OUR ONLY **HOME**

Delfi

ANNUAL REPORT 2021

THE TRUTH IS:

THE NATURAL WORLD IS CHANGING. AND WE ARE TOTALLY DEPENDENT ON THAT WORLD. IT PROVIDES OUR FOOD, WATER AND AIR. IT IS THE MOST PRECIOUS THING WE HAVE AND WE NEED TO DEFEND IT.

David Attenborough

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We at Delfi support the shift towards a climate-friendly economy and seize every opportunity to drive climate resilience across our value chain, now and into the future.

Letter From Our Chairman

Pedro Mata
Chairman

The Board and Management are firm believers in sustainable development and consider sustainability a core foundation underpinning the Company's long-term strategy through the setting of sustainability programmes and targets under the four pillars of Social, Economic, Environment and Governance.

Dear Shareholders,

As I write this letter, I am feeling much more optimistic than when I wrote to you this time last year.

During 2021, with much of the world benefiting from the effectiveness of vaccine rollouts and ongoing government support measures, we saw an increasing number of economies and businesses reopen throughout the year. Despite the challenges from new variants and recurring outbreaks of COVID-19 last year, resiliency in the global economy held up as businesses and consumers adjusted to new ways of moving forward in every-day life. Confidence increasingly returned over the year and key markets recovered in many parts of the globe despite the challenging macro environment.

Having withstood the initial shock from COVID-19, Delfi too experienced a recovery in consumer confidence and a return of demand in its key markets during 2021. The recovery was supported by our even stronger focus on our core strategic products and execution of our growth initiatives. The priority of ensuring the health of our employees, suppliers and customers combined with the successful implementation of our established Business Continuity Plans demonstrated once again our ability to successfully navigate a challenging environment. Delfi completed 2021 with no production stoppages and was able to reach a 100% vaccination level of eligible staff. With Management's additional spending on COVID-19 related measures in 2021, the total amount spent on safety procedures, protocols and protection increased to almost US$2.0 million, further reflecting our commitment to staff and customers. In addition, on the product side we focussed even more on the younger, modern consumers in the Millennial and Gen Z cohorts as well as developing innovative products in the "healthier alternative" segment of the market. We also increased our investment in, and reach of, our digital marketing strategy.

As a result of the recovery in our markets, coupled with our business initiatives, I am pleased to report that we delivered a strong improvement in our 2021 financial performance with Group Profit after Tax and Minority Interest (including non-recurring items[1]) surging by 67.5% to US$29.3 million on the back of a 5.2% increase in Revenue.

It is a longstanding practice of Delfi to deliver value to shareholders by sharing profits through dividends. Therefore, considering the financial results, the Board has proposed a final dividend per share of 1.08 US cents (1.44 Singapore cents) and a special dividend of 0.48 US cents (0.64 Singapore cents) per share. If approved by shareholders at the upcoming AGM, then taken together with the interim dividend of 1.27 US cents (1.71 Singapore cents) per share, dividends for

1 Non-recurring items amounted to US$3.2 million post-tax in FY2021. This included a one-off positive adjustment of US$2.9 million as a result of lower liabilities for employee benefit obligations and a one-off gain of US$0.3 million from the sale of construction in progress to the Indonesian Government. Please refer to the Notes to the Financial Statements for further details.

FY2021 will total 2.83 US cents (3.79 Singapore cents) per share, being a total dividend payout of US$17.2 million.

If the proposed final and special dividends are approved at the upcoming AGM, then, since our IPO in 2004, a total of US$355.7 million in distributions will have been paid out to shareholders. This includes the capital reduction distribution of US$60.0 million in 2016.

The Delfi Board of Directors (the "Board") comprises an extensive and well-balanced mix of entrepreneurs, professionals and corporate experts. Meeting regularly, it is provided with timely updates and information on topics as required and maintains an active and professional working relationship with Management. Because of its diversity, it is able to act as a well-qualified sounding board with which Management can share and shape its business plans. In 2021, the Board and Management met on a regular basis for updates on the COVID-19 pandemic situation and to review other strategic matters. During the year, we had a total of 16 Board and Committee meetings, in addition to a number of emails, video meetings and phone exchanges to facilitate timely decisions and assess the strategic plans and directions for the Group.

Delfi recognises and embraces the importance and benefits of having a diverse Board to provide equality and enhance its performance. Delfi believes that diversity is an important attribute of a well-functioning and effective Board. With this strong commitment to diversity, the Board formally adopted its existing Board Diversity Policy on 14 March 2022. Diversity in thought enables the Board to set strategy, consider issues and solve problems more holistically and creatively. This is necessary not only to manage the challenges of the present but also, given the constantly changing market conditions (both positive and negative), the threats, opportunities and emerging trends that will arise in the future.

For more details of our Board Diversity Policy please refer to pages 58 to 59 of this Annual Report.

The Board and Management are firm believers in sustainable development and consider sustainability a core foundation underpinning the Company's long-term strategy. To this end, we specifically created the Market Sustainability and Strategy Committee ("MSSC") back in 2017. The MSSC works closely with Management in defining and shaping our sustainability policies and practices that we apply from bean to bar. The MSSC plays an important role in the sustainable growth and responsible operations of the Company through the setting of sustainability programmes and targets under the four pillars of Social, Economic, Environment and Governance. Some of these efforts are highlighted on pages 44 to 47 of this Annual Report while the full details of our sustainability journey are captured in the Delfi 2021 Sustainability Report.

In addition to the MSSC, the Board is well-supported by four other committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. Together with the MSSC and the Board, they collectively ensure that the highest standards of Corporate Governance and business advice is maintained within the Company.

Today, as we look to transition from a pandemic focused world there's a sense of assurance that, despite new challenges in 2022, we are coming upon the advent of a new post COVID-19 paradigm. The 2022 economic outlook is uncertain in many respects. There were already concerns over inflation, currency volatility and supply chain bottlenecks before the recent Russian invasion of Ukraine. This conflict is not only a serious humanitarian and political challenge, but has also had a significant impact on commodity prices and supply capabilities. Despite these new challenges we are at least able to contemplate the idea that the worst of the pandemic is most likely behind us.

As I close this letter, I want to highlight that the impressive performance in 2021 reflects not only the dedication of the entire Delfi team during these unprecedented times, but also its ability to respond quickly to new situations and resolve new challenges. The commitment of all Delfi employees is the driving force behind the resilience in our operations, the improvement of our results, and the commitment to our customers. I want to enthusiastically thank all of our Delfi employees for their unwavering support during the past year.

I also want to point out that over the past two years we have relied on the trust and close collaboration of our partners, suppliers and customers to ensure a resilient supply chain that has kept our products available to our consumers. I would also like to particularly credit the hard work and astute decisions of the Management and the Board in successfully guiding Delfi through this challenging period.

The road ahead is by no means straight and smooth. However, I am confident that if we carry on with the team work and hard work that we have demonstrated over the past few years, Delfi will become even stronger and we can share the simple joys of Delfi products with an increasing number of consumers.

Pedro Mata
Chairman

Letter from Our CEO

John Chuang
Chief Executive Officer

To secure our market lead and grow our consumer mindshare, we continue to drive product innovation and increase our premiumisation strategy.

Dear Shareholders,

As the uncertainty from the COVID-19 pandemic starts to wane and the world anticipates the advent of a new post pandemic paradigm, I remain optimistic in what a sustainable future holds in store for our planet, people and business. As the global business landscape turned the page from the initial shock and adjustments in 2020 to a partial recovery in 2021, we witnessed the reopening of previously locked-down stores that led to a rebound in consumer demand, a return to GDP growth and an enhanced focus on protecting the planet. Overcoming the challenges of the pandemic fostered a new business environment with an accelerating shift to the digitalization of business, an increased emphasis on the reliability of supply chains, shifting consumer preference for healthier product alternatives, and an increasing impact on consumer habits from young Millennials and Gen Zs.

At Delfi, we fully embraced this new business approach. In fact, we strengthened our focus on this model early in 2021 remaining steadfastly focused throughout the year on executing our growth initiatives while remaining fully committed to the health and safety of our people. During the year we concentrated on growing our core strategic products, drove more growth of our premium format in the Modern Trade category and launched new products to capture the "*Better for You*" trend. With our commitment to sustainability, we continued our work on ESG initiatives (see our 2021 Sustainability Report and the key extracts highlighted on pages 44 to 47 of this Annual Report).

With these developments, I am pleased to share a strong report card for our financial performance in FY2021 with Group Profit after Tax and Minority Interest (including non-recurring items[1]) growing by a strong 67.5% to US$29.3 million. This came from revenues of US$405.1 million, a year-on-year improvement of 5.2%, reflecting higher sales contributions from both Own and Agency Brands as well as from both Indonesia and our Regional Markets.

We also reported a significantly higher free cash flow of US$74.5 million for FY2021, an increase of US$35.8 million over the previous year. This was achieved by keeping a close watch on our operating costs, working capital, and capital expenditure, and prioritising only the most essential expenses and investments. We applied US$38.7 million of our cash flow to reduce our borrowings and yet we still managed to build up our year-end cash position to US$86.2 million, the highest level since FY2014. As a result, we successfully ended the year with a much stronger balance sheet.

1 Non-recurring items amounted to US$3.2 million post-tax in FY2021. This included a one-off positive adjustment of US$2.9 million as a result of lower liabilities for employee benefit obligations and a one-off gain of US$0.3 million from the sale of construction in progress to the Indonesian Government. Please refer to the Notes to the Financial Statements for further details.

Our strong performance in 2021 reflects our attention to evolving consumer preferences and alignment of our Own Brands to capture emerging trends driven by young Millennials and Gen Zs — an important growth segment that is approaching their prime spending years. To secure our market lead and grow our consumer mindshare, we continue to drive product innovation and increase our premiumisation strategy. We started with the major product lines under *Silver Queen* and *Van Houten*, and have shifted to doing the same for other Own Brand products in our portfolio. Our aim is to maximise our growth opportunities in these segments in Indonesia and to expand them further in the Philippines. In both countries we benefit from a strong market position and a good penetration of modern and general trades. Through our strength in these two key markets, we continue pursuing growth opportunities as well throughout the region.

We have also actively responded to the growing preference for healthier food choices through product innovation focused on delivering higher quality confectioneries. These enhancements were introduced as part of our "*Better for You*" campaign and included five improved flavours of *Van Houten* chocolate bars featuring dark milk with a higher 43% cocoa content, less sugar and a reduced dairy content. We are excited about these developments and are looking forward to introducing even more innovative products in the coming year.

In the Philippines, emulating our success with *Very Berry* and *Green Tea Matcha* flavours in Indonesia, we launched two premium offerings: *Goya Very Berries* (a fusion of yoghurt, handpicked strawberries and blueberries in a creamy white chocolate bar) and *Goya Matcha Latte* (which features roasted whole California almonds covered in green tea matcha and milk chocolate). We also introduced new flavours of *Goya* moulded chocolates in *Black Cookie Crunch* (milk chocolate blended with black cookie bits) and *Winter Chill* (milk chocolate infused with pure peppermint essence).

In the novelty segment, we continue to benefit from the success of our earlier promotions, tie-ups, and our own surprise-toy series. We experienced good market reception with our *ChaCha* branded products through a collaboration with Disney for *Frozen*, *Disney Princess*, and *Toy Story* which were very popular with young girls and boys. We also expanded the concept by launching a collectible series with Disney's *Tsum Tsum* which was also well received. We plan to continue to increase this segment of the market to strategically grow overall sales volumes of *ChaCha* and to enlarge product margins.

Our digital marketing strategy continues to capture the attention of today's digital generation. It includes collaborating with key opinion leaders, including YouTubers and micro-influencers on social media. We've also effectively reached out to young consumers, particularly our target audience group, through a variety of marketing activities including Facebook promotions, Tik-Tok challenges and "live streaming" events.

To enhance the expediency of our routes-to-market, we have further strengthened our relationships with mini-marts and major retailers. During the year, we ramped up the use of data analytics to improve supply chain management. Our in-house distribution teams began shipping directly to key mini-mart customers in certain parts of Indonesia to elevate service levels, preserve product freshness and improve proximity to at-home consumers. We supplemented these efforts by working more closely with our regional distribution networks, further optimising our supply chain efficiency and growing our modern and general trade channels across wider regions. We intend to continue growing our Agency Brands to leverage our distribution infrastructure and complement the growth of our Own Brands.

Looking ahead, whilst we expect the operating environment in our markets to be better this year compared to 2021, there are still uncertainties and challenges. The Russian invasion of Ukraine is already having a strong impact on raising commodity prices and is further straining supply chains. However, with the challenges of the pandemic largely behind us, and despite the recent geo-political uncertainty in Europe, we remain cautiously confident that the firm foundation of our leading brands, innovation culture, distribution model and attention towards younger and modern consumers, combined with our healthy balance sheet and strong cash flow generation, should give us a strong advantage to tackle the challenges we may face ahead.

At this point, I would like to express my gratitude to the commitment and dedication of all Delfi employees, especially during these challenging times. By going above and beyond their commitment and responsibilities to deliver Delfi's good results, the entire Delfi team has shown the strength and ability to face adversity head on, learn fast, move quickly and bounce back stronger.

As always, a special word of thanks to my fellow board members for their continued leadership, support and valuable insights as we work together to navigate the new world to come. Most of all, I want to thank our shareholders, customers and business partners, whose continued confidence and support motivates us to always do even better.

John Chuang
Chief Executive Officer

Board of Directors

Mr Pedro Mata-Bruckmann ("Pedro"), 77

Chairman, Independent Director*
AMERICAN

Date of First Appointment as Director
12 June 2001

Date of Last Re-Election
27 April 2021

Board Committee(s) Served on
- Nominating Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)
- Risk Management Committee (Member)
- Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications
- Bachelor of Science & Masters of Engineering, Cornell University, Ithaca, NY, USA

Present Directorships
- Delfi Limited
- Corporacion LionCity – Development SA
- Grace Institute Foundation (New York)
- Mata Global Solutions, Inc
- MGS Mata Global Solutions S. A.

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
- Starlux S.A.

Pedro is the Chairman of Delfi Limited. He began his career at W.R. Grace & Co., in 1968 where he served as President and CEO of several divisions. Through a series of promotions, in 1989, he rose to the position of Chief Executive Officer of Grace Cocoa, a division of W.R. Grace & Co. Grace Cocoa (subsequently sold to ADM and renamed ADM Cocoa) was the world's leading and premier supplier of cocoa ingredients to the confectionery, dairy, bakery and beverage industries on a global basis.

After leaving W.R. Grace & Co., in 1995, Pedro established MGS Mata Global Solutions, advising companies on strategic growth and joint venturing. Between 2000 and 2012, Pedro was a senior advisor to Quad-C (a USA based private equity fund). Between 2009 and 2012, he served as CEO of Classic Party Rentals. Headquartered in Los Angeles, Classic Party Rentals (a Division of Quad C) was the leading US party and event rental company. Pedro has served in several not-for-profit organizations including Trustee and Chairman of Zamorano University and Director of TransFair USA, a fair trade organization.

* Mr Pedro Mata-Bruckmann has served on the Board for more than 9 years and his continued appointment as an independent director has been sought and approved in separate resolutions by shareholders on 27 April 2021, in accordance to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Mr Davinder Singh ("Davinder"), 64

Non-Executive Non-Independent Director
SINGAPOREAN

Date of First Appointment as Director
12 June 2001

Date of Last Re-Election
27 April 2021

Board Committee(s) Served On
- Remuneration Committee (Member)
- Nominating Committee (Member)

Educational & Professional Qualifications
- LL.B. (Honours), National University of Singapore
- Admitted to the Singapore Bar

Present Directorships
- Davinder Singh Chambers LLC
- Delfi Limited
- Singapore International Arbitration Centre
- Singapore International Mediation Centre

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
- Drew & Napier LLC
- DrewCorp Services Pte Ltd
- PSA International Pte Ltd

Davinder has served as a Non-Executive Director of Delfi Limited since 12 June 2001. Davinder is the Executive Chairman of Davinder Singh Chambers LLC and has been a practising lawyer for almost four decades.

He has litigated in almost every area of the law. Davinder is also the Chairman of the Singapore International Arbitration Centre (SIAC) and a director on the board of the Singapore International Mediation Centre. He is an arbitrator on the SIAC panel of arbitrators and an accredited mediator with the Singapore Mediation Centre. He is Vice-Chairman on the ICC Commission on Corporate Responsibility & Anti-corruption. He was appointed as Senior Counsel in 1997.

Board of Directors

Mr Anthony Michael Dean ("Mike"), 61

Independent Director*
BRITISH

Date of First Appointment as Director
6 May 2005

Date of Last Re-Election
30 April 2020

Board Committee(s) Served on
- Audit Committee (Chairman)
- Risk Management Committee (Chairman)
- Nominating Committee (Member)

Educational & Professional Qualifications
- Bachelor of Science in Business Studies, University of Bradford
- Fellow of the Institute of Chartered Accountants in England and Wales and Member of its Corporate Finance faculty
- Associate of the Chartered Institute of Taxation
- Member of the Singapore Institute of Directors

Present Directorships
- Delfi Limited
- Consulsis Limited

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
- Myanmar Investments International Ltd
- Myanmar Investments Ltd
- MIL Management Pte Ltd
- MIL Management Co., Ltd
- MIL 3 Pte Ltd
- Medicare International Health and Beauty Pte Ltd

Mike has 40 years' experience in the investment and finance industries with 30 of those years being spent in Asia. Between 1990 and 2000, he was with CLSA, most latterly as Managing Director of its Singapore merchant bank, where he was responsible for both investment banking and private equity. From 2001 to 2004, he was a director of the Singapore private equity investment arm of Prudential Plc. Between 2004 and 2013, he was CFO for Epic Shipping, a global shipping group. In 2013 he co-founded AIM-listed Myanmar Investments International Limited and was its finance executive director until 2019.

* Mr Anthony Michael Dean has served on the Board for more than 9 years and his continued appointment as an independent director has been sought and approved in separate resolutions by shareholders on 27 April 2021, in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Mr Koh Poh Tiong ("Poh Tiong"), 75

Independent Director*
SINGAPOREAN

Date of First Appointment as Director
19 December 2011

Date of Last Re-Election
30 April 2020

Board Committee(s) Served on
- Remuneration Committee (Chairman)
- Audit Committee (Member)
- Nominating Committee (Member)
- Risk Management Committee (Member)
- Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications
- Bachelor of Science from the University of Singapore

Present Directorships
- Delfi Limited
- Bukit Sembawang Estates Limited
- Fraser and Neave Limited
- Times Publishing Limited
- Great Eastern Life Assurance (Malaysia) Berhad
- Great Eastern General Insurance (Malaysia) Berhad
- Saigon Beer Alcohol Beverage Corporation
- BeerCo Limited
- Asia Breweries Limited

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
- Raffles Medical Group Ltd
- Singapore Kindness Movement
- SATS Ltd
- Yunnan Yulinquan Liquor Company Limited
- National Kidney Foundation

Poh Tiong was appointed to our Board on 19 December 2011 as an Independent Director. Poh Tiong retired as CEO, Food and Beverage, of Fraser and Neave Limited in October 2011, having previously served as Chief Executive Officer of Asia Pacific Breweries Limited from 1993 to 2008.

Poh Tiong is currently the Non-Executive Chairman of BeerCo Limited, Times Publishing Ltd, Bukit Sembawang Estates Ltd and Saigon Beer Alcohol Beverage Corporation.

He is also a Director, Adviser and Chairman of the Executive Committee of Fraser and Neave Limited and a Director of Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern General Insurance (Malaysia) Berhad and Asia Breweries Limited. He is a Senior Adviser to the Board of Raffles Medical Group Ltd.

Poh Tiong was the Chairman of the Agri-Food & Veterinary Authority, Yunnan Yilinquan Liquor Company Limited, National Kidney Foundation and Singapore Kindness Movement and a Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd, Media Corporation of Singapore Pte Ltd, SATS Ltd, The Great Eastern Life Assurance Company Limited, United Engineers Limited, and Raffles Medical Group Ltd. Noted for his strong civic involvement and long-standing interest in sports and education, he has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council, Football Association of Singapore, and on the MBA Advisory Board of the Nanyang Technological University. For his contributions to society and business, Poh Tiong was conferred both the Public Service Medal and the Service to Education Medal in 2007 as well as the Public Service Star Award in 2013. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 organised by DHL and The Business Times.

* Mr Koh Poh Tiong has served on the Board for more than 9 years and his continued appointment as an independent director has been sought and approved in separate resolutions by shareholders on 27 April 2021, in accordance to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Board of Directors

Mr Doreswamy Nandkishore ("Nandu"), 63

Independent Director
INDIAN

Date of First Appointment as Director
3 January 2017

Date of Last Re-Election
30 April 2020

Board Committee(s) Served on
- Market Sustainability and Strategy Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Educational & Professional Qualifications
- Bachelor's degree in Engineering (B-Tech), The Indian Institute of Technology
- Post Graduate in Management and Business Administration (PGDM), The Indian Institute of Management
- Program for Executive Development, IMD Lausanne

Present Directorships
- Delfi Limited
- I & N Developmental Investments Ltd
- Mayar Foods
- RA consulting DWC-LLC

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
Nil

Nandu has 40 years of global experience in leadership roles across a diverse set of environments across both emerging and developed global markets. Nandu was an executive board member of Nestlé S.A from 2010 to 2015, responsible before his retirement, for Asia, Oceania and Africa, and earlier as the global CEO for Nestlé Nutrition, in charge of markets all over the world including the USA, Europe and Latam.

Nandu is currently a Professor at the Indian School of Business and a Guest Lecturer at the London Business School.

Mr John Chuang Tiong Choon ("John"), 73

Group Chief Executive Officer
SINGAPOREAN

Date of First Appointment as Director
1 November 1989

Date of Last Re-Election
27 April 2021

Board Committee(s) Served on
- Executive Committee (Chairman)
- Nominating Committee (Member)
- Risk Management Committee (Member)
- Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications
- Bachelor of Engineering (Honours), University of Liverpool
- Masters in Business Administration, Cranfield Business School

Present Directorships
- Delfi Limited
- Alsa Industries, Inc
- Aerodrome International Limited
- Berlian Enterprises Limited
- Ceres Sime Confectionery Sdn Bhd
- Cocoa Specialties Inc
- Delfi Marketing, Inc
- Delfi Foods, Inc
- Delfi Singapore Pte. Ltd.
- McKeeson Investments Pte Ltd
- Ceres (International) Marketing Pte Ltd
- PT Sederhana Djaja
- PT Perusahaan Industri Ceres
- PT Nirwana Lestari
- PT General Food Industries
- Springbright Investments Limited

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
Nil

John is the Chief Executive Officer of our Group and he is responsible for the overall strategic planning, management and business development of our Group. John has over 35 years of experience in the chocolate, confectionery and cocoa industry. John started his career in 1974 in our predecessor businesses in Indonesia and Singapore. From 1979 to 1983, he undertook the appointments of both Vice-Chairman of the Independence Bank of California and the President of Wardley Development Inc., California. John established the Company in 1984 and was subsequently appointed Chief Executive Officer. In 2004, Petra Foods Limited (now known as Delfi Limited), was presented the Enterprise Award by the then President of Singapore, the late S.R. Nathan. Under the Singapore Business Awards, John was awarded the title of Best CEO of 2011; and in 2012, he was recognised as Businessman of the Year. In 2015, John was one of the recipients of the SG50 Outstanding Chinese Business Pioneers Awards.

Board of Directors

Mr Joseph Chuang Tiong Liep ("Joseph"), 70

Executive Director,
Group Chief Growth and Marketing Officer
SINGAPOREAN

Date of First Appointment as Director
2 March 1999

Date of Last Re-Election
29 April 2019

Board Committee(s) Served on
- Executive Committee (Member)
- Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications
- GCE "A" Level Certification

Present Directorships
- Delfi Limited
- Brands of Hudsons Sdn. Bhd.
- Ceres Sime Confectionery Sdn Bhd
- Delfi Marketing Sdn Bhd
- Delfi Singapore Pte. Ltd.
- Maplegold Assets Ltd
- Pavilion View Holdings Limited
- Ceres (International) Marketing Pte Ltd
- PT Nirwana Lestari
- PT Citra Tunggal Lestari
- PT Freyabadi Indotama
- PT Perusahaan Industri Ceres
- Delfi-Orion Pte Ltd
- Delfi Yuraku Pte Ltd
- McKeeson Consultants Private Limited
- Freyabadi (Thailand) Co., Ltd

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
- Ceres Super Pte Ltd

Joseph is an Executive Director and is the Group Chief Growth and Marketing Officer. He was previously President Director, Branded Consumer Division of our Group. Joseph is responsible for the overall management and business development of our Branded business and has over 35 years of experience in senior management positions within the chocolate, confectionery and cocoa industry. As an integral part of his role, Joseph mentors staff in business development, marketing and sales. From 1980 to 1983, he was appointed as the President of McCoa Inc., Philippines. From 1983 to 1984, Joseph worked as a Personal Assistant to the President of Allied Foods Management (Singapore). He was subsequently appointed as the Chief Operating Officer for both PT Perusahaan Industri Ceres and PT General Food Industries from 1984, and he has served in various senior executive positions within the group since.

Mr William Chuang Tiong Kie (“William”), 63

Executive Director,
Business Development Director
SINGAPOREAN

Date of First Appointment as Director
31 May 2001

Date of Last Re-Election
29 April 2019

Board Committee(s) Served on
- Executive Committee (Member)

Educational & Professional Qualifications
- Bachelor of Science, California State University, Long Beach

Present Directorships
- Delfi Limited
- McKeeson Consultants Private Limited
- McKeeson Investment 1 Pte Ltd
- PT Delfi-Yuraku Indonesia
- PT Freyabadi Indotama
- PT General Food Industries
- Freyabadi (Thailand) Co., Ltd
- Delfi-Orion Pte. Ltd.
- Delfi Yuraku Pte. Ltd.

Past Directorships over the preceding three years (from 1 January 2019 to 31 December 2021)
Nil

William is an Executive Director of Delfi Limited and a Business Development Director of our Group. William was appointed to our Board on 31 May 2001. Being based largely at the Group’s corporate headquarters in Singapore, William is responsible for the overall business expansion of our business. As an integral part of his role, he is responsible for the existing joint ventures including Delfi-Orion Pte. Ltd., and Delfi Yuraku Pte. Ltd. William has close to 35 years of experience in senior management positions within the chocolate, confectionery and cocoa industry.

Senior Management

Richard Jeffrey Chung Ting Tshung ("Richard"), 57

Group Chief Financial Officer

Richard has almost three decades of experience in the areas of financial management, financial and business analysis, capital raising, investor relations, business development, mergers and acquisitions, joint ventures and other special projects, and risk management. Of his working experience, he has spent sixteen plus years with Delfi Limited. Immediately prior to joining the Group, as our Head Corporate Planning, Richard was Director Research for ABN AMRO Securities (Singapore).

Education & Professional Qualifications

- Bachelor of Business (majoring in Accounting), Deakin University, Australia

Company & Group Responsibility

Richard is overall in charge of the Group's Finance, Taxation, Treasury, Investor Relations and Corporate Planning functions as well as assisting the Group Chief Executive on strategic and key business development matters for the Group.

Michael Wynne Roberts ("Mike"), 57

Chief of Manufacturing and Quality

Mike has more than 24 years of experience in the area of chocolate manufacturing. From 1994 to 2014, Mike held various senior positions within Barry Callebaut Global, Cocoa and Chocolate Company ("Barry Callebaut"), which included 10 years as Vice President, Supply Chain and Manufacturing. He left Barry Callebaut in 2014 to join Louis Dreyfuss Co, as Asia Head of Industry, and returned to Barry Callebaut as Site Director in 2017, where he remained immediately prior to joining Delfi in 2019.

Education & Professional Qualifications

- Master of Business Administration, University of Wales (UK)
- Diploma from International Supply Chain Management Institute, Singapore.
- Diploma in Food Safety, University of Liverpool (UK)
- NEBOSH Professional qualification in Environmental Health and Safety, University of Wales.
- UK Diploma in Industrial Management, Yale College (UK)
- Mechanical Diploma, Yale College (UK)

Company & Group Responsibility

Mike is tasked with overseeing our Manufacturing Operations (essentially comprising the activities of manufacturing, engineering, chocolate technology and projects), Quality & Assurance, Supply Chain functions and new product development initiatives. Additionally, Mike is Delfi Group Head of the COVID-19 task force, ensuring COVID-19 safety protocols are implemented and adhered too, throughout the Delfi offices & facilities.

Amos Moses Yang, 48

Director (Business Strategy)
(CEO's Office)

Amos has over 20 years of experience in Sales and Marketing. He has spent the majority of his career in the US where he held various Marketing and Sales management positions within Novartis Consumer Health, L'Oreal Paris and Philip Morris USA. Amos has extensive FMCG experience across major multinational companies. Amos joined Delfi in 2012.

Education & Professional Qualifications

- Bachelor of Science in Marketing, Seton Hall University, US

Company & Group Responsibility

Amos assists the CEO, Mr John Chuang, in business strategy matters concerning the Group. He also assists Mr Joseph Chuang, our Chief Growth and Marketing Officer, in the Group's sales and marketing initiatives

Nancy Florencia, 63

President Director,
PT Perusahaan Industri Ceres

In addition to her role as Finance Director, Nancy assumed the role of President Director of PT Perusahaan Industri Ceres in 2017. Prior to joining our Group, Nancy had 10 years of experience in accounting and financial positions in PT Indocement, PT Henoch Jaya and the PT Kedaung Group. Nancy joined PT Ceres in 1991.

Education & Professional Qualifications

- Master of Business Administration, Pittsburg State University, US

Company & Group Responsibility

Nancy is responsible for the operational, financial and corporate matters of PT Perusahaan Industri Ceres. As President Director, she works closely with the Board of PT Perusahaan Industri Ceres as well as its key executives and managers of the Group's other entities in Indonesia. She also assists the Chief Executive Officer and Chief Financial Officer on financial and diverse corporate matters for the Group's business in Indonesia.

Ferry Haryanto, 67

President Director,
PT Nirwana Lestari

Before joining our group in 1995, Ferry gained more than 10 years of experience in sales and marketing roles with PT Guinness Indonesia, San Miguel Brewery Indonesia and PT Gunung Agung Trading from 1982 to 1995 with his latest position as Commercial Director.

Academic & Professional Qualifications

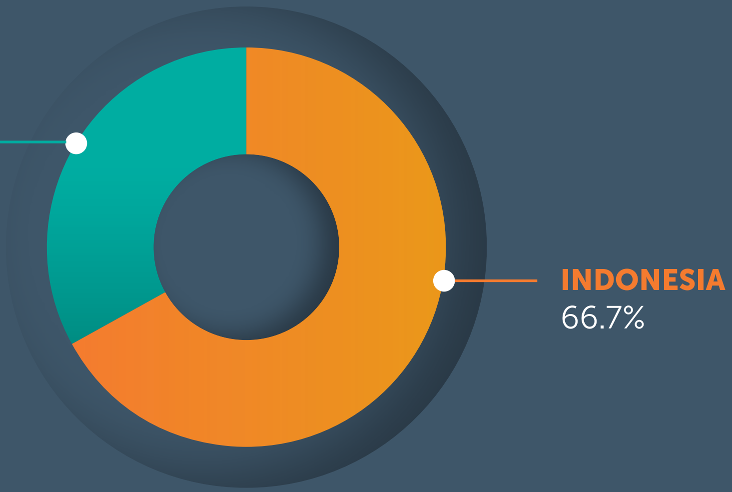
- Master of Business Administration, IEU (Indonesia European University), Jakarta, Indonesia (1991- 1993)
- Bachelor of Economy,Akademi pimpinan Perusahaan, Jakarta, Indonesia (1978-1981)

Company & Group Responsibility

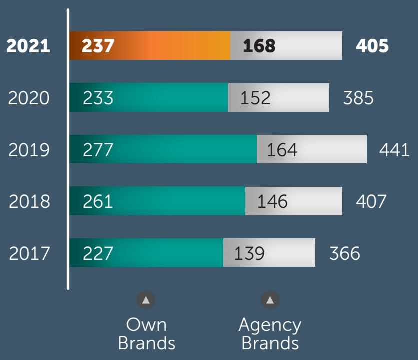
Ferry's responsibilities include the operational and corporate matters of PT Nirwana Lestari. He works closely with the Board of PT Nirwana Lestari as well as its key executives and managers. In addition, he spearheads PT Nirwana Lestari's efforts and initiatives in marketing, sales and distribution of the Company's portfolio of Agency Brands in Indonesia.

