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- (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;
- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Articles; and
- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

### *Article 48(3)*

Notwithstanding Article 48(1) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

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## APPENDIX D — GOVERNMENT LAWS AND REGULATIONS

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### MALAYSIA

Some of the relevant material laws and regulations applicable to our Group are as follows:

#### Foreign Exchange Controls

There are foreign exchange control policies in Malaysia that serve to monitor capital inflows and outflows into and out of the country.

The relevant legislation governing foreign exchange controls in Malaysia is the Exchange Control Act 1953 (the “**ECA**”), which is administered by the Controller of Foreign Exchange under the Central Bank of Malaysia (*Bank Negara Malaysia*) (the “**Controller**”). The Controller has, under the ECA, issued the Exchange Control Notices of Malaysia (the “**ECMs**”) which constitute the Controller’s general permissions and directions. The ECMs apply to both residents and non-residents of Malaysia, and the approval of the Controller is required in certain instances. At present, under the ECMs, non-residents are free to repatriate profits, commissions, dividends, fees, rental income, royalties or divestment proceeds related to their investments in Malaysia.

#### Operating Licences and Permits

Under the Malaysian Cocoa Board Regulations 2012, all processors, manufacturers, traders and distributors must obtain the permit to process, manufacture, buy, sell or trade cocoa beans, cocoa ingredient products and cocoa finished products. All operating licences and permits are issued by MCB.

The Cocoa Quality Certification Scheme, regulated by MCB, require that all dry cocoa beans for export market to comply to the cocoa bean standard *MS 293:2005 — ICS:67.140.30:Specification for Grading Malaysian Cocoa Beans*.

### MCB

MCB is a federal statutory research and development agency under the Ministry of Plantation Industries and Commodities (previously called Ministry of Primary Industries Malaysia). It was established under the Malaysian Cocoa Board (Incorporation) Act 1988 (Revision 2001) and has been in operation since 1989. The main objective is to develop the cocoa industry in Malaysia to be well integrated and competitive in the global market. MCB’s main functions are as follows:

- Conducting and promoting research on production, processing, storage transportation, marketing, consumption and uses of cocoa and cocoa products
- Coordinating activities and policies on research
- Quality improvement through the implementation of regulations and standards
- Regulating market activities
- Industry information compiling and dissemination
- Promoting the cocoa industry and cocoa products
- Supervisory/supporting role in cocoa related activities that cover processing, storage, regulatory and marketing

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## APPENDIX D — GOVERNMENT LAWS AND REGULATIONS

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- Issuance of permits and licenses to producers, distributors, exporters, grinders and cocoa ingredient product manufacturers and exporters in Malaysia

Under the Malaysian Cocoa Board Regulations, 2012 which came into force on 10 February 2012, MCB regulates the following licenses that facilitate an integrated cocoa industry chain from upstream to downstream activities. The licences are as follows:

- Licence for Trader of Cocoa
- Licence for Trader of Semi-Processed Products
- Licence for Cocoa Grinder

All existing licences remain valid until expiry, however, all existing licencees are required to apply for the licences applicable to them under the Malaysian Cocoa Board Regulations, 2012 which came into force on 10 February 2012 within 90 days from 10 February 2012.

### Regulations and Standards Compliance

In addition to the licensing requirements, the cocoa industry is subjected to the following acts, regulations and standards:

#### (a) Food Act 1983 and Food Regulations 1985

The Food Act 1983 was enacted to protect the public from health hazards and fraud in the preparation, sale and use of food and is regulated by the Ministry of Health Malaysia (“**MOH**”). Subsequent to the act was the passing of the Foods Regulations 1985. The cocoa processing industry which operates under the food industry is required to comply to the regulation.

#### (b) Malaysian HACCP Certification Scheme

All cocoa processing premises in Malaysia are advised to obtain the Malaysian HACCP Certificate issued by the MOH which is in accordance with MS1480 “Food Safety According to HACCP System” which is based on a widely accepted international standard.

#### (c) Halal Certification

All cocoa ingredient products and finished products manufactured in Malaysia are advised to obtain the Halal certification from Islamic Development Department of Malaysia for compliancy to the food contents, handling, preparations and packaging in accordance to the Islamic syariah law.

