

DELFI LIMITED
Company Registration No. 198403096C
(Incorporated in the Republic of Singapore)
(the “**Company**”)

MINUTES OF ANNUAL GENERAL MEETING

MINUTES OF ANNUAL GENERAL MEETING (“**AGM**”) OF THE COMPANY HELD ON TUESDAY, THE 27TH DAY OF APRIL 2021 AT 10.00 A.M., IN SINGAPORE VIA ELECTRONIC MEANS

PRESENT : As set out in the attendance records maintained by the Company

CHAIRMAN OF
THE MEETING : Mr Pedro Mata-Bruckmann

1. INTRODUCTION

The Company Secretary informed the Shareholders that the AGM was conducted via a live webcast and the votes previously submitted via electronic means have been tabulated.

The Chairman welcomed all Shareholders to the AGM and proceeded to introduce each of the Directors, all of whom were present, except Mr Davinder Singh who had sent his apologies for not being able to attend this meeting. The attendance by the Company’s executives and auditors at the AGM was also noted.

The Chairman also informed Shareholders that all questions submitted by 10:00 a.m. on 20 April 2021 had been answered and published on both the Company’s website and on SGXNet on 23 April 2021. The summary of questions and answers is annexed hereto and marked as Appendix 1.

John Chuang, Group Chief Executive Officer of the Company, gave a briefing on the state of affairs for the Company.

Richard Chung, Group Chief Financial Officer of the Company, gave a presentation on the Group’s financial performance for the financial year ended 31 December 2020, prior to the commencement of the AGM.

2. QUORUM

After confirming with the Secretary that a quorum was present, the Chairman called the meeting (“**Meeting**”) to order, and proceeded with the formal business of the AGM.

3. RESOLUTIONS BY POLL

In line with the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020 by the Ministry of Law, Singapore, and the various Guidance on the Conduct of General Meetings during Elevated Safe Distancing Period by the SGX-ST, all resolutions at the Meeting were voted by way of poll and all the resolutions were deemed to have been duly proposed and seconded.

The Chairman informed the Meeting that Boardroom Corporate & Advisory Services Pte Ltd had been appointed polling agent and Ardent Business Advisory Pte Ltd appointed scrutineers for the

4. voting and had tabulated all submitted votes.
NOTICE

There being no objection from the Shareholders, the notice of AGM dated 12 April 2021 (“**Notice**” or “**Agenda**”) was taken as read.

ORDINARY BUSINESSES

5. DIRECTORS’ STATEMENT AND THE AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The Chairman informed the Meeting that the first item on the Agenda was to put the following motion to the vote:

“RESOLVED that the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2020, together with the Auditors’ Report thereon, be received and adopted.”

The Chairman announced the results as follows and declared **Resolution 1 carried**:

	Number of Shares	Percentage (%)
For the Resolution	482,522,029	100.00
Against the Resolution	4,000	0.00
Total number of valid votes cast	482,526,029	100.00

6. FINAL DIVIDEND – RESOLUTION 2

The Chairman informed the Meeting that Resolution 2 on the Agenda was to put the following motion to the vote:

“RESOLVED that the Declaration of a Final Dividend of 1.43 Singapore Cents per ordinary share for the financial year ended 31 December 2020, be approved.”

The Chairman announced the results as follows and declared **Resolution 2 carried**:

	Number of Shares	Percentage (%)
For the Resolution	482,522,029	100.00
Against the Resolution	4,000	0.00
Total number of valid votes cast	482,526,029	100.00

7. RE-ELECTION OF MR CHUANG TIONG CHOON AS A DIRECTOR – RESOLUTION 3

The Chairman informed the Meeting that Mr Chuang Tiong Choon (“**John**”) was due for retirement under Regulation 104 of the Constitution of the Company and he had consented to continue in office. John would, upon re-election as an Executive Director, remain as Group Chief Executive Officer and Managing Director, Chairman of Executive Committee and a member of the Nominating Committee (“**NC**”), Risk Management Committee (“**RMC**”) and Market Sustainability and Strategy Committee (“**MSSC**”).

The Chairman informed the Meeting that Resolution 3 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Chuang Tiong Choon be re-elected as a Director of the Company.”