Five-Year Financial Highlights & Review

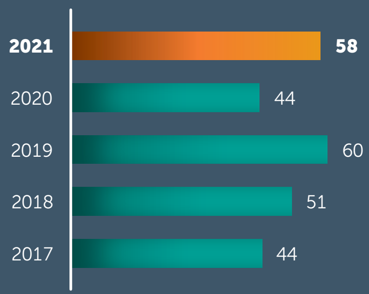
2021 REVENUE BREAKDOWN
By Geography



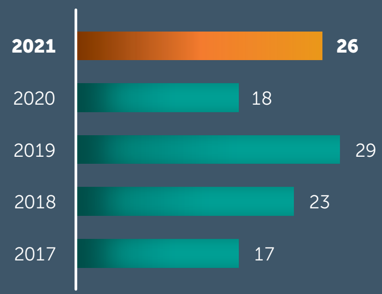
GROUP REVENUE
(US$ million)



GROUP EBITDA
(US$ million)



GROUP PATMI*
(US$ million)



* Excludes exceptional/non-recurring items

2021 SHARE PRICE PERFORMANCE
(S$/Share)

Source: Bloomberg

Background

In the period to 2017, the Group had implemented a significant overhaul of our business model including streamlining our product portfolio, re-energising our organisation and revamping our supply chains to improve service levels and increase speed to market for our products. This involved a reduction of our stock-keeping units (SKUs) and a lower level of sales for our value format products. To put the magnitude of the streamlining of portfolio into perspective, our Own Brands portfolio was reduced by more than 40% or 180 SKUs.

Revenue

In 2018, the earlier efforts started to bear fruit, where the Group's Revenue grew at a double-digit rate to US$407.3 million driven by the strong performance of our Own Brands, especially in Indonesia. In 2018, we also expanded our portfolio of Own Brands with the acquisition of the *Van Houten* brand and extended further into the snacking segment with the launch of new products in the premium products category.

Our growth momentum continued into 2019, which saw a further improvement in revenue to US$440.7 million. Sales of our Own Brands products in 2019 were higher by 5.9% Y-o-Y with the growth driven mainly by our portfolio in Indonesia from: (i) higher sales growth of our products in the premium format category; and (ii) the benefits from our direct shipment initiative to certain mini-mart retail customers.

The momentum slowed in 2020 with the arrival of the COVID-19 pandemic. We had a good start in 1Q 2020, but the impact to our businesses was felt in 2Q 2020 when large-scale social and business restrictions were instituted by governments throughout the region which had an impact on revenues. Revenue achieved in 2020 was US$385.1 million, a Y-o-Y decline of 12.6%. Our Indonesia sales was impacted more, lower by 17.6% to US$255.2 million, given the extent of the lockdown coupled with weakness in the Indonesia Rupiah against the US Dollar during the same period (accounting for 2.5% points of decline).

The easing of these mobility restricting measures to curb the spread of infection started in the third quarter of 2020, and that continued till the end of the year.

As COVID-19 infection rates gradually eased towards the end of 2020, we started 2021 on a promising note as our 1Q 2021 sales inched near to 1Q 2019's, essentially pre-pandemic. However, with the more infectious Delta-variant spreading at the end of 2Q 2021, restrictions and lockdowns were once again imposed. Although infections rates were significantly higher in our key markets, we were more well prepared. Our revenue, while impacted, was still higher compared to 2020.

As a result, revenue for 2021 was US$405.1 million, higher by 5.2% compared to 2020 driven by both our Own Brands and Agency Brands, up by 2.0% and 10.2%, respectively.

Gross Profit

In 2017, the Group's Gross Profit of US$108.4 million reflected the lower Revenue for the year arising from our business overhaul described above. The Group's Gross Profit Margin ("GPM") remained relatively steady at 29.6% given the higher sales of our higher margin premium products, especially in Indonesia, and our cost containment initiatives.

The Group's 2018 and 2019 performance benefitted from the business initiatives implemented since late 2015 to 2017, and this drove Gross Profit to US$119.7 million and US$133.1 million, respectively, registering double-digit growth of 10.4% and 11.2%.

In FY2020, due to the impact of COVID-19, Gross Profit dropped by 17.3% to US$110.1 million while GPM dipped to 28.6% arising from lower sales and higher trade promotion expenses.

Five-Year Financial Highlights & Review

Our GPM for 2021 improved by 0.9% points to 29.5% when compared to 2020. The improvement can be attributed to higher sales contribution from our Premium brands and tighter cost management.

EBITDA

Over the five-year period, the Group's EBITDA performance broadly reflects the Group's Gross Profit achieved. To position our business for long term success, investments continued in brand building initiatives and we strengthened our route-to-market capabilities. In addition, we focused our spending to build our core brands and where we believe the strongest growth opportunities are. To cater to the different consumer groups, we have chocolate confectionery products that span across multiple price points and across many product categories.

For 2020, the Group generated EBITDA of US$43.9 million, lower by 26.4% from the high seen in 2019 but almost in line with 2017. The comparison with 2019 reflects the deep impact from COVID-19, as a result of the sales restrictions and lockdowns imposed during the year.

For 2021, we generated EBITDA of US$58.1 million, higher by 32.4% compared to the same period a year ago. This included non-recurring items amounting to US$3.8 million arising from lower liabilities for employee retirement defined benefit obligations and US$0.3 million from disposal of construction-in-progress to Indonesia Government. Excluding the non-recurring items, EBITDA would have been US$54.0 million, with growth still significant of 23.0% Y-o-Y arising from higher sales, gross profit and tighter management of our operating costs.

While Indonesia has traditionally been the foundation of the Group's profitability, our Regional Markets turned profitable since 2019 and delivered EBITDA of US$4.6 million compared to a loss in US$2.2 million in 2018.

To support our long-term growth, we will continue to invest in our marketing, innovation and sales initiatives and to stay abreast with consumer changing taste, paying close attention to the mega-trends towards healthy and sustainable products.

Distributions

With the proposed final and special dividends for FY2021, the total distributions to shareholders would total US$68.5 million or 11.22 US cents in the last 5 years since FY2017. Total distributions to shareholders, since the Group's listing on the Singapore Exchange ("SGX") in 2004, would be US$355.7 million, comprising of normal and special dividends, as well as a one-time capital reduction of US$60.0 million in FY2016.

For The Year (US$ million)	2021	2020	2019	2018	2017
Revenue	405.1	385.1	440.7	407.3	366.2
Gross Profit	119.7	110.1	133.1	119.7	108.4
Gross Margin	29.5%	28.60%	30.2%	29.4%	29.6%
EBITDA	58.1	43.9	59.6	51.3	44.4
Net profit attributable to shareholders	**26.0**	**17.5**	**28.5**	**23.0**	**17.3**
- Exceptional & Non-recurring items [(a)]	3.3	–	(0.3)	(2.1)	2.4
Net profit attributable to shareholders	**29.3**	**17.5**	**28.2**	**20.9**	**19.7**

At Year End (US$ million)	2021	2020	2019	2018	2017
Total Assets	363.9	382.4	402.3	361.1	352.7
Total Liabilities	(124.6)	(156.7)	(174.7)	(154.9)	(148.4)
Total Shareholders' Equity	**239.3**	**225.7**	**227.6**	**206.2**	**204.3**
Total Debt	(10.1)	(48.7)	(58.3)	(59.0)	(52.2)
Net Cash/(Debt)	76.2	16.8	(0.7)	(4.3)	15.2
Return on Equity (%)					
- Excludes exceptional & non-recurring items [(a)]	11.2	7.7	13.1	11.2	8.6
- Include exceptional & non-recurring items [(a)]	12.6	7.7	13.0	10.2	9.8
Per Share Data					
Dividend (US cents)	**2.83**	**2.35**	**2.35**	**1.89**	**1.80**
- Normal	2.35	2.35	2.35	1.89	1.80
- Special	0.48	–	–	–	–
Earnings (US cents) - Basic & Fully Diluted					
- Excludes exceptional & non-recurring items [(a)]	4.3	2.9	4.7	3.8	2.8
- Include exceptional & non-recurring items [(a)]	4.8	2.9	4.6	3.4	3.2
Net Tangible Assets (US cents)	**36.0**	**33.5**	**33.7**	**30.1**	**32.0**

Notes:

(a) Pertains to - (i) Adjustments resulting in lower liabilities for employee retirement defined benefit obligations amounting to US$2.9 million and net gain of US$0.3 million from disposal of construction in-progress to Indonesia Government, in 2021; (ii) the charge of US$2.1 million and US$2.0 million incurred in 2018 and 2017 respectively from improper and unsubstantiated transactions uncovered in the Philippines, and legal and professional fees of US$0.3 million incurred in respect of this matter in 2019; and (iii) the net gain on sale of PT Ceres-Meiji Indotama ("CMI") of US$4.4 million (after tax) in 2017.


Even in changing times, our commitment remains unchanged. At Delfi, we are all about creating everyday joy for every generation.

Business Profile

DELIVERING A TIMELESS TRADITION IN EVERY DELECTABLE BITE

When it comes to chocolate confectioneries, few producers in Southeast Asia can attest to a long tradition of crafting quality and delicious-tasting treats, handed down through generations. The rich heritage of Delfi Limited ("the Group") can be traced back to the early 1950s when our first chocolate factory opened in Indonesia. It was the birthplace of *SilverQueen*, a flagship brand that continues to delight its consumers even after seven long decades. *Ceres* and *Selamat* came next, before *Delfi*—the eponymous brand popularised by its iconic skier logo and premium quality chocolates—made its debut in the 1980s.

These brands enjoy top-of-mind recall in our home market of Indonesia, where their attractive packaging and wonderful flavours continue to bring joy and familiarity to both the young and old. Evolving with changing times and consumer expectations, the Group has been growing its portfolio of Own Brands, diversifying the categories and formats to cater to varying tastes and preferences. Today, the chocolate confectioneries under our Own Brands range from biscuits and wafers to beverages, spreads, and baking ingredients.

Riding on its successes in Indonesia, the Group entered the Philippines, the second-largest chocolate confectionery market in ASEAN, in 2006. The strategic acquisition not only provided us access to the Filipino consumers but increased our chocolate manufacturing, marketing and distribution capabilities. Two well-established and beloved Filipino brands, *Goya* and *Knick Knacks*, were acquired as part of the strategic expansion. We seized the opportunity to grow by expanding our categories and flavour profiles, delivering products that are of superior quality and which meet the flavour profile of local consumers. Our focus was to build trusted brands and offer exciting tastes and experiences — a formula that has served us well.

Our manufacturing activities continue to be supported by these factories, which have grown from strength to strength over the decades. Both are integrated production facilities backed by expert teams responsible for brand building and product development. Our operations are further supported by extensive distribution networks, delivering not just quality products and responsive customer service but swift routes-to-market in Indonesia and the region.

We have continued to expand our product portfolio, enhance and increase production capabilities and capacities, and improve service execution to cater to the latest market trends and consumer needs. This is achieved in part by working with a selection of reputable Agency Brands to provide consumers with wider product choices that complement our Own Brand offerings.

We have two strategic collaborations that have enabled the expansion of our portfolio into adjacent categories. The first is a 50-50 joint venture ("JV") with South Korea's Orion Corporation that extends our offerings into the soft biscuit and cake categories while bringing Orion's flagship *Choco Pie* brand of chocolate-coated marshmallow-filled soft biscuits into our portfolio.

The second is a JV with Japan's Yuraku Confectionery Company Ltd, in which Delfi has a 60% stake. This partnership entails the manufacturing, marketing and distribution of *Black Thunder* and *Big Thunder* chocolate snacks, which are marketed under the *Delfi* master brand to target young Indonesian consumers.

At Delfi, we promote responsible practices that create sustainable value for our stakeholders, protect the environment and enrich the lives of the communities we serve.

Today, the Delfi portfolio comprises cherished chocolate brands, each with enormous fan followings in their own right. Indonesia remains our largest market, while the contributions from our Regional Markets are anchored by our fast-growing presence in the Philippines and Malaysia. We also export our products to more than 15 countries around the world.

At Delfi, sustainability is an essential component and of increasing importance to our business strategy. We promote responsible practices that create sustainable value for our stakeholders, protect the environment and enrich the lives of the communities we serve. Our approach to sustainability is based on four intertwined themes of social, environmental, economic and governance matters which we term as our "Four Sustainable Value Creation Pillars".

Building trusted brands

To endear our products to consumers and maintain our leadership in the highly competitive Fast Moving Consumer Goods ("FMCG") industry, the Group is committed to delivering outstanding product quality and authentic consumer experiences. We aspire for our brands to be present at all of life's celebratory moments, always ready with a fitting chocolate treat to bring a smile to the consumer.

At the core of this ambition lies an unstinting approach to product quality and innovation, borne out of a genuine desire to satisfy the evolving tastes and preferences of diverse consumer groups. To achieve the goal, the Group's product portfolio is carefully curated and optimised. Exciting new flavours, variants, formats and packaging designs are regularly introduced to refresh the product portfolio, enhance our brands' appeal to retain and attract new consumers.

Our product development cycle starts from market research, where factors like taste profiling, packaging design, quality assurance, portion sizes, price points and consumer testing are all meticulously considered before a new confectionery item gets included in our portfolio and moved onto retail shelves.

Our chocolate confectioneries are available in a wide array of sizes, types and packaging styles across both the Premium and Value Format categories. We have a growing assortment of confectionaries, including moulded chocolate, novelty chocolate products, dragées and enrobed wafers. We also have biscuits, chocolate spreads, baking condiments and beverages aimed at pleasing every palate, budget and lifestyle.

Our success in transforming, growing and broadening our Own Brand offerings has helped to deepen and widen our consumer base while retaining the loyalty of existing customers in Indonesia and throughout the region. This top-of-mind brand awareness for Delfi products came from our longstanding efforts catering to both local and international tastes over the years. We share a special connection with many consumers who have grown up with our brands. These individuals have come to expect only the highest standards of food quality and finest-tasting products that are synonymous with Delfi.

Growing our distribution networks

The Group's distribution activities are supported by experienced in-house teams as well as third-party distributors, sub-distributors and wholesalers. Together, these units form a fast-growing network covering points of sale across Indonesia and the Regional Markets.

In ensuring our continued access to different market segments and geographies, our routes-to-market are executed in partnership with a broad spectrum of retailers, from hypermarkets and minimarts to convenience stores and provision shops.

We have been progressively expanding our logistics infrastructure and distribution activities to improve our reach in both major cities as well as remote or hard-to-reach regions. Today, the Group's distribution network covers close to 100% of the modern trade in Indonesia. It also enjoys a high penetration rate throughout the archipelago through a combination of general trade and modern trade channels.

We collaborate closely with our retail partners to ensure a superior in-store experience. This is complemented by creating the right promotions, products, formats and price points, in conjunction with good merchandising, planogramming and marketing campaigns.

To compete effectively in the modern trade space, retail shelves must be well-stocked with products that appeal to local demographics and preferences. It is also vital for our products to be strategically placed and supported by visually impactful displays to attract the consumer's attention up to and at the points of purchase.

We collaborate closely with our retail partners to ensure a superior in-store experience. This is complemented by creating the right promotions, products, formats and price points, in conjunction with good merchandising, planogramming and marketing campaigns. Our ability to leverage distribution channels, provide attentive services and bring products swiftly and efficiently to market, underscores our industry reputation as a distributor of choice in Southeast Asia.

In addition to our Own Brands, the Group also distributes more than 100 Agency Brands covering multiple product categories spanning chocolate and sugar confectionery, snacks and wafers, baking and culinary to consumer healthcare and personal care products in Indonesia and the Regional Markets. Featuring leading food and beverage products from around the world,

Business Profile

the Agency Brands complement and extend our Own Brand offerings, enabling us to achieve greater access into the modern trade.

Striving for manufacturing excellence

The Group owns and operates two chocolate production facilities, one in Indonesia and the other in the Philippines. With a combined annual production capacity of close to 100,000 tonnes, our two facilities are responsible for the making of a wide range of Own Brand confectioneries and categories, including *Delfi, SilverQueen, Van Houten, Ceres, TOP* and *Selamat* in Indonesia, and *Goya* and *Knick Knacks* in the Philippines.

Both facilities are sited close to our key consumer markets, giving us significant advantages in reacting to changes in market conditions, consumption trends and consumer preferences. Their strategic locations enable us to ensure the freshness of our products while providing improved access to critical information regarding price points and packaging sizes that would result in a swifter response to market dynamics.

To uphold the highest standards of food safety and product quality, our production facilities and processes are regularly audited by external professional bodies. Our retail and trade customers can be assured of our chocolate confectioneries and manufacturing processes, which comply with the following international certification standards:

- Food Safety System Certification 22000 (FSSC 22000)
- Good Manufacturing Practice (GMP)
- Hazard Analysis and Critical Control Points (HACCP)
- ISO45001:2018 (Occupational Health & Safety Management System)*
- ISO14001:2015 (Environmental Management System)*

* *For our Indonesian production facility*

In line with our blueprint for sustainable long-term growth, we have invested more than US$110 million since 2014 to expand the production capabilities and capacities as we evolved our product portfolio. In this multi-year initiative, we have completed significant building, mechanical and engineering works, implemented an SAP enterprise resource planning ("ERP") system and continued to work to improve our energy usage, water consumption and effluents discharge at all our production facilities. Some of the initiatives during the year included replacing our sources of energy consumption with cleaner sources of fuel, from bunker fuel oil ("BFO") to liquified petroleum gas ("LPG") in our Philippines facilities. In addition, we are exploring the installation of solar photovaltic panels at our manufacturing facilities to rely more on renewable energy.

Securing socially and environmentally sustainable agricultural products is important to us and our stakeholders. As part of our business operations to minimise risks to

our business operations, we have in place practices and procedures to ensure efficient stock and raw materials management and control, and where appropriate or necessary nurturing of keeping 'back-up' supplies and suppliers who would be able to meet our needs. Our emphasis is also to work with suppliers who support sustainable practices, and we have adopted a Supplier Self-Assessment ("SSA") Program where we assess existing and new potential suppliers using an evaluation matrix incorporating social and environmental criteria to check our suppliers' ESG compliance. Please refer to our Sustainability Report 2021 ("SR 2021") for more details.

DEVELOPMENTS IN 2021

With the successful rollout of the national vaccination programmes, consumer confidence in Indonesia and the Regional Markets started to pick up. This provided FMCG businesses with some reprieve before the emergence of variants of concern gave rise to new waves of infections and a retightening of social restrictions in the second half of the year.

Amid the volatility and uncertainties, our primary concern was to ensure the safety of our staff and those of our business partners. From a business perspective, our focus throughout the year remained on delivering core strategic products that would generate growth and profit, while expanding the premium format category in the modern trade. We continued to strengthen our organisational capabilities to stay responsive to evolving consumer demands across key markets.

Overcoming challenges in our evolving business landscape

Despite the various waves of COVID-19 infections and the challenges that they brought, demand for Delfi's range of products remained resilient. Notwithstanding the dip in sales during the initial lockdowns at the start of the pandemic in 2020, Delfi's sales recovered in the second half of 2020. This was supported by our wide chocolate confectionery product portfolio and agency brand business, our premiumisation strategy as well as our focus on meeting emerging consumer demands for healthier chocolate confectioneries and flavours, a growing trend in the F&B industry over the last two years.

The resurgence of new COVID-19 cases and the intermittent lockdowns and social restrictions significantly affected retail operations. We worked at mitigating the impact of regulations across markets, such as shorter operating hours in the modern trade, stepping up our digital presence and distribution networks to ensure high availability and accessibility of our products.

E-commerce and online platforms, in particular, have transformed the retail sector. Consumers have become savvier digitally and are turning to online shopping for groceries and other home needs. Despite a growing appetite for premium and healthier snacks among younger consumers, value-driven products remained popular among cost-conscious consumers and bargain hunters.

Expanding our portfolio and delivering novel experiences to drive competitiveness

Following from our strategy to streamline the Group's product portfolio, heighten market visibility and create exciting flavours, we are continually searching for new ways to engage with consumers and deliver refreshing experiences.

Our key markets in Indonesia and the Philippines have large populations, including a sizeable proportion of youths who are approaching their prime spending years. We believe that growing economies, coupled with a willingness to indulge in premium treats due to rising disposable incomes, will have a positive long-term impact on the consumption of chocolate confectioneries.

Towards this end, Gen Z and Millennial consumers were identified as an important growth sector for the Group. We have been focusing on flavours and packaging designs that would appeal to these customers. Compared to earlier generations, Gen Z and Millennial consumers tend to opt for chocolate confectioneries with healthier ingredients and/or higher cocoa content. The *SilverQueen Very Berry Yoghurt* and *SilverQueen Green Tea Matcha* were among our premium *"Better for You"* offerings to serve the demand driven by this group of consumers.

Other initiatives included the phased roll-out of our revamped *Van Houten* brand. Riding on the consumer trend for healthier products, we introduced a new *Dark Milk* concept, which has both a higher cocoa content and reduced sugar.

The colour schemes and packaging designs for our *Van Houten* portfolio were also refreshed to rejuvenate its brand image. The rejuvenated *Van Houten* products were rolled out in Singapore, Malaysia and Indonesia in 2021, and would be scheduled to debut in other regional markets in 2022.

Over in the Philippines, we launched *Goya Very Berries*, a fusion of yoghurt, handpicked strawberries and blueberries in a creamy white chocolate bar. *Goya Matcha Latte*, made from roasted whole California almonds covered in green tea matcha and milk

Business Profile

chocolate, was also introduced. The matcha is sourced from Nishio, Japan, well-known as the world's "capital" for quality green tea. We extended the *Goya* range of moulded chocolates with two new flavours: *Black Cookie Crunch* and *Winter Chill*. The former features the taste and texture of black cookies blended into *Goya* milk chocolate, while the latter features *Goya* milk chocolate infused with pure peppermint essence. The peppermint variant is intended as a seasonal Christmas offering.

To increase *Goya* sales in the Philippines, a "Puso (Heart) for All" campaign was developed in conjunction with Valentine's Day. We worked with local key opinion leaders, including Youtubers and micro-influencers like Luis Azcona Videos (LAV) to engage with Gen Zs via social media. We also conducted Facebook events to promote our *Goya* culinary range, a Tik-Tok challenge where participants posted creative videos in their favourite outfits and *Take-it* products, and a separate Tik-Tok challenge for young *Knick Knacks* fans who danced alongside the mascot, "Nick the Clown".

In Malaysia, we ensured the high availability of value-for-money alternatives and held regular promotions to address reduced budgets. Adjusting the assortments and providing innovative quality options enabled cautious consumers to make more savvy choices while watching their grocery spend. Consumables like beverages and snacks performed well throughout the pandemic, with healthier choices like plant-based milk, fresh liquid milk and yoghurt showing encouraging growth. Demand for non-food products like liquid antiseptics, dish-washing liquids and mouthwash also contributed to the increase in sales.

Business Profile

Maintaining high product visibility and availability in the modern and general trades

Despite the pandemic, our teams are continually working to recalibrate our product assortments, improve customer service levels and evaluate the efficiency of our routes to market. Driven by the current preference to shop in communities and neighbourhoods closer to home, we worked closely with our minimarts, supermarkets and independent store customers in the modern trade to capture this trend.

Our teams are also executing our plan to extend our direct shipment model to cover a wider region and to further optimise our supply chain efficiency. We have been actively bolstering the organisation of our in-house teams and fine-tuning our growth plans and route-to-market strategies for the general trade and other modern trade independents. Our goal is to establish an efficient sales force while tapping into a wide network of distributors to grow our presence in the modern and general trade channels.

Upholding vigilance and good manufacturing practices amid COVID-19

Throughout the pandemic, the safety of our employees, business partners and consumers has been paramount. We carried on with our Business Continuity Plan ("BCP") and enforced the practice of safety protocols and measures to minimise disruption to our operations.

To provide a safer workplace for our factory staff, we followed a strict cleaning and sanitisation regime; mandated the use of Personal Protection Equipment ("PPE"), face shields, face masks and gloves; installed Perspex screens and facilities for washing and disinfection; and implemented safe distancing measures and daily temperature checks among other protocols.

Our office staff adapted to working from home and/or on a split-team basis, depending on the government's advisory and the daily infection numbers. Entry and movement within our factories and business premises were closely monitored and recorded to facilitate contract tracing. Essential visitors, such as suppliers and contractors, were required to prove their vaccination status to undergo COVID-19 testing before site visits.

Operating in a region with diverse cultures, varied demographics and economic infrastructure, the Group has a broad-ranging talent pool with deep local knowledge and the ability to calibrate growth strategies to suit respective markets and consumer behaviours.

As a key producer in the food industry, many of these personal hygiene and safety regimes are already entrenched in our operations. Nevertheless, we continued to enhance and adjust these protocols according to prevailing safe management guidelines, ensuring better preparedness against COVID-19 and its related developments.

Nurturing employees and giving back to the community

Operating in a region with diverse cultures, varied demographics and economic infrastructure, the Group has a broad-ranging talent pool with deep local knowledge and the ability to calibrate growth strategies to suit respective markets and consumer behaviours. The diverse backgrounds, expertise and experiences of our people have been central to our success over the years.

We strive to create cohesive and harmonious work environments by aligning employee aspirations to the values and goals of the Company, and by building a fair and inclusive workplace where employees are motivated to contribute. Employees with the propensity to lead and assume higher responsibilities are given the chance to realise their full potential through leadership development opportunities.

Regular feedback and performance review sessions are held to ensure that employees are matched to the right roles and that their training needs are adequately met. During the year, we conducted both in-person and virtual training courses on good manufacturing practices, food safety management systems, and continuous improvement among others.

Giving back to the community is an integral part of our corporate agenda. Among the initiatives in 2021 were the donation of oxygen concentrators to local hospitals in Bandung, Indonesia, and collaborating with local authorities to carry out vaccination for the local community living around our Bandung factory together with our employees. In Singapore, under Delfi's "Tis the Season for Giving – We Are With You" initiative, we gifted our *Van Houten* chocolate gift boxes and *Van Houten Chocolate Drink* to dedicated frontline healthcare workers within Singapore's public healthcare clusters comprising of public general and community hospitals in appreciation of their contribution and hard work in the fight against COVID-19.


Variety is the spice of life.
From homegrown flavours
to regional favourites, our
diverse portfolio delights.

VAN HOUTEN
100% COCOA POWDER
Goya Matcha Latte

Operating & Financial Review

Richard Chung
Group Chief Financial Officer

For FY2021, the Group achieved Profit after Tax and Minority Interest ("PATMI") (including non-recurring items) of US$29.3 million (Y-o-Y growth of 67.5%) on revenue of US$405.1 million. Even excluding the non-recurring items, our profit growth was still strong at 48.9% Y-o-Y where our business performance in 2021 was better compared to 2020, when lockdowns were significantly more widespread.

The key financial highlights of 2021 were:

1. Higher revenue with 5.2% Y-o-Y growth driven by both Own Brands and Agency Brands, up by 2.0% and 10.2% respectively;

2. Higher gross profit margin, up 0.9% points to 29.5% for FY2021, on fuller margins for our products (with reduced sales returns) and higher contribution from Premium brands in our sales mix compared to a year ago;

Key Financial Highlights

US$ million	2021	2020	% change Y-o-Y
Indonesia	270.2	255.2	5.9%
The Regional Markets	134.9	129.9	3.9%
Total Revenue	**405.1**	**385.1**	**5.2%**
Own Brands	237.4	232.9	2.0%
Agency Brands	167.7	152.2	10.2%
Total Revenue	**405.1**	**385.1**	**5.2%**
Gross Profit Margin (%)	29.5%	28.6%	0.9% pt
EBITDA	**58.1**	**43.9**	**32.4%**
EBITDA Margin (%)	14.3%	11.4%	2.9% pt
PATMI (excluding non-recurring items)	**26.0**	**17.5**	**48.9%**
PATMI (including non-recurring items)	**29.3**	**17.5**	**67.5%**

3. Continued tight control of operating expenses as well as lower finance costs on our reduced debt level; and

4. The following one-off non-recurring items (before tax):

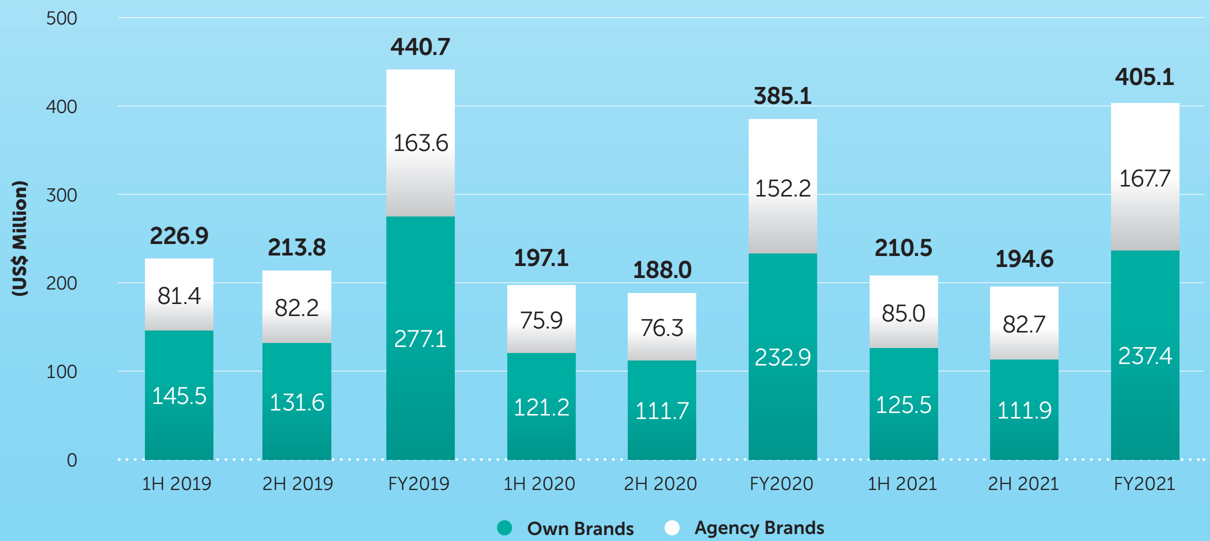
   (i) Reductions in liabilities for employee retirement defined benefit obligations amounting to US$3.8 million, of which US$2.17 million was due to the effects of Indonesia's Omnibus Law passed in 2021 and US$1.66 million was due to the required change in accounting policy[1]; and

   (ii) A one-off gain of US$0.3[2] million , recognized in 1Q 2021 from the sale of construction in progress to the Indonesian Government.

During the year, while the COVID-19 pandemic created uncertainties and triggered imposition of lockdowns, which in turn affected consumer mobility and operating hours of our retail customers, it was less severe compared to the initial onset of the pandemic in 2020. As such, our performance was less affected vis-à-vis the prior year which together with our preparedness and experience gathered since the start of the pandemic allowed us to navigate the challenges in 2021. Our staff and stakeholders' safety has always been our top priority and this was even more so during the last two years.

Our better operating performance can be attributed to our robust supply chain that feeds both our resilient Own Brands and our complementary Agency Brands portfolio through our well established and expanding distribution network. This is an area that we have especially focussed on in the past few years and was only made possible through the commitment and support from all the Delfi team.

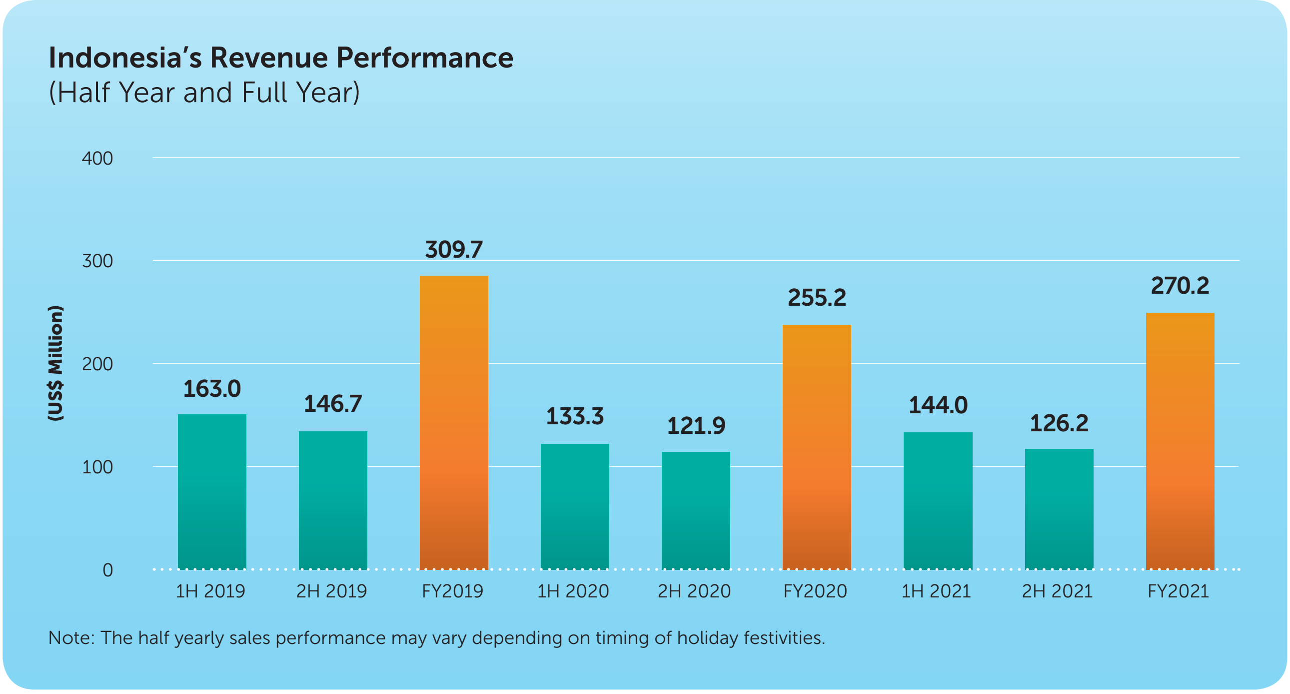
Own Brands & Agency Brands Revenue Performance
(Half Year and Full Year)



Note: The half yearly sales performance may vary depending on timing of holiday festivities.