### Workplace Safety and Health Measures

Under the Occupational Safety and Health Act 1994 (“**OSHA**”) of Malaysia, all employers with 40 or more employees at the place of work (or as the Director General of Occupational Safety and Health directs) must establish a safety and health committee; consult the committee regarding arrangements to enable him and his employees to cooperate effectively to promote and develop safety and health measures for employees at the place of work; and check the effectiveness of such measures. More specific duties of the employers are laid out in the Occupational Safety and Health (Safety and Health Officer) Regulation 1997. For example, the employer must invite persons at the place of work to



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## APPENDIX D — GOVERNMENT LAWS AND REGULATIONS

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nominate their representatives to the safety and health committee and the employee representatives in the committee must represent the various sections at the place of work.

A company is also required under the OSHA to appoint a safety and health officer who is required to possess such qualifications or have received such training as prescribed under the Occupational Safety and Health (Safety and Health Officer) Regulations 1997. The safety and health officer is required to submit a monthly report pertaining to the safety and health activities carried out by the company to the Department of Occupational Safety and Health.

The OSHA also requires a company to notify the nearest Occupational Safety and Health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

A company is also required to prepare a chemical health risk assessment report and keep a register of chemicals hazardous to health in accordance to the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000.

Failure to comply with the requirements of OSHA and its regulations is an offence which may result in liability in fines, terms of imprisonment or both.

Requirements under the Factories and Machinery Act 1967 (“**FMA**”) and its regulations of Malaysia. Pursuant to the FMA, no person shall operate any machinery in which a certificate of fitness is required unless a valid certificate of fitness is in force or install any machinery or machinery in which a certificate of fitness is prescribed without the written approval of the Chief Inspector of Factories and Machinery.

The FMA also requires any person who intends to use a premise as a factory to submit a prescribed form to the Chief Inspector of Factories and Machinery one (1) month before commencing use of the premises as a factory. Every factory is also required to keep a factory general register in accordance to Section 38 of the FMA.

Failure to comply with the requirements under the FMA and its regulations is an offence which may result in liability in fines, terms of imprisonment or both.

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You are invited to apply and subscribe for and/or purchase the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions:

- 1 **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**
- 2 Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs of the Participating Banks ("**ATM Electronic Applications**") or through Internet Banking ("**IB**") websites of the relevant Participating Banks ("**Internet Electronic Applications**", which together with ATM Electronic Applications, shall be referred to as "**Electronic Applications**").

Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms or other such forms of application as the Joint Issue Managers deem appropriate.

### **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE SHARES.**

- 3 You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares. If you submit an application for Offer Shares by way of a **WHITE** Offer Shares Application Form, you **MAY NOT** submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at our discretion, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary.

If you submit an application for Offer Shares by way of an ATM Electronic Application, you **MAY NOT** submit another application for Offer Shares by way of an Internet Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at our discretion.

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at our discretion.

If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at our discretion.

If you have made an application for Placement Shares, you should not make any application for Offer Shares either by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at our discretion.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of a **WHITE** Offer Shares Application Form, you may not make any application for Placement Shares. Such separate applications shall be deemed to be multiple applications and may be rejected at our discretion.

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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Joint applications shall be rejected. Multiple applications for Invitation Shares shall be liable to be rejected at our discretion. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of application by approved nominee companies where such application is made on behalf of a different beneficiary, may be rejected at our discretion.

- 4 We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account maintained with CDP in the name of the deceased person at the time of the application.
- 5 We will not recognise the existence of a trust. An application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.
- 6 **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
- 7 **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, National Registration Identity Card (“**NRIC**”)/passport number/company registration number, CDP Securities Account number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
- 8 **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from CDP will be sent to your address last registered with CDP.**

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- 9 **Our Company and the Vendors, in consultation with the Joint Issue Managers, Underwriters and Placement Agents, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn or improper form of remittance.**

**Our Company and the Vendors further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

- 10 Our Company and the Vendors reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company and the Vendors will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment and/or allocation which shall be at our discretion, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of Applicants with a view to establishing an adequate market for our Shares.
- 11 Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company or the Vendors. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
- 12 In the event that a supplementary or replacement prospectus is lodged with the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement prospectus.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for and/or purchase the Invitation Shares, as the case may be, and:

- (a) where the Invitation Shares have not been issued and/or allocated to the applicants, our Company (for itself and on behalf of the Vendors) shall either:
- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- within a reasonable period the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
- (ii) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, give the applicants a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at their own risk, and the applicants shall not have any claim whatsoever against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents; or
- (b) where the Invitation Shares have been issued and/or allocated to the applicants, our Company (for itself and on behalf of the Vendors) shall either:
- (i) (aa) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company (accepting on behalf of the Vendors as well) those Invitation Shares which they do not wish to retain title in; and
  - (bb) take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company (accepting on behalf of the Vendors as well) the Invitation Shares, which they do not wish to retain title in; or
  - (iii) treat the issue and/or sales of the Invitation Shares as void, in which case the issue or sales shall be deemed void and our Company and the Vendors shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom at the applicant's own risk and the applicant shall not have any claims whatsoever against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

An applicant who wishes to exercise his option under paragraph 12 (a)(i) and (ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall (and shall on behalf of the Vendors), within seven (7) days from the receipt of such notification, pay to him all

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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monies paid by him on account of his application for those Shares without interest or a share of revenue or other benefit arising therefrom and he will not have any claim against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

An applicant who wishes to exercise his option under paragraph 12 (b)(i) and (ii) above to return the Invitation Shares issued and/or sold to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares, to our Company, whereupon our Company shall (and shall on behalf of the Vendors), subject to compliance with the Companies Act, within seven (7) days from the receipt of such notification and documents, if any, repurchase our Shares and pay to him all monies paid by him for those Shares at the applicant's own risk and he will not have any claim against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents, and the issue and/or sale of the Invitation Shares shall be deemed to be void and the applicant will not have any claim whatsoever against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents.

- 13 In the event of an under-subscription for or under-purchase of Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed or under-purchased shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for or over-purchase of Placement Shares as at the close of the Application List.

In the event of an under-subscription for or under-purchase of Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed or under-purchased shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for or over-purchase of Offer Shares as at the close of the Application List.

In the event of an over-subscription for or over-purchase of Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or purchased or over-subscribed or over-purchased as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Company and the Vendors, in consultation with the Joint Issue Managers, Underwriters and Placement Agents and approved by the SGX-ST, if required.

In all of the above instances, the basis of allotment of the Invitation Shares as may be decided upon by our Company in ensuring a reasonable spread of Shareholders of our Company, shall be made public as soon as is practicable, via an announcement through the SGX-ST and through a paid advertisement in a local newspaper.

- 14 You consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount from your account with the relevant Participating Bank to the Share Registrar and Share Transfer Agent, SCCS, SGX-ST, CDP, our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted and/or allocated to you pursuant to your application, to us, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents and any other parties so authorised by the foregoing persons. None of our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents, Participating Bank or CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or transmission or delivery of data relating to Electronic Applications.

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- 15 Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application, and a person applying for the Placement Shares through the Placement Agents.
- 16 By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen (as the case may be) in accordance with the provisions of this Prospectus, you:
- (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price and agree that you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case subject to the conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;
  - (b) agree that, in the event of any inconsistency between the terms and conditions set for application set out in this Prospectus and those set out in the ATMs or IB websites of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;
  - (c) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to the Company and the Vendors upon application; and
  - (d) warrant the truth and accuracy of the information contained and representations and declarations made in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Vendors in determining whether to accept your application and/or whether to allot and/or allocate any Invitation Shares to you; and
  - (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents, will infringe any such laws as a result of the acceptance of your application.
- 17 Our acceptance of applications will be conditional upon, amongst others, our Company and the Vendors being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the New Shares on the Official List of SGX-ST;
  - (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section entitled “Management, Underwriting and Placement Arrangements” of this Prospectus have become unconditional and have not been terminated or cancelled prior to such date as we may determine; and
  - (c) the Authority has not served a Stop Order which directs that no or no further shares to which this Prospectus relates be allotted and/or allocated.



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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- 18 In the event that a Stop Order in respect of the Invitation Shares is served by the Authority or other competent authority, and
- (a) the Invitation Shares have not been issued and/or allocated, we will (as required by and subject to applicable laws) deem all applications withdrawn and cancelled and our Company shall (for ourselves and on behalf of the Vendors) refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
  - (b) If the Invitation Shares have already been issued and/or allocated but trading has not commenced, the issue and/or allocation will (as required by law) be deemed void; and
    - (i) if documents purporting to evidence title had been issued to you, our Company shall (for ourselves and on behalf of the Vendors) inform you to return such documents to our Company within 14 days from that date; and
    - (ii) we will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the date of receipt of those documents (if applicable) or the date of the Stop Order, whichever is later.