The Chairman announced the results as follows and declared **Resolution 3 carried**:

	Number of Shares	Percentage (%)
For the Resolution	478,978,911	99.26
Against the Resolution	3,547,118	0.74
Total number of valid votes cast	482,526,029	100.00

8. RE-ELECTION OF MR DAVINDER SINGH S/O AMAR SINGH AS A DIRECTOR – RESOLUTION 4

The Chairman informed the Meeting that Mr Davinder Singh S/O Amar Singh (“**Davinder**”) was due for retirement under Regulation 104 of the Constitution of the Company and he had consented to continue in office. Davinder would, upon re-election as a Non-Executive and Non-Independent Director, remain as a member of the NC and Remuneration Committee (“**RC**”).

The Chairman informed the Meeting that Resolution 4 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Davinder Singh S/O Amar Singh be re-elected as a Director of the Company.”

The Chairman announced the results as follows and declared **Resolution 4 carried**:

	Number of Shares	Percentage (%)
For the Resolution	465,096,811	96.39
Against the Resolution	17,429,218	3.61
Total number of valid votes cast	482,526,029	100.00

9. RE-ELECTION OF MR PEDRO MATA-BRUCKMANN AS A DIRECTOR – RESOLUTION 5

In view that Resolution 5 to Resolution 7 were pertaining to the Chairman’s own re-election as a Director and 2-Tier votes pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST, John was elected to take over the conduct of these 3 resolutions.

John informed the Meeting that Mr Pedro Mata-Bruckmann (“**Pedro**”) was due for retirement under Regulation 104 of the Constitution of the Company and he had consented to continue in office. Pedro would, upon re-election as an Independent Director, remain as Chairman of the Board and NC and a member of the Audit Committee (“**AC**”), RC, RMC and MSSC. Pedro would be considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

John informed the Meeting that Resolution 5 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Pedro Mata-Bruckmann be re-elected as a Director of the Company.”

John announced the results as follows and declared **Resolution 5 carried**:

	Number of Shares	Percentage (%)
For the Resolution	428,152,386	88.73
Against the Resolution	54,373,443	11.27
Total number of valid votes cast	482,525,829	100.00

10. APPROVAL OF MR PEDRO MATA-BRUCKMANN'S CONTINUED APPOINTMENT AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS – RESOLUTION 6

John informed the Meeting that Resolution 6 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Pedro Mata-Bruckmann’s continued appointment as an independent director by shareholders, be approved.”

John announced the results as follows and declared **Resolution 6 carried**:

	Number of Shares	Percentage (%)
For the Resolution	446,044,968	92.44
Against the Resolution	36,481,061	7.56
Total number of valid votes cast	482,526,029	100.00

11. APPROVAL OF MR PEDRO MATA-BRUCKMANN'S CONTINUED APPOINTMENT AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS (EXCLUDING THE DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND THEIR ASSOCIATES) – RESOLUTION 7

John informed the Meeting that Resolution 7 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Pedro Mata-Bruckmann’s continued appointment as an independent director by shareholders, excluding the Directors, the Chief Executive Officer and their Associates, be approved.”

John announced the results as follows and declared **Resolution 7 carried**:

	Number of Shares	Percentage (%)
For the Resolution	136,740,568	85.13
Against the Resolution	23,881,061	14.87
Total number of valid votes cast	160,621,629	100.00

At this juncture, John returned the chairmanship of the Meeting to the Chairman.

12. APPROVAL OF MR ANTHONY MICHAEL DEAN'S CONTINUED APPOINTMENT AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS – RESOLUTION 8

The Chairman informed the Meeting that Resolution 8 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Anthony Michael Dean’s continued appointment as an independent director by shareholders, be approved.”

The Chairman announced the results as follows and declared **Resolution 8 carried**:

	Number of Shares	Percentage (%)
For the Resolution	466,780,311	96.74
Against the Resolution	15,745,718	3.26
Total number of valid votes cast	482,526,029	100.00

13. APPROVAL OF MR ANTHONY MICHAEL DEAN'S CONTINUED APPOINTMENT AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS (EXCLUDING THE DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND THEIR ASSOCIATES) – RESOLUTION 9

The Chairman informed the Meeting that Resolution 9 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Anthony Michael Dean’s continued appointment as an independent director by shareholders, excluding the Directors, the Chief Executive Officer and their Associates, be approved.”