1 Please refer to Notes to Financial Statements for further details on the changes in Indonesia Omnibus Law and change in accounting policy on page 93.
2 Please refer to Notes to Financial Statements Note 17 on page 126.

Operating & Financial Review



PERFORMANCE REVIEW BY MARKETS

Indonesia

Our business in Indonesia generated revenue of US$270.2 million, higher Y-o-Y by 5.9% for FY2021.

In the first half of 2021, our business in Indonesia achieved revenue of US$144.0 million, higher by 8.1% Y-o-Y. The increase was driven by 2Q 2021's revenue growth of 42.2% Y-o-Y; this was markedly higher than the weaker quarter in the same period in 2020 as a result of government-imposed lockdowns from April to June 2020, which impacted consumer mobility and the operations of our distributors and retail customers.

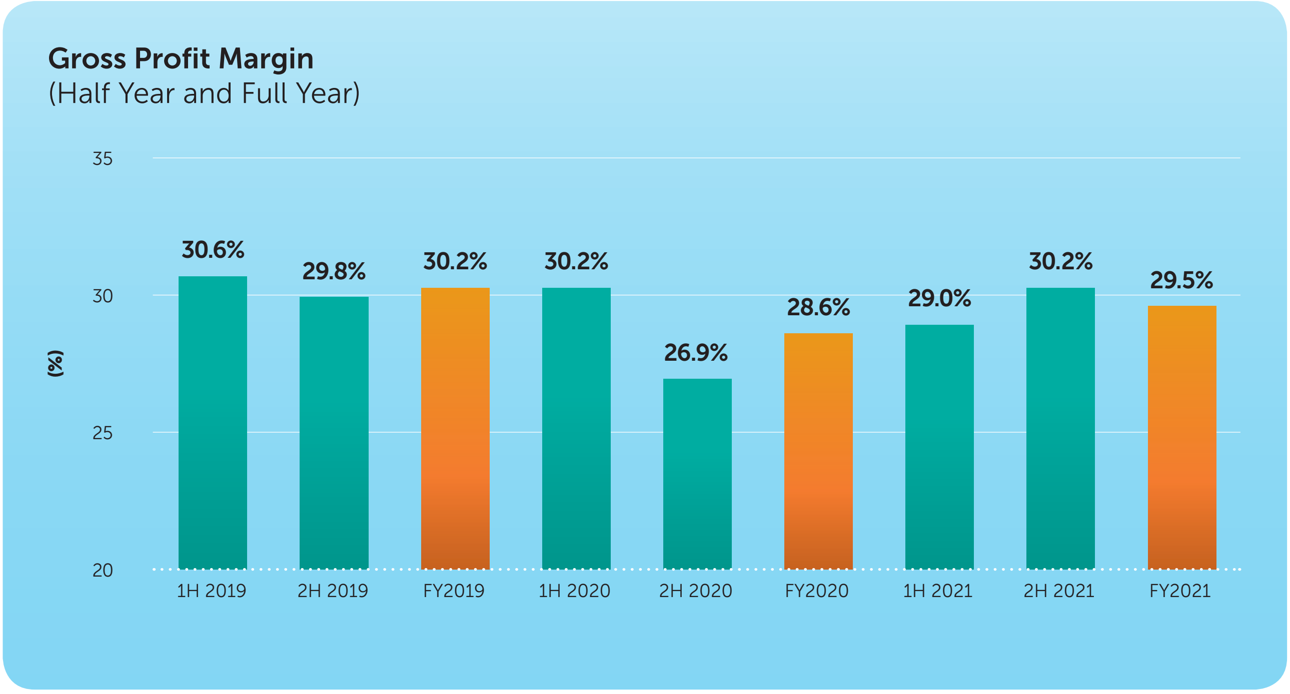
During the year, we focused our efforts on capturing the recovery for our products, and investing in our brands through the use of social media to generate consumer awareness and demand for our *"Better-for-You"* and trendier products targeting Gen-Z and Millennials. We also continued to build on our core strategic products with sales of our Premium Brands, particularly *SilverQueen* and *ChaCha*, higher Y-o-Y. New product launches were also a key driver of this growth.

In 4Q 2021, we launched the refreshed *Van Houten Dark Milk* series which features a higher 43% cocoa content, catering to the healthier trends sought by consumers. This will be progressively launched in the regional markets in 2022.

The sales performance of our Agency Brands was higher Y-o-Y by 10.1% in FY2021 with the growth driven by our snacks and breakfast categories.

THE REGIONAL MARKETS

For our Regional Markets, revenues for FY2021 were higher Y-o-Y by 3.9% to US$134.9 million. The growth achieved was mainly attributed to demand for several Agency Brands in our Malaysian operations, particularly in the breakfast, sugar confectionery, healthcare and snacking categories.



Note: It should be highlighted that margins achieved may vary depending on the composition of sales mix, both within Own Brands and Agency Brands.

Review of Profitability

In FY2021, we achieved an overall Gross Profit Margin ("GPM") of 29.5%, up by 0.9% points when compared with 2020. The improvement can be attributed to higher sales contribution from Premium brands and tighter cost management.

Correspondingly, along with our tight management of Selling & Distribution and Administrative expenses vis-à-vis revenue growth, the Group's EBITDA margin, excluding the non-recurring items, for FY2021 improved to 13.3%.

Cash flow and Capital Expenditure

Our business model continues to produce high quality cash flows from our well established operations. Our operating cash flow provides the primary source of cash to fund the Group's operating needs and capital expenditure. During 2021, the Group generated operating cash flow before working capital changes of US$57.7 million which was higher Y-o-Y by US$13.5 million due to our stronger operating results in the year.

For the year, the higher operating cash flow together with tighter working capital management led the increase in the Group's net cash generated from operating activities by US$34.8 million to US$77.2 million. The positive working capital movement was driven by a focus on receivables where we tightened our collections resulting in a cash inflow of US$13.9 million and tighter management of inventories in our supply chain which saw a US$12.0 million reduction in inventory levels.

This cash flow funded our Group's 2021 capital expenditure of US$2.7 million, which was lower than the US$3.7 million invested in 2020. With our current production capacity sufficient to support our business, we had, in the last two years, deliberately curtailed our capital expenditure to only the most essential in light of the uncertainties created by the COVID-19 pandemic.

The Group's higher profitability, coupled with our tight management of costs and reduced capital spending, generated free cash flow of US$74.5 million, higher Y-o-Y by US$35.8 million. This was sufficient to fund the US$14.3 million that was paid out as dividends to Shareholders during the year.

Operating & Financial Review

Balance Sheet

The higher cash flow generated was also used to reduce our borrowings by US$38.7 million to US$10.1 million as at 31 December 2021. Even after this debt repayment and the payment of dividends in the year, our Group's cash balance was higher to US$86.2 million, up by US$20.7 million.

For 2021, the Group's total assets of US$363.9 million were lower by US$18.6 million reflecting mainly: (1) the reduction in borrowings; (2) the payment of the FY2020 final and 1H 2021 dividends; (3) the reduction of working capital (compared to end-2020, trade receivables and inventories were lower by US$12.7 million and US$12.0 million respectively); and (4) lower Property, Plant and Equipment ("PPE"). The Group's PPE of US$96.0 million was lower compared to end-2020 balance by US$11.2 million on the back of depreciation charges offset partially by the capital expenditure for the year.

Shareholders' equity was higher by US$13.7 million to US$239.3 million as a result of the Group's higher retained earnings, offset by the foreign exchange translation loss of US$10.2 million mainly due to the depreciation of the regional currencies against the US Dollar.

With our strong Balance Sheet, we are confident in facing the uncertainties in the global economy.

Update on Claims Associated with the Disposal of Delfi Cacau Brasil Ltda.

By way of background, on 24 February 2015, the Company announced that Barry Callebaut had notified the Company of various claims from the Brazil tax authorities ("Notifications") against the former Delfi Cacau Brazil Ltda ("DCBR"), which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business. In the Company's announcement made on 28 August 2015, the Company also pointed out that although the Settlement Agreement fully settled the dispute over the closing price adjustments, Barry Callebaut remained entitled to bring any further claims that may arise under the continuing warranties.

As previously announced, the Company was notified of a total of 9 claims associated with the disposal. As at 31 December 2021, the Company's total exposure in respect of these claims (after indexation) in Brazil is BRL 89.2 million (equivalent to US$16.0 million based on the end-December 2021 exchange rate).

The Company, while reserving its rights in relation to the Notifications, has requested Barry Callebaut to defend these claims and the cases are proceeding through the Administrative and Judicial processes in Brazil. The Board and management believe there are grounds to resist these claims and the Company will keep the shareholders updated as to material developments in relation to the Brazilian claims.

In assessing the relevant liabilities, management has considered, among other factors, industry developments in the current financial year and the legal environment in Brazil, and assessed that the amounts recognised in respect of these claims are adequate as at 31 December 2021. As management considers the disclosure of further details of these claims can be expected to prejudice seriously the Group's position in relation to the claims, further information has not been disclosed in the Group's financial statements.

OUTLOOK

Looking ahead, the operating environment is expected to be better compared to 2021 with the opening up of economies as the COVID situation improves. However, there are still uncertainties and challenges, for instance, geopolitical uncertainties, inflation, currency volatility and supply chain bottlenecks.

Notwithstanding these uncertainties, we remain steadfastly committed to executing our growth initiatives in the following areas:

- Focussing on core strategic products and driving further growth of our premium format category in the Modern Trade including launching new products to capture "*Better-for-You*" trends which remains a strong growth category. Our focus on the growing Gen-Z and Millennials markets remains and we will continue to focus on flavours and packaging designs that would appeal to these consumers.

- Strengthening distribution to further grow in the Modern Trade channel as well as growing our General Trade business. We already have strong relationships with major retailers within the Modern Trade and look to strengthen this via better management of stock levels and explore more efficient and effective promotions to generate sales growth.

- Enhance our financial discipline to further strengthen the health of our balance sheet and our cash flows through tightly managing of our operating costs, collections and capital spending. We expect working capital requirements to increase in line with the growth of our business, but will continue to tightly manage it. While cost increases in raw and packaging materials are anticipated in 2022, plans are already in place to manage this through product resizing and/ or price adjustments as we have done previously.

With our strong Balance Sheet and strategy in place, we can, barring unforeseen circumstances, look forward to a better business performance in 2022.

Small efforts can lead to a great impact. By putting sustainability at the core of our business, we can make our only home a better place.

Sustainable Value Creation

DELFI CARES

Sustainability is an essential component of our business strategy. As a leading South East Asian branded chocolate confectionery company, Delfi promotes responsible practices that create sustainable value for our stakeholders, protect the shared environment we live in, as well as enrich the lives of the many communities we serve.

From bean to bar, Delfi is committed to promoting sustainability coupled with social and economic development, so that all participants in our supply chain are fairly rewarded for their efforts whilst making sure that they too commit to the same sustainability goals.

Our approach towards building a long term sustainable business is embedded in our Corporate Social Responsibility ("CSR") mission, which is an integral part of the strategic decisions made by the Board. Our Board is further supported by Delfi's Market Sustainability and Strategy Committee ("MSSC"), which was established to oversee, develop and advance our sustainability initiatives and growth. Together, we stand by the notion that 'We Care and Are Always With You'.

The coronavirus pandemic ("COVID-19") continued to be a defining global health crisis in 2021 which created social and economic uncertainties and challenges worldwide. As a result, Delfi took proactive steps to reduce the impact of the pandemic on our business and our stakeholders.

From bean to bar, Delfi is committed to promoting sustainability coupled with social and economic development.

Delfi's Global CSR Mission

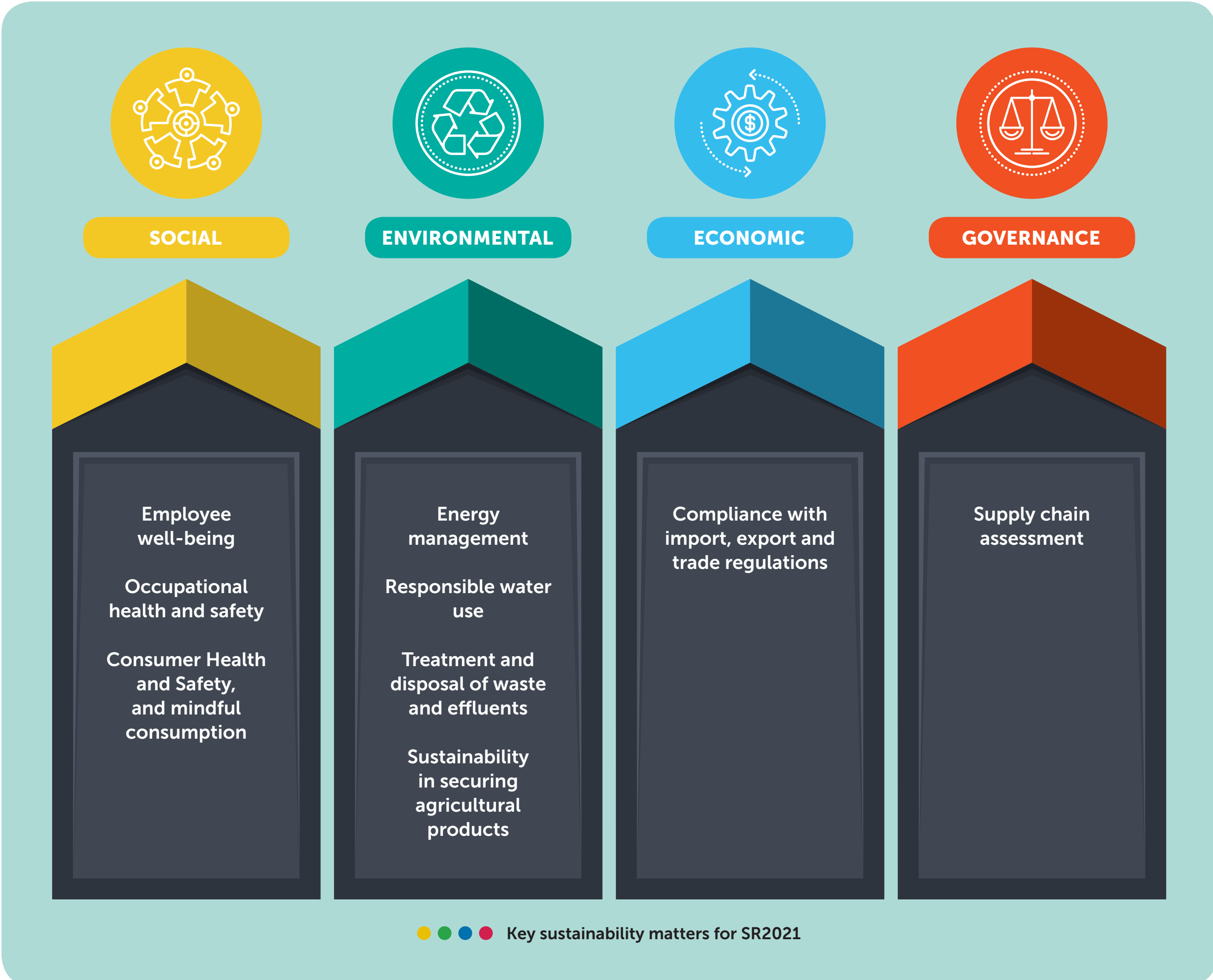
Act in the interest of all stakeholders

Embrace the needs of the community

Care for the environment

OUR SUSTAINABLE VALUE CREATION PILLARS

At Delfi, our approach to sustainability is based on the four intertwined themes of social, environmental, economic and governance matters which we call our "Four Sustainable Value Creation Pillars". Within each of these Pillars, we have then focused on those specific matters that we believe to be the most relevant to our business and our key stakeholders.



EMPLOYEE WELL-BEING

- 45:55 Male to female permanent staff ratio
- Tailored trainings provided to our staff
- Yearly performance and career development reviews

At Delfi, employee well-being is a top priority. We recognise that human capital is our most valuable asset and key to our continued success.

We are committed to create a healthy and conducive working environment that embraces diversity and fosters inclusion. Delfi has made significant strides in creating gender-inclusive workplaces and has a number of women represented in key leadership positions.

Our Human Resource ("HR") policies aim to attract and retain the right talent to nurture growth, development, and demonstrate professionalism at the workplace. Further to that, we have taken proactive steps to protect our staff against the impact of COVID-19. Please refer to the section 'Living with COVID-19' for further details.

Sustainable Value Creation

The safety and well-being of our employees is of the utmost priority at Delfi. We have sound policies and practices in place to embrace all aspects of health and safety at the workplace. We inculcate and nurture a "Work Safely, Stay Safe" mindset and culture in Delfi and this extends throughout our supply chain. We are committed to our goal of zero accidents and fatalities. We continuously strive to improve our safety performance across all our operations.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

ZERO
work-related fatalities in 2021

CONSUMER HEALTH AND SAFETY, AND MINDFUL CONSUMPTION

CERTIFIED
Quality Management System audited annually based on international standards:

- Food Safety System Certification 22000 (FSSC 22000) Version 5.1

As a food manufacturer, we remain steadfast in ensuring the quality of our products as well as the well-being of our consumers. We strongly adhere to both internationally-recognised food safety and quality standards and safety regulations in the countries we operate in.

In 2021, Delfi successfully upgraded our FSSC 22000 Food Safety Certification to Version 5.1. We have also begun exploring the incorporation of healthy ingredients such as grains and real fruits, and fortifying our products with additional vitamins and minerals, to provide added nutritional benefits for our consumers. We are pleased to share the launch of our new range of "*Van Houten* Dark Milk Chocolate" which has higher cocoa content and less sugar.

WE FOCUS ON OUR ENVIRONMENTAL STEWARDSHIP DESPITE OUR OPERATIONS AND OUTPUT BEING AFFECTED BY COVID-19

- Elimination of the use of bunker fuel oil in 2021
- Installation of a flash steam recovery system to recover heat energy
- Achieved zero processed water discharge, ensuring 100% of process water is treated or recovered

At Delfi, we recognise the environmental impact from our operations and are committed to reducing our environmental footprint. As a steward of the environment, we adopted various practices to better utilise resources in a responsible and sustainable way. Delfi also recognises the importance of taking necessary steps to combat global climate change and support the shift towards a climate-friendly economy, now and into the future.

This year, Delfi has eliminated the use of Bunker Fuel Oil ("BFO") by switching to Liquefied Petroleum Gas ("LPG"), which is a cleaner source of fuel and contributes to cleaner air quality in our operations. Further to that, we are pleased to share that we have successfully completed a flash steam recovery project at our Indonesia facility, allowing us to recover heat energy which is reused in our manufacturing process. Delfi has also continued its environmental retrofits, including the replacement of fluorescent lamps to light-emitting diode lamps and the optimisation of compressed natural gas ("CNG") consumption.

With regards to water and waste management, Delfi fully implemented the treatment and recovery of 100% of processed wastewater produced this year, achieving zero processed water discharged from our operations. We also continue to contribute to the local community near our Indonesia factory by sharing clean potable water. Delfi also strives to implement closed-loop strategies, such as composting our absorber sludge waste or transforming scrap products into animal feed to contribute towards a circular economy ideal.

COMPLIANCE WITH IMPORT, EXPORT AND TRADE REGULATIONS

ZERO material incidents of non-compliance reported

Good governance and an ethical approach to business are embedded in our operations. We exercise due diligence in all our operations by ensuring compliance with laws and regulations and support international principles for sustainable business conduct.

This year, Delfi achieved its target of zero material incidents of non-compliance.

At Delfi, we recognise that managing ESG issues in our supply chain plays an important role in mitigating adverse environmental and social impacts. By working closely with our suppliers and stakeholders, we can minimise our environmental and social impact by ensuring that all our products and services are sustainably and responsibly sourced throughout our supply chain. We have also incorporated environmental and social aspects in our Supplier Self-Assessment ("SSA") Programme. In FY2021, 86% of our existing suppliers have completed the SSA. We will continue to work with the remaining suppliers to complete this requirement.

In 2021, Delfi has continued to be certified by the Rainforest Alliance program that aims to promote sustainable farming of cocoa and the acquisition of other raw materials. Delfi is also a member of Sedex, one of the world's leading ethical trade membership organisations.

SUSTAINABILITY IN SECURING AGRICULTURAL PRODUCTS AND SUPPLY CHAIN ASSESSMENT

86% of our existing suppliers have completed the SSA Program

LIVING WITH COVID-19

This year, we have continued with our efforts to reduce the impact of the pandemic on our business and our stakeholders. In 2021, we actively encouraged the vaccination of our staff together with their families, and despite the challenges of limited local supplies of COVID-19 vaccines, our efforts to procure vaccines where possible has contributed to 100% of our staff being fully vaccinated. To further protect our staff, we have implemented a rigorous system of frequent testing for all staff that are required to work on-premises, and we require staff to work from home if their jobs permit. In FY2021, our manufacturing processes and output were significantly affected by the COVID-19 pandemic. Despite this, we continue to focus on the health and well-being of all our employees in the workplace.

736 Delfi employees, unfortunately, contracted COVID-19 during 2021. We ensured that all of them continued to enjoy their income and benefits, and receive medical attention to aid in their recovery and return to their normal lives. Overall, appropriate measures and initiatives have been taken to ensure that our staff well-being is protected, and operations are carried out safely and with thought to ensure continuity of our business.

Key highlights of our COVID-19 response for our key stakeholder groups as driven by Delfi's Group Emergency Management Committee ("GEMC"), are summarised below.

Consumers

Extensive measures were implemented across our entire supply chain to minimise operational disruptions and prioritize consumers' health.

Partners and Distributors

Our Partners and Distributors benefit from their use of our audit standards and best practices to ensure safety and business continuity across our supply chain.

Employees

US$ **600,000** was invested in FY2021 in staff safety equipment to combat the spread of COVID-19. This is in addition to our expenditure of US$1 million in FY2020 for similar equipment.

Community

Over **24,000** people including healthcare workers, benefitted from donations of our Delfi chocolate, local snacks and other items in FY2021. This builds on our donation efforts in FY2020 where we distributed similar items to 18,000 beneficiaries.

For more details on our detailed approach and commitment towards sustainability and COVID- 19, please refer to our Sustainability Report 2021.

Corporate Information

Corporate Information

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Partner-in-charge
Mr. Chua Chin San
Since financial year ended
31 December 2019

Stock Codes
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Bloomberg: Delfi SP
Reuters: DELF.SI

Company Secretary
Siau Kuei Lian, ACS, ACG

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Malaysia

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Indonesia

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UOB Plaza 1
Singapore 048624

Banco De Oro
BDO Corporate Center
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Makati City 0726
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Registrar and Share Transfer Office
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Financial Calendar

Annual General Meeting	26 April 2022
Announcement of Half Year Results	August 2022

FINANCIAL REPORTS & STATEMENTS

OVERVIEW

Corporate Governance Report

COVID-19

THE DELFI RESPONSE

The Delfi Board and Management team recognise that living with COVID-19 is our "new normal". The impact of COVID-19 varies across the different countries in which we operate. But in all places, our priority is the health and well-being of our staff, business partners and customers. As such, we remain constantly prepared to adapt any aspect of our business and operations to meet this and other similar challenges that may well emerge.

The Board, Management and staff remain committed and courageous to drive and make these business and operational measures a success.

GROUP EMERGENCY MANAGEMENT COMMITTEE

Since the activation of our Business Continuity Plan ("**BCP**") in 2020, the Group Emergency Management Committee ("**GEMC**") has met regularly and continues to provide guidance to the respective Country Emergency Management Committees ("**CEMC**") in allocating their resources and enhancing their capabilities and defences in the fight against COVID-19. It also allowed the members of the CEMC in each country within the Group to provide feedback on its response to the anti-COVID-19 measures, and for the GEMC to provide timely advice and direction.

The GEMC is our Group's dedicated crisis management team headed by our Chief Executive Officer and Managing Director, John Chuang. The GEMC meets weekly and monitors developments closely; disseminates information within the Group; and coordinates with the managers, executives and staff organisation wide. The GEMC comprises a wide and deep bench of executives which brings together expertise from (a) business, (b) manufacturing and engineering, (c) technology and quality assurance, (d) marketing and distribution, (e) logistics and supply, (f) human resource, (g) legal and regulatory, and (h) investor and public relations. This breadth of vision ensures that we are able to take both a holistic and in-depth assessment of the risks and responses.

PROTECTING OUR STAFF AND OUR STAKEHOLDERS

Our top priority is the well-being and safety of all stakeholders and staff involved in the production, distribution, marketing, sales and management functions.

Since the start of the pandemic, we have invested more than US$1.6 million in business and operational upgrades, medical and safety equipment, and Personal Protection Equipment ("**PPE**"), including gloves and hazmat suits for staff to keep everyone safe.

BUSINESS PREPAREDNESS

Our CEO and Management have focused primarily on:

(I) keeping all staff safe and healthy through a range of activities namely, (a) the use of 'split-team' arrangements; (b) 'compartmentalization'; (c) staggered working hours; (d) modified or customized schedules to enhance safe distancing; (e) the use of PPE, thermal scanners and frequent sanitization;

(II) working in partnership with stakeholders and staff to ensure that sourcing, production, distribution and sales could be kept running to fulfil market demand in Indonesia, Malaysia, the Philippines and internationally through our exports;

(III) ensuring that all those who could work-from-home ("**WFH**") did so; and

(IV) deploying and/or using suitable technology and technology platforms for work and business.

The Board and Management has continued to monitor the situation to ensure that the approach and steps that have been put in place remain appropriate and proportionate as the situation has evolved.

The Board and Management remain alert to the potential adverse impact on our supply chain. As such, we have kept a watchful eye on our key ingredients and implemented policies, practices and procedures to ensure efficient and ready access to stock as well as complementary raw materials management and control. Where appropriate and necessary, we increased our inventory and/or identified 'back-up' supplies and suppliers who would be able to meet our needs, should the occasion arise. Consequently, there was no material adverse impact on our supply chain or manufacturing processes as a result of the COVID-19 situation.

CORPORATE GOVERNANCE REPORT

Delfi's[1] core values are grounded in integrity, excellence and commitment. These values guide all of us as we seek to enhance the Company's development, performance and growth. These core values are therefore embedded within our concept of corporate governance and form an integral part of Delfi's ethos, business, systems, processes and operations.

The protocols and Terms of Reference that define our Board and its sub- committees, coupled with our Human Resource Manual, document and elaborate on Delfi's corporate culture as the central foundation of our modus operandi. We believe that this has been instrumental in our long-term success.

We pride ourselves on having a unique corporate culture. As an organisation, we are imbued with the following attributes: (a) Responsible, committed and passionate employees who are ready and willing to go the extra mile in providing our customers with superior products and services; (b) A positive mind-set capable of motivating others; (c) Sensitivity to others; (d) Respect for the individual; and (e) Frugality.

Our annual corporate governance practices review is conducted in the recognition that our values and practices help us create long term value for our shareholders not only because it is the right thing to do but at the same time it reduces risk and enhances returns. We are committed to upholding the Code of Corporate Governance (the "**Code**"). The format of our report below reflects the Principles laid out in the Code of Corporate Governance 2018 ("**CG2018**") in line with the Amended Rule 710 of the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), with reference where applicable, to the Code of Corporate Governance 2012 ("**CG2012**").

We are confident that we have fulfilled not only the letter of the Code but more importantly the spirit of the Code. We seek to be fully compliant with the Code, and if there are any instances where we feel we may be in only partial compliance with the Code, we have clearly explained why our position remains appropriate in the circumstances and how our practices are consistent with the aim and philosophy of the relevant Principle of CG2018.

Our Leadership Mix

The Board of Delfi comprises a healthy well-balanced mix of entrepreneurs, professionals and corporate expertise, who as a group, provide the appropriate balance and mix of skills, knowledge and experience. Out of a total of eight Directors, the board of Directors (the "**Board**") comprises three executive Directors, four non-executive independent Directors, and one non-executive non-independent Director. A majority of our Board is non-executive with the Chairman and half of the Board being independent. There is a clear separation of the role of the Chief Executive Officer ("**CEO**") and the Chairman. One of our three executive Directors serves as CEO and Managing Director ("**MD**"). The Board meets regularly and is provided with timely updates and information. As and when there are urgent commercial or other corporate matters, Board meetings are convened to seek guidance from the Board or to elicit a decision. All Directors are expected to act in good faith, and to act in the interests of Delfi.

The Board has met on numerous times to consider and deliberate its own composition and is conscious that the desired composition of the Board cannot be achieved overnight and may well be a multi-year endeavour. The Board is of the view that its leadership mix, collective skillset, experience and in-depth knowledge of the industry and the Group put it in a position to handle not only any future crisis but also to chart and implement the strategy necessary to maximise shareholder value. It was also of the view that its individual members were all strong characters, capable of sound independent judgment, and capable of contributing to the strategy and direction of the Company, individually and collectively.

The Board is supported by the Executive Committee, the Audit Committee, the Remuneration Committee, the Nominating Committee, the Risk Management Committee and the Market Sustainability and Strategy Committee. The Committees (with the exception of the Executive Committee) provide guidance and regularly review matters within their respective purview.

Our corporate governance practices are given below with specific references to CG2018 and, where applicable, CG2012.

1 All references to Delfi, Delfi Limited or the Company refers to Delfi Limited and all its subsidiaries which is also referred to as the "Delfi Limited Group", "Delfi Group" or the "Group".

Corporate Governance Report

(I) BOARD MATTERS

Principle 1 - The Board's Conduct of Affairs: The Company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

Policy and Practice

We have broken this section of the report down into the following key topics:

1. Leading, Managing and Supervising
2. Independent Judgment
3. Delegation by the Board
4. Key Board Processes
5. Board Approval
6. Committee Responsibilities
7. Market Sustainability and Strategy Committee
8. Social Responsibility and Sustainability

1 Leading, Managing and Supervising

The Board takes the lead by focussing on three key areas, namely:

(a) setting corporate strategy and direction;
(b) ensuring that there is effective entrepreneurial leadership and management; and
(c) supervising the proper conduct of matters.

The Board's focus on the key areas mentioned above encompasses a diverse range of issues such as profitability, financing, corporate planning, human resources, stakeholder matters, sustainability and environmental impact, capital expenditure, organisational development, risk management, business continuity, information technology, innovation and internal controls.

Each Director acts in good faith and in the best interests of the Company and contributes their own expertise, skills, knowledge and experience to the Board for the benefit of all stakeholders.

The Board has eight Directors comprising five non-executive Directors, of whom four are independent Directors. Half of the Board is considered independent. The independent Directors, at the date of this report, are Mr. Anthony Michael Dean ("**Mike Dean**"), Mr. Koh Poh Tiong, Mr. Doreswamy Nandkishore ("**Nandu**") and Mr. Pedro Mata-Bruckmann, who is also the Chairman of the Board. Mr. Davinder Singh[2] is deemed to be classified as a non-executive non-independent Director. Mr. Chuang Tiong Choon ("**John Chuang**") is the CEO and MD. Profiles of all the Directors are found on page 8 to 15. The assessment of "independence" is covered in the paragraphs immediately following, and further under Principle 5 below.

2 Independent Judgment

All our Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Company. The Board has also carried out its annual evaluation of the independence of each of its independent Directors, taking into account the relevant provisions of the Code, namely, whether the Directors are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgment. In the event of any conflict of interest, the relevant Directors will recuse themselves from discussions and decisions involving the issues of conflict. The Board has concluded that all of the four independent Directors are independent and that no one individual or one grouping exerts an undue influence on others.

In its previous year's evaluation, the Board had noted that Mr. Pedro Mata- Bruckmann, Mr. Koh Poh Tiong and Mr. Mike Dean had been Directors for a period exceeding the nine years specified under Guideline 2.4 of CG2012. However, this was considered to be a critical factor in determining their independence, as the other members of the Board were, and still are, unanimous in their opinion that each of these Directors' professionalism, lack of conflicts of interest and high standing in their respective fields of expertise, in commerce and society, combined with their in-depth understanding of the Company's business enables them to exercise strong independent judgment and act in the best interests of the Company.

In view of the above, the Nominating Committee and the Board had recommended Mr. Pedro Mata-Bruckmann, Mr. Koh Poh Tiong and Mr. Mike Dean to continue their appointment as independent Directors and sought for the relevant shareholders' consent pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST at the last annual general meeting ("**AGM**") held on 27 April 2021. At that AGM, both (a) the majority of the shareholders and then (b) the majority of the shareholders, excluding shareholders who also serve as Directors or CEO, and associates of such persons, voted for and approved their continued appointment as independent Directors of the Company.

2 For the financial year ended 31 December 2021, Mr. Davinder Singh is deemed to be classified as a non-executive non-independent Director by virtue of his relationship with the Company in respect of Provision 2.1 and 4.4 of CG2018 and Davinder Singh Chambers LLC, which provided services to Delfi (Practice Guidance 2). Notwithstanding that, the Board is confident that Mr Singh is able to exercise strong independent judgment in the best interests of the Company and all its shareholders. The rest of the Board is unanimous and remains steadfast in its view that he has maintained a high standard of conduct, care and duty and has observed the ethical standards of his profession and is conscious of the need to disclose any conflict of interests arising from any other engagements.