This shall not apply where only an interim Stop Order has been served.

- 19 In the event that an interim Stop Order in respect of the Invitation Shares is served by the Authority or other competent authority, no Invitation Shares shall be issued to you until the Authority revokes the interim Stop Order.
- 20 The Authority is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued and/or allocated and listed on the SGX-ST and trading in them has commenced.
- 21 In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local English newspaper.
- 22 We will not hold any application in reserve.
- 23 We will not allot and/or allocate Shares on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.
- 24 Additional terms and conditions for applications by way of Application Forms are set out in the section entitled “Additional Terms and Conditions for Applications using Application Forms” on pages E-8 to E-11 of this Appendix E.
- 25 Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled “Additional Terms and Conditions for Electronic Applications on pages E-12 to E-21” of this Appendix E.

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the section entitled “TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE” of this Appendix E, as well as the Memorandum and Articles of Association of our Company.

- 1 Your application must be made using the **WHITE** Application Forms and **WHITE** official envelopes “A” and “B” for Offer Shares, and the **BLUE** Application Forms or other such forms of application as the Joint Issue Managers deem appropriate for Placement Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **Our Company and the Vendors, in consultation with the Joint Issue Managers, Underwriters and Placement Agents, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn or improper form of remittances.**
- 2 Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- 3 All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
- 4 Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Agent. Our Company and the Vendors reserve the right to require you to produce documentary proof of identification for verification purposes.
- 5
  - (a) You must complete Sections A and B and sign page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Forms with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
- 6 You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. (50.0%) of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of our Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. (50%) of the issued share capital of or interests in such corporation.

- 7 Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**JB FOODS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name, CDP Securities Account number and address written clearly on the reverse side. **APPLICATIONS NOT ACCOMPANIED BY ANY PAYMENT OR ACCOMPANIED BY ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. WE WILL REJECT REMITTANCES BEARING "NOT TRANSFERABLE" OR "NON TRANSFERABLE" CROSSINGS.** No acknowledgement or receipt will be issued by our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents for applications and application monies received.
- 8 Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 days from the date of the Stop Order.
- 9 Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
- 10 By completing and delivering the Application Form, you agree that:
  - (a) in consideration of our Company and the Vendors having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 19 July 2012** or such other time or date as our Company and the Vendors may, in consultation with the Joint Issue Managers, Underwriters and Placement Agents, decide and by completing and delivering the Application Form:
    - (i) your application is irrevocable; and

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- (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company and the Vendors;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents or any other person involved in the Invitation shall have any liability for any information not so contained;
- (f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents or other authorised operators; and
- (g) you irrevocably agree and undertake to subscribe for and/or purchase the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company and the Vendors decide to allot and/or allocate a smaller number of Invitation Shares or not to allot and/or allocate any Invitation Shares to you, you agree to accept such decision as final; and
- (h) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares that may be allotted to you.

### Applications for Offer Shares

- 1 Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- 2 You must:
  - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope “A” provided;
  - (b) in the appropriate spaces on **WHITE** envelope “A”:

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- (i) write your name and address;
  - (ii) state the number of Offer Shares applied for;
  - (iii) tick the relevant box to indicate the form of payment; and
  - (iv) affix adequate Singapore postage;
- (c) seal **WHITE ENVELOPE “A”**;
- (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to JB Foods Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, the number of Offer Shares you have applied for; and
- (e) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B” and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, to arrive by 12.00 noon on 19 July 2012 or such other time as our Company and the Vendors may, in consultation with the Joint Issue Managers, Underwriters and Placement Agents, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
- 3 Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

### Applications for Placement Shares

- 1 Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms or other such forms of application as the Joint Issue Managers deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- 2 The completed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Prospectus) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope, if **DESPATCHED BY ORDINARY POST, MUST BE AFFIXED WITH ADEQUATE SINGAPORE POSTAGE, OR DELIVERED BY HAND AT YOUR OWN RISK TO JB Foods Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, to arrive by 12.00 noon on 19 July 2012 or such other time as our Company and the Vendors may, in consultation with the Joint Issue Managers, Underwriters and Placement Agents, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
- 3 Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn up or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group, and DBS are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB Group are set out respectively in the “Steps for an ATM Electronic Application through ATMs of UOB Group” and the “Steps for an Internet Electronic Application through the IB website of UOB Group” (collectively, the “**Steps**”) appearing on pages E-20 and E-21 of this Prospectus. The Steps set out the actions that you must take at an ATM or the IB website of UOB to complete an Electronic Application.

Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

Applicants applying for the Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification (“**User ID**”) and a Personal Identification Number/Password (“**PIN**”) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of UOB Group, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

**You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected.**

**If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.**

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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out under the section entitled “TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE” of this Appendix E as well as the Memorandum and Articles of Association of our Company.

- 1 In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
  - (a) **that you have received a copy of this Prospectus (in the case of an ATM Electronic Application only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**
  - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the “Relevant Particulars”) with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents or other authorised operators (the “Relevant Parties”); and**
  - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

- 2 **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

**YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER OR PLACEMENT SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.**

- 3 You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

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## APPENDIX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

- 4 You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted and/or allocated to you in respect of your Electronic Application. In the event that our Company and the Vendors decide to allot and/or allocate any lesser number of such Offer Shares or not to allot and/or allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted and/or allocated to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.
- 5 **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated Share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated Share issue account.

**Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted and/or allocated to you before trading the Offer Shares on SGX-ST. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment and/or allocation via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Vendors nor the Joint Issue Managers, Underwriters and Placement Agents assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.**



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**6 If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.**

If you make Electronic Applications through the following Participating Banks, you may check the results of your Electronic Applications as follows:

Bank	Telephone	Available at	Operating hours	Service expected from
UOB Group	1 800 222 2121	ATM (Other Transactions — "IPO Results Enquiry")/ Phone Banking <sup>(1)</sup>  <a href="http://www.uobgroup.com">http://www.uobgroup.com</a> <sup>(1)</sup>	24 hours a day	Evening of the balloting day
DBS Bank	1 800 339 6666 (for POSB Account holders)  1 800 111 1111 (for DBS Account holders)	Internet banking <a href="http://www.dbs.com">http://www.dbs.com</a> <sup>(2)</sup>	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM/Phone Banking/ Internet Banking  <a href="http://www.ocbc.com">http://www.ocbc.com</a> <sup>(3)</sup>	24 hours a day	Evening of the balloting day

**Notes:**

- (1) If you have made your Electronic Applications through the ATMs or IB website of UOB, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking Services.
- (2) If you have made your Internet Electronic Application through the IB website of DBS Bank, you may also check the results of your application through the same channels listed in the table above in relation to ATM Electronic Application made at ATMs of DBS Bank.
- (3) If you have made your Electronic Application through the ATMs or IB website of OCBC, you may check the results of your application through the same channels listed in the table above.

**7 You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents and if, in any such event, our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.**

**8 Electronic Applications shall close at 12.00 noon on 19 July 2012 or such other time as our Company and the Vendors may, in consultation with Joint Issue Managers, Underwriters and Placement Agents, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.**

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- 9 You are deemed to have irrevocably requested and authorised our Company and the Vendors to:
- (a) register the Offer Shares allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;
  - (b) send the relevant Share certificate(s) to CDP;
  - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and
  - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
- 10 We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company and the Vendors will reject any application by any person acting as nominee except those made by approved nominee companies only.
- 11 All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
- 12 **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and/or allocation will be sent to your address last registered with CDP.
- 13 By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company and the Vendors making available the Electronic Application facility, through the Participating Banks as the agents of our Company and the Vendors, at the ATMs and IB websites of the relevant Participating Banks (if any):
    - (i) your Electronic Application is irrevocable; and
    - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (b) neither our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery

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or communication facilities or any risks referred to in paragraph seven (7) above or to any cause beyond their respective controls;

- (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and the Vendors and not otherwise, notwithstanding any payment received by or on behalf of our Company and the Vendors;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and
- (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Vendors, the Joint Issue Managers, Underwriters and Placement Agents or any other person involved in the Invitation shall have any liability for any information not so contained.

### **Steps for Electronic Applications through ATMs and the IB website of UOB Group**

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB Group) may differ from that represented below.

Owing to space constraints on UOB Group's ATM screens, the following terms will appear in abbreviated form:

"&"	:	AND
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND BOARD
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS

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“SCCS”	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
“TRANS”	:	TRANSACTIONS
“YR”	:	YOUR

### Steps for an ATM Electronic Application through ATMs of UOB Group

- Step 1: Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
- 2: Select “CASHCARD/OTHER TRANS”.
- 3: Select “SECURITIES APPLICATION”.
- 4: Select the share counter which you wish to apply for.
- 5: Read and understand the following statements which will appear on the screen:
- THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENTS.  
  