The Chairman announced the results as follows and declared **Resolution 9 carried**:

	Number of Shares	Percentage (%)
For the Resolution	157,475,911	90.91
Against the Resolution	15,745,718	9.09
Total number of valid votes cast	173,221,629	100.00

14. APPROVAL OF MR KOH POH TIONG'S CONTINUED APPOINTMENT AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS – RESOLUTION 10

The Chairman informed the Meeting that Resolution 10 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Koh Poh Tiong’s continued appointment as an independent director by shareholders, be approved.”

The Chairman announced the results as follows and declared **Resolution 10 carried**:

	Number of Shares	Percentage (%)
For the Resolution	466,780,311	96.74
Against the Resolution	15,745,718	3.26
Total number of valid votes cast	482,526,029	100.00

15. APPROVAL OF MR KOH POH TIONG'S CONTINUED APPOINTMENT AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS (EXCLUDING THE DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND THEIR ASSOCIATES) – RESOLUTION 11

The Chairman informed the Meeting that Resolution 11 on the Agenda was to put the following motion to the vote:

“RESOLVED that Mr Koh Poh Tiong’s continued appointment as an independent director by shareholders, excluding the Directors, the Chief Executive Officer and their Associates, be approved.”

The Chairman announced the results as follows and declared **Resolution 11 carried**:

	Number of Shares	Percentage (%)
For the Resolution	157,475,911	90.91
Against the Resolution	15,745,718	9.09
Total number of valid votes cast	173,221,629	100.00

16. DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 – RESOLUTION 12

The Chairman moved on to the next item on the Agenda. Shareholders were informed that the Board had recommended the payment of Directors' fees of US\$474,800 for the financial year ending 31 December 2021.

The Chairman informed the Meeting that Resolution 12 on the Agenda was to put the following motion to the vote:

“RESOLVED that the payment of Directors' Fees of US\$474,800 for the financial year ending 31 December 2021, be approved.”

The Chairman announced the results as follows and declared **Resolution 12 carried**:

	Number of Shares	Percentage (%)
For the Resolution	482,522,029	100.00
Against the Resolution	4,000	0.00
Total number of valid votes cast	482,526,029	100.00

17. RE-APPOINTMENT OF AUDITORS – RESOLUTION 13

The Meeting was informed that PricewaterhouseCoopers LLP had expressed their willingness to continue as auditors of the Company for the ensuing year.

The Chairman informed the Meeting that Resolution 13 on the Agenda was to put the following motion to the vote:

“RESOLVED that PricewaterhouseCoopers LLP be re-appointed as auditors of the Company for the financial year ending 31 December 2021 and the Directors be authorised to fix their remuneration.”

The Chairman announced the results as follows and declared **Resolution 13 carried**:

	Number of Shares	Percentage (%)
For the Resolution	482,522,029	100.00
Against the Resolution	4,000	0.00
Total number of valid votes cast	482,526,029	100.00

18. ANY OTHER BUSINESS

As no notice was received in respect of any other ordinary business, the Chairman proceeded to deal with the special business set out in the Notice.

SPECIAL BUSINESSES

19. SHARE ISSUE MANDATE – RESOLUTION 14

The Chairman informed the Meeting that Resolution 14 on the Agenda was to put the following motion to the vote:

“RESOLVED that the Directors be authorised to issue Shares and/or Instruments in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and

the Listing Manual of the SGX-ST as set out in item 12 of the Notice of Annual General Meeting.”

The Chairman announced the results as follows and declared **Resolution 14** carried:

	Number of Shares	Percentage (%)
For the Resolution	413,986,143	87.20
Against the Resolution	60,742,586	12.80
Total number of valid votes cast	474,728,729	100.00

20. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE DELFI LIMITED SCRIP DIVIDEND SCHEME – RESOLUTION 15

The Chairman proceeded to the next item on the Agenda and informed the Meeting that Resolution 15 on the Agenda was to put the following motion to the vote:

“RESOLVED that under Section 161 of the Act, authority be given to the Directors to allot and issue from time to time such number of new ordinary shares in the capital of the Company as may be required to be allotted and issued under the Delfi Limited Scrip Dividend Scheme.”