The three of them will remain as independent Directors until the earlier of: (a) their retirement or resignation; or (b) the conclusion of the third AGM from the AGM held on 27 April 2021. In the case of Mr Pedro Mata-Bruckmann, he will be subject to retirement by rotation pursuant to the Company's Constitution at the third AGM from the AGM held on 27 April 2021. In view of this, his 2-tier approval should remain in force up to the third AGM from the AGM held on 27 April 2021. In the case of Mr Koh Poh Tiong and Mr Mike Dean, both of them will be subject to retirement by rotation pursuant to the Company's Constitution at the second AGM from the AGM held on 27 April 2021. In view of this, their 2-tier approval should remain in force up to the second AGM from the AGM held on 27 April 2021.

In line with the Nominating Committee's policies and procedures, each Director has the option of accepting or rejecting a Director's declaration regarding his independence. The Board would accept a Director's declaration of independence only if the Board is of the unanimous opinion that a Director is indeed independent.

The strategic policies of the Company and significant business transactions and projects are reviewed and deliberated on by the Board. Discussions and approvals from the Board's deliberations will be communicated to Management and are recorded by way of minutes of Board meetings or resolutions in writing of the Directors. The Board approves the annual budget, reviews the performance of the business and approves the release of the half year and full year financial results at its regular Board meetings. As part of this process, the Board reviews the financial and human resources of Delfi and assesses (a) whether changes to these are needed and (b) whether the proposed strategy can be realistically executed with such existing or planned increased resources.

3 Delegation by the Board

The Board delegates specific responsibilities to committees namely:

(a) the Audit Committee ("**AC**");
(b) the Nominating Committee ("**NC**");
(c) the Remuneration Committee ("**RC**");
(d) the Executive Committee ("**EC**");
(e) the Risk Management Committee ("**RMC**"); and
(f) the Market Sustainability and Strategy Committee ("**MSSC**").

Information on each of the Committees is set out below. The Board accepts that while these Committees have been mandated to examine specific areas or issues, and make decisions or recommendations, ultimate authority and responsibility on all matters rests with the Board.

The composition of the Board and each Committee as at the date of this report is illustrated immediately below:

	Board	AC	NC	RC	RMC	EC	MSSC
Pedro Mata-Bruckmann	Chairman & ID	Member	Chairman	Member	Member	NA	Member
John Chuang	CEO, MD & ED	NA	Member	NA	Member	Chairman	Member
Chuang Tiong Liep	ED	NA	NA	NA	NA	Member	Member
Chuang Tiong Kie	ED	NA	NA	NA	NA	Member	NA
Mike Dean	ID	Chairman	Member	NA	Chairman	NA	NA
Davinder Singh	NE-NID	NA	Member	Member	NA	NA	NA
Koh Poh Tiong	ID	Member	Member	Chairman	Member	NA	Member
Doreswamy Nandkishore	ID	NA	Member	Member	NA	NA	Chairman

Notes:
1. CEO – Chief Executive Officer
2. ED – Executive Director
3. ID – Independent Director
4. NE-NID – Non-Executive, Non-Independent Director
5. MD – Managing Director
6. NA – Not Applicable

Corporate Governance Report

The attendance of the Board and Committees meetings during the financial year 2021 is given in the table below:

	Board	AC	NC	RC	RMC	MSSC
Pedro Mata-Bruckmann	4/4	5/5	1/1	1/1	2/2	3/3
John Chuang	4/4	NA	1/1	NA	2/2	3/3
Chuang Tiong Liep	4/4	NA	NA	NA	NA	3/3
Chuang Tiong Kie	4/4	NA	NA	NA	NA	NA
Mike Dean	4/4	5/5	1/1	NA	2/2	NA
Davinder Singh	3/4	NA	1/1	1/1	NA	NA
Koh Poh Tiong	4/4	5/5	1/1	1/1	2/2	3/3
Doreswamy Nandkishore	4/4	NA	1/1	1/1	NA	3/3

Note:
Number of meetings attended / number of meetings held.

4 Key Board Processes

The Company conducts regular Board meetings. Directors who are not able to be physically present, attend and participate through telephonic or video- conferencing, enabling the Board to provide direction, guidance and advice to Management quickly and sometimes at short notice (as and when the need arises), in the best interests of the Company and our businesses. Attendance at Board meetings via audio and visual means are provided for in our Constitution.

The Board's responsiveness has allowed the Management of Delfi to manage business and corporate matters effectively in an increasingly competitive business environment. Individual Directors make themselves available and accessible to Management for discussion and consultation outside the formal framework of Board, Committee and Management meetings. The majority of the non-executive Directors are resident in Singapore.

Management provides the Directors with complete, adequate and timely information prior to meetings. The meeting papers and materials will be circulated to the Directors prior to the meetings, to facilitate the discussion during the meetings. The Board is also regularly provided with information and updates on the Company's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information, changes in reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties and responsibilities as Board members or Committee members.

The Board reviewed the arrangements for information flow and decision- making and satisfied itself that they remain suitable for the Group and that Management has given timely and regular updates to the Board on the Group's business and financial position, especially in light of the evolving COVID-19 situation. Where necessary, important and/or critical information is highlighted promptly.

The Company conducts a programme to familiarise new Directors with its business, operations and governance practices. The programme is conducted by the CEO and his key executives. The programme allows the new Director to get acquainted with key executives and Management, to help pave the way for Board interaction and direct access to Management.

The programme would typically involve at least one or two meetings where the new Director has the opportunity to interact with and get to know fellow members of the Board and key executives. In addition, the key executives would conduct formal sessions where the new director would be briefed on the current status of the Company's business. Thereafter and on an on- going basis, the Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. These range from in-house talks by invited speakers or trainings or seminars conducted by external parties, including the Singapore Institute of Directors.

The Board is conscious that our staff are individuals and as an organisation, do not live or work in isolation. As such, the Board emphasises the need for Delfi to live up to its corporate and social responsibilities. This is important to us and we have embedded these values in our code of conduct as well as our Best Practices manual, which the Company and staff are committed to uphold. Everyone is urged to promote a conducive, healthy and safe work environment, as well as to be socially and environmentally conscious.

The Board endorses the maxim that awareness and being engaged in relevant and current issues help us in knowing and embracing what is right and what needs to be done and helps us to assess and decide how we can respond appropriately and within our means as good corporate citizens.

5 Board Approvals

The Board has given the Executive Committee of the Board and Management clear direction through prescribed written guidelines, that the following matters should be reserved for the Board's decision, namely: (a) appointment of Directors or Company secretary; (b) removal of CEO or MD;(c) establishing Committees; (d) entering into leases, tenders and/or contracts not in the ordinary course of business; (e) approval of material acquisitions or disposals; (f) approving the annual business plan and/or budget; (g) approving capital expenditure which is not budgeted in or in excess of that budgeted in the approved annual business plan, and such amount or excess amount is in excess of US$3,000,000; (h) accepting bank facilities that are in excess of US$20,000,000; (i) accept loans or approve guarantees that are in excess of US$20,000,000 for the purpose of financing projects (j) approving announcements in relation to the Company's financial results or announcements that are price sensitive; (k) initiate or settle litigation involving amounts in excess of US$1 million; (l) allot new shares or debentures of any class; (m) reduce paid-up capital; and (n) declare dividends and/or other returns to shareholders.

Letters of appointment have been issued to each of the non-executive Directors, setting out their duties and responsibilities.

6 Committee Responsibility

On the understanding that the Committees under the Board may revise and/or supplement their responsibilities, the responsibilities of the Committees are to:

(I) Work with the Board, CEO and executive management to oversee the priorities and objectives set out in their respective Terms of Reference, for business, development, sustainability and growth, in the Company's best interests.

(II) Review opportunities, risks and threats of the market sustainability and/or market strategies as identified by the Company's assessment, and the potential impact of any emerging or evolving competitive product, technology, market trends or other competitive developments, activities or threats.

(III) Provide feedback, advice and/or input to the Board, CEO and executive management.

(IV) Oversee, review and/or make any recommendations to the Board or any Committee, on any business, corporate, market sustainability or strategic decisions regarding the entry into or introduction of any new lines of business or products; and/or any potential exit from any line of business or product.

The Committees may draw upon the expertise of executive management and corporate staff as and when needed; or where the need arises, to work with external advisors and professional consultants at the expense of the Company.

The members of the Committees may resolve matters by resolutions in writing and a copy which is signed by a majority of the Committee's members shall be as valid and effectual as if it had been passed at a duly convened and held meeting of the Committee. Such resolutions in writing may consist of several documents each signed by one or more of the Committees members in counterparts. The Company may accept copies of signed resolutions in writing delivered to the Company by personal delivery, post, facsimile or electronic communications.

7 Market Sustainability and Strategy Committee

The MSSC charter requires it to be composed of at least three Directors or more, with a majority or at least half of whom shall be independent Directors. The MSSC is chaired by Mr. Nandu, and Messrs. Pedro Mata- Bruckmann, Koh Poh Tiong, John Chuang and Joseph Chuang are members. The Mandate of the MSSC is as follows:

(A) Promoting, developing and advancing market strategies and/or initiatives for market development, sustainability and growth. For the purpose of the MSSC Charter, 'sustainability' shall mean and be deemed to include, sustainability in respect of the business, people, corporate culture, environment and social responsibility;

(B) Fostering ideas and the understanding, application and use of market knowledge and market development initiatives;

(C) Encouraging and nurturing network development and market development regionally and globally in the furtherance and advancement of the Company's interests; and

(D) Benchmarking the priorities and responsibilities outlined in (A) to (C) (above).

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The Chairman or CEO, or the Board may in their discretion, assign the MSSC to assist in reviewing and/or advising on any tie-up, venture, acquisition or divestment as the case may be.

The MSSC may from time to time, raise any issue and/or matter, or make any recommendations that have an impact on or address the Company's market strategy or strategic market initiatives.

8 Social Responsibility and Sustainability

At Delfi, we are committed to championing our corporate social responsibility and sustainability mission, through which we seek to achieve the following, (a) embrace the needs of the community, (b) care for the environment, and (c) act in the interests of our stakeholders.

During 2021, we published our 4th Sustainability Report in which we set out and commented on the material sustainability matters that we consider to be the priorities for our business. These include (i) consumer health and safety, (ii) occupational health and safety, (iii)employee well-being, (iv) securing sustainable agricultural products, (v) treatment and disposal of waste and effluents, (vi) compliance with import, export and trade regulations; (vii) employee well-being, and (viii) responsible water use.

The material sustainability matters we will continue to report on emphasize what we have always believed, namely that we acknowledge and recognise that our business can have an impact on the social and environmental framework, in particular, people's working conditions and the environment both locally (in each country where we operate or do business in) and globally. We believe that we can be a good business partner, and this is a pre-condition to our future growth, which we intend to achieve by partnering with businesses, suppliers, service providers and individuals who share the same vision, mission and approach.

In this vein, we would constantly and persistently be challenging ourselves and our partners with our guiding principles, and demanding that we act collectively in the best interests of (i) workers, (ii) children, and (iii) the environment, and consistently assessing whether or not we are doing enough to soothe the environment in which we live and operate in.

The Company impresses on all its partners, suppliers, stakeholders and staff, to comply with and uphold the 'Prescribed Standards, Requirements and Practices for the Environment, Social and Working Conditions, Purchasing Products, Materials and Services' Manual (which we refer to as our "**Best Practices**"), which seeks to ensure that our policies and activities:

(a) protect and soothe the environment from air, noise, water and ground pollution;

(b) protect and soothe the environment from the handling and/or use of chemicals needed in the production of our confectionery products;

(c) protect the environment from any hazardous waste;

(d) protect the environment from fire, whilst also ensuring that the safety and well-being of workers and the community are preserved; and

(e) enhance the safety and well-being of workers and the community so that they have better working and living conditions.

In the Company's quest to be socially responsible and for sustainability, we have special regard for the health, safety and well-being of workers. All our partners, suppliers, stakeholders and staff, are urged to comply with the Company's policies, activities and initiatives to uphold and improve, (i) health and safety training, (ii) use of safety equipment and devices, (iii) safety policies and guidelines, (iv) avoidance of hazards, (v) use of personal protection equipment (PPE), (vi) use of first aid equipment, (vii) application of first aid training, (viii) preservation of air quality, (ix) monitoring of temperature, (x) workplace noise and conditions, (xi) lighting conditions, (xii) availability of potable water, (xiii) hygiene, (xiv) food, and (xv) health safety.

As an ethical employer and partner, in addition to compliance with applicable laws and regulations, we require all our companies, businesses and staff within the Group, to uphold and enforce a fair wage policy. We uphold a 'no child labour' policy in line with and in support of the United Nations Convention on the Rights of the Child, and reject outright any form of forced labour, bonded labour and discrimination. We prescribe these ethical practices as outlined in our Best Practices Manual, a copy of which is extended to all our partners, suppliers and service providers. As part of our processes, we would request their written agreement to accept and uphold the same.

We remain steadfast in our two-pronged approach to contributing to corporate social responsibility, at an international level and within our local spheres of influence. We engage with ethical, environmental and social responsibility issues that affect our industry at an international strategic level. We contribute our views, insights and involve ourselves in targeted initiatives that allow us to embrace sustainable value creation. Our actions and initiatives at a local level are focused on three main areas, namely:

Objective	Initiatives
Food Safety Initiatives	• Use of technology, systems and processes to enhance food safety. • Accurate and responsible labelling of our products to facilitate informed consumption habits.
Practices to preserve the environment	• Water recycling and waste water purification in our manufacturing plants. • Recycling of paper and other materials in our plants and offices. • Use of filters to eliminate or limit the escape of odours into the community at large. • Monitoring smoke and dust emissions.
Community Support Initiatives	• Financial support for education and school endowment funds. • Financial support for destitute and poor patients in need of dialysis. • Drainage improvement projects to alleviate flooding. • Sponsorship and support for fund raising for charities, education and youth. • Sponsorship for public service publications. • Sales of surplus materials gratis or at 'peppercorn' prices to help foster local trade.

The above initiatives will also assist the Group in achieving its sustainability priorities.

Principle 2 - **Board Composition and Guidance**: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

POLICY AND PRACTICE GUIDANCE FROM THE BOARD

The non-executive Directors have been specifically assembled to ensure that collectively they not only have an in-depth range of expertise in business, commerce, finance and law to be able to challenge Management, but that they are also independent from the Chuang family which owns 51% or more of the Company's shares.

As a result, they are well able to professionally challenge Management and the "substantial shareholder[3]". This challenge is conducted in a harmonious and professional atmosphere and provides for informative discussions and a lively exchange of ideas. This in turn has assisted Management in the performance of its role and function.

The Board is supported by key committees to provide proper oversight of the Board itself and Management. The AC, MSSC, NC, RC and RMC are each chaired by independent Directors. Committees or sub-committees may be formed from time to time to address specific areas as and when the need arises. Leadership of the Committees is based on the notion of fair distribution of responsibilities and to draw on the relevant experiences of the Directors.

Board Independence

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5)(d) of the Listing Manual of SGX-ST. When relevant, approval is sought from the relevant shareholders' pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST at the Company's AGM. An independent Director is one who is both (a) independent from Management and business relationships with the Company, and (b) independent from any substantial shareholder. Based on this definition, half of the Board is considered independent, whereby non-executive Directors make up a majority of the Board. The Board places great emphasis on ensuring that each and every one of our independent Directors is truly independent, in substance and not just form (see further details on this under Principle 5 below). As a result, the Board is of the opinion that there is a proven framework for ensuring that Management is able to exercise entrepreneurial drive within the context of a constructively challenged supervisory environment to ensure that overall strategy is both sound and realistically achievable.

In parallel with this, potential conflicts of interest, in respect of the majority shareholder group and also Management, are identified and appropriately managed.

3 The term "substantial shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company.

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Directors Meeting without Management

The non-executive Directors and/or independent Directors, led by the independent Chairman or other independent Director as appropriate, regularly meet and communicate on diverse issues of their choice, without the presence of the executive Directors and/or Management. The chairman of such meetings provides feedback to the Board as appropriate.

Principle 3 - **Chairman and Chief Executive Officer**: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Policy and Practice

Mr. Pedro Mata-Bruckmann is the Chairman of the Board. There is a clear separation of his roles and responsibilities as Chairman from those of John Chuang, the CEO. This is to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.

The Chairman acts independently in the best interests of the Company and its shareholders. The Chairman helps ensure that there is mentorship, unity of purpose within the Board and that the Board engages in productive discussions on strategic, tactical, business, financial and planning issues. The Chairman often takes the lead in discussions on strategy, facilitating a lively exchange of ideas at the Board, open constructive debate, eliciting the contribution of Directors, encouraging constructive relations between Board and Management and effectively communicating with shareholders.

The Chairman and CEO jointly oversee the observance of high standards in corporate governance and compliance with the Code.

The CEO and MD, Mr. John Chuang, drives the Company's businesses with full executive responsibility over the business executive decisions of the Company.

The CEO makes sure that the information that is shared with the Board is timely, appropriate and of the requisite quality so that the Board can discharge its duties and responsibilities effectively.

As the Chairman, Mr. Pedro Mata-Bruckmann, is an independent Director, whose role is distinct and separate from the CEO, there is no need for a lead independent director.

Principle 4 - **Board Membership**: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Policy and Practice

Nominations for and appointment of Directors are within the rights of the shareholders. Every Director in the Company will be due for re-election at least once every three years. The Company's Constitution requires one-third of the Directors to retire and submit themselves for re-election by the shareholders at every AGM.

The NC oversees the nomination of Directors for election or re-election. The NC seeks to balance Board renewal, which brings in fresh insights with maintenance of knowledge and experience of the Company's operations, both of which are good for the Company. The NC strives to ensure that the Board and its Committees comprise individuals who are best able to discharge their duties and responsibilities as Directors with regard to the highest standards of corporate governance. The NC also reviews candidates for senior management positions at Delfi. The terms of reference for the NC (including its framework for considering and determining if a Director is independent) are set out under Principle 5, below.

Delfi adopts a comprehensive and detailed process in the selection of new Directors and key management personnel. Candidates are first sourced externally through an extensive network of contacts and discreet searches and identified based on the needs of the Company. Once the NC Chairman, the CEO, the Chairman of the Board and the other NC members have interviewed the candidates, the candidates are further shortlisted for the NC's formal consideration for appointment to the Board.

The NC adopts the following criteria when reviewing a nomination for a proposed Board appointment:

- a determination of the candidate's independence;
- whether the candidate is a fit and proper person taking into account the Company's guidelines and his/her track record, age, experience and capabilities and such other relevant experience or attributes as may be determined by the NC;
- whether the candidate contributes to greater diversity within the Board so as to fill any perceived gap and thereby enhance the Company's ability to meet its objectives and strategies; and

- whether his/her appointment will result in any non-compliance for the Board and its Board committees.

The Company's guidelines on a fit and proper person broadly take into account the candidate's expertise, skills, experience and diversity that will best complement the effectiveness of the Board. In its assessment and evaluation of candidates for the Board, the NC and the Board will have regard to internationally accepted criteria, which includes, (a) integrity and honesty, (b) sound business acumen and judgment, (c) appropriate or unique expertise or professional qualifications, (d) relevant experience, (e) fulfilling and meeting the legal requirements of serving on the Board, (f) the willingness and ability to attend to Board matters and Committee meetings, as and when these arise; and (g) financial soundness.

Delfi recognises and embraces the importance and benefits of having a diverse Board to provide equality and enhance its performance. Delfi believes that diversity is an important attribute of a well-functioning and effective Board. It is accordingly committed to promoting diversity on the Board.

Delfi has always maintained a culture of diversity to benefit from a wide talent pool and formalised this in a written policy on Board Diversity which was adopted on 14 March 2022. Delfi's policy on Board Diversity is to have a balanced and diverse Board. Diversity in thought enables the Board to set strategy, consider issues and solve problems more holistically and creatively. This is necessary not only to manage the challenges of present but also, given the constantly changing market conditions (both positive and negative), the threats, opportunities and emerging trends that will arise in the future.

Diversity may bring with it a degree of creative tension but, so long as the discussions are conducted in a respectful manner, is essential so that issues are considered from as many relevant perspectives as possible to arrive at the most appropriate and balanced conclusion.

The NC will, at least annually, review and assess the Board composition on behalf of the Board and if appropriate recommend changes to the Board composition. The NC will also review the structure, size, balance and diversity of the Board annually and, if it identifies any gaps that need to be filled to enable the Company to better achieve its objectives and strategies, will recommend proposed changes to the Board.

In reviewing the Board composition, the NC will consider whether there is adequate diversity amongst the Board members so as to achieve the Diversity Policy. In this respect the NC will consider the benefits of all aspects of diversity, including skills, experience, background, gender, age, nationality, ethnicity and culture, independence, integrity, sound business judgment, appropriate or unique expertise or professional qualifications, meeting any legal requirements as a Board member, ability to attend to Board matters and meetings, sound financial standing and any other relevant factors. Collectively these various aspects of Diversity are referred to as the "Diversity Subsets". From this holistic assessment the NC will determine if further diversity is required. It is not envisaged that targets will be set for any specific Diversity Subset as that may run counter to the overall objective of achieving a balanced and diverse Board, focussed on achieving the Company's relevant measurable objectives and strategies.

In the process of searching for qualified persons to serve on the Board, the NC may retain the services of professional search firms to ensure that search is widely cast. The final decision on the selection of a director will be based on their merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board.

Our current Board consists of a balance of executive and non-executive Directors who table a solid balance of commercial, legal and financial competencies and skillsets. Of the non-executive directors, Mr. Pedro Mata-Bruckmann, who chairs the Board, has extensive experience across the businesses in which Delfi operates. In addition, Mr. Koh Poh Tiong and Mr. Doreswamy Nandkishore bring with them industry and commercial knowledge both from a global perspective and also from in-depth experience of the Asian markets, especially those in which Delfi operates. Mr. Davinder Singh provides us with significant legal expertise spanning many different areas of law and jurisdictions and Mr. Mike Dean has a strong financial background stemming from his experiences as both a financier and a CFO. Further details on all of the Directors' backgrounds and experiences are provided in the Directors' Biographies section.

The NC believes, and the Board concurs, that the current composition and size of the Board brings together individuals with the appropriate balance of the Diversity Subsets to provide the diversity needed to support Delfi in properly setting and achieving its strategic objectives, to facilitate effective decision making, and provide sufficient diversity of expertise to lead and govern the Company effectively.

The NC will however keep this matter under review and where appropriate may make changes in the future.

The NC oversees the induction, orientation, training and professional development, where appropriate, for any new and existing Directors. The NC also ensures that new Directors are aware of their duties and obligations and that the Directors are able to adequately carry out their duties as Directors of the Company.

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The NC will also be arranging training on the topic of sustainability during 2022 to complement the training and experience that the Board members have had in the past.

There are no alternate Directors on the Board.

Principle 5 - Board Performance: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Policy and Practice

The NC was originally established on 13 July 2004 when its original charter was adopted by the Board. During the year, the NC comprised Mr. John Chuang, Mr. Pedro Mata-Bruckmann, Mr. Davinder Singh, Mr. Mike Dean, Mr. Koh Poh Tiong and Mr. Nandu. Mr. Pedro Mata-Bruckmann has been Chairman of the NC since 6 May 2015. The majority of the NC members including the NC Chairman are independent. The Company Secretary is the Secretary of the NC.

The NC applies objective performance criteria when it assesses the performance and contributions of individual Directors, the Committees of the Board and the Board. This process has been endorsed by the Board as an effective means of self-assessment and evaluation.

The NC seeks to build a company headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

The NC also seeks to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The NC Chairman reports on NC proceedings to the Board with minutes of NC meetings, or by such other mode as the Chairman (or NC Chairman) deems appropriate.

The terms of reference for the NC are as follows:

(i) To review the structure, size and composition of the Board and Board Committees.

(ii) To establish the criteria and desirable attributes of new appointees to the Board and to make recommendations to the Board on all Board appointments.

(iii) To review succession plans for Directors, in particular the appointment and/or replacement of the Chairman, CEO and key management personnel.

(iv) To consider and make recommendations on all nominations, appointments and re-appointment of Directors (including the independent Directors) for re-election having regard to the Director's past contributions and performance.

(v) To determine annually whether or not a Director is independent, bearing in mind the salient factors set out in the Code (as may from time to time be amended or supplemented) for determining independence as well as all other relevant circumstances and facts.

(vi) To assess each Director's contribution and performance and this may involve the following matters:
- Attendance;
- Preparedness;
- Participation; and
- Candour.

(vii) To recommend to the Board objective performance criteria for the purpose of evaluating the Board's performance as a whole, each Committee's performance as a whole and also the contribution of each individual Director. The NC then implements the performance evaluation established by the Board. The performance criteria were refreshed in 2020 and are reviewed annually to ensure that they remain relevant and effective.

(viii) To evaluate the Board's performance as a whole.

(ix) To assess and review whether each Director is able to commit enough time to discharge their responsibilities and to determine the maximum number of listed company Board representation which a Director may hold; and

(x) To review the training and professional development programmes for the Board and its directors.

Board Evaluation Process & Performance Criteria

Under the mentorship of the Chairman and the guidance of the NC, the Board conducts regular self-assessments at the individual and collective levels on an annual basis, to establish if a Director is contributing effectively, applying the following criteria:

1. Contribution towards the development of the Company's strategic planning
2. Corporate Governance oversight
3. Reviewing risk management and succession planning

4. Monitoring
5. Authorisation in corporate actions and Board and Management compensation
6. Fiscal control
7. Board's response to urgent matters/issues
8. Communication between Directors and Management
9. Attendance at Board meetings and Committee meetings

The criteria mentioned above, are tabulated in performance assessment forms, which require each Director to assess his peers individually, as well as the performance of each Committee. In its annual review, the NC also seeks to assess and ensure the effectiveness of the criteria and performance assessment.

Executive Management is not involved in the performance assessment, which was administered on a confidential basis by the corporate secretarial agent, In.Corp Corporate Services Pte. Ltd. ("**In.Corp**"). The results and data collated from the input and performance assessments from Directors, are consolidated and shared first with the NC Chairman by the Company Secretary and her representatives from In.Corp, prior to the results being tabulated for review and discussion at the NC meeting and the Board meeting.

The NC and the Board also conduct performance evaluation of the AC, NC, RC, EC, RMC and MSSC at the individual and collective levels on an annual basis, based on the following criteria:-

1. Understanding of the respective Terms of Reference of the Committees and the provisions of the Code;
2. Preparation for meetings;
3. Attendance and contribution at meetings; and
4. Understanding of areas of expertise relevant to the respective Committees.

The NC reviews the Board's composition to maintain a mix of talent, expertise, knowledge and experience. Where possible, gender, racial and geographical diversity are also sought. The NC aims to ensure that the Directors have a good mix of backgrounds so that different insights can be brought to the Board deliberations.

We have adopted an approach of building and managing checks and balances in our compliance and governance framework. Primary responsibility for driving compliance and governance rests with the CEO, CFO, and General Counsel who focuses on and drives compliance and governance individually and collectively.

Continuous Review of Directors' Independence

Whilst each non-executive Director is required to reflect on and sign a declaration of independence based on the substantive requirements of the Code, the NC makes it a point to review the declarations to satisfy itself that the substantive principles in the Code on independence are indeed fulfilled, and the NC asks each independent Director to confirm in writing that they consider each of the other independent Directors to be acting independently.

The NC and the Board are of the view that service of an independent Director beyond a nine-year term is not necessarily a critical factor in determining independence. Our independent Directors' professionalism and high standing in the commercial sector and civil society enable them to exercise strong independent judgment in the best interests of the Company. It follows that the Board is confident and remains steadfast in its view that our non-executive Directors have maintained a high standard of conduct, care and duty and have observed the ethical standards and independence, and all our non-executive Directors are conscious of the need to disclose any conflict of interests arising from any other engagements or interests. The directorships held by and the principal commitments of the non- executive Directors for the past 3 years are disclosed at page 8 to 15.

Mr. Pedro Mata-Bruckmann, Mr. Koh Poh Tiong and Mr. Mike Dean, being those Independent Directors who have served for more than nine years on the Board, had sought for the relevant shareholders' consent pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST at the last AGM held on 27 April 2021. At that AGM, both (a) the majority of the shareholders and then (b) the majority of the shareholders, excluding shareholders who also serve as Directors or CEO, and associates of such persons, voted for and approved their continued appointment as independent Directors of the Company. The three of them will remain as independent Directors until the earlier of: (a) their retirement or resignation; or (b) the conclusion of the third AGM from the AGM held on 27 April 2021. In the case of Mr Pedro Mata-Bruckmann, he will be subject to retirement by rotation pursuant to the Company's Constitution at the third AGM from the AGM held on 27 April 2021. In view of this, his 2-tier approval should remain in force up to the third AGM from the AGM held on 27 April 2021. In the case of Mr Koh Poh Tiong and Mr Mike Dean, both of them will be subject to retirement by rotation pursuant to the Company's Constitution at the second AGM from the AGM held on 27 April 2021. In view of this, their 2-tier approval should remain in force up to the second AGM from the AGM held on 27 April 2021.

Corporate Governance Report

Limitation on Directorships

In consultation with the NC, the Board has prescribed that non-executive Directors may not hold more than 6 directorships in other public listed companies.

There is no magic in the self-imposed limitation of 6 directorships, and the limit chosen by the Board is influenced by international practices and conventions, where it appeared that a person's involvement in anything more than 6 other active directorships could possibly impose some measure of strain on the individual, as well as his or her ability to attend Board and Committee meetings.

Despite some of the Directors having multiple Board representations, the NC has reviewed the performance and contribution of such Directors and is satisfied that these Directors are able to and have fully and appropriately carried out their duties as Directors of the Company.

The performance of the non-executive Directors is assessed by reference to their contributions at the Board, Committee and individual level.

The performance of the executive Directors is assessed not only on the basis of short term financial indicators, which while relevant, are not always indicative of long term growth, but also on the basis of people development or value creation within the Company. The performance of executive Directors is assessed also by reference to factors such as long term vision, strategic focus on shareholder value and risk management.

It is an established practice that each member of the Board and NC abstains from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director.

Adequate and Timely Information

The Board has full and free access to Management, the Company Secretary and information in the Company. Management understands the importance of responding to Directors' requests for information. The Board takes independent advice from external advisers at the Company's expense, if necessary, to enable it to better discharge its responsibilities and duties.

The Board is furnished with timely, comprehensive and relevant information on matters which require its attention and decision. This is done in response to specific requests, by way of regular updates and at Board and Committee meetings.

To give Directors enough time to prepare for Board and Committee meetings, the agenda and Board papers including background, supporting materials, copies of disclosure documents, budget forecasts, and financial statements are as a general rule sent to them 7 days in advance. The documents are sent to them securely.

Material variances between projections and/or budget and actual results are disclosed and explained to Directors. The Board is always kept updated of any significant developments on projects, business initiatives, industry developments, regulatory updates and press or analyst's commentaries. The Directors have the names and contact details of the key and senior members of the Company's Management to facilitate direct and swift access to Management.

INDEPENDENT PROFESSIONAL ADVICE

It is an annual practice for members of the AC to meet the external and internal auditors at least once a year without the presence of the CEO and other members of the Management team, to ensure that there is a free and uninhibited flow of information relevant to the AC's tasks in the Company's best interests.

Ms Lissa Siau serves as the Company Secretary. The Board has full and free access to the Company Secretary for information, advice and consultation and the appointment or removal of the Company Secretary is a matter for consideration and approval of the Board as a whole. The Company Secretary and/or her representatives attend all Board and Committee meetings and helps oversee compliance as well as follow up on matters arising from Board and Committee meetings.

(II) REMUNERATION MATTERS

Principle 6 - **Procedures for Developing Remuneration Policies**: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Principle 7 - **Level and Mix of Remuneration**: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Policy and Practice for Principles 6 and 7

The RC has a formal and transparent procedure for developing policies on Directors and executive remuneration and for fixing the remuneration packages of individual Directors and key executives.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. In focusing on remuneration of Directors and key executives, the RC's review shall ensure that the level and structure of remuneration, is appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. The remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and for key management personnel to successfully manage the Company for the long term. No Director or key executive is involved in deciding his or her own remuneration.

The RC which has oversight of procedures for developing remuneration policies and the level and mix of remuneration, was established on 6 July 2001.

The RC has been chaired by Mr. Koh Poh Tiong, an independent director, since 15 January 2014 and currently also comprises Mr. Pedro Mata- Bruckmann, Mr. Nandu and Mr. Davinder Singh as members, being three independent Directors and one non-executive non-independent Director. The Company Secretary is the Secretary of the RC.