(Customer to press “ENTER” to continue)
  - PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT. WHERE APPLICABLE, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT.  
  
(Customer to press “ENTER” key to confirm that you have read and understood the above statements)
- 6: Read and understand the following terms which will appear on the screen:
- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ SUPPLEMENTARY DOCUMENT AND THIS ELECTRONIC APPLICATION.
  - YOU CONSENT TO DISCLOSE YOUR NAME, IC/PASSPORT, NATIONALITY, ADDRESS, APPLICATION AMOUNT, CPF INVESTMENT ACCOUNT NUMBER & CDP ACCOUNT NUMBER FROM YOUR ACCOUNTS TO CDP, CPF, SCCS, SHARE REGISTRARS, SGX-ST AND ISSUER/VENDOR(S).

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- THIS IS YOUR ONLY FIXED PRICE APPLICATION AND IS IN YOUR NAME AND AT YOUR RISK.

(Customer to press “ENTER” to continue)

- 7: Screen will display:

**NRIC/Passport No. XXXXXXXXXXXXX**

**IF YOUR NRIC/PASSPORT NUMBER IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.**

**(Customer to press “CANCEL” or “CONFIRM”)**

- 8: Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash Account type to debit (i.e., “CURRENT ACCOUNT/I-ACCOUNT”, “CAMPUS” OR “SAVINGS ACCOUNT/TX ACCOUNT”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

- 9: After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB’s ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number.

- 10: Read and understand the following terms which will appear on the screen:

**(1) YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO/SECURITIES APPLICATION. THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FUTURE APPLICATIONS.**

**(2) DO NOT APPLY FOR JOINT ACCOUNT HOLDER OR OTHER THIRD PARTIES.**

**(3) PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12-DIGITS) & PRESS ENTER.**

**IF YOU WISH TO TERMINATE THE TRANSACTION, PLEASE PRESS CANCEL.**

- 11: Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.

- 12: Select your nationality status.

- 13: Key in the number of securities you wish to apply for and press the “ENTER” key.

- 14: Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.

- 15: Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

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### Steps for Internet Electronic Application through the IB website of UOB

Owing to space constraints on UOB's IB website screens, the following terms will appear in abbreviated form:

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD" or "\$"	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX"	:	Singapore Exchange Securities Trading Limited

### Steps for an Internet Electronic Application through the IB website of UOB

- Step 1: Connect to UOB website at <http://www.uobgroup.com>.
- 2: Locate the UOB Online Services Login icon on the top right hand side.
- 3: Click on UOB Online Services Login and at drop list select "UOB Personal Internet Banking".
- 4: Enter your Username and Password and click "Submit".
- 5: Click on "Proceed" under the Full Access Mode.
- 6: You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click "Proceed".
- 7: Click on "EPS/Securities/CPFIS", follow by "Securities", follow by "Securities Application".
- 8: Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.
- 9: Click "Continue".
- 10: Select your country of residence (you must be residing in Singapore to apply), and click "Continue".
- 11: Select the "Securities Counter" from the drop list (if there are concurrent IPOs) and click "Submit".
- 12: Check the "Securities Counter", select the mode of payment and account number to debit and click on "Submit".

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- 13: Read the important instructions and click on “Continue” to confirm that:
1. You have read, understood and agreed to all the terms of this application and Prospectus/Document or Supplementary Document.
  2. You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the securities registrars, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).
  3. This application is made in your own name, for your own account and at your own risk.
  4. For FIXED/MAX price securities application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.
  5. For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in SGD, based on the Bank’s exchange profit or loss, or application monies may be debited and refunds credited in SGD at the same exchange rate.
  6. For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.
- 14: Check your personal details, details of the share counter you wish to apply for and account to debit
- Select (a) Nationality;
- Enter (b) your CDP securities account number; and
- (c) the number of shares applied for.
- Click “Submit”.
- 15: Check the details of your application, your NRIC /Passport number, CDP securities account number and the number of shares applied for, share counter, payment mode and account to debit.
- 16: Click “Confirm”, “Edit” or “Home” as applicable.
- 17: Print the Confirmation Screen (optional) for your own reference and retention only.

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