The Chairman announced the results as follows and declared **Resolution 15** carried:

	Number of Shares	Percentage (%)
For the Resolution	482,522,029	100.00
Against the Resolution	4,000	0.00
Total number of valid votes cast	482,526,029	100.00

21. RENEWAL OF SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS (“IPT”) – RESOLUTION 16

The Meeting was informed that the last item on the Agenda was to seek Shareholders’ approval for the renewal of the Shareholders’ Mandate for IPT and to authorise the Directors to do all acts necessary to give effect to the IPT mandate. Details of the IPT mandate were set out in the Appendix to the Annual Report.

The Chairman reminded members who are interested persons as defined in the IPT mandate and the Listing Manual, to abstain from voting on this resolution and informed the Meeting that the executive Directors and their immediate family and associates had abstained from voting on the motion.

The Chairman informed the Meeting that Resolution 16 on the Agenda was to put the following motion to the vote:

“RESOLVED that authority be given to the Directors to renew the IPT mandate as set out under item 14 of the Notice.”

The Chairman announced the results as follows and declared **Resolution 16** carried:

	Number of Shares	Percentage (%)
For the Resolution	173,217,629	100.00
Against the Resolution	4,000	0.00
Total number of valid votes cast	173,221,629	100.00

22. CONCLUSION

There being no other business, the Chairman declared the Meeting closed at 10.55 a.m., and thanked all present for their attendance.

CERTIFIED AS A TRUE RECORD OF MINUTES

**PEDRO MATA-BRUCKMANN
CHAIRMAN**

APPENDIX 1

Dear Shareholders

This unprecedented crisis caused by the COVID-19 pandemic has brought about significant changes to many of us. Under normal circumstances, our upcoming AGM would have been a physical meeting. However, for the safety of all our shareholders, the Board and Management, we are conducting it virtually through electronic means, which includes submission of questions from shareholders beforehand.

We would like to thank shareholders for the questions submitted. Where possible we have answered the questions individually but where there are a significant number of questions related to a common topic or interlinked, we have chosen to provide the answer from a holistic perspective but hopefully specific enough.

Q1. If and when the Company has achieved good surplus funds which are well in excess of its financial needs and growth plans, will the Company consider giving a special payout to shareholders?

Response

Yes. The Company believes any surplus funds in excess of its financial needs and growth plans should be returned to shareholders.

Since the Company's listing in November 2004 through to 31 December 2020, the Company has distributed a total of US\$331.9 million through normal and special dividends, as well as a one-time capital reduction of US\$60 million (in 2016).

Furthermore, despite lower profits in FY2020 but with the strong cashflow generated, the Board has proposed a final dividend per share of 1.08 US cents (US\$6.6 million in total) for FY2020, which is the same as FY2019. If approved by shareholders, it will be paid on 14 May 2021. This is in line with our long-standing practice of rewarding shareholders through dividends.

Q2. What steps have been taken to enhance the Company's portfolio resilience amid elevated volatility across economies, industries and currencies movements?

Response

Since its formation over 5-decades ago, the Company has gone through many cycles of economic and political uncertainties, as well as volatilities in currencies and commodity prices. Managing volatility is not new to us as we have systems and processes in place that seek to reduce the impact of currency movements, such as hedging mechanisms or the buying forward of key raw materials.

The COVID-19 pandemic is another learning episode which has brought about a global recession. Based on our past experience, we acted early to mitigate the consequences through measures such as tightening costs and watching our cash and spending. As a consequence, although the Company's profits were impacted, we remained profitable and actually generated a higher free cashflow in FY2020.

Our Board and Management team is focused on remaining competitive, building a sustainable, profitable and resilient business. This is done through increasing our brands and products' relevance to consumers, speed up on innovation and keep a close watch on costs.

We have a strong and committed team and we hire, train and develop our people to be sensitive to changing times: to adapt, to learn, to pre-empt challenges and to pounce on opportunities.

Concurrently, we ensure their health and safety in such times. In 2020, we have spent over US\$1 million in safety measures in response to COVID-19. The learning experience from this episode and the adopted safety protocols will be incorporated in our total strategy going forward to increase our resilience against future pandemic shocks.

Q3. Can you please give an insight into the future of your business? What kind of trends (consumer, healthy choices, no additives, sustainable relationship with farmers) do you see in other countries?