The terms of reference for the RC are to:

(i) Oversee the development of talent, expertise and leadership in the Company;

(ii) Oversee the development and management of appropriate compensation policies and practices, including (but not limited to) a compensation structure & programme for Directors, key executives and staff to attract, retain and motivate talent to provide good stewardship of the Company and key executives, to successfully manage the Company for the long term;

(iii) Working with the NC to set and approve talent management framework applicable to the Company and its subsidiaries, with a specific focus on its application to senior management (including succession planning for key roles, career development, leadership assessment, identification and segmentation of critical talent, and attraction and retention of critical talent), and to link these to the remuneration framework;

(iv) Ensure that the Company has competitive compensation packages, programmes and schemes with a view to building long term sustainable growth, returns for shareholders and value creation of the Company;

(v) Ensure that the contractual terms and any termination payments are fair to the individual and the Company;

(vi) Report its decisions to the Board and refer all matters concerning, related to or in any way connected to the above terms of reference, for the Board's written approval; and

(vii) Ensure that the remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.

The RC has access to independent expert professional advice on human resource matters and it takes into consideration industry practices and norms in determining compensation. Kornferry has advised Management and the RC on human resource and remuneration matters. Delfi's relationship with Kornferry is purely on an arm's length professional basis. The RC oversees the remuneration policies of the senior management and strives to ensure that the Board and Management have the leadership and expertise needed to sustain and grow the Company's business. The RC sets incentive compensation targets for key executives and senior management.

The RC reviews the remuneration of each Director. In the case of Directors, key executives and senior management, it makes recommendations to the Board for approval. The CEO, Mr. John Chuang, works closely with the RC and attends the RC meetings as an advisor. He gives his views on human resource, compensation issues, performance measures and policies. Mr. John Chuang is always excluded from RC discussions on his own remuneration.

Each member of the RC abstains from voting on any resolution in respect of his/her remuneration.

The members of RC may meet together for the dispatch of any business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the RC meeting is two, with the majority of quorum being independent Directors. Matters to be resolved at any RC meeting shall be decided by a majority of votes from RC members who are independent and in case of an equality of votes, the Chairman shall have a second or casting vote.

The proceedings of RC shall be governed by the provisions of the Company's Constitution (as may from time to time be amended or supplemented) regulating the meetings and the proceedings of the Directors, so far as the same are capable of applying.

Corporate Governance Report

The members of the RC may pass resolutions in writing, a copy of which is sent or circulated by letter, facsimile or electronic communications to all RC members and which is signed by a majority of RC members who are independent, shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held. Such resolutions in writing may consist of several documents each signed by one or more of the RC members in counterparts. The Company may accept copies of signed resolutions in writing delivered to the Company by personal delivery, post, facsimile or electronic communications.

All minutes of the RC, decisions taken and resolutions passed are to be tabled at the next available meeting of the Board.

No member of RC shall participate in any deliberation or decision if he/she is directly or indirectly interested in respect of the matter to be resolved by the RC.

COMPANY'S PHILOSOPHY ON CULTURE AND TALENT

The Company's Human Resource Manual sets out the Group's philosophy directed at attracting, retaining and motivating talent needed to achieve its vision and mission. The Group is on the constant lookout for staff, who (a) are highly qualified and who best fit the organisation, corporate culture and performance orientation, (b) possess superior performance and high potential, (c) have a strong sense of responsibility, loyalty, and commitment, and (d) have a desire to reach their fullest potential to enjoy high job satisfaction, as the Group seeks to nurture, groom and reward staff of the right calibre and potential. The executives and staff we attract and retain, would have an impact on our succession plan, and the strength of our leadership.

Performance Based Compensation

The Company adopts a remuneration policy that is performance based for staff, comprising a fixed component and a variable component. The fixed component is in the form of a base salary and benefits. The variable component is in the form of a variable bonus that is linked to the Company's and individual executive's performance. The RC endorses the bonus for distribution to key executives and Directors based on individual performance and presents its recommendations to the Board for approval. In determining remuneration and bonus awards, Management makes recommendations to the RC, having regard to key performance indicators, such as, (a) sales & profit targets, (b) strategic requirements and goals of the Company, (c) investment in future growth, and ultimately (d) the individual executive's contribution to these objectives.

In this direction, the Group rewards staff with excellent performance, who have fulfilled their obligations and met their performance targets; contributed to the growth and development of the organisation and corporate culture; and in some cases, contributed to their division and organisation in ways that have exceeded what was expected of them.

Pay for performance is thus emphasised by linking the total compensation to the achievement of corporate and individual performance objectives, taking into account relevant comparative compensation in the market to maintain competitiveness.

The Board is of the view that as the Group pays variable compensation through bonuses on the actual results of the Company (and not on possible future results) as well as the performance and results that have actually been delivered by its executive Directors and key executives, "claw back" provisions in employment contracts may not be relevant or appropriate.

While staff may be rewarded for having met their profit, sales or project targets, it is a considered policy to motivate managers and staff in performing and fulfilling their strategic goals, their commitment to investing in future growth, and resource and organisational development, and meeting and exceeding these key performance indicators ("**KPIs**") could have significant positive impact on their variable compensation. On the contrary, if they are proven to neglect or fall short of these KPIs, their variable compensation may be adversely impacted. These performance measures intensify the link between performance and the long-term growth of the Company. Managers and staff who meet their KPIs in furtherance of the Company's best interests would be justly and reasonably rewarded.

There are no restrictions on the non-executive Directors holding shares in the Company, provided that the shares are not transacted during the no- dealing periods as prescribed by the Listing Rules of the SGX-ST and where they are in possession of price sensitive information. Nevertheless, the non-executive Directors are encouraged to hold shares in the Company, to better align their interests with shareholders.

The Company does not operate a share option scheme.

Principle 8 - Disclosure on Remuneration: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Policy and Practice

Non-executive Directors' Fees

The non-executive Directors' fees are determined in accordance with a framework of fees reflecting their contribution to the Company through membership of the Board, Chairmanship of the Board and the fees attributed to their chairing and being members of specific Committees as set out at page 174. The overall level of these fees is set through periodic benchmarking exercises conducted with the assistance of independent consultants.

Executive Director's and Key Management Personnel's Remuneration

The executive Directors do not receive Directors' fees.

A breakdown (in percentage terms) showing the level and mix of each key management personnel's (including the top 5 key management personnel) and executive Director's remuneration paid and payable for 2021 is set out in pages 173 to 175.

The remuneration (in incremental bands of S$100,000) of employee(s) who is/are substantial shareholders of the Company or are immediate family member(s) of a Director, the CEO or a substantial shareholder of the Company is also set out in page 175.

The remuneration of our executive Directors and key management personnel are set out in incremental bands of S$250,000 with further analysis showing the composition between Basic Salary; Variable or Bonuses; and Benefits in Kind. We are of the view that this level of disclosure in good faith supports both the spirit of the Principle 8 of the CG2018, and that disclosure in incremental bands of both the executive Directors and key management personnel is both sufficient and adequate, because any further disclosure could be detrimental to the Group's interests, as it may lead to poaching of key management personnel, or the revelation of the Group's trade practices or tactics to competitors, in what is a highly competitive industry.

Principle 9 - **Risk Management and Internal Controls**: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Policy and Practice

The Board and the Management of the Delfi Group are committed to maintaining throughout the Company a culture of risk awareness.

The Board retains the responsibility for determining the type and level of business risks that the Group undertakes on an integrated basis to achieve its business strategy and objectives.

Management is responsible for the design, execution and reporting of the Delfi Risk Management Program. Additionally, Management is responsible to propose to the Board, medium and long term strategic plans with appropriate risk and reward analysis, annual plans and updates on both the strategies and the associated risk levels. The Board's responsibility is to accept, modify or reject the plans proposed by the Management.

Management is responsible to report to the board on significant progress or deviations of the plans, and to report on events that represent new risks to the Company.

The Board:

a. Is responsible for ensuring that the proper risk management is in place.

b. Will provide the necessary support to Management to perform its duties.

c. Will satisfy itself that Management is executing the agreed plans and properly reporting to the Board.

d. Will satisfy itself that Management is operating within the framework of the approved strategies and risk tolerance levels.

In discharging this responsibility, the Board continually monitors the threat and impact of risks to the Company's business and in parallel, assesses the Company's internal systems and procedures that monitor, control and mitigate these risks. Assurances are also provided to the Board by:

a. the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b. the CEO and other key management personnel responsible regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has determined areas where it takes a zero tolerance to risk and those areas of less materiality where risk management may be flexed to reflect the lessened likely occurrence of the risk or its likely impact.

Corporate Governance Report

Based on this assessment, the Board has determined a three level approach to risk management:

1. Risks whose responsibility falls to Management to manage and to report to the Board on an exception basis;

2. Risks whose responsibility falls to Management to manage but which must be reported on periodically to the Board; and

3. Risks where specialist input is required in the assessment and/or management as required. This latter group may involve third parties, for example in areas such as food health and safety, IT or insurance. It may also include delegation to the AC, RC, RMC, NC or MSSC.

Risk Management

To assist the Board in its supervision of risk management, policies and initiatives, the RMC was established on 15 January 2014 under a written charter. The RMC which comprises a combination of executive and non- executive Directors, is chaired by Mr. Mike Dean. Its members include Mr. Pedro Mata-Bruckmann, Mr. John Chuang and Mr. Koh Poh Tiong, the majority of whom are independent.

The RMC works closely with Management in fostering a culture of risk awareness and consciousness, throughout the Company. The RMC reviews the Delfi Risk Management Program and ensures that it is brought to the Board for periodic assessment as to its appropriateness and adequacy and to ensure that proper risk management is in place. In this regard, the RMC and the Board periodically undertake an enterprise-wide assessment of the universe of risks that the Delfi Group faces together with the mitigating factors and risk management policies already in place and thereby determine the net residual risk the Delfi Group faces. From this, the RMC agrees with the Board and Management a range of the specific risks that Management needs to address and to report back to the full Board at regular intervals to ensure that the Board is kept closely in touch with the risks, the mitigating factors and risk management policies and the net residual risk. Since the RMC's creation, Management has adhered to this schedule of presentations to the Board. The Board believes that risk management is a serious obligation entrusted to the Board and as such, the specific review of risk and risk management should not be delegated to a sub-committee. Rather, during the course of the year Management presents each risk and the associated risk management to the full Board so that all of the skills and experience our Directors possess are brought to bear in evaluating and managing this critical process.

In addition to formal meetings, Management keeps the RMC and the Board informed on developments in the industry and the Group's operations which may have an impact on the Group's risk profile.

The terms of reference for the RMC are to:

a. develop and monitor the processes through which the Board and Management can properly communicate and carry on their risk management responsibilities; and

b. meet periodically or as and when reasonably necessary to determine which of the Group's risks and its attendant risk management procedures should be brought to the Board's attention for their review.

Through the RMC, the Board will satisfy itself that Management in the Company is executing the agreed-upon plans and reporting the progress to the Board, regularly and properly; within the framework of approved strategies and initiatives in keeping with the risk tolerance levels.

Economic and financial conditions result in challenging trading conditions or economic uncertainty. Our results may be affected by the impact of economic conditions on consumer confidence and buying habits. Our business model comprising wholesale and distribution, along with our regional footprint provides for counter economic protection.

Regular reviews through customer research, review of competitor activity, together with forecasting disciplines, are in place to assess current market conditions and to ensure that any issues are dealt with in a timely fashion. Our Sales and Wholesales team manages closely credit terms and use of insurance and/or bank guarantees with trading partners to balance their ability to purchase goods with managing the risk of bad debts. Our Treasury also monitors the stability of financial institutions that hold our deposits and investments are spread over a number of institutions to mitigate the inherent risks and ensure competitive terms.

The Board is of the opinion that the Group's risk management framework and internal controls (including information technology controls) and systems maintained by Management provide reasonable but not absolute safeguards against material loss and/or financial misstatement. The Board further acknowledges that no cost-effective internal control framework will provide an infallible system to serve as an absolute safeguard against all risks, losses, financial misstatements, poor judgment in decision making, human error, fraud or other irregularities. The system is designed to manage rather than to totally eliminate such risks.

Based on the:

- internal controls established and maintained by the Group;
- work performed by the internal and external auditors as well as other third party independent professionals;

- reviews performed by Management, the various Committees and the Board; and
- the said assurances set out above;

the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2021 to address the various risks that the Group considers relevant and material to its business operations.

Shortly after its listing in 2004, Delfi implemented a Code of Conduct which provides a framework for ethical decision-making and good conduct. The code contains important core values and principles of the Company's professional conduct and governance and applies to the Delfi Limited Group of Companies comprising all its subsidiaries and associated companies in the ASEAN region. The Board of Directors, Management and staff are dedicated to upholding the code. In addition, Delfi maintains an Ethics Committee, to which matters of ethical concern or complaint may be surfaced so that such matters may be dealt with objectively, and subject to investigation, disciplinary action or legal process if justified and necessary.

WHISTLE BLOWER PROTECTION MECHANISM AND POLICY

The Company's whistle blowing mechanism and policy is an integral part of its Code of Conduct and Human Resource Manual. The policy seeks to encourage reporting in good faith, of matters which may comprise misdemeanours, misconduct, fraud, corruption, illegal acts, acts of default or other transgressions ("**Reportable Conduct**"). The mechanism and policy seek to provide for reporting of Reportable Conduct in confidence that employees or other persons who file such reports are treated fairly and shielded from any reprisal.

As required under the Code, the Board has been assured by the Group's CEO and CFO, as well as relevant key management personnel:

- that the Company's financial records have been properly maintained and the financial statements give a true and fair view of its operations and finances; and
- that the Company's risk management and internal control systems have both been appropriately established and also tested to ensure that they are effective.

The Board is of the view that Delfi's risk identification and management framework are sufficient and adequate.

Principle 10 - Audit Committee: The Board has an Audit Committee which discharges its duties objectively.

Policy and Practice

The AC was formed on 6 July 2001 under a written charter ("**AC Charter**"). During 2021, the members of the AC were Mr. Mike Dean (Chairman), Mr. Pedro Mata-Bruckmann and Mr. Koh Poh Tiong. The AC Chairman and all the members of the AC are independent. None of the members of the AC was a former partner or a director of the Company's internal auditors, Ernst and Young Advisory Pte Ltd ("**E&Y**") or external auditors, PricewaterhouseCoopers LLP ("**PwC**").

The AC is a standing committee established by resolution of the Board in accordance with Section 201B on the Companies Act 1967 of Singapore (the "**Act**"). In compliance with Principle 10 of CG2018, the Board has an AC which discharges its duties objectively, to ensure the integrity of the financial reports and to oversee the Company's financial reporting, internal accounting control system and audit function.

The AC is empowered and functions as required by the provisions of Section 201B of the Act, the Listing Manual of the SGX-ST and the Code issued by Corporate Governance Council, as from time to time amended, modified or supplemented.

With strong educational and professional qualifications in finance, and 40 years' experience in the finance and investment industries, Mr. Mike Dean is eminently qualified to serve as the Company's AC Chairman. On the AC bench with him are Mr. Pedro Mata-Bruckmann and Mr. Koh Poh Tiong. Pedro's strong global cocoa, chocolate and multinational company experience of more than 50 years, plus Poh Tiong's unique blend of private and public sector work of over 45 years, forges the AC as a formidable tribunal of expertise.

The AC Charter is periodically reviewed and updated to ensure that evolutions in those financial and business risks and corporate governance matters delegated to it are properly identified and managed. The last review was conducted in 2019 and the present AC Charter, which is based on the Singapore Institute of Director's template Terms of Reference for an Audit Committee where a company also has a risk management committee, was adopted on 27 November 2018.

Corporate Governance Report

The present AC Charter defines the AC's duties as follows:

1. Financial Reporting and Judgements

The AC shall review the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board. Specifically, the AC shall:

(a) Monitor the integrity of the financial reports prepared by the Company. In particular, it shall review the application and consistency of the accounting standards used (i.e. company and group levels).

(b) Assess, and challenge, where necessary, the accuracy, completeness, and consistency of financial reports (including interim reports), before they are submitted to the Board for approval or made public.

(c) Review the assurance provided by the CEO and CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances.

2. Internal Controls

The AC shall review and report to the Board on the adequacy and effectiveness of the company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board). Specifically, the AC shall:

(a) review the Company's financial risk profile/risk dashboard on a regular basis to understand the significant financial reporting and other financial-related risks facing the Company, and how they are being mitigated.

(b) review the risk appetite statements in relation to financial reporting and other financial-related risks and recommend such to the Board for approval.

(c) review the Company's levels of risk tolerance and risk policies relating to financial reporting and other financial-related risks.

(d) at least annually, review the adequacy and effectiveness of the risk management and internal control systems regarding financial reporting and other financial-related risks (and other risk and controls as delegated by the Board). The AC should state whether it concurs with the Board's comment on the adequacy and effectiveness of the Company's internal controls and risk management systems. The annual review may include reviewing Management and/or the assurance provider reports (for example, the internal audit reports) to highlight significant findings and recommendations, including Management's responses.

(e) coordinate with the Risk Management Committee ("**RMC**") on its oversight of non-financial and financial risk management and internal control matters. Arrange for access to, and review of, RMC reports on the adequacy and effectiveness of risk management and internal control systems.

(f) where responsibility is delegated by the Board, prepare the report on the AC activities (including the AC's oversight of aspects of the internal control system) and the adequacy and effectiveness of risk management and internal control systems in relation to financial reporting and other financial-related risks (and other risk and controls as delegated by the Board) to the RMC and/or Board for disclosures in the Company's annual report (as part of MR 1207(10) and CR 1204(10) requirements and Principle 9 of the Code of Corporate Governance).

(g) review disclosures in the annual report relating to the adequacy and effectiveness of risk management and internal control systems in relation to the financial reporting and financial-related risks and controls, including assurances received from the CEO and CFO, and concurrences received from the AC.

3. Internal Audit

The AC shall review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function. Specifically, it shall:

(a) monitor and assess the role and effectiveness of the internal audit function, including the internal audit charter, plans, activities, staffing, budget, resources, and organisational structure of the internal audit function.

(b) ensure that, where required, a Quality Assurance Review ("**QAR**") is independently conducted at least once every five years.

(c) where the QAR identities gaps or lack of expertise with the existing internal audit function, consider co-sourcing or outsourcing the internal audit function.

(d) review the internal audit programme and reports on a periodic basis and monitor Management's responsiveness to the findings and recommendations.

(e) ensure that the internal auditors ("**IA**") (or equivalent) have direct and unrestricted access to the AC Chairman, and that he is able to meet separately and privately to discuss matters and concerns.

(f) participate in the appointment, replacement or dismissal, evaluation and compensation of the IA (or equivalent).

4. External Audit

The AC shall review the scope and results of the external auditors ("**EA**"), and the independence and objectivity of the EA. It shall then recommend to the Board the appointment, reappointment and removal of the EA, and its remuneration and terms of engagement. Specifically, the AC shall:

(a) oversee the Company's relations with the EA, including its audit scope, approach, remuneration and terms of engagement.

(b) review the performance of the EA and facilitate its selection, appointment, reappointment, and removal. The factors to consider include an assessment of their effectiveness through the level of errors identified, accuracy in handling key accounting and audit judgements, and response to queries from the AC.

(c) monitor and assess annually whether the EA's independence or objectivity is impaired. The factors to consider include the amount of fees paid to the EA for the financial year, and the breakdown of aggregate fees for audit and non-audit services provided by the EA.

(d) discuss key audit matters ("**KAMs**") with the EA and ascertain if there are any follow-up actions which should be taken to reduce the extent of uncertainty and corresponding need for judgement for future periods.

(e) review the audit representation letter (particularly in relation to non-standard issues), and the EA's management letter to assess if it is based on a good understanding of the Company's business. It should monitor the responsiveness of Management to the recommendations made, or the reasons why they have not been acted upon.

(f) meet regularly with the EA to discuss matters that the AC or EA believe should be discussed privately.

(g) ensure that the EA has direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.

5. Statutory Duties

The AC shall ensure that the Company complies with the requisite laws and regulations as they relate to finance and the finance function. Specifically, the AC shall:

(a) review the effectiveness of the system that monitors compliance with laws and regulations, and the results of Management's investigation. It shall also follow up on any instances of non- compliance.

(b) monitor the processes for addressing complaints on accounting, internal controls or auditing matters.

(c) clarify the Company's code of conduct and process for communicating with all company staff and monitor levels of compliance.

(d) maintain open communication with and receive periodic reports on compliance matters from Management and the company's legal counsel.

(e) be aware of anti-corruption laws in the various jurisdictions in which the Company operates and ensure that processes are in place to comply with these laws.

6. Fraud Prevention

The AC shall ensure that the Company has programmes and policies in place to identify and prevent fraud. Specifically, the AC shall:

(a) work with Management to oversee the establishment of appropriate controls and anti-fraud programmes.

(b) ensure that a system of reporting on potential and actual frauds is implemented, and take necessary steps when fraud is detected.

(c) review and ensure that the Company has implemented an appropriate ethics and compliance programme.

(d) monitor Management's and the EA and IA's assessments of internal controls, in particular over financial reporting.

7. Whistle Blowing

The AC should also oversee the establishment and operation of the whistleblowing process in the Company. Specifically, the AC shall:

(a) review with the EA and the IA and report to the Board, findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of Internal Controls or infringement of any law, rule or regulation applicable to the Company or its subsidiaries which has or is likely to have a material impact on the Group's operating results and/or financial position.

(b) review the arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or

Corporate Governance Report

other matters, and to ensure that there is independent investigation of such matters and appropriate follow up actions.

(c) ensure that there is independent investigation of such matters and appropriate follow up actions.

(d) review reports on all whistleblowing incidents and ensure that they will be appropriately dealt with.

8. Interested Person Transactions ("IPTs") and Related Part Transactions ("RPTs")

The AC review all IPTs and RPTs. Specifically, the AC shall:

(a) review IPTs and RPTs to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders.

(b) determine methods or procedures for checking that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the Company or its minority shareholders.

(c) subject to a specific mandate, direct Management to present the rationale, cost-benefit analysis and other details relating to IPTs and RPTs.

(d) received reports from Management and internal audit regarding IPTs and RPTs.

(e) ensure proper disclosure and reporting to shareholders on IPTs as required by the SGX-ST Listing Manual.

(f) ensure proper disclosure and reporting in the annual report on RPTs as required by the accounting standards.

(g) recommend the appointment of an independent financial adviser ("**IFA**") and its fees in respect of IPTs and any other transaction, matter, or other corporate action taken by the Company where the services of such IFA is required.

The AC Charter sets out its functions and responsibilities in greater detail. The AC agrees and reviews its key performance metrics with the NC, with respect to how it discharges its role and responsibilities.

The main objectives of the AC are to focus on financial reporting, financial- related risks, internal controls and the internal and external audits and thereby enhance the standard of the Company's corporate governance and to assist the Board in fulfilling its fiduciary responsibilities for the Company and each of its subsidiaries and thereby act in the interest of the Company's shareholders as a whole.

More specifically, the AC helps the Board with its oversight responsibilities in key areas including:

- Financial statement preparation and reporting, and integrity.
- Risk management and internal controls (in relation to financial reporting and other financial-related risks).
- Internal audit (scope, resources, performance, and results of work).
- External audit (qualifications, independence, engagement, fees and audit report).

The AC has oversight responsibilities in the following areas:

- Compliance with financial related legal, regulatory and company policies.
- Fraud risk management.
- Whistleblowing policies, processes and reporting.
- IPTs and RPTs.

The AC serves as an independent and objective party to review the integrity of the financial information presented by Management to shareholders, regulators and the general public; and it provides communication between the Board and the EA and IA.

The second edition of the "Guidelines for Audit Committees in Singapore" was issued on 19 August 2014. The Singapore Institute of Directors had also issued the third edition of its "Audit Committee Guide" in 2018. The AC has reviewed and updated its Charter and practises in the light of these guidelines and has satisfied itself that the present AC Charter and practises reflect the best practices espoused by the guidelines.

The AC meets regularly. In addition, as and where necessary, it holds informal discussions and meetings with Management. The AC has full discretion to invite any Director, executive officer, staff, professional, consultant or any other person to attend its meetings. Access to and the full co-operation of the Company's Management has been accorded to the AC. In practise, all AC meetings will be attended by the Group's CFO and CEO so that they are better able to give a complete account of the issues being reviewed and answer questions from the AC members. However, where there are matters of potential sensitivity, Management will be asked to excuse themselves from the meeting so that the AC may discuss matters openly.

In addition, both the EA and IA have unrestricted access to the AC and at least once each year meet the AC without Management being present to discuss matters concerning the Company in addition to periodic informal meetings with the AC Chairman. The AC keeps abreast of changes in accounting standards and issues that could potentially impact financial reporting, through in-house training, briefing sessions, and regular updates and advice from its EA and IA.

E&Y was the appointed IA and helps the AC in its objective of being continuously vigilant and transparent, by fulfilling the role of IA. Delfi understands the need for continuing vigilance and transparency so that corporate governance principles are upheld.

The AC has full authority to investigate or look into any matter in its reasonable discretion and in the Company's best interests and engage any resources as it may reasonably require to discharge its functions properly.

The AC and the Board has reviewed the suitability of the EA, PwC for their role by assessing a wide range of factors including the quality of their work, their expertise and resources for a job involving the size and complexity of the Company's operations, and whether their own quality control procedures are dedicated to upholding the Code. In addition, Delfi maintains an Ethics Committee, to which matters of ethical concern or complaint may be surfaced so that such matters may be dealt with objectively, and subject to investigation, disciplinary action or legal process if justified and necessary.

KEY AUDIT MATTERS

On a quarterly basis, the AC receives and reviews in detail the Group's consolidated management accounts, together with supporting analyses and papers prepared by Management. During the review process, the AC identifies the critical accounting estimates and judgments for the Group, which will be assessed against the KAM identified by PwC during the audit of the annual financial statements. The AC also considers, with input from PwC and other subject matter experts, the appropriateness of the critical accounting estimates and judgments made in preparing the annual financial statements.

In particular, the AC reviewed the following matters which it considered to be "KAM" in accordance with the definition provided in Singapore Standards of Auditing 701(13), during its review of the financial statements for the year ended 31 December 2021.

1. Claims associated with the disposal of Delfi Cacau Brasil Ltda
   Refer to Notes 3(i) and 31(b) to the financial statements.

The Company has been notified by Barry Callebaut ("**BC**") of various tax claims and a labour claim made in Brazil. This comprises nine claims made by the Brazilian authorities against Barry Callebaut Industriae E Commercio de Producto Alimenties Ltda ("**BCBI**"), the BC company succeeding Delfi Cacau Brasil Ltda, a divested Brazil subsidiary which BC purchased as part of the sale of the Cocoa Ingredients business. In accordance with SFRS(I) 1-37 (on Provisions, Contingent Liabilities and Contingent Assets), the Group should ensure that an appropriate provision is recognised for the relevant liabilities in respect of these claims.

The AC received and reviewed an update of these notified claims prepared by the Group General Counsel and CFO, and duly noted the Company's position that while reserving its rights in relation to the notifications, the Company has requested BC to defend these claims, as Management believes that there are strong grounds to resist these claims. The AC also considered the work performed by the EA, PwC, which included, inter alia, seeking input from their tax specialists in Brazil in evaluating Management's assessment of the claims and the adequacy of the amounts recognised in respect of these claims. The AC is satisfied that the amounts recognised and disclosures in respect of these claims as set out at pages 108, 109 and 138 are reasonable and adequate. As Management considers the disclosure of further details of these claims can be expected to seriously prejudice the Group's position in relation to these claims, further information has not been disclosed in these financial statements.

2. Assessment of impairment of brands and license
   Refer to Notes 3(ii), 19 and 20 to the financial statements.

The Group has brands and a license with indefinite useful lives. In accordance with SFRS(I) 1-36 Impairment of Assets, the license and each of these brands are tested annually for impairment as well as when there is any indication that the carrying amounts may not be recoverable.

The AC considered whether impairment was required for the license and each of these brands. The AC reviewed (a) the valuation methodology, (b) the basis for the key assumptions (royalty rates, expected long-term growth rates and the discount rates applied) and (c) the key drivers of the expected future sales of the branded products for the license and each brand, and in understanding and determining the reasonable recoverable amount of the license and each brand, Management has considered the impact of the COVID-19 pandemic and uncertainties in the market. The AC challenged Management on its assumptions and is satisfied that they are reasonable and appropriate. The AC has also reviewed the sensitivity analysis prepared by Management in their review of brand and license impairment. In addition, the strategic business plan detailing Management's expectations of future sales of the branded products that had been approved by the Senior Management team and the Board of Directors was also considered. The AC concurred with Management's conclusion that no impairment was required for the license and each of the brands.

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The AC also reviewed the adequacy of the disclosures in respect of the brands and license in Notes 19 and 20, and in particular the sensitivity analysis as disclosed in Note 3(ii) on page 109 and 110 and found these to be reasonable and appropriate.

Other than the KAM described above, the AC reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021, as well as the EA's report thereon prior to their submission to the Board of Directors for approval. During the course of the review, there were a number of other matters that were subject to a similar level of scrutiny by the AC but, in concurrence with the EA, these were not so material as to be classified as a "KAM".

Interested Person Transactions ("IPTs")

The Company renewed the Shareholders' Mandate for it to enter into certain categories of transactions with specified classes of the Company's Interested Persons. Each quarter the AC received and reviewed a report on all IPTs prepared by the Management. In addition, all IPTs conducted during the financial year were reviewed and reported to the AC by the IA in accordance with the pre-agreed set of procedures.

Detailed information on the IPTs in accordance with Rule 907 of the Listing Manual of SGX-ST is disclosed on page 178 of this annual report.

External Audit and Auditor Independence

PwC has been the Company's external auditors since 2003. The Group audit partner is rotated on a five-yearly basis. The audit partner for the year ended 31 December 2021 was Mr. Chua Chin San, who took over the assignment during 2019.

During the year, the AC approved the scope of the audit plan to be undertaken by PwC. The AC discussed the results of the audit with PwC and considered the extent to which the audit plan had been met, the robustness and perceptiveness of work performed on key accounting and audit judgments and the content of its audit reports. On this basis, the AC assessed and concluded that PwC has fulfilled its responsibilities as EA.

Based on the above, the AC is pleased to recommend to the Board that PwC be re-appointed as the independent auditor of the Company at the next AGM. The Board has concurred with this and accordingly a motion to this effect has been tabled at the forthcoming AGM.

External Auditor's Fees

The fees paid to the EA are disclosed in page 178. There were also non- audit services provided by the EA and the non-audit fees are disclosed in page 178.

The AC has also performed an annual review of non-audit services provided by PwC to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor. PwC has also provided a report confirming that it believes it remained independent throughout the year, within the meaning of the regulations on this matter. The AC is satisfied that the nature and extent of the services provided will not prejudice the professionalism, independence and objectivity of the EA.

The Company conforms with the rules relating to appointment of EA as set out in Rules 712 and 715 of the Listing Manual of the SGX-ST.

INTERNAL AUDIT

The Board recognises that it is accountable to shareholders and other stakeholders and has overall responsibility to ensure, inter alia, effective governance, accurate financial reporting for the Company and for the Company's overall internal control framework, including financial, operational and compliance controls, risk management policies and systems needed to safeguard the shareholders' investments and assets of the Company.

The Board notes that Management seeks to maintain an appropriate internal structure for governance and process to manage operational and compliance risks in support of the delivery of the Company's objectives.

In this context, the internal audit function provides a third tier of defence in being accountable to the Board and providing assurance that the Company's governance structure and risk management procedures as maintained by Management continue to be effective and adequate.

The IA and EA together with Management, assist the AC in its review of the adequacy of the internal controls, through regular evaluation of the Company's internal controls, financial and accounting policies, governance and risk management policies and procedures. Among other things, the aim is to ensure that the internal controls are adequate and effective.

E&Y were appointed as the Company's IA in 2018 and have worked closely with the AC and the Company to closely monitor and improve the internal audit framework. The IA report directly to the AC on internal audit matters and to the Group CFO on administrative matters. They have unfettered access to documents, records, properties and staff of the Company. Additionally, E&Y has direct access to the AC Chairman to privately meet and discuss matters or concerns.

E&Y is an independent professional firm that specialises in the provision of internal audit services and follows a globally accepted internal audit methodology, which is in line with the Standards for the Professional Practice of Internal Auditing, as set by The Institute of Internal Auditors Singapore, including the requirement for a quality assurance review.

Management and the AC is of the view that the IA meets the required standards for the professional practice of the Institute of Internal Auditors Singapore internal auditing Standards including, but not limited to, E&Y's professional competence, proficiency and care.

The engagement team is led by a Partner with 25 years of internal audit and risk management experience, and with support from an Associate Partner with 15 years of internal audit experience backed by a team of experienced internal audit consultants for each review. E&Y currently serves organisations listed on the SGX-ST, multi- national companies as well as local enterprises in a wide range of industries such as fast-moving consumer goods, distribution, manufacturing and retail.

In addition, the Company employs a small team of internal auditors to complement and co-ordinate the work undertaken by E&Y.

The AC is satisfied that E&Y is independent from the Company, its Directors, Management and its Shareholders and is able to discharge its professional duties in an objective manner, free from any undue influence or conflicts of interest. Additionally, the AC is satisfied that the E&Y team engaged to work with the Company is effective, has the appropriate standing within the Group and is given the respect that its position requires. The AC is also of the view that the E&Y team is adequately resourced and staffed with sufficient persons with the relevant qualifications and experience.

Prior to the start of the financial year, the AC reviewed and approved the annual internal audit plan with the IA. Thereafter the AC regularly met with the IA and received regular updates from the IA on their progress in meeting the plan objectives. The AC discussed the result of the IA's audit findings and their evaluation of the Group's system of internal accounting controls together with responses from Management. Each quarter, the AC also reviewed progress by Management in addressing the issues identified by the IA. The internal audit plan was achieved, and where appropriate enhancements were made to the Company's organisational structure, operating procedures and systems and processes.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2021 to address the various risks that the Group considers relevant and material to its business operations.

The Board is of the opinion that the Group's risk management framework and internal controls (including information technology controls) and systems maintained by Management provide reasonable but not absolute safeguards against material loss and/or financial misstatement. The Board further acknowledges that no cost-effective internal control framework will provide an infallible system to serve as an absolute safeguard against all risks, losses, financial misstatements, poor judgment in decision making, human error, fraud or other irregularities. The system is designed to manage rather than to totally eliminate such risks.

As Delfi operates internationally, it could be affected by a number of risks, including industry and/or the country risks, as well as risks that may generally arise from, inter alia, the use and application of cocoa ingredients, and/or the production, use and consumption of chocolate and other confectionery products, availability of talent, business risks, market risks, a downturn in the economy and political factors such as instability or anarchy in any country that Delfi operates in.

There may also be additional risks not presently known to the industry or the Company, or that the Company may, with the information presently available, currently deem immaterial, which could affect its business and operations. New and/or other risks may well emerge due to environmental, economic, technological, biological and/or other developments.

While the Board, the AC and the RMC have made every reasonable effort to place a robust and effective system of internal controls to address financial, operational and compliance risks and to prevent, manage and/or buffer risks, should some risks develop into actual events, the business, results of operations, financial condition and prospects of Delfi could be materially and/or adversely affected.

In accordance with good corporate practice, the AC periodically reviews the appointment of its IA and following such a review E&Y were re-appointed as the Company's IA for 2021.

(IV) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11 - Shareholder Rights and conduct of general meetings: The Company treats all shareholders fairly and equitably in order to enable them to exercise of shareholders' rights, and to have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Corporate Governance Report

Policy and Practice

The Company respects and upholds shareholders' rights and manages its communication with shareholders and investors with care and diligence in an open and non-discriminatory way, so that timely, regular and relevant information regarding the Group's performance, progress and prospects, helps shareholders and investors in their investment decisions. The Board recognises and exercises its overall responsibility to shareholders, by ensuring accurate financial reporting for Delfi and for the Company's overall internal control framework, including financial, operational and compliance controls, risk management policies and through systems needed to safeguard the shareholders' investments and assets of Delfi. The Company's Constitution was amended to provide for the attendance by nominees of shareholders at general meetings. Although the Company's Constitution allows for absentia voting at general meetings of shareholders, the Company has decided against implementing voting in absentia by mail, email or facsimile, until all relevant issues on security and integrity on such mode of communication are satisfactorily resolved.

The Company makes timely and relevant disclosures of material information to the SGX-ST, and these filings are also then posted on the Company's website to allow shareholders, investors and members of the public to keep abreast of developments in the Company's business and corporate activities.

We encourage and facilitate shareholder engagement and participation through our meetings and briefings referred to in Principle 12 (below).

The Company conveys its financial performance, position and outlook on a half year and full year basis via announcements to the SGX-ST and subsequently through the Company's website. Regular communication with shareholders enhances the Company's transparency. We also hold briefing sessions with the investment community when financial results are announced.

The Company's Investor Relations and Corporate Communications Department meets with key investors regularly and answers queries from shareholders. Where constructive and practicable, feedback received from our shareholders is addressed in the preparation of our annual and half year reports. It is the Company's policy to answer queries and emails requesting information within our targeted 3 to 5 business days.

Our Investor Relations representative may be contacted through the details listed in the Corporate Information Section.

In accordance with applicable regulations, all financial results comprising financial performance, position and prospects as well as price sensitive information are initially released through SGXNet and then subsequently through various media including press releases, and/or the Company's website at https://www.delfilimited.com.

The Company has clear Board approved policies and guidelines for dealings in securities of the Company by Directors and officers, in conformity with the rules relating to dealings in securities in Rule 1207(19) of the Listing Manual of the SGX-ST. The Company prohibits selected employees from trading in its securities for a period commencing one month before the announcement of full year financial results and two weeks from the release of half year financial results; and consistently reminds Directors, officers and staff of the need to avoid trading in its securities on short term considerations, as well as to observe laws and regulations on trading in shares, including (but not limited to) insider trading laws.

The Company's dividend policy is integral to Delfi's investment story. We seek to distribute a sensible portion of the Company's cash profit each year taking into account numerous factors including the prevailing economic conditions and prospects in the markets in which we operate, anticipated capital expenditure, likely acquisition opportunities, the availability and cost of borrowings and the need to reward shareholders for their investment in the Company.

Principle 12 - **Engagement with Shareholders**: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Principle 13 – **Engagement with Stakeholders**: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Policy and Practice

The Board strives in its communications with shareholders to give them an objective, balanced and clear assessment of the Company's results. Our view is that regular communication with shareholders enhances the Company's transparency.

Shareholders are informed of general meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the main Singapore newspapers and posted onto the SGXNet.

In order to provide ample time for the shareholders to review and in compliance with the applicable laws and regulations, the notice of AGM, together with the Annual Report 2021, is distributed to all shareholders not less than 14 days before the scheduled AGM date. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM.

In view of the current coronavirus disease 2019 (COVID-19) situation, the AGM of the Company held in respect of FY2020 was convened and held by electronic means on 27 April 2021 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 (Temporary Measures) Order 2020"). Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, was put in place for the AGM FY2020 of the Company.

In a similar vein, the forthcoming AGM of the Company to be held in respect of FY2021 will be convened and held by electronic means on 26 April 2022 pursuant to the COVID-19 (Temporary Measures) Order 2020. The same alternative arrangements for the forthcoming AGM will be put in place as per the prior year, except that this year, Shareholders will additionally be able to (i) submit questions to the Chairman of the Meeting "live" at the AGM; and (ii) vote at the AGM "live" by electronic means or by appointing a proxy or proxies (other than the Chairman of the Meeting) to vote on their behalf.

The Company conveys its financial performance, position and outlook on a half year and full year basis via announcements to the SGX-ST and subsequently through the Company's website. Additional disclosures, when required, are also made through the same communication channels.

In accordance with applicable regulations, all financial results comprising financial performance, position and prospects as well as price sensitive information are firstly released through SGXNet and then subsequently through various media including press releases and/or the Company's website at https://www.delfilimited.com. We hold briefing sessions with the investment community following the announcement of financial results and the Company's investor relations team meets with key investors regularly and answers queries from shareholders.

Communications with shareholders are overseen by the Investor Relations and Corporate Communications Department, headed by the Group Chief Financial Officer. This Department communicates with investors on a regular basis and attends to their queries.

The majority of our Directors including our Chairman and CEO always attend our AGM. Our Directors always endeavour to attend the AGM and shareholders are given the opportunity to share their thoughts and ideas or ask questions relating to matters which are the subject of the resolutions to be passed.

An independent external party is appointed as scrutineer for the electronic poll voting process. It is the role of the scrutineer to review the proxies and the electronic poll voting system, as well as attend to the proxy verification process, to ensure that the poll voting information is compiled correctly. All of the Company's resolutions are voted on via a poll as this assures shareholders of better transparency. Electronic poll voting devices are used to register the votes of shareholders.

At the AGM, the voting results for each resolution are disclosed to shareholders. When voting for a resolution has concluded, the poll voting results including the number and percentage of votes cast (both for and against the resolution in question) are immediately made known to shareholders. The poll voting and proxy voting results are promptly released to the SGX-ST via SGXNet.

The Company's Constitution provides for shareholders to participate and vote at general meetings, and shareholders are encouraged to do so. As a matter of good order, we will continue to propose and table separate resolutions in respect of each issue referred to shareholders for approval at general meetings, unless such resolutions are interdependent or linked.

Our lawyers, auditors, and consultants make it a point to attend our general meetings.

The Company prepares and publishes minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders that are relevant to the agenda of the meeting and responses from the Board and the Management. The Company will publish the minutes of the forthcoming AGM within one month from the AGM to the SGX-ST via SGXNet in accordance with the guidance on the conduct of general meetings amid evolving COVID-19 situation issued by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation.

14 March 2022

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 86 to 156 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Pedro Mata-Bruckmann (Chairman)
Chuang Tiong Choon
Chuang Tiong Liep
Chuang Tiong Kie
Anthony Michael Dean
Davinder Singh
Koh Poh Tiong
Doreswamy Nandkishore

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations (other than wholly-owned subsidiaries), except as follows:

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2021	At 1.1.2021	**At 31.12.2021**	At 1.1.2021
The Company				
(No. of ordinary shares)				
Pedro Mata-Bruckmann	**177,000**	177,000	**–**	–
Chuang Tiong Choon	**604,800**	604,800	**316,976,500**	316,976,500
Chuang Tiong Liep	**290,800**	290,800	**310,491,000**	310,491,000
Chuang Tiong Kie	**630,800**	630,800	**–**	–
Anthony Michael Dean	**50,000**	50,000	**–**	–
Davinder Singh	**100,000**	100,000	**–**	–
Koh Poh Tiong	**–**	–	**–**	–
Doreswamy Nandkishore	**22,000**	22,000	**–**	–
Cocoa Specialities, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Foods, Inc.				
(Ordinary shares of Peso 1 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Marketing, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Chuang Tiong Liep	**1**	1	**–**	–
Springbright Investments Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19
Berlian Enterprises Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19
Aerodrome International Limited*				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**10**	10

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(a) (continued)

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2021	At 1.1.2021	**At 31.12.2021**	At 1.1.2021
Ceres Super Pte Ltd**				
(Ordinary shares of S$1 each)				
Chuang Tiong Choon	**–**	–	**–**	900,000
Chuang Tiong Liep	**–**	–	**–**	900,000

* Aerodrome International Limited ("AIL") is held by Johnsonville Assets Limited ("JAL") (70%) and Johnsonville Holdings Limited ("JHL") (30%). Credit Suisse Trust Limited ("CST") is a Singapore registered public trust company. CST's deemed interest arises from its 100% shareholding in AIL as the trustee of JAL and JHL. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust of which CST has been appointed as the trustee. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust of which CST has been appointed as the trustee.

** Ceres Super Pte Ltd has been deregistered on 29 June 2021.

(b) Chuang Tiong Choon and Chuang Tiong Liep who by virtue of their interest of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly-owned subsidiaries.

(c) The directors' interests in the shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021 for all the directors.

SHARE OPTIONS

The Company does not have any share option scheme or plans in place, or such scheme or plans that entitled holders to participate, by virtue of the scheme or plans, in any share issue of any other corporation.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Anthony Michael Dean (Chairman)
Pedro Mata-Bruckmann
Koh Poh Tiong

All AC members, including the Chairman, are independent directors. The AC performed its functions in accordance with section 201B(5) of the Singapore Companies Act 1967, the SGX-ST Listing Manual, the Code of Corporate Governance 2018, and the Guidebook for Audit Committees in Singapore 2014.

The key responsibilities of the AC are to assist the Board in fulfilling its statutory and other responsibilities relating to the integrity of the financial statements, monitoring of the system of internal controls and the independence of the external auditors.

The AC has full access to the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

INTERNAL AND EXTERNAL AUDIT

The AC has reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It has met the Company's internal and independent auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls.

The AC also held discussions with the internal and external auditors and is satisfied that the processes put in place by management provide reasonable assurance on the mitigation of fraud risk exposure to the Group.

FINANCIAL REPORTING

The AC has reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021, as well as the Independent Auditor's Report thereon prior to its submission to the Board of Directors for approval. The AC has also reviewed the key audit matters set out in the Independent Auditor's report from page 81 to 82 and included its commentary in the Group's Corporate Governance Report.

INTERESTED PERSON TRANSACTIONS

The Company renewed its Shareholders' Mandate for it to enter into certain categories of transactions with specified classes of the Company's Interested Persons. The AC has also reviewed the interested person transactions of the Group during the financial year in accordance with established procedures.

EXTERNAL AUDIT AND AUDITOR INDEPENDENCE

The AC has nominated PricewaterhouseCoopers LLP ("PwC") for reappointment as the independent auditor of the Company at the forthcoming Annual General Meeting. The AC has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

Based on the above, the Board concurred with the AC's recommendation. Accordingly, the Board has nominated PwC for reappointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

CHUANG TIONG CHOON
Director

CHUANG TIONG KIE
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Delfi Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Delfi Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2021;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2021;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT

To the Members of Delfi Limited

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Claims associated with the disposal of Delfi Cacau Brasil Ltda *Refer to Notes 3(i) and 31(b) to the financial statements.* As explained in Note 3(i) to the financial statements, the Company is liable for claims notified by Barry Callebaut ("BC"). This comprised nine claims made by the Brazilian authorities against Barry Callebaut Industriae E Commercio de Productos Alimenties Ltda ("BCBI"), the BC company succeeding Delfi Cacau Brasil Ltda, a divested Brazil subsidiary. The Company's total exposure in respect of these notified claims as at 31 December 2021 amounted to **BRL89.2 million (US$16.0 million)**. We focused on this area due to the high level of management judgement associated with determining the need for, and magnitude of, the provisions for liabilities associated with these claims.	We evaluated the reasonableness of management's assessment of the outcome of these claims and the adequacy of the amounts recognised in respect of these claims. We involved our tax specialists in Brazil to assist us in the evaluation of management's assessment. We also considered the adequacy of the Group's disclosures (in Note 3(i) and Note 31(b)) made in relation to the amounts recognised in respect of these claims. Based on the audit procedures performed, the position taken by management is consistent with our evaluation.

INDEPENDENT AUDITOR'S REPORT

To the Members of Delfi Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of brands and licence *Refer to Notes 3(ii), 19 and 20 to the financial statements.* The Group has brands and a licence with indefinite useful lives, with a total carrying value of **US$17.5 million** as at 31 December 2021. The assessment of impairment was an area of focus because the assessment of the recoverable amounts of the brands and licence with indefinite useful lives involves significant judgements about the expected future sales of the branded products, royalty rates, expected long term growth rates and the appropriate discount rates applied to the future cash flow forecasts. The global economic environment has been and continues to be significantly affected by the COVID-19 pandemic. Consequently, there is heightened uncertainty inherent in estimating the expected future sales of the branded products. Management has considered the impact of the pandemic and has assessed that there is no impairment of brands and licence as the recoverable amounts are higher than the carrying values as at 31 December 2021.	We verified the expected future sales of the branded products to internal forecasts and strategic plans that were approved by senior management and the Board of Directors, and understood how they have considered the impact of the COVID-19 pandemic and market uncertainty in their estimates. We also compared the actual sales of the branded products for 2021 with the forecast figures included in the prior year to consider whether the assumptions included in the forecast, with hindsight, had been reasonable after taking into consideration the impact associated with the pandemic. We further considered the viability of expected future sales against local economic conditions and industry outlook. We involved our valuation specialists to evaluate the valuation methodology and management's assumptions applied based on the information and market conditions prevailing at the date of this report, as follows: • Royalty rates – we assessed them against rates charged by comparable brands; • Long-term growth rates – we compared them against economic and industry forecasts; and • Discount rates – we assessed the weighted average cost of capital for the Group against comparable organisations, as well as considering territory specific factors. We evaluated management's sensitivity calculations over the Group's individual brands and licence to assess the impact on the recoverable amount for each brand and licence. We also considered the adequacy of the Group's disclosures (in Notes 3(ii), 19 and 20) made in relation to brands and licence with indefinite useful lives. Based on the audit procedures performed, we found management's assessment to be consistent with the results of our procedures.

INDEPENDENT AUDITOR'S REPORT

To the Members of Delfi Limited

Other Information

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

- Letter From Our Chairman
- Letter From Our CEO
- Board of Directors
- Senior Management
- Five-Year Financial Highlights & Review
- Business Profile
- Operating & Financial Review
- Sustainable Value Creation
- Corporate Information
- Corporate Governance Report
- Directors' Statement
- Appendix (Shareholders' Mandate)
- Annexure
- Disclosure Under SGX-ST Listing Manual Requirements
- Shareholdings Statistics
- Notice of Annual General Meeting
- Additional Information on Directors Seeking re-election at the Annual General Meeting
- Proxy Form

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Delfi Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

To the Members of Delfi Limited

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chua Chin San.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 March 2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2021

	Note	The Group 2021 US$'000	2020 US$'000
Revenue	4	**405,128**	385,120
Cost of sales		**(285,421)**	(275,007)
Gross profit		**119,707**	110,113
Other operating income	4	**2,664**	2,280
Selling and distribution costs		**(52,834)**	(55,406)
Administrative expenses		**(23,120)**	(24,596)
Finance costs	6	**(1,057)**	(3,153)
Other operating expenses		**(1,106)**	(1,200)
Share of results of associated companies and joint ventures	15	**(193)**	(391)
Profit before income tax		**44,061**	27,647
Income tax expense	8(a)	**(14,786)**	(10,170)
Total profit		**29,275**	17,477
Profit attributable to:			
Equity holders of the Company		**29,275**	17,477
Non-controlling interest		**–**	–
		29,275	17,477
Earnings per ordinary share [1] **(expressed in US cents per share)**			
Basic and Diluted	9	**4.79**	2.86

Note:

(1) Diluted earnings per share for financial years 2021 and 2020 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	The Group	
	2021	2020
	US$'000	US$'000
Profit for the year	**29,275**	17,477
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation reserve		
– Currency translation differences arising from consolidation	**(2,816)**	(3,860)
Items that will not be reclassified subsequently to profit or loss:		
Foreign currency translation reserve		
– Currency translation differences arising from consolidation	**–**	2
Defined pension benefits obligation		
– Remeasurements of defined pension benefits obligation (Note 25(b))	**1,776**	(1,257)
– Tax on remeasurements (Note 8(b))	**(272)**	296
	1,504	(961)
Other comprehensive loss, net of tax	**(1,312)**	(4,819)
Total comprehensive income for the year	**27,963**	12,658
Total comprehensive income attributable to:		
Equity holders of the Company	**27,963**	12,656
Non-controlling interest	**–**	2
	27,963	12,658

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

BALANCE SHEETS

As at 31 December 2021

	Note	The Group 2021 US$'000	The Group 2020 US$'000	The Company 2021 US$'000	The Company 2020 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**86,238**	65,522	**55,700**	52,063
Trade receivables	11	**68,961**	81,690	**1,185**	1,274
Loan to joint venture	16	**60**	60	**60**	60
Inventories	12	**64,837**	76,847	**–**	9
Rights to returned goods	4(a)	**2,129**	2,815	**–**	–
Income tax recoverable	8(a)	**6,030**	6,888	**–**	–
Other current assets	13	**10,388**	11,030	**512**	540
		238,643	244,852	**57,457**	53,946
Non-current assets					
Investments in subsidiaries	14	**–**	–	**40,919**	41,097
Investments in associated companies and joint ventures	15	**2,872**	2,425	**4,560**	3,900
Loans to associated company and joint venture	16	**915**	967	**–**	–
Property, plant and equipment	17	**96,004**	107,180	**565**	2,358
Intangible assets	19	**19,544**	20,916	**17,863**	18,017
Deferred income tax assets	8(b)	**3,077**	3,174	**–**	–
Income tax recoverable	8(a)	**1,835**	1,939	**–**	–
Other non-current assets	21	**1,006**	1,035	**–**	–
		125,253	137,636	**63,907**	65,372
Total assets		**363,896**	382,488	**121,364**	119,318
LIABILITIES					
Current liabilities					
Trade payables	22	**38,013**	29,900	**1,175**	1,295
Refund liabilities	4(a)	**6,444**	7,854	**–**	–
Other payables	23	**53,634**	52,171	**3,441**	3,934
Current income tax liabilities		**2,852**	1,014	**–**	–
Derivative liabilities		**23**	30	**–**	–
Borrowings	24	**10,064**	48,748	**–**	–
		111,030	139,717	**4,616**	5,229
Non-current liabilities					
Other payables	23	**898**	540	**22**	358
Deferred income tax liabilities	8(b)	**2,037**	246	**–**	–
Provisions for other liabilities and charges	25	**10,627**	16,236	**–**	–
		13,562	17,022	**22**	358
Total liabilities		**124,592**	156,739	**4,638**	5,587
NET ASSETS		**239,304**	225,749	**116,726**	113,731
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**95,936**	95,936	**95,936**	95,936
Foreign currency translation reserve	27(a)	**(10,229)**	(7,413)	**–**	–
Other reserves	27(b)	**2,498**	994	**–**	–
Retained earnings	28	**151,099**	136,113	**20,790**	17,795
		239,304	225,630	**116,726**	113,731
Non-controlling interest		**–**	119	**–**	–
TOTAL EQUITY		**239,304**	225,749	**116,726**	113,731

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

		Attributable to equity holders of the Company							
	Note	Share capital US$'000	Foreign currency translation reserve US$'000	General reserve US$'000	Defined pension benefits obligation US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
The Group									
Balance at 1 January 2021		**95,936**	**(7,413)**	**2,505**	**(1,511)**	**136,113**	**225,630**	**119**	**225,749**
Profit for the year		–	–	–	–	29,275	29,275	–	29,275
Other comprehensive (loss)/ income for the year		–	(2,816)	–	1,504	–	(1,312)	–	(1,312)
Total comprehensive (loss)/ income for the year		**–**	**(2,816)**	**–**	**1,504**	**29,275**	**27,963**	**–**	**27,963**
Deregistration of a subsidiary		–	–	–	–	–	–	(119)	(119)
Final dividend relating to 2020 paid	29	–	–	–	–	(6,600)	(6,600)	–	(6,600)
Interim dividend relating to 2021 paid	29	–	–	–	–	(7,689)	(7,689)	–	(7,689)
Total transactions with owners, recognised directly in equity		**–**	**–**	**–**	**–**	**(14,289)**	**(14,289)**	**(119)**	**(14,408)**
Balance at 31 December 2021		**95,936**	**(10,229)**	**2,505**	**(7)**	**151,099**	**239,304**	**–**	**239,304**
Balance at 1 January 2020		**95,936**	**(3,553)**	**2,437**	**(550)**	**133,213**	**227,483**	**117**	**227,600**
Profit for the year		–	–	–	–	17,477	17,477	–	17,477
Other comprehensive (loss)/ income for the year		–	(3,860)	–	(961)	–	(4,821)	2	(4,819)
Total comprehensive (loss)/ income for the year		**–**	**(3,860)**	**–**	**(961)**	**17,477**	**12,656**	**2**	**12,658**
Transfer to general reserve	28(a)	–	–	68	–	(68)	–	–	–
Final dividend relating to 2019 paid	29	–	–	–	–	(6,600)	(6,600)	–	(6,600)
Interim dividend relating to 2020 paid	29	–	–	–	–	(7,909)	(7,909)	–	(7,909)
Total transactions with owners, recognised directly in equity		**–**	**–**	**68**	**–**	**(14,577)**	**(14,509)**	**–**	**(14,509)**
Balance at 31 December 2020		**95,936**	**(7,413)**	**2,505**	**(1,511)**	**136,113**	**225,630**	**119**	**225,749**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Total profit		**29,275**	17,477
Adjustments:			
Income tax expense		**14,786**	10,170
Depreciation and amortisation		**13,587**	13,771
Gain on disposal of property, plant and equipment		**(632)**	(52)
Interest income		**(576)**	(683)
Interest expense		**1,057**	3,153
Fair value gain on derivatives		**(7)**	(23)
Share of results of associated companies and joint ventures		**193**	391
Operating cash flow before working capital changes		**57,683**	44,204
Changes in working capital			
Inventories		**12,010**	10,554
Trade and other receivables		**13,916**	10,448
Rights to returned goods		**686**	354
Trade and other payables		**4,456**	(11,417)
Refund liabilities		**(1,410)**	3,016
Cash generated from operations		**87,341**	57,159
Interest received		**576**	683
Income tax paid, net of tax refund received		**(10,732)**	(15,437)
Net cash provided by operating activities		**77,185**	42,405
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,722)**	(3,706)
Advances for purchase of property, plant and equipment		**(413)**	(776)
Purchases of intangible assets		**(239)**	(439)
Proceeds from disposal of property, plant and equipment		**3,178**	79
Net cash used in investing activities		**(196)**	(4,842)
Cash flows from financing activities			
Repayment of trade finance		**(5,410)**	(931)
Repayment of bank loans		**(31,853)**	(7,431)
Repayment of lease liabilities		**(2,010)**	(2,184)
Payment to minority shareholder		**(119)**	–
Interest paid		**(1,057)**	(3,153)
Dividends paid to equity holders of the Company		**(14,289)**	(14,509)
Net cash used in financing activities		**(54,738)**	(28,208)
Net increase in cash and cash equivalents		**22,251**	9,355
Cash and cash equivalents			
Beginning of financial year		**64,790**	55,689
Effects of currency translation on cash and cash equivalents		**(803)**	(254)
End of financial year	10	**86,238**	64,790

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2020 US$'000	Principal and interest payment US$'000	Additions US$'000	Interest expense US$'000	Foreign exchange movement US$'000	2021 US$'000
Bank loans	36,481	(32,538)	–	685	(689)	3,939
Trade finance	11,535	(5,633)	–	223	–	6,125
Lease liabilities	2,012	(2,159)	2,360	149	(79)	2,283

			Non-cash changes			
	2019 US$'000	Principal and interest payment US$'000	Additions US$'000	Interest expense US$'000	Foreign exchange movement US$'000	2020 US$'000
Bank loans	43,980	(10,082)	–	2,651	(68)	36,481
Trade finance	12,466	(1,286)	–	355	–	11,535
Lease liabilities	3,774	(2,331)	333	147	89	2,012

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

1. GENERAL INFORMATION

Delfi Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 111 Somerset Road, #16-12 TripleOne Somerset, Singapore 238164.

The principal activities of the Company are the marketing and distribution of chocolate, chocolate confectionery and investment holding. The principal activities of each of the subsidiaries are set out in Note 14.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of critical accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group effective as of 1 January 2021:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, and SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

- Amendment to SFRS(I) 16 Leases – *Covid-19-Related Rent Concessions beyond 30 June 2021*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Change in accounting policy

Period over which the benefit for defined benefit plan is attributed

In May 2021, the International Financial Reporting Standards Interpretations Committee, which works with the International Accounting Standards Boards in supporting the application of IFRS Standards, issued an agenda decision determining the period over which an entity should attribute the benefit for a defined benefit plan with the following key features:

- Employees are entitled to a lump sum benefit payment when they reach a particular pension age, provided that they are employed by the entity when they reach that pension age; and
- The amount of the pension benefit to which an employee is entitled depends on the length of employee service before the pension age and is capped at a specified number of consecutive years of service.

As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision was reviewed and found to be relevant to the accounting for the Group's defined benefits plan in Indonesia. The local labour law incorporates the above-mentioned features with a pension age of 56 and benefit that is capped at 24 consecutive years of service. As such, the Group should only attribute the estimated pension benefit only to each year in which an employee renders service from the age of 32 to 56 (or, if employment commences on or after the age of 32, from the date the employee first renders service to the age of 56). Previously, the Group starts to recognise pension benefits liability from the date an employee commences employment regardless of the employee's age.

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, and the change in accounting policy did not have any significant impact on the consolidated financial statements of the Group for the current and prior financial years.

2.2 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which the control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Please refer to Note 2.13(a) for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.11 for the Company's accounting policy on investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by shareholding giving rise to voting rights of 20%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in the Group's profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.11 for the Company's accounting policy on investments in associated companies and joint ventures.

2.3 Currency translation

(a) Functional and presentation currency

Items included in the 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"). The consolidated financial statements are presented in United States Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Monetary items include primarily financial assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment in the foreign operation is repaid, a proportionate share of the accumulated currency translation difference is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other operating income" or "Other operating expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair value measurements are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in the other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.4 Revenue and other operating income recognition

(a) Sale of goods

The Group manufactures and sells a range of chocolate, chocolate confectionery and consumer products of which a majority represents a single performance obligation. Revenue from sale of goods is measured at the selling list price less trade incentives payable to the customers. Revenue from the sale of these goods is recognised at a point in time when the products are delivered to the customers.

The amount payable to customers relating to trade incentives are estimated based upon the Group's analysis of the incentives offered, expectations regarding customer and consumer participation, historical sales and payment trends, and the Group's experience with payment patterns associated with similar incentives offered in the past.

Sales are made with a credit term not exceeding 90 days. Based on customary business practice, some customers have a right to return the goods to the Group. Therefore, a refund liability and a right to the returned goods are recognised for products expected to be returned.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Based on historical trend, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. The asset is initially measured at the carrying amount of the goods at the time of sale, less expected cost to recover the goods which is not expected to be material.

The returned asset will be presented and assessed for impairment separately from the refund liability. The Group will need to assess the returned asset for impairment, and adjust the value of the asset if it becomes impaired.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue and other operating income recognition (continued)

(b) Interest income

Interest income is recognised on a time-proportion basis, using the effective interest rate method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(d) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement with related companies.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.6 Exceptional items

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Income taxes (continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.9 Financial assets, at amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These instruments comprise of cash and cash equivalents, trade receivables, other receivables, deposits, loans to associated company and joint venture and loans to subsidiaries.

The Group assesses on a forward looking basis the expected credit losses with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing each product to its present location and condition. Inventories comprise manufactured and purchased inventories.

The cost of manufactured inventories includes raw material cost, direct labour cost and production overheads based on the normal level of activity but excludes borrowing costs. The raw material cost, which comprises primarily cocoa ingredients, milk, sugar and packaging materials, includes their purchase price, inward shipping costs and import duties and charges. Direct labour cost comprises primarily manufacturing staff cost. Production overheads comprise primarily utilities charges, rental costs, depreciation of plant and machinery and indirect costs relating to the manufacturing of the inventories.

Work-in-progress inventories include direct material cost and direct labour cost incurred to the date of the financial statements. The amount also includes an allocated amount of production overheads by applying an overhead rate to the estimated stage of completion.

The cost of goods purchased includes their purchase price, inward shipping costs and import duties and charges.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.11 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are stated at cost less accumulated impairment losses (Note 2.14(c)) in the Company's balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the differences between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.12 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.14(c)).

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.5 on borrowing costs). The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the assets or using the assets for purposes other than to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Property, plant and equipment (continued)

(b) Depreciation

Construction work-in-progress are not depreciated.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	Over the lease term of 17 to 30 years
Buildings and improvements	10 – 30 years
Machinery and equipment	10 – 15 years
Motor vehicles	5 years
Office equipment	5 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.13 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets acquired and contingent liabilities of the acquired joint ventures and associated companies at the date of acquisition. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Goodwill is recognised separately as an intangible asset and carried at cost less accumulated impairment losses (Note 2.14(a)).

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Intangible assets (continued)

(b) Brands, licence, patents and trademarks

Brands and licence acquired as part of business combinations are recognised when they arise from contractual or other legal rights, or are separable.

Such brands and licence are recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

Brands and licence that are regarded as having indefinite useful lives are not amortised and are subsequently tested for impairment annually (Note 2.14(b)).

Brands and licence that are regarded as having limited useful lives are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.14(c)). Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 5 years.

Patents and trademarks are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.14(c)). Amortisation is calculated using the straight-line method to allocate the cost of patents and trademarks over their estimated useful lives of up to 5 years.

The useful lives of brands and licence, patents and trademarks are assessed at each balance sheet date and adjustments are included in profit or loss in the financial year in which the changes arise.

(c) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the assets for its intended use. Costs associated with maintaining the computer software are expensed when incurred.

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

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.14 Impairment of non-financial assets

(a) Goodwill

Goodwill is recognised separately as an intangible asset tested for impairment annually, and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of a CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less costs to sell and value-in-use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Brands and licence with indefinite useful lives

Brands and licence that are regarded as having indefinite useful lives are tested annually for impairment, as well as when there is any indication that the carrying amounts may not be recoverable.

An impairment loss is recognised in profit or loss when the carrying amount of the acquired brand and licence exceeds the recoverable amount of the acquired brand and licence. The recoverable amount of the brand and licence is the higher of a brand's and licence's fair value less costs to sell and value-in-use.

An impairment loss on brand and licence is recognised as an expense and is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the brand's and licence's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(c) Other intangible assets
Property, plant and equipment (including right-of-use assets)
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less costs to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from the other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for these assets is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

2.16 Trade and other payables

Trade and other payables (excluding lease liabilities) represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

2.18 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

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

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Intra-group transactions are eliminated on consolidation.

2.19 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are also presented as current liabilities when the Group has the intention to repay the borrowings within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Leases

(a) When the Group is a lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  – Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  – Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  – Amount expected to be payable under residual value guarantees;

  – The exercise price of a purchase option if is reasonably certain to exercise the option; and

  – Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Leases (continued)

(a) When the Group is a lessee (continued)**:**

- Lease liabilities (continued)

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.21 Employee compensation

Employee benefits are recognised as an expense, when the cost qualifies to be capitalised as an asset.