Response

The global chocolate confectionery business trend remains positive despite the COVID-19 pandemic. We also expect the same trend to be replicated in our own key markets and therefore the prospects should remain good in the medium to long term.

Over the longer term, the key mega trends indicate that more consumers will adopt an inclination towards healthier eating. In the chocolate confectionery industry we expect this to include products that are plant-based; have a higher cocoa content; and have less sugar and milk. Sustainability will also continue to move up the agenda, from not only the consumers but also our other stakeholders. This will have an impact throughout our total value chain concept in focusing on sustainable practices in sourcing, production, marketing and distribution, packaging and consumption. This is one of our core beliefs and further details are provided in our Sustainability Report. Management is keeping abreast of these trends and seeks to incorporate sustainability into our business practices and will continuously innovate to stay ahead.

Q4. In the last financial year, how many food safety/hygiene incidents (major & minor ones e.g. wearing mask improperly) have been discovered in Indonesia and Philippines respectively? What has the Board planned to reduce them?

Response

In 2020, despite the presence of COVID-19, there were no material food safety/hygiene incidents at our facilities in Indonesia or the Philippines.

Food safety and product quality are of critical importance to us. It has always been this way but the COVID-19 pandemic has amplified the need to be even more watchful. We take this very seriously at every level of our operations. At our production facilities, for example, the measures we have in place to ensure staff personal hygiene, like the strict implementation of protocols which include the wearing of Personal Protection Equipment (PPE) (eg masks and hairnets), wearing of shoe covers, and washing and sanitizing of hands were already in place. We have adopted and practiced zero tolerance with strict action taken, on non-compliance with the protocols regarding both people and food safety. COVID-19 has enhanced further our safety measures.

Our production facilities and processes are regularly audited by external and professional bodies. As of 31 December 2020, our products and processes are certified to the following international certification standards:

- Food Safety System Certification 22000 (FSSC 22000);
- Hazard Analysis and Critical Control Points (HACCP);
- ISO 45001:2008 (Occupational Health & Safety Management System);
- Good Manufacturing Practice (GMP); and,
- ISO 14001:2015 (Environment Management System)

- Q5. In the last financial year, has any brand audit been done to check the brand equity & brand resilience of our core brands? Have the Board and Management planned any further strategies (e.g. brand revitalisation efforts) to increase our market share in Indonesia and Philippines respectively?**

Response

Each year, an impairment test is undertaken for the carrying values of brands and licences of the Group as part of our annual audit. We are pleased to share that there has been no material change in the carrying values of the brands and licence, which also considered the impact arising from COVID-19. More details are discussed on Page 130 of our 2020 Annual Report.

A few years ago we streamlined our product portfolio to sharpen our competitiveness and improve shelf visibility in modern trade. More recently, we have created exciting new flavours and packaging in a constant response of our Own Brands to evolving consumer behaviours and demands. To drive the sales velocity of our Own Brands, we initiated several brand campaigns to differentiate our products from our competition.

In 2020, we targeted Gen Z and Millennial consumers as a growth sector and refocused product development on new flavours and designs that would appeal and attract the attention of this consumer group. Product packaging was rejuvenated and refreshed across the portfolio, with modern and attractive designs.

The *Van Houten* brand has been successfully integrated into our portfolio of brands following the acquisition of the perpetual and exclusive license to the *Van Houten* brand for markets in Asia (excluding India, Korea and the Middle East) in 2018. In 2020, *Van Houten* achieved overall growth of 18% across all our markets and contributed US\$6.6 million in sales to our Regional markets. Our strategy is to first strengthen the customer base in existing markets, while preparing to implement a comprehensive pan-Asia brand development programme.

Our Board and Management is focused on ensuring the business remains competitive, sustainable and profitable for the long term. We manage this through various strategies and enhancing the value and effectiveness of our brands is a key component of this.

- Q6. Has the operating capacity at our manufacturing plants been fully restored?**

Response

Our operating capacities at our manufacturing plants were not significantly impacted by COVID-19 but output in 2020 was lower compared to previous year as a result of lower demand. Capacity increases that were originally planned for 2020 were postponed.

- Q7. In the last financial year, what have the Board and Management planned to manage the volatility in the cocoa bean price as a result of the imposition of USD400 per tonne Living Income Differential in Ghana and Cote d'Ivoire?**

Response

The Board and Management has processes and strategies for managing volatilities in key raw material prices. One of the ways to mitigate this is to buy forward to provide greater cost visibility and margin stability.