(a) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post-employment benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee compensation (continued)

(a) Defined benefit plans (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis.

The Group's obligation, in regard to the defined contribution plans, is limited to the amount it contributes to the fund. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.22 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Dividends

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 for payment by the shareholders.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of borrowings carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

2.26 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to expenses are deducted against the related expenses.

Government grants relating to assets are deducted against the carrying amount of the assets.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be exactly equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Claims associated with the disposal of Delfi Cacau Brasil Ltda

Barry Callebaut acquired Delfi Cacau Brasil Ltda ("DCBR"), a subsidiary of the Company, as part of the sale of the Cocoa Ingredients business on 30 June 2013. On 2 June 2014, Barry Callebaut restructured and merged DCBR into a new entity, Barry Callebaut Industriae E Commercio de Producto Alimenties Ltda ("BCBI").

In 2015, the Company entered into a settlement agreement with Barry Callebaut with regards to the dispute and the resulting arbitration that had been commenced by the Company against Barry Callebaut in relation to adjustments to the closing price that had been paid by Barry Callebaut to the Company. As part of the settlement, the parties had mutually agreed to terminate the Sales and Purchase Agreement on 28 August 2015, although the parties agreed that certain environmental, tax and other warranties would continue. Barry Callebaut remained entitled to bring any further claims that may arise under the continuing warranties.

In 2015 and 2016, Barry Callebaut notified the Company of various tax claims and a labour claim against BCBI, in relation to the activities of DCBR.

Since 2017, the Company was not notified of any further claims.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(i) Claims associated with the disposal of Delfi Cacau Brasil Ltda (continued)

As at 31 December 2021, the nine notified claims were as follows:

(a) 2 claims totalling Brazilian Real ("BRL") 34,806,427 in connection with tax assessments of the "Social Integration Program/Public Employee Savings Program (PIS)" and the "Contribution for the Financing of Social Security (COFINS)";

(b) A claim of BRL803,030 for unpaid import tax arising from the import of a bean roaster;

(c) 3 claims totalling BRL51,877,314 for the restitution of taxes and import duties arising from the import of cocoa beans;

(d) 2 claims totalling BRL541,769 for allegedly incorrect or overstating credits due arising from tax assessments from prior years;

(e) An unquantified claim based on a labour law complaint relating to outsourcing of activities to contract workers has been referred on appeal to the second level judicial court. The penalty of BRL500,000 was notified to the Company in 2015.

As at 31 December 2021, the Company's total exposure in respect of notified tax and labour claims in Brazil has increased to BRL89,249,000 (2020: BRL88,038,000) primarily due to indexation. In USD terms, the Company's total exposure as at 31 December 2021 was US$16,027,000.

While reserving its rights in relation to the claims set out above, the Company has requested Barry Callebaut to defend these claims. There are strong grounds to resist these claims.

In assessing the relevant liabilities, management has considered, among other factors, industry practices and the legal environment in Brazil, and assessed that the amounts recognised in respect of these claims are adequate as at 31 December 2021. As management considers the disclosure of further details of these claims can be expected to seriously prejudice the Group's position in relation to the claims, further information has not been disclosed in these financial statements.

(ii) Estimated impairment of brands and licence

Brands and licence with indefinite useful lives are tested for impairment annually, in accordance with the accounting policy stated in Note 2.14(b). As at 31 December 2021, the carrying amounts of brands and licence with indefinite useful lives were US$17,460,000 (2020: US$17,556,000).

Impairment tests are conducted annually to assess the brands and licence with indefinite useful lives and ensure that these brands and licence are not carried above their recoverable amounts. The recoverable amounts of the brands and licence have been estimated based on fair value less cost to sell using the relief from royalty method. Estimating the recoverable amounts requires the Group to forecast future cash flows based on expected future sales of the branded products, royalty rates, expected long term growth rates and the appropriate discount rates applied to the future cash flow forecasts (Note 20). In making these estimates, the Group has relied on past performance, its expectations of the future developments of the various branded products and markets (including the impact arising from COVID-19) and publicly available industry and economic data.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(ii) Estimated impairment of brands and licence (continued)

If management's estimated royalty rate of the brands and licence at 31 December 2021 was lowered by 1% (2020: 1%), the recoverable amounts of these brands and licence would be reduced by US$9,141,000 (2020: US$7,202,000) and the Group would have recognised an impairment charge of US$839,000 (2020: US$743,000) on one of the brands. For this brand, a decrease in royalty rate by 0.48% (2020: 0.02%) would result in its recoverable amount to be equal to its carrying amount.

If management's estimated pre-tax discount rate of the brands and licence at 31 December 2021 was increased by 1% (2020: 1%), the recoverable amounts of these brands and licence would be reduced by US$6,222,000 (2020: US$5,076,000) and the Group would have recognised an impairment charge of US$460,000 (2020: US$394,000) on one of its brands (2020: two of its brands and licence). In 2021, an increase in the pre-tax discount rate by 0.80% would result in the recoverable amount of the brand to be equal to its carrying amount. In 2020, increases in the pre-tax discount rate by 0.07% and 0.90% would result in the recoverable amounts of the brands and license to be equal to their carrying amounts.

If management's estimated long-term growth rate of the brands and licence at 31 December 2021 was lowered by 1% (2020: 1%), the recoverable amounts of these brands and licence would be reduced by US$5,468,000 (2020: US$4,384,000) and the Group would have recognised an impairment charge of US$433,000 (2020: US$163,000) on one (2020: one) of the brands. For this brand, a decrease in the long-term growth rate by 0.90% (2020: 0.1%) would result in its recoverable amount to be equal to its carrying amount.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER OPERATING INCOME

(a) Revenue from contracts with customers

	The Group	
	2021	2020
	US$'000	US$'000
Sale of goods	**405,128**	385,120

The Group derives revenue from the transfer of goods at a point in time (Note 2.4(a)). Disaggregation of revenue from contracts with customers by country is disclosed in Note 35(b).

<u>Rights to returned goods and refund liabilities</u>

	The Group	
	2021	2020
	US$'000	US$'000
Rights to returned goods	**2,129**	2,815
Refund liabilities	**(6,444)**	(7,854)

The Group has assessed its rights to returned goods for impairment separately from the refund liability (Note 2.4(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER OPERATING INCOME (continued)

(b) Other operating income

	The Group	
	2021	2020
	US$'000	US$'000
Other operating income:		
– Interest income	**576**	683
– Royalty income	**233**	172
– Gain on disposal of property, plant and equipment	**632**	52
– Foreign exchange gain – net	**–**	537
– Service fee	**148**	215
– Rent concession	**–**	108
– Miscellaneous income	**1,075**	513
Total other operating income	**2,664**	2,280

5. EMPLOYEE COMPENSATION

	The Group	
	2021	2020
	US$'000	US$'000
Wages and salaries	**43,700**	41,414
Employer's contribution to defined contribution plans	**1,322**	1,315
Defined benefit plans (Note 25(b))	**(1,388)**	2,324
	43,634	45,053
Less: Government grant	**(137)**	(643)
	43,497	44,410

6. FINANCE COSTS

	The Group	
	2021	2020
	US$'000	US$'000
Interest expense:		
– Bank loans and overdrafts	**685**	2,651
– Trade finance	**223**	355
– Lease liabilities	**149**	147
	1,057	3,153

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. EXPENSES BY NATURE

The following items have been included in arriving at profit before tax:

	The Group	
	2021	2020
	US$'000	US$'000
Marketing expense	**8,171**	9,202
Amortisation of intangible assets (Note 19(d))	**1,458**	1,359
Cost of inventories recognised as an expense	**244,091**	234,226
Depreciation of property, plant and equipment (Note 17)	**12,129**	12,412
Employee compensation (Note 5)	**43,497**	44,410
Foreign exchange loss – net	**164**	–
Inventories written off	**4,298**	3,696
Allowance made for inventory obsolescence	**688**	2,137
Impairment loss on trade receivables (Note 33(b)(i))	**203**	73
Logistics and insurance	**11,144**	11,881
Professional fees	**1,984**	1,228
Rental expense	**409**	484
Travelling expenses	**1,178**	1,316

8. INCOME TAXES

(a) Income tax expense

	The Group	
	2021	2020
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
– Foreign	**9,898**	8,656
– Withholding taxes	**3,354**	3,079
Deferred income tax (Note 8(b))	**1,532**	(1,757)
	14,784	9,978
Under provision in prior financial years:		
– Current income tax	**2**	192
Total income tax expense	**14,786**	10,170

The income tax recoverable of the Group amounting to US$7,865,000 (2020: US$8,827,000) relate to prepaid taxes in foreign subsidiaries.

The tax liabilities of the Company and its subsidiaries have been measured based on the corporate tax rate and tax laws prevailing at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. INCOME TAXES (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Profit before tax	**44,061**	27,647
Share of results of associated companies and joint ventures, net of tax	**193**	391
Profit before tax and share of results of associated companies and joint ventures	**44,254**	28,038
Tax calculated at a tax rate of 17% (2020: 17%)	**7,523**	4,767
Effects of:		
– Different tax rates in other countries	**2,735**	1,869
– Income not subject to tax	**(66)**	(174)
– Expenses not deductible for tax purposes	**543**	405
– Withholding taxes	**3,354**	3,079
– Deferred tax assets not recognised	**766**	551
– Utilisation of previously unrecognised tax losses and capital allowances	**(71)**	(519)
– Under provision in prior financial years	**2**	192
Tax charge	**14,786**	10,170

(b) Deferred income taxes

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Deferred income tax assets	**(3,077)**	(3,174)
Deferred income tax liabilities	**2,037**	246
Net deferred tax assets	**(1,040)**	(2,928)

The movement in deferred income tax account is as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Beginning of financial year	**(2,928)**	(708)
Tax charged/(credited) to:		
– Profit or loss	**1,532**	(1,757)
– Other comprehensive income[1]	**272**	(296)
Currency translation differences	**84**	(167)
End of financial year	**(1,040)**	(2,928)

Note:

(1) This relates to tax credit on remeasurements of defined pension benefits obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred income tax assets are recognised for capital allowances and tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised capital allowances of US$7,557,000 (2020: US$5,632,000) and unrecognised tax losses of US$102,210,000 (2020: US$99,555,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in the respective countries of incorporation of those companies with unrecognised capital allowances and tax losses. The Company has unrecognised capital allowances of US$5,981,000 (2020: US$5,632,000) and tax losses of US$87,238,000 (2020: US$84,698,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Singapore.

These capital allowances and tax losses do not have any expiry dates, except for tax losses of US$2,672,000 (2020: US$162,000) incurred by a subsidiary which will expire in 2029.

Deferred income tax liabilities of the Group of US$19,653,000 (2020: US$18,730,000) have not been recognised for the withholding taxes that will be payable on the earnings of the overseas subsidiaries if remitted to the holding company, as the holding company is able to control the timing of such remittance and there is no current intention of remitting the unremitted earnings of the overseas subsidiaries to the holding company in the foreseeable future. The Company has determined that these unremitted earnings amounted to US$197,358,000 (2020: US$188,156,000) at the balance sheet date.

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year is as follows:

The Group

Deferred income tax liabilities

	Accelerated tax depreciation US$'000
2021	
Beginning of financial year	**4,463**
Credited to profit or loss	**(426)**
Currency translation differences	**(66)**
End of financial year	**3,971**
2020	
Beginning of financial year	5,462
Credited to profit or loss	(913)
Currency translation differences	(86)
End of financial year	4,463

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

The Group (continued)

Deferred income tax assets

	Provisions US$'000	Other deductible temporary differences US$'000	Total US$'000
2021			
Beginning of financial year	**(7,358)**	**(33)**	**(7,391)**
Charged to:			
– Profit or loss	**1,952**	**6**	**1,958**
– Other comprehensive income[1]	**272**	**–**	**272**
Currency translation differences	**141**	**9**	**150**
End of financial year	**(4,993)**	**(18)**	**(5,011)**
2020			
Beginning of financial year	(5,731)	(439)	(6,170)
Charged/(Credited) to:			
– Profit or loss	(1,132)	288	(844)
– Other comprehensive income[1]	(296)	–	(296)
Currency translation differences	(199)	118	(81)
End of financial year	(7,358)	(33)	(7,391)

Note:
(1) This relates to tax charge/(credit) on remeasurements of defined pension benefits obligation.

The Company

The Company had no deferred tax assets or liabilities recognised at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021	2020
Net profit attributable to equity holders of the Company (US$'000)	**29,275**	17,477
Weighted average number of ordinary shares ('000)	**611,157**	611,157
Basic earnings per share (US cents)	**4.79**	2.86

(b) Diluted earnings per share

Diluted earnings per share for financial years 2021 and 2020 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

10. CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**35,461**	20,385	**7,700**	9,063
Short-term bank deposits	**50,777**	45,137	**48,000**	43,000
	86,238	65,522	**55,700**	52,063

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

	The Group	
	2021	2020
	US$'000	US$'000
Cash and bank balances (as above)	**86,238**	65,522
Less: Bank overdrafts (Note 24)	**–**	(732)
Cash and cash equivalents per consolidated statement of cash flows	**86,238**	64,790

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. TRADE RECEIVABLES

	The Group			The Company		
	31 December 2021	31 December 2020	1 January 2020	**31 December 2021**	31 December 2020	1 January 2020
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Trade receivables from contracts with customers						
– Non-related parties	**70,156**	82,977	91,087	**614**	749	435
– Subsidiaries	**–**	–	–	**571**	525	1,036
– Joint venture	**485**	234	151	**–**	–	–
	70,641	83,211	91,238	**1,185**	1,274	1,471
Less: Allowance for impairment of receivables – non-related parties	**(1,680)**	(1,521)	(1,451)	**–**	–	–
	68,961	81,690	89,787	**1,185**	1,274	1,471

12. INVENTORIES

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Raw materials	**13,372**	11,509	**–**	–
Work-in-progress	**1,230**	1,383	**–**	–
Finished goods	**44,718**	57,341	**–**	9
Packaging materials and others	**5,517**	6,614	**–**	–
	64,837	76,847	**–**	9

13. OTHER CURRENT ASSETS

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Other receivables				
– Non-related parties	**5,652**	6,373	**156**	154
– Subsidiaries (non-trade)	**–**	–	**189**	194
– Associated companies (non-trade)	**186**	223	**–**	1
– Joint ventures (non-trade)	**515**	605	**11**	51
– Related parties (non-trade)	**19**	21	**–**	–
	6,372	7,222	**356**	400
Deposits	**3,052**	2,878	**18**	18
Prepayments	**964**	930	**138**	122
	10,388	11,030	**512**	540

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. OTHER CURRENT ASSETS (continued)

(a) Other non-trade receivables due from subsidiaries, associated companies, joint ventures and related parties are unsecured, interest free and repayable upon demand. Related parties represent corporations in which certain directors have controlling interests.

(b) Included in other receivables due from non-related parties are advances for purchase of property, plant and equipment of US$413,000 (2020: US$776,000) and an outstanding loan of US$1,202,000 from one of the disengaged distributors in Indonesia (2020: US$1,409,000).

The outstanding amount is fully secured by collateralised properties. The distributor is expected to fully settle the loan through proceeds from the sale of the properties secured.

The remaining other receivables are subjected to immaterial credit losses.

The carrying amounts of these current assets approximate their fair values.

14. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021	2020
	US$'000	US$'000
Equity investments, at cost		
Beginning of financial year	**48,076**	47,971
Additions	**–**	105
Deregistration of subsidiary	**(712)**	–
End of financial year	**47,364**	48,076
Accumulated impairment		
Beginning of financial year	**6,979**	6,979
Deregistration of subsidiary	**(534)**	–
End of financial year	**6,445**	6,979
End of financial year	**40,919**	41,097

On 29 June 2021, the Accounting and Corporate Regulatory Authority of Singapore approved the application by Ceres Super Pte Ltd ("CSPL"), a dormant subsidiary company in which the Company has a 60% interest, to strike the name of CSPL off the Register of Companies pursuant to Section 344A of the Companies Act 1967 of Singapore. Prior to the filing of application for deregistration, CSPL closed its bank account and an amount of US$178,000 was returned to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENTS IN SUBSIDIARIES (continued)

On 19 June 2020, the Company incorporated a wholly-owned subsidiary, Nutritional Goodness SA ("NGSA") in Switzerland with an issued and paid-up capital of Swiss Francs 100,000 (US$105,000). NGSA is intended as a company that will own the trademarks for a new line of confectionery products and provide administrative services.

The list of subsidiaries in the Group is as follows:

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 2021 %	2020 %
Held by the Company				
McKeeson Consultants Private Limited^ (Singapore)	Management consultants	Singapore	**100**	100
PT Perusahaan Industri Ceres*# (Indonesia)	Investment holding, manufacturing and marketing of chocolate confectionery products	Indonesia	**99.988**	99.988
PT General Food Industries* (Indonesia)	Marketing and distribution of consumer confectionery	Indonesia	**99.936**	99.936
PT Nirwana Lestari*# (Indonesia)	Marketing and distribution of chocolate confectionery and other consumer products	Indonesia	**99.862**	99.862
Ceres Sime Confectionery Sdn Bhd∞ (Malaysia)	Investment holding	Malaysia	**100**	100
Cocoa Specialities, Inc.* (Philippines)	Administrative services	Philippines	**100**	100
Delfi Chocolate Manufacturing S.A.* (Switzerland)	Administrative services	Switzerland	**100**	100
Delfi Cocoa Investments SA+ (Switzerland)	Investment holding	Switzerland	**100**	100
Delfi Singapore Pte Ltd^ (Singapore)	Dormant	Singapore	**100**	100
Ceres Super Pte Ltd (Singapore)	Deregistered	Singapore	**–**	60
Delfi Marketing Sdn Bhd* (Malaysia)	Marketing and distribution of healthcare and other consumer products	Malaysia	**100**	100
Delfi Foods, Inc.* (Philippines)	Manufacturing of chocolate confectionery products	Philippines	**100**	100
Delfi Marketing, Inc.* (Philippines)	Marketing and distribution of chocolate confectionery and other consumer products	Philippines	**100**	100
Nutritional Goodness S.A. * (Switzerland)	Administrative services	Switzerland	**100**	100

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14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 2021 %	2020 %
Held by Ceres Sime Confectionery Sdn Bhd				
Brands of Hudsons Sdn Bhd∞ (Malaysia)	Marketing of consumer confectionery	Malaysia	**100**	100
Held by McKeeson Consultants Private Limited				
PT Perusahaan Industri Ceres*# (Indonesia)	Investment holding, manufacturing and marketing of chocolate confectionery products	Indonesia	**0.012**	0.012
PT General Food Industries* (Indonesia)	Marketing and distribution of consumer confectionery	Indonesia	**0.064**	0.064
PT Nirwana Lestari*# (Indonesia)	Marketing and distribution of chocolate confectionery and other consumer products	Indonesia	**0.138**	0.138
Delfi Cocoa Ecuador SA+ (Ecuador)	Dormant	Ecuador	**0.004**	0.004
Held by Delfi Cocoa Investments SA				
Delfi Cocoa Ecuador SA+ (Ecuador)	Dormant	Ecuador	**99.996**	99.996
Held by PT Perusahaan Industri Ceres				
Ceres (International) Marketing Pte Ltd^ (Singapore)	Marketing of consumer confectionery	Singapore	**100**	100

^ Audited by PricewaterhouseCoopers LLP, Singapore.
* Audited by PricewaterhouseCoopers member firms outside Singapore.
∞ Audited by Grant Thornton, Malaysia.
\+ Not required to be audited by law in country of incorporation.
\# Significant subsidiaries of the Group under the SGX-ST Listing Manual.

15. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES

	The Group 2021 US$'000	The Group 2020 US$'000	The Company 2021 US$'000	The Company 2020 US$'000
Investments in associated company (Note (a))	**–**	–	**–**	–
Investments in joint ventures (Note (b))	**2,872**	2,425	**4,560**	3,900
	2,872	2,425	**4,560**	3,900

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES (continued)

(a) Investments in associated company

The details of the associated company are as follows:

Name of company	Place of business/ country of incorporation	Principal activities	Equity holding 2021 %	Equity holding 2020 %
Held by Delfi Foods, Inc.				
Alsa Industries, Inc. ("Alsa")*	Philippines	Leasing of property	**40**	40

* Audited by PricewaterhouseCoopers member firm outside Singapore.

The Group's investment in Alsa was fully impaired as at 31 December 2020 and 2021. In 2021, the Group did not recognise its share of profits of US$111,000 (2020: share of loss of US$5,000) because the Group's share of cumulative losses exceeded its interest in Alsa and the Group has no obligation in respect of those losses. The cumulative unrecognised share of losses of the associated company was US$95,000 as at 31 December 2021 (2020: US$206,000).

(b) Investments in joint ventures

The details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation	Equity holding 2021 %	Equity holding 2020 %
Held by the Company				
PACTS SA[1]	Liquidated	Switzerland	–	33.33
Delfi-Orion Pte Ltd[2]	Development, marketing and sale of a range of branded confectionery products	Singapore	**50.0**	50.0
Delfi Yuraku Pte Ltd[2]	Investment holding	Singapore	**60.0**	60.0
Held by Delfi Yuraku Pte Ltd				
PT Delfi Yuraku Indonesia[3]	Manufacture, sale, and marketing of a range of chocolate snack products	Indonesia	**99.9**	99.9

1 PACTS SA has been liquidated on 26 July 2021.

2 Delfi-Orion and Delfi Yuraku are joint ventures as all board matters relating to the companies require unanimous consent from both parties.

3 The Group's effective interest is 60% including 0.1% held by PT Perusahaan Industri Ceres.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES (continued)

(b) Investments in joint ventures (continued)

(i) In 2017, the Company and Japan's Yuraku Confectionery Company Ltd ("Yuraku") incorporated Delfi Yuraku Pte Ltd ("Delfi Yuraku"), a 60/40 JV Singapore company under a JV agreement dated 21 April 2017. The Company and Yuraku injected a total paid up capital of US$5,000,010 in Delfi Yuraku by subscribing to a total number of 5,000,010 ordinary shares. The Company holds 3,000,006 ordinary shares for a total consideration of US$3,000,006 representing 60% of total issued shares of Delfi Yuraku. Yuraku holds the remaining 40%.

The Company has also, through its joint venture and subsidiary, Delfi Yuraku and Ceres, incorporated a new company, PT Delfi Yuraku Indonesia ("PT Delfi Yuraku") in Indonesia. PT Delfi Yuraku has an issued and paid up capital of US$5,000,000 comprising 5,000,000 ordinary shares, of which 4,995,000 and 5,000 were registered to Delfi Yuraku and Ceres respectively. PT Delfi Yuraku commenced commercial operations in October 2018.

During the financial year ended 31 December 2021, Delfi Yuraku Pte Ltd ("Delfi Yuraku") has increased its issued and paid-up capital from US$5,000,010 to US$6,100,010 through the issue and allotment of an additional 1,100,000 ordinary shares of US$1.00 each for a total cash consideration of US$1,100,000. The Company subscribed to 660,000 of these additional shares for a consideration of US$660,000. Yuraku subscribed for the remaining 40%.

(ii) In 2017, the Company entered into an agreement with Cemoi Group ("Cemoi") and Blommer Chocolate Company ("Blommer") that will lead to the winding down of the PACTS (Processors Alliance for Cocoa Traceability and Sustainability) programme. The Company recognised its share of liquidation cost of US$660,000 in relation to PACTS SA under the agreement. The Company's investment in PACTS SA was fully impaired as at 31 December 2020. Since 2017, the Group did not recognise its share of losses because the Group's share of losses exceeded its interest in PACTS SA and the Group has no obligation in respect of those losses. PACTS SA has been liquidated on 26 July 2021, pursuant to the agreement in 2017.

(iii) The Group recognised a share of profits of US$60,000 (2020: US$66,000) for its share of Delfi-Orion's results for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES (continued)

(b) Investments in joint ventures (continued)

Set out below is the summarised financial information for Delfi Yuraku, that is material to the Group.

Summarised balance sheet

	Delfi Yuraku	
	2021	2020
	US$'000	US$'000
Current assets	**1,525**	365
Includes:		
– Cash and cash equivalents	**1,311**	124
Current liabilities	**(1,104)**	(998)
Includes:		
– Financial liabilities (excluding trade payables)	**(611)**	(763)
Non-current assets	**3,534**	3,891
Non-current liabilities	**(281)**	(229)
Net Assets	**3,674**	3,029

Summarised statement of comprehensive income

	Delfi Yuraku	
	2021	2020
	US$'000	US$'000
Revenue	**537**	459
Interest income	**1**	–
Expenses		
Includes:		
– Depreciation	**(311)**	(305)
– Interest expense	**(1)**	(2)
Loss from operations	**(375)**	(577)
Income tax expense	**(47)**	(184)
Post-tax loss and total comprehensive loss	**(422)**	(761)
Dividends received from joint venture	**–**	–

The Group recognised a share of loss of US$253,000 (2020: US$457,000) for its share of Delfi Yuraku's results for the financial year ended 31 December 2021.

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES (continued)

(b) Investments in joint ventures (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures, is as follows:

	Delfi Yuraku	
	2021	2020
	US$'000	US$'000
Net assets	**3,674**	3,029
Group's equity interest	**60%**	60%
Group's share of net assets and carrying value	**2,204**	1,817
Add:		
Carrying value of individually immaterial joint ventures	**668**	608
Carrying value of Group's interest in joint ventures	**2,872**	2,425

16. LOANS TO ASSOCIATED COMPANY AND JOINT VENTURE

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Loan to associated company	**915**	967	**–**	–
Loan to joint venture	**60**	60	**60**	60
	975	1,027	**60**	60
Current				
Loan to joint venture	**60**	60	**60**	60
Non-Current				
Loan to associated company	**915**	967	**–**	–

The loan to an associated company is unsecured and not expected to be repaid within the next 12 months. The loan bears interest at 3.14% (2020: 3.022%) per annum.

The loan to joint venture amounted to US$60,000 (2020: US$60,000). The loan bears interest at 0.937% (2020: 0.976%) per annum and repayable on demand.

The carrying amounts approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land US$'000	Buildings and improvements US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Group							
2021							
Cost							
Beginning of financial year	3,722	56,824	103,173	3,684	16,976	25,631	210,010
Currency translation differences	(43)	(912)	(1,667)	(44)	(261)	(320)	(3,247)
Additions	–	2,273	14	110	303	2,386	5,086
Disposals/written off	–	–	(431)	(649)	(70)	(2,521)	(3,671)
Reclassification	–	278	3,702	–	111	(4,091)	–
End of financial year	3,679	58,463	104,791	3,101	17,059	21,085	208,178
Accumulated depreciation and impairment losses							
Beginning of financial year	1,352	22,012	60,561	3,395	15,510	–	102,830
Currency translation differences	(6)	(433)	(957)	(39)	(225)	–	(1,660)
Disposals/written off	–	–	(414)	(648)	(63)	–	(1,125)
Depreciation charge (Note 7)	122	4,473	6,443	259	832	–	12,129
End of financial year	1,468	26,052	65,633	2,967	16,054	–	112,174
Net book value							
End of financial year	**2,211**	**32,411**	**39,158**	**134**	**1,005**	**21,085**	**96,004**
2020							
Cost							
Beginning of financial year	3,776	56,734	98,895	3,810	16,763	27,894	207,872
Currency translation differences	(54)	(374)	(556)	(30)	(94)	(493)	(1,601)
Additions	–	360	201	23	333	3,122	4,039
Disposals/written off	–	–	(128)	(119)	(53)	–	(300)
Reclassification	–	104	4,761	–	27	(4,892)	–
End of financial year	3,722	56,824	103,173	3,684	16,976	25,631	210,010
Accumulated depreciation and impairment losses							
Beginning of financial year	1,240	17,408	54,500	3,235	14,506	–	90,889
Currency translation differences	(7)	103	(218)	(22)	(54)	–	(198)
Disposals/written off	–	–	(126)	(97)	(50)	–	(273)
Depreciation charge (Note 7)	119	4,501	6,405	279	1,108	–	12,412
End of financial year	1,352	22,012	60,561	3,395	15,510	–	102,830
Net book value							
End of financial year	**2,370**	**34,812**	**42,612**	**289**	**1,466**	**25,631**	**107,180**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and improvements US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Company					
2021					
Cost					
Beginning of financial year	**2,253**	**922**	**2,105**	**975**	**6,255**
Additions	**–**	**67**	**7**	**–**	**74**
Disposals	**–**	**(216)**	**(33)**	**(975)**	**(1,224)**
End of financial year	**2,253**	**773**	**2,079**	**–**	**5,105**
Accumulated depreciation					
Beginning of financial year	**1,128**	**777**	**1,992**	**–**	**3,897**
Disposals	**–**	**(216)**	**(33)**	**–**	**(249)**
Depreciation charge	**750**	**97**	**45**	**–**	**892**
End of financial year	**1,878**	**658**	**2,004**	**–**	**4,540**
Net book value					
End of financial year	**375**	**115**	**75**	**–**	**565**
2020					
Cost					
Beginning of financial year	2,253	922	2,098	–	5,273
Additions	–	–	17	975	992
Disposals	–	–	(10)	–	(10)
End of financial year	2,253	922	2,105	975	6,255
Accumulated depreciation					
Beginning of financial year	377	670	1,950	–	2,997
Disposals	–	–	(7)	–	(7)
Depreciation charge	751	107	49	–	907
End of financial year	1,128	777	1,992	–	3,897
Net book value					
End of financial year	**1,125**	**145**	**113**	**975**	**2,358**

(a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18(a).

(b) Bank borrowings are secured on property, plant and equipment and buildings of the Group with carrying value of US$5,157,000 (2020: US$5,655,000) (Note 24(a)).

(c) During the financial year ended 31 December 2021, construction in progress equivalent to US$2,521,000 was sold to the Indonesian Government for a consideration of US$2,845,000, net of value-added tax. As a result, the Group recorded a gain from disposal of US$324,000. The Group also recorded net gains of US$308,000 (2020: US$52,000) from the disposal of the other property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases land for its manufacturing operations, warehouses for storing inventories, and office space for the purpose of storing back office operations respectively.

Equipment and vehicles

The Group leases vehicles and equipment for staff use in its back office.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Leasehold land	**2,211**	2,369	**–**	–
Building	**2,164**	1,850	**331**	993
Motor vehicles	**102**	71	**66**	68
Office equipment	**–**	12	**–**	–
	4,477	4,302	**397**	1,061

(b) Depreciation charge during the year

	The Group	
	2021	2020
	US$'000	US$'000
Leasehold land	**121**	119
Building	**1,900**	1,978
Motor vehicles	**79**	102
Office equipment	**1**	3
	2,101	2,202

(c) Interest expense

	The Group	
	2021	2020
	US$'000	US$'000
Interest expense on lease liabilities	**149**	147

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. LEASES – THE GROUP AS A LESSEE (continued)

Nature of the Group's leasing activities (continued)

(d) Lease expense not capitalised in lease liabilities

	The Group	
	2021	2020
	US$'000	US$'000
Lease expense:		
– short term leases	**226**	253
– low-value leases	**183**	231
	409	484

(e) Total cash outflow for all the leases in 2021 was US$2,568,000 (2020: US$2,815,000).

(f) Addition of ROU assets during the financial year 2021 was US$2,360,000 (2020: US$333,000).

19. INTANGIBLE ASSETS

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Brands and licence (Note (a))	**17,460**	17,556	**17,351**	17,351
Patents and trademarks (Note (b))	**274**	240	**–**	–
Computer software licences (Note (c))	**1,810**	3,120	**512**	666
	19,544	20,916	**17,863**	18,017

(a) Brands and licence

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Net book value				
Beginning of financial year	**17,556**	17,287	**17,351**	17,351
Currency translation difference	**(96)**	269	**–**	–
End of financial year	**17,460**	17,556	**17,351**	17,351
End of financial year				
Cost	**17,845**	17,941	**17,616**	17,616
Accumulated amortisation and impairment loss	**(385)**	(385)	**(265)**	(265)
Net book value	**17,460**	17,556	**17,351**	17,351

Brands and licence that are regarded as having indefinite useful lives are not amortised and are tested for impairment annually (Note 2.14(b)). These brands and licence have a long heritage and are protected in all of the markets where they are sold under the trademarks, which are renewed indefinitely without involvement of significant cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. INTANGIBLE ASSETS (continued)

(b) Patents and trademarks

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Net book value				
Beginning of financial year	**240**	192	**–**	–
Additions	**148**	119	**–**	–
Currency translation difference	**(7)**	19	**–**	–
Amortisation	**(107)**	(90)	**–**	–
End of financial year	**274**	240	**–**	–
End of financial year				
Cost	**2,398**	2,320	**–**	–
Accumulated amortisation	**(2,124)**	(2,080)	**–**	–
Net book value	**274**	240	**–**	–

(c) Computer software licences

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Net book value				
Beginning of financial year	**3,120**	4,097	**666**	520
Additions	**91**	320	**30**	267
Currency translation difference	**(50)**	(28)	**–**	–
Amortisation	**(1,351)**	(1,269)	**(184)**	(121)
End of financial year	**1,810**	3,120	**512**	666
End of financial year				
Cost	**6,953**	6,991	**1,101**	1,072
Accumulated amortisation	**(5,143)**	(3,871)	**(589)**	(406)
Net book value	**1,810**	3,120	**512**	666

In 2020, the Group invested US$244,000 to implement Business Intelligence ("BI") system.