The Living Income Differential (“LID”) was introduced in Ivory Coast and Ghana in order to support the cocoa farmers. As mentioned at our AGM in 2020, the Company fully supports and agrees with this initiative. The LID is reflected in the pricing of cocoa and we monitor this to

ensure the impact on our costs is well managed.

- Q8. I refer to page 172 of the Annual Report about “Directors’ remuneration”. Despite being a Covid year, the remuneration of Chuang Tiong Choon has about doubled from remuneration band of “S\$1,000,000 to S\$1,249,999” in 2019 to remuneration band of “S\$2,250,000 to S\$2,499,999” in 2020. Can the Remuneration Committee share what remuneration factor(s) specifically led to the increase? How much is attributable to each of these remuneration factor(s)?**

Response

The Board has issued a clarification to the 2019 and 2020 Annual Reports on the SGX on 23 April 2021 with the replacement of the underlined figures as follows:-

	Basic Salary (%)	2019 Variable or Bonuses (%)	Benefits In Kind (%)	Total (%)
<u>S\$1,750,000 to S\$1,999,999</u>				
- Chuang Tiong Choon	53	38	9	100
<u>S\$750,000 to S\$999,999</u>				
- Chuang Tiong Liep	76	17	7	100
<u>S\$500,000 to S\$749,999</u>				
- Chuang Tiong Kie	78	<u>5</u>	<u>17</u>	100

Save for the amendments above, all other details set out in the Annual Report FY2019 and Annual Report FY2020 remain unchanged.

As such, the remuneration of our Executive Director, Chuang Tiong Choon, has not doubled but has increased from the “S\$1,750,000 to S\$1,999,999” band to the “S\$2,250,000 to S\$2,499,999” band instead.

Bonuses are paid in the year following the year in which they are earned. 2019 was a good year for Delfi Limited and this was taken into consideration when determining the remuneration and bonuses of our Executive Directors, including Chuang Tiong Choon. These bonuses however were paid in early 2020 and are therefore reflected in the 2020 financial results and the 2020 Annual Report. As such they are not determined by the results of 2020.

Key Performance Indicators (KPIs) are both quantitative as well as qualitative. The performance of our Executive Directors, CEO and key executives are assessed on the basis of financial indicators (such as net profit and the gross profits of the business), as well as their contribution to the medium and long-term growth of the Company. We have shed light on our performance-based compensation philosophy and practices on page 63 of our Annual Report FY2020.

- Q9. I refer to page 172 of the Annual Report about “Directors’ remuneration”. Despite being a Covid year, the remuneration of Chuang Tiong Liep has increased from remuneration band of “S\$500,000 to S\$749,999” in 2019 to remuneration band of “S\$750,000 to S\$999,999” in 2020. Can the Remuneration Committee share what remuneration factor(s) specifically led to the increase? How much is attributable to each of these remuneration factor(s)?**

Response

The Board has issued a clarification to the 2019 and 2020 Annual Reports on the SGX on 23 April 2021 with the replacement of the underlined figures as follows:-

	Basic Salary (%)	2019 Variable or Bonuses (%)	Benefits In Kind (%)	Total (%)
<u>S\$1,750,000 to S\$1,999,999</u>				
- Chuang Tiong Choon	53	38	9	100
<u>S\$750,000 to S\$999,999</u>				
- Chuang Tiong Liep	76	17	7	100
<u>S\$500,000 to S\$749,999</u>				
- Chuang Tiong Kie	78	<u>5</u>	<u>17</u>	100

Save for the amendments above, all other details set out in the Annual Report FY2019 and Annual Report FY2020 remain unchanged.

As such, the remuneration of our Executive Director, Chuang Tiong Liep, has remained the same at the remuneration band of “S\$750,000 to S\$999,999” from 2019 to 2020.

Bonuses are paid in the year following the year in which they are earned. 2019 was a good year for Delfi Limited and this was taken into consideration when determining the remuneration and bonuses of our Executive Directors, including Chuang Tiong Liep. These bonuses however were paid in early 2020 and are therefore reflected in the 2020 financial results and the 2020 Annual Report. As such, they are not determined by the results of 2020.

Key Performance Indicators (KPIs) are both quantitative as well as qualitative. The performance of our Executive Directors, CEO and key executives are assessed on the basis of financial indicators (such as net profit and the gross profits of the business), as well as their contribution to the medium and long-term growth of the Company. We have shed light on our performance-based compensation philosophy and practices on page 63 of our Annual Report FY2020.

- Q10. I refer to page 174 of the Annual Report about “Executive Officers’ remuneration”. Despite being a Covid year, the remuneration of Michael Wynne Roberts has increased from remuneration band of “S\$250,000 to S\$499,999” in 2019 to remuneration band of “S\$500,000 to S\$749,999” in 2020. Can the Remuneration Committee share what remuneration factor(s) specifically led to the increase? How much is attributable to each of these remuneration factor(s)?**

Response

Bonuses are paid in the year following the year in which they are earned. 2019 was a good year for Delfi Limited and this was taken into consideration when determining the remuneration and bonuses of our Executive Directors and Key Executives. These bonuses however were paid in early 2020 and are therefore reflected in the 2020 financial results and the 2020 Annual Report. As such they are not determined by the results of 2020.

Key Performance Indicators (KPIs) are both quantitative as well as qualitative. The performance of our Executive Directors, CEO and key executives are assessed on the basis of financial

indicators (such as net profit and the gross profits of the business), as well as their contribution to the medium and long-term growth of the Company. We have shed light on our performance-based compensation philosophy and practices on page 63 of our Annual Report FY2020.

In addition, for Michael Wynne Roberts who joined the Company in 2019, his total remuneration may have appeared lower in the FY2019 annual report as he had not served a full year in 2019. Furthermore, he was not paid any variable bonus in 2019 as any variable bonus earned in that year would be reflected in his 2020 compensation and included in the 2020 financial results, making year by year comparisons difficult.

- Q11. I refer to page 174 of the Annual Report about “Executive Officers’ remuneration”. Out of the “top five key officers” in 2019, 3 out of 5 had resigned in 2020 (of which 1 was the CFO). There seems to be more than meets the eye, and perhaps indicating an even deeper issue (e.g. culture). Can the Independent Directors carry out an independent audit to understand the real issues behind the higher attrition rate of key employee stakeholders?**

Response

The Nominating Committee (consisting of all the Independent Directors) as well as the Board are on top of all senior executives’ appointments and departures, and these are deliberated and well considered. It happened that a number of key executives resigned in 2020. The Nominating Committee is well aware of each of these and does not attribute them to being connected in any way by a “deeper issue” within the Company. Notwithstanding the above, the Board and all the Independent Directors will continue to remain vigilant in ensuring that the Group’s human resource philosophy of attracting, retaining and motivating talent are being adhered to in order to achieve its vision and mission.

As part of our human capital renewal initiatives, we renew, reorganize and realign our people to our strategy. We continue to recruit key people where they can contribute to our business. We would like to also highlight that reasons for these departures also includes the retirement of some of the individuals.

- Q12. Can the Board kindly consider doing a presentation for the meeting - on 2020 and any business updates?**

Response

Yes, as part of our AGM and as seen last year at our AGM 2020, our CEO will share his insights into our industry and provide a business update. Our CFO will also be providing a presentation on the 2020 financial performance.

- Q13. Delfi Limited is the cheapest stock in ASEAN. What are the plans from Management to realise shareholder value?**

Response

We believe we are not in a position to comment on the valuation of our share price relative to others in the region, or if it is indeed the “cheapest stock” in ASEAN, given the differences in context and comparison, amongst others.

Notwithstanding the above, our Board and Management team strives to maximise shareholder value. One of our long-standing practices is to reward shareholders through dividends. We believe our operations are in growth markets and there are still many growth opportunities going forward.

We will continue to strive to produce sustainable returns and growth through the strategies our Board and Management team has put in place. Barring unforeseen circumstances, we are cautiously optimistic of our prospects. With that, we do believe and hope that the share price will reflect the true value of the Delfi Limited business.

Q14. Can management share plans on e-commerce strategy, if any.

Response

The Management team believes the purchase of chocolate confectionery through grocery, supermarkets and retail stores will still remain relevant and will account for a sizable proportion of total sales, at least in the near to medium term. One key change we observed is that consumers are shopping at locations closer to home. The COVID-19 pandemic has also accelerated online shopping behaviour.

We are focusing more on digital marketing and use of social media, moving away from traditional advertising. In terms of distribution, e-commerce is also one of our intended channels, besides Modern Trade and Traditional/ General Trade. Currently, our products are available on e-commerce sites such as Tokopedia and Shopee, for instance, and we also leverage on modern grocery retailers' online platform.

We are also cognizant and careful with respect to our product's integrity, quality and eventual costs, especially in the process of the "last-mile" delivery to end-consumers, particularly in Southeast Asia's tropical and humid climate.

Q15. Dividends, what is the policy and will Management be keen to raise payout?

Response

The Board does not have a fixed dividend policy but endeavours to pay out at least 50% of net profit after tax, subject to financial and capital requirements. Rewarding shareholders through dividends is our long-time strategy and there is currently no intention to change that.

Please also see our response to Q1 above.

Q16. What are some possible lessons learnt from COVID (positive and negative) that we can learn to make Operations more efficient and capitalise on growth?

Response

The COVID-19 event is unprecedented in modern history and indeed we have much to learn from it. One key learning for our Board and the Management is that whilst we had our Business Continuity Plan in place and it was designed for a wide variety of scenarios that could happen, we still need to maintain a mindset of being pre-emptive so as to evaluate and adopt suitable measures that enable us to adapt quickly to any changes in the situation.

As seen in 2020, Management had been keeping a watchful eye on the developments arising from COVID-19 and very early on had raised our alert level on 21 January 2020. Over the weeks and months that followed, we adapted quickly to the situation noting the rapid but varying developments across the different geographical areas in which our operations are located.

The topmost priority is always staff and consumer safety. After that we focus on ensuring that our operations continue to function and are not adversely impacted. Shareholders may like to learn more about our responses and measures in our Corporate Governance section of our

Annual Report 2020 on page 50.

The COVID-19 episode has also accelerated consumer behaviour and attitude towards health, wellness and sustainability. The Management team has been and will continue to leverage on that. Consumers are shopping closer to home and in-home consumption is likely to be key. On the agenda is also the drive towards digitalisation and leveraging on e-commerce.

Q.17 What is the current market share of our Delfi product in Indonesia and Philippines?

Response

Due to market and data sensitivity issues, we are unable to share specific market share figures. According to certain industry reports and data, Delfi's products enjoy a clear leading market share position in Indonesia. Based on AC Nielsen figures, our market share in Indonesia improved marginally in 2020. We are within the top 5 players in Philippines, with the market leader (competitor) clearly ahead of the rest of the pack.

Q.18 What is the % breakdown between premium and other products?

Response

Due to competitive reasons, we are unable to specifically disclose the exact breakdown. Our products span across different price points, catering to different categories of consumers.

Q.19 Any plans to expand to other countries?

Response

Sustainable profit growth is always on our agenda and this can come from within the current key markets we are in and also from new markets. We believe there are still growth opportunities in our core markets. We continue to monitor developments in other markets and if the right opportunity arises we would look to expand overseas.

Q.20 How can we control our marketing and distribution costs? What is our strategy to increase gross margins?

Response

Marketing and distribution costs are part of our business costs. The Management team manages these in relation to sales revenue, along with plans towards sustainable growth and brand building efforts. We manage our business on a totality basis and gross margins is one of the many metrics we look at.

Q.21 Can the Company be more active in investor relations? Practically no research coverage.

Response

We understand that several research houses have/ are covering Delfi and our investor relations team regularly engage sell-side research analysts via our interim earnings and/or requests for meetings/ updates. The Company believes that we have been and will continue to be proactive in engaging with all interested parties, but we are not in a position to dictate coverage by research houses.

The Company continues to engage shareholders and investors, and will respond to questions as and when approached and practicable (e.g. outside of our “blackout period” prior to earnings release). Shareholders and/or investors may wish to reach out to our investor relations via enquiry@delfilimited.com.

Q.22 As per your segment information (note 36), the EBITDA for regional market for FY 2019 was \$4,617,000 and FY 2020 was \$3,055,000 even though the revenue fell about \$1,093,000. Could you help me understand the causes of the fall in EBITDA?

Response

The lower EBITDA for regional markets was in part due to lower sales as well as the allocation of corporate overheads.