(d) Amortisation expense included in other operating expenses is analysed as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Patents and trademarks	**107**	90
Computer software licences	**1,351**	1,269
Total (Note 7)	**1,458**	1,359

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. IMPAIRMENT TESTS

The carrying values of brands and licence that are regarded as having indefinite useful lives are as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Carrying value of brands and licence	**17,460**	17,556	**17,351**	17,351

The recoverable amounts of the brands and licence are estimated based on fair value less costs to sell using the relief from royalty method.

The cash flows, which related to royalty payments avoided for the individual brand and licence, were based on expected sales of the brands from financial budgets approved by management, covering a four-year period that included the impact arising from COVID-19. Cash flows beyond the budget period were extrapolated using the estimated growth rates which are consistent with the forecasts included in industry reports relevant to the brands and licence.

The discount rates used are based on weighted average cost of capital (WACC), which is calculated based on publicly available market data, is pre-tax, and has been adjusted for specific risks relating to the principal countries of the brands and licence.

Key assumptions made were as follows:

	2021	2020
	%	%
Royalty rates	**2.1 to 7.0**	2.1 to 7.0
Growth rate (1)	**2.5 to 6.5**	2.5 to 6.5
Discount rates (2)	**6.8 to 13.2**	7.2 to 13.8

Notes:

(1) Weighted average growth rate used to extrapolate cash flows beyond the budget period

(2) Based on weighted average cost of capital, adjusted for country risk premium and brand risk premium

As the recoverable amounts of the brands and licence are higher than the carrying amounts, no impairment loss is recognised for the financial years ended 31 December 2021 and 31 December 2020 (Note 3).

21. OTHER NON-CURRENT ASSETS

	The Group	
	2021	2020
	US$'000	US$'000
Prepayments	**301**	211
Guarantee deposits	**37**	108
Others	**668**	716
	1,006	1,035

The carrying amounts of these non-current assets approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. TRADE PAYABLES

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Trade payables:				
– Non-related parties	**37,187**	27,301	**247**	293
– Subsidiaries	**–**	–	**928**	1,002
– Joint venture	**182**	521	**–**	–
– Related parties	**644**	2,078	**–**	–
	38,013	29,900	**1,175**	1,295

Related parties represent corporations in which certain directors have controlling interests.

23. OTHER PAYABLES

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Current				
Other payables:				
– Non-related parties	**12,534**	15,353	**314**	1,098
– Subsidiaries	**–**	–	**287**	481
– Joint venture	**16**	12	**–**	4
	12,550	15,365	**601**	1,583
Accrued operating expenses	**39,699**	35,334	**2,467**	1,615
Lease liabilities	**1,385**	1,472	**373**	736
	53,634	52,171	**3,441**	3,934
Non-current				
Lease liabilities	**898**	540	**22**	358

Other non-trade payables due to subsidiaries and joint venture are unsecured, interest free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24. BORROWINGS

	The Group	
	2021	2020
	US$'000	US$'000
Current		
Secured		
Bank loans	**3,939**	6,349
Trade finance	**6,125**	11,535
	10,064	17,884
Unsecured		
Bank overdrafts	**–**	732
Bank loans	**–**	30,132
	–	30,864
Total borrowings (current)	**10,064**	48,748
Total borrowings	**10,064**	48,748

Trade finance relates to banker's acceptance. The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date is as follows:

	The Group	
	2021	2020
	US$'000	US$'000
6 months or less	**10,064**	48,748

(a) Security granted

Bank borrowings of one of the subsidiaries are secured over property, plant and equipment (Note 17(b)).

(b) Carrying amounts and fair value

The carrying amounts of borrowings approximate their fair value as the borrowings bear interest at variable rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(a) Non-current

	The Group	
	2021	2020
	US$'000	US$'000
Employee post-employment defined benefit obligation	**10,484**	16,076
Others	**143**	160
	10,627	16,236

(b) Employee post-employment defined benefit obligation

The Group operates defined benefit plans for severance and service benefits required under the labour laws in Indonesia and the Philippines. These defined benefit plans are devised based on local market conditions and practices. All valuations were performed by independent actuaries at the end of each financial year using the projected unit credit method (Note 2.21(a)) and the Group reviews the assumptions used with its independent actuaries.

The amounts recognised in the balance sheet are determined as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Present value of unfunded obligation	**12,558**	17,510
Fair value of plan assets	**(2,074)**	(1,434)
	10,484	16,076

The movement in the defined benefit obligation recognised in the balance sheet is as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Beginning of financial year	**16,076**	12,942
Total (credits)/charges, included in employee benefits expenses (Note 5)	**(1,388)**	2,324
Benefits paid	**(863)**	(353)
Contributions made to pension plan	**(1,303)**	(119)
Actuarial (gains)/losses recognised in other comprehensive income	**(1,776)**	1,257
Currency translation differences	**(262)**	25
End of financial year	**10,484**	16,076

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(b) Employee post-employment defined benefit obligation (continued)

Movement in the fair value of plan assets relating to defined post-employment benefit obligation is as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Beginning of financial year	**1,434**	1,455
Employer's contribution during the year	**1,303**	119
Benefits payment from plan assets	**(692)**	(185)
Interest income from plan assets	**124**	116
Return on plan assets excluding interest income	**(82)**	(49)
Currency translation differences	**(13)**	(22)
Fair value of plan assets	**2,074**	1,434

The amounts recognised in profit or loss are as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Current service cost	**(2,096)**	1,332
Interest cost	**421**	930
	(1,675)	2,262
Actuarial (gain)/loss recognised during the year	**(70)**	62
Provision for termination benefits	**357**	–
Total charges, included in employee benefits expenses (Note 5)	**(1,388)**	2,324

The amounts recognised in other comprehensive income are as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Remeasurements of defined benefit obligation:		
– Gain from change in demographic assumptions	**(339)**	(507)
– (Gain)/Loss from change in financial assumptions	**(1,437)**	1,764
	(1,776)	1,257

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(b) Employee post-employment defined benefit obligation (continued)

During the year, the Group recorded a reduction in provision of employee post-employment defined benefit obligation due to the change in accounting policy relating to the Group's defined benefits plan (Note 2.1) and changes in legislation affecting employee benefits in Indonesia.

The valuation of defined benefit liabilities involves the use of appropriate financial and demographic assumptions such as discount rates, future salary increases, mortality rates, disability rates, retirement assumption rates and resignation rates. In determining the appropriate discount rates, management considers the market yields on government bonds in the respective countries. The mortality rates, disability rates and retirement assumption rates are based on country-specific mortality tables and labour laws of Indonesia and the Philippines. Future salary increases and resignation rates are projected based on historical information which are also objective and easily observed.

The significant actuarial assumptions used were as follows:

	The Group	
	2021	2020
	%	%
Discount rates (per annum)	**4.9 to 7.4**	3.6 to 7.3
Future salary increase (per annum)	**3.5 to 7.0**	5.0 to 7.0

	Increase/(decrease) in defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**US$'000**	US$'000	**US$'000**	US$'000
Discount rate	**0.5**	0.5	**(446)**	(707)	**537**	990
Future salary increases	**0.5**	0.5	**509**	944	**(429)**	(680)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. SHARE CAPITAL

	The Group and the Company Issued share capital Number of shares '000	 Share capital US$'000
2021		
Beginning and end of financial year	**611,157**	**95,936**
2020		
Beginning and end of financial year	611,157	95,936

All issued shares are fully paid. There is no par value for these ordinary shares.

27. RESERVES

(a) Foreign currency translation reserve

	The Group **2021** **US$'000**	 2020 US$'000
Beginning of financial year:	**(7,413)**	(3,553)
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**(2,816)**	(3,858)
Less: Non-controlling interest	**–**	(2)
	(2,816)	(3,860)
End of financial year	**(10,229)**	(7,413)

(b) Other reserves

Other reserves comprise general reserve (Note 28(a)) and defined pension benefits obligations (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. RETAINED EARNINGS

(a) Subsidiaries in Indonesia are required under their local laws to set aside an amount from their net profit to a general reserve until this reserve accumulates to amounts of 20% of their fully paid capital. Such reserves are not distributable.

(b) Movement in retained earnings for the Company is as follows:

	The Company	
	2021	2020
	US$'000	US$'000
Beginning of financial year	**17,795**	10,439
Profit for the year	**17,284**	21,865
Dividends paid (Note 29)	**(14,289)**	(14,509)
End of financial year	**20,790**	17,795

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

29. DIVIDENDS

	The Group	
	2021	2020
	US$'000	US$'000
Declared and paid during the year		
Final dividend for 2020: 1.08 US cents or 1.43 Singapore cents per share (Final dividend for 2019: 1.08 US cents or 1.49 Singapore cents per share)	**6,600**	6,600
Interim dividend for 2021: 1.27 US cents or 1.71 Singapore cents (2020: 1.27 US cents or 1.76 Singapore cents) per share	**7,689**	7,909
	14,289	14,509

At the forthcoming Annual General Meeting on 26 April 2022, a final dividend of 1.08 US cents or 1.44 Singapore cents per share and a special dividend of 0.48 US cents or 0.64 Singapore cents amounting to a total of US$9,500,000 will be recommended. The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

30. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The Company's immediate holding corporation is Aerodrome International Limited, a corporation that is incorporated in the British Virgin Islands. The Company's ultimate holding corporation is Credit Suisse Trust Limited ("CST"), incorporated in Singapore, in its capacity as trustee of Johnsonville Assets Limited and Johnsonville Holdings Limited. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust of which CST has been appointed as the trustee. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust of which CST has been appointed as the trustee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. CONTINGENT LIABILITIES

(a) As at the balance sheet date, the Company has issued corporate guarantees to banks for its subsidiaries' bank borrowings as follows:

	The Company	
	2021	2020
	US$'000	US$'000
Corporate guarantees		
– Subsidiaries	**6,368**	13,168

(b) The Company was notified by Barry Callebaut of various claims under the continuing warranties, the details of which are set out in Note 3(i). In the event of an unfavourable outcome of any of these claims, and subject to the reservation of rights referred to in Note 3(i), the Company may have to pay and recognise additional liabilities and associated legal costs to Barry Callebaut.

32. COMMITMENTS FOR EXPENDITURE

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Expenditure for property, plant and equipment				
– Approved and contracted for	**120**	116	**59**	116

33. FINANCIAL RISK MANAGEMENT

Overview

The Group's activities expose it to a variety of financial risks, market risks (including currency risk, price risk and interest rate risk), commodity price risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments, such as foreign exchange forwards, non-deliverable forwards and foreign currency borrowings to hedge certain financial risk exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

Overview (continued)

Financial risk management is an integral part of the way the Group is managed. The Board provides written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments. Risk management is executed jointly by a central Treasury department ("Group Treasury") and the Group's operating entities in accordance with the established policies and guidelines under close supervision by the Risk Management Committee and senior management. The Group Treasury identifies and evaluates certain financial risks in close co-operation with the Group's operating entities.

(a) Market risk

(i) Currency risk

The Group has transactional currency exposures arising from sales, purchases and operating costs by operating units in currencies other than the respective functional currencies of Group entities, primarily, Indonesian Rupiah ("IDR"), Philippine Pesos ("PHP") and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly the United States Dollar ("USD"), Singapore Dollar ("SGD") and EURO ("EUR").

The operating entities' revenue, financing and a majority of its costs and operating expenditures are denominated in the functional currency in the locations they operate. A majority of the Group's raw material purchases and imports of agency brands are denominated in currencies that are not the entities' functional currencies. The Group engages in risk management activities to minimise the impact of volatility of these foreign currencies on the Group's performance. Active management of currency exposures involves an ongoing assessment of the movement of the foreign exchange rate on the Group's profitability and determining the most efficient methods of minimising these risks with the objective of reducing the overall impact of currency risks to the business.

The Group Treasury assists the operating entities in monitoring the foreign exchange exposure on a net basis by monitoring their receipts and payments in each individual foreign currency, and in using foreign exchange forward contracts to manage certain currency exposures arising from transactions that are denominated in foreign currencies. It is the Group's policy not to enter a forward contract until a firm commitment is in place. Such contracts allow the Group to sell or buy currencies at pre-determined forward rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in Indonesia, Malaysia, the Philippines and Singapore are managed primarily through borrowings denominated in the relevant foreign currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	IDR US$'000	MYR US$'000	SGD US$'000	EUR US$'000	Others US$'000	Total US$'000
At 31 December 2021							
Financial assets	64,909	90,498	21,588	1,333	278	18,426	197,032
Financial liabilities	(11,762)	(67,936)	(23,905)	(5,438)	(1,469)	(19,951)	(130,461)
Net financial assets/(liabilities)	**53,147**	**22,562**	**(2,317)**	**(4,105)**	**(1,191)**	**(1,525)**	**66,571**
Adjust: Net financial (assets)/ liabilities denominated in functional currency	(52,622)	(22,317)	1,690	1,974	–	1,143	(70,132)
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	525	245	(627)	(2,131)	(1,191)	(382)	(3,561)
Firm commitments in foreign currencies	(2,767)	–	(208)	232	(200)	(35)	(2,978)
Derivative financial instruments							
Foreign exchange forwards	2,128	–	–	–	–	–	2,128
Currency Exposure	**(114)**	**245**	**(835)**	**(1,899)**	**(1,391)**	**(417)**	**(4,411)**
At 31 December 2020							
Financial assets	60,117	89,849	21,269	1,522	77	22,887	195,721
Financial liabilities	(10,620)	(95,613)	(25,863)	(4,650)	(1,494)	(26,890)	(165,130)
Net financial assets/(liabilities)	**49,497**	**(5,764)**	**(4,594)**	**(3,128)**	**(1,417)**	**(4,003)**	**30,591**
Adjust: Net financial (assets)/ liabilities denominated in functional currency	(50,247)	5,993	4,116	1,740	–	2,533	(35,865)
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	(750)	229	(478)	(1,388)	(1,417)	(1,470)	(5,274)
Firm commitments in foreign currencies	(2,781)	–	(143)	249	(1,728)	(48)	(4,451)
Derivative financial instruments							
Foreign exchange forwards	2,526	–	–	–	–	–	2,526
Currency Exposure	**(1,005)**	**229**	**(621)**	**(1,139)**	**(3,145)**	**(1,518)**	**(7,199)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	SGD US$'000	MYR US$'000	EUR US$'000	Others US$'000	Total US$'000
At 31 December 2021						
Financial assets	56,310	811	–	101	20	57,242
Financial liabilities	(1,370)	(2,584)	(522)	(124)	(16)	(4,616)
Net financial assets/(liabilities)	**54,940**	**(1,773)**	**(522)**	**(23)**	**4**	**52,626**
Adjust: Net financial assets denominated in functional currency	(54,940)	–	–	–	–	(54,940)
Currency exposure of financial (liabilities)/assets net of those denominated in functional currency	–	(1,773)	(522)	(23)	4	(2,314)
Firm commitments in foreign currencies	–	88	(202)	(55)	–	(169)
Currency exposure	**–**	**(1,685)**	**(724)**	**(78)**	**4**	**(2,483)**
At 31 December 2020						
Financial assets	53,010	687	–	5	20	53,722
Financial liabilities	(1,618)	(2,125)	(416)	(997)	(410)	(5,566)
Net financial assets/(liabilities)	**51,392**	**(1,438)**	**(416)**	**(992)**	**(390)**	**48,156**
Adjust: Net financial assets denominated in functional currency	(51,392)	–	–	–	–	(51,392)
Currency exposure of financial (liabilities)/assets net of those denominated in functional currency	–	(1,438)	(416)	(992)	(390)	(3,236)
Firm commitments in foreign currencies	–	128	(137)	(174)	–	(183)
Currency exposure	**–**	**(1,310)**	**(553)**	**(1,166)**	**(390)**	**(3,419)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis to foreign exchange movement

Assuming that all other variables, in particular interest rates, remain constant, a change of the following currencies against United States Dollar at the balance sheet date will increase/(decrease) profit after tax by the amounts shown below:

	The Group		The Company	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
SGD against USD				
– strengthened 5% (2020: 5%)	**129**	99	**74**	60
– weakened 5% (2020: 5%)	**(129)**	(99)	**(74)**	(60)
IDR against USD				
– strengthened 5% (2020: 5%)	**70**	92	**–**	–
– weakened 5% (2020: 5%)	**(70)**	(92)	**–**	–
MYR against USD				
– strengthened 5% (2020: 5%)	**77**	21	**22**	17
– weakened 5% (2020: 5%)	**(77)**	(21)	**(22)**	(17)
EUR against USD				
– strengthened 5% (2020: 5%)	**(1)**	(41)	**(1)**	(41)
– weakened 5% (2020: 5%)	**1**	41	**1**	41

As at 31 December 2021, the total notional amounts of the Group's foreign exchange forwards are US$2,128,000 (2020: US$2,526,000).

(ii) Price risk

The Group and the Company have insignificant exposure to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks arises primarily from its short-term bank deposits and debt obligations. The short-term bank deposits and borrowings are mainly at variable rates and these expose the Group and the Company to cash flow interest rate risks.

The net impact of the interest rate risks as at 31 December 2021 and 2020 is considered insignificant. Consequently, no sensitivity analysis is prepared by the Group and Company.

(b) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets are bank deposits (Note 10), trade and other receivables (Notes 11 and 13), and loans to associated company and joint venture (Note 16).

For trade and other receivables, and loans to associated company and joint venture, the Group adopts the policy of dealing only with customers and other counterparties of appropriate credit history and where possible, the Group has obtained sufficient security to mitigate credit risk.

The credit exposure and credit terms granted to our customers are continuously monitored at the entity level by the respective management and at the Group level by the Group Treasury.

For derivatives and bank deposits, the Group and the Company only transact with high credit quality financial institutions. The Group limits the amount of credit exposure to any financial institution.

As the above policies have been applied consistently, the Group does not expect to incur material credit losses on these financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Corporate guarantees		
– Subsidiaries	**6,368**	13,168

Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers of the Group and the Company.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
By geographical areas				
Indonesia	**45,597**	55,524	**481**	313
Singapore	**802**	605	**578**	438
Philippines	**5,444**	7,727	**44**	72
Thailand	**128**	494	**36**	307
Malaysia	**16,990**	17,286	**46**	141
Other countries in Asia	**–**	54	**–**	3
	68,961	81,690	**1,185**	1,274
By types of customers				
Subsidiaries	**–**	–	**571**	525
Related parties, associated companies and joint venture	**485**	234	**–**	–
Non-related parties:				
– Retail chains	**36,242**	43,268	**–**	–
– Wholesalers and distributors	**21,664**	26,299	**614**	749
– Others	**10,570**	11,889	**–**	–
	68,961	81,690	**1,185**	1,274

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measure the lifetime of expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 6 years before balance sheet date respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the Group's credit risk exposure in relation to trade receivables as at 31 December 2021 and 31 December 2020 are set out in the provision matrix as follows:

	Current US$'000	Past due less than 30 days US$'000	Past due 1 to 3 months US$'000	Past due 3 to 6 months US$'000	Past due over 6 months US$'000
31 December 2021:					
Trade receivables	**46,961**	**18,153**	**3,153**	**402**	**1,971**
Less: Specific allowance	**–**	**–**	**–**	**–**	**(1,529)**
	46,961	**18,153**	**3,153**	**402**	**442**
Expected loss rate	**0.18%**	**0.29%**	**0.25%**	**0.38%**	**0.41%**
Loss allowance *	**86**	**53**	**8**	**2**	**2**
31 December 2020:					
Trade receivables	49,549	23,179	5,854	927	3,702
Less: Specific allowance	–	–	–	–	(1,339)
	49,549	23,179	5,854	927	2,363
Expected loss rate	0.17%	0.31%	0.24%	0.32%	0.41%
Loss allowance *	**84**	**72**	**14**	**3**	**9**

* Excludes trade receivables which were individually determined to be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

The movements in allowance for impairment in relation to trade receivables are as follows:

	2021 US$'000	2020 US$'000
Beginning of financial year	**1,521**	1,451
Increase in loss allowance recognised in profit or loss during the year	**203**	73
Receivables written off as uncollectible	**(15)**	–
Currency translation difference	**(29)**	(3)
End of financial year	**1,680**	1,521

Cash and cash equivalents, rights to returned goods, loan to subsidiary, loans to associated company and joint venture and other receivables are subject to immaterial credit loss.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. Prudent liquidity risk management includes maintaining sufficient cash and having an adequate amount of committed credit facilities to meet the forecast net cash requirement of the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2021					
Trade and other payables	**96,698**	**–**	**–**	**–**	**96,698**
Provisions for other liabilities and charges	**–**	**–**	**–**	**143**	**143**
Lease liabilities	**1,488**	**913**	**18**	**–**	**2,419**
Borrowings	**10,271**	**–**	**–**	**–**	**10,271**
	108,457	**913**	**18**	**143**	**109,531**
At 31 December 2020					
Trade and other payables	89,056	–	–	–	89,056
Provisions for other liabilities and charges	–	–	–	160	160
Lease liabilities	1,566	517	32	–	2,115
Borrowings	49,144	–	–	–	49,144
	139,766	517	32	160	140,475
The Company					
At 31 December 2021					
Trade and other payables	**4,242**	**–**	**–**	**–**	**4,242**
Lease liabilities	**375**	**22**	**–**	**–**	**397**
Financial guarantee contracts	**6,368**	**–**	**–**	**–**	**6,368**
	10,985	**22**	**–**	**–**	**11,007**
At 31 December 2020					
Trade and other payables	4,493	–	–	–	4,493
Lease liabilities	755	360	–	–	1,115
Financial guarantee contracts	13,168	–	–	–	13,168
	18,416	360	–	–	18,776

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2021					
Net-settled non-deliverable forwards					
Gross-settled foreign exchange forwards					
– Payments	**(2,074)**	**–**	**–**	**–**	**(2,074)**
– Receipts	**2,051**	**–**	**–**	**–**	**2,051**
	(23)	**–**	**–**	**–**	**(23)**
At 31 December 2020					
Net-settled non-deliverable forwards	–	–	–	–	–
Gross-settled foreign exchange forwards					
– Payments	(2,553)	–	–	–	(2,553)
– Receipts	2,523	–	–	–	2,523
	(30)	–	–	–	(30)

(d) Capital risk

The Group's objectives when managing capital are to minimise the overall cost of capital and to achieve an optimal capital structure so as to maximise shareholder value. The Group leverages on its credit profile and business standing in broadening its financing options to include the capital markets. In 2014, the Company established a US$500 million Multicurrency Medium Term Note ("MTN") programme. The Multicurrency MTN programme enables the Group to reduce dependence on bank financing; provide flexibility and currency-matched financing of short and long term assets and reduce effective interest cost over the longer term. There was no draw down of the MTN in 2020 and 2021.

Management monitors capital based on the Group's gearing ratio. The Group and the Company are required by the banks to maintain a gearing ratio of not exceeding 300% (2020: 300%). The gearing ratio is calculated as net debt divided by the Group's total equity. Net debt is calculated as borrowings less cash and cash equivalents. As of 31 December 2021, the Group is in a net cash position of US$76,174,000 (2020: net cash position of US$16,774,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

The Group and the Company are also required by the banks to maintain a current ratio (current assets divided by current liabilities) of more than 100% (2020: 100%).

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) 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 2);

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
The Group				
At 31 December 2021				
Liabilities				
Derivative liabilities				
– Foreign exchange forwards	**–**	**23**	**–**	**23**
– Non-deliverable forwards	**–**	**–**	**–**	**–**
At 31 December 2020				
Liabilities				
Derivative liabilities				
– Foreign exchange forwards	–	30	–	30
– Non-deliverable forwards	–	–	–	–
The Company				
At 31 December 2021				
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	**–**	**–**	**–**	**–**
At 31 December 2020				
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of foreign exchange and non-deliverable forward contracts are determined using forward exchange rates at the balance sheet date. These instruments are included in Level 2. There are no financial instruments classified as Level 3 as the Group has not applied valuation techniques that are based on significant unobservable inputs.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of borrowings approximate their fair values (Note 24(b)).

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Financial assets, at amortised cost	**164,664**	158,111	**57,244**	53,723
Financial liabilities at fair value through profit or loss	**23**	30	**–**	–
Financial liabilities at amortised cost	**101,969**	130,283	**4,616**	5,566

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. RELATED PARTY TRANSACTIONS

In addition to other related party information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

	The Group	
	2021	2020
	US$'000	US$'000
Revenue:		
Sales to joint venture	**230**	176
Sales to related parties	**42**	45
Interest income from associated companies/joint venture	**1**	37
Service income from associated companies/joint ventures	**281**	294
Service income from related parties	**17**	66
Expenditure:		
Purchases from associated companies/joint venture	**2,738**	2,065
Purchases from related parties	**13,978**	12,361
Rental payable to associated companies	**88**	82
Directors' fees	**475**	475

Related parties represent corporations in which certain directors have controlling interests. The related party transactions between the Group and related parties were conducted at arm's length and on normal commercial terms.

Outstanding balances at 31 December 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 11, 13, 22 and 23.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2021	2020
	US$'000	US$'000
Salaries and other short-term employee benefits	**5,931**	6,245
Post-employment benefits – contribution to CPF	**48**	54
	5,979	6,299

Included above is total compensation to directors of the Company amounting to US$2,710,000 (2020: US$3,272,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. SEGMENT INFORMATION

The Group engages in the manufacture and marketing of chocolate confectionery products under a variety of brands and distribution of a wide range of food and other consumer products, including agency brands.

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Executive Directors. The Executive Committee manages and monitors its Branded Consumer business based on its two geographical segments, namely Indonesia and Regional Markets (which comprise the Philippines, Malaysia and Singapore).

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2021 is as follows:

	Indonesia US$'000	Regional Markets US$'000	Total US$'000
Sales:			
– Total segment sales	280,751	134,968	415,719
– Inter-segment sales	(10,568)	(23)	(10,591)
Sales to external parties	**270,183**	**134,945**	**405,128**
EBITDA	55,956	2,173	58,129
Interest income			576
Finance costs			(1,057)
Share of results of associated companies and joint ventures			(193)
Income tax expense			(14,786)
Other segment information			
Depreciation and amortisation	(10,453)	(3,134)	(13,587)
Capital expenditure on property, plant and equipment	2,271	2,815	5,086
Sales are analysed as:			
– Own Brands	190,485	46,927	237,412
– Agency Brands	79,698	88,018	167,716
	270,183	**134,945**	**405,128**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2020 is as follows:

	Indonesia US$'000	Regional Markets US$'000	Total US$'000
Sales:			
– Total segment sales	265,612	129,968	395,580
– Inter-segment sales	(10,427)	(33)	(10,460)
Sales to external parties	**255,185**	**129,935**	**385,120**
EBITDA	40,833	3,055	43,888
Interest income			683
Finance costs			(3,153)
Share of results of associated companies and joint ventures			(391)
Income tax expense			(10,170)
Other segment information			
Depreciation and amortisation	(10,604)	(3,167)	(13,771)
Capital expenditure on property, plant and equipment	2,295	1,744	4,039
Sales are analysed as:			
– Own Brands	182,814	50,047	232,861
– Agency Brands	72,371	79,888	152,259
	255,185	**129,935**	**385,120**

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the consolidated income statement.

(a) Reconciliation of segment profits

The Executive Committee assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA") for its operations. This measurement basis excludes the effect of expenditure from the operating segments that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. SEGMENT INFORMATION (continued)

(a) Reconciliation of segment profits (continued)

A reconciliation of EBITDA to profit before tax is set out below:

	The Group	
	2021	2020
	US$'000	US$'000
EBITDA	**58,129**	43,888
Interest expense (Note 6)	**(1,057)**	(3,153)
Interest income (Note 4)	**576**	683
Depreciation of property, plant and equipment (Note 18)	**(12,129)**	(12,412)
Amortisation of intangible assets (Note 20(d))	**(1,458)**	(1,359)
Profit before tax	**44,061**	27,647

(b) Geographical information

Sales are based on the country in which the customer is located. Non-current assets are shown by the country where the assets are located.

	The Group			
	Revenue		Non-current assets	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Indonesia	**270,183**	255,185	**88,804**	98,885
Regional Markets:				
– Philippines	**38,348**	40,692	**9,189**	10,727
– Malaysia	**89,925**	81,660	**2,692**	1,809
– Singapore	**1,392**	2,124	**21,390**	23,041
– Other countries	**5,280**	5,459	**101**	–
	405,128	385,120	**122,176**	134,462

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted:

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of costs of fulfilling it and any compensations or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. IMPACT OF COVID-19

Since the onset of the COVID-19 pandemic in 2020, it has brought about disruption to the operations of many companies including the Group. It has also led to increased market volatilities and economic uncertainties.

The Group had quickly taken comprehensive measures at the onset of virus to ensure the safety of our people, which included the option to work from home where possible, implementation of social distancing in all our operations, split teams, and staggered working hours; and, these measures are still in place.

The above events and conditions have been considered in the preparation of the financial statements as at balance sheet date. The carrying amounts of the Group's non-financial and financial assets as at 31 December 2021 have been reviewed and found to be appropriate after taking into consideration the conditions existing at the balance sheet date and the impact of the COVID-19 pandemic. Details on those areas involving significant judgement and estimation uncertainty are disclosed in Note 3.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2022.

38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Delfi Limited on 22 March 2022.

APPENDIX (SHAREHOLDERS' MANDATE)

This Appendix is circulated to Shareholders of Delfi Limited together with the Company's annual report. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval to renew the Shareholders' Mandate to be tabled at the Annual General Meeting to be held on 26 April 2022 at 10:00 a.m. in Singapore via electronic means.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained/referred to, or opinions expressed, in this Appendix.

DELFI LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198403096C

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

APPENDIX (SHAREHOLDERS' MANDATE)

DEFINITIONS

In this appendix (***Appendix***), the following definitions apply throughout unless otherwise stated:

AGM	:	The annual general meeting of the Company to be convened on 26 April 2022, notice of which is set out in the Annual Report 2021 despatched together with this Appendix;
Audit Committee	:	An audit committee of the Company comprising Mr Anthony Michael Dean (Chairman), Mr Pedro Mata-Bruckmann and Mr Koh Poh Tiong;
CDP	:	The Central Depository (Pte) Limited;
Company	:	Delfi Limited;
Companies Act	:	Companies Act, Chapter 50 of Singapore;
Directors	:	The directors of the Company as at the date of this Appendix;
Executive Directors	:	The executive directors as at the date of this Appendix, unless otherwise stated;
Group	:	The Company and its subsidiaries;
Independent Director(s)	:	The independent director(s) of the Company as at the date of this Appendix unless otherwise stated;
Interested Person	:	A director, chief executive officer or controlling shareholder of the Company or an associate of such director, chief executive officer or controlling shareholder;
Interested Person Transaction	:	A transaction proposed to be entered into between the Group and any Interested Person;
John Chuang	:	Chuang Tiong Choon also known as Ma Wei Lin
Joseph Chuang	:	Chuang Tiong Liep also known as Chit Ko Ko
Latest Practicable Date	:	The latest practicable date prior to the printing of this Appendix, being 13 March 2022;
Listing Manual	:	The listing manual of the SGX-ST;
Rp or ***Rupiah***	:	Indonesian Rupiah;
Securities Account	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account;
SGX-ST	:	Singapore Exchange Securities Trading Limited;
Shareholders	:	Registered holders of Shares, except that where the registered holder is CDP, the term ***Shareholders*** shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares;
Shares	:	Ordinary shares in the capital of the Company;
Substantial Shareholder	:	A person who has an interest in Shares which is 5% or more of the total votes attached to all the voting;
S$	:	Singapore dollars;
US$ and ***cents***	:	United States dollars and cents, respectively;
William Chuang	:	Chuang Tiong Kie also known as Maung Lu Win; and
% or ***per cent.***	:	Per centum or percentage.

APPENDIX (SHAREHOLDERS' MANDATE)

The terms ***Depositor*** and ***Depository Register*** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore (***Securities and Futures Act***).

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual and Securities and Futures Act or any modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, the Listing Manual and Securities and Futures Act or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

APPENDIX (SHAREHOLDERS' MANDATE)

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the general mandate (***Shareholders' Mandate***) that will enable the Group to enter into transactions with the Interested Persons in compliance with Chapter 9 of the Listing Manual.

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies propose to enter into with an interested person of the listed company. An ***interested person*** is defined as a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

Chapter 9 of the Listing Manual allows a listed company to seek a Shareholders' Mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's ***interested persons***.

The Shareholders' Mandate was approved at the annual general meeting of the Company held on 27 April 2021 and will be effective until the next annual general meeting is held or required by law to be held, whichever is the earlier. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the AGM to be held on 26 April 2022, to take effect until the next annual general meeting of the Company.

General information relating to Chapter 9 of the Listing Manual, including the meanings of terms such as ***interested person***, ***associate***, ***associated company*** and ***controlling shareholder***, are set out in the Annexure of this Appendix.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Classes of Interested Persons

The Shareholders' Mandate will apply to the Group's interested person transactions including PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Please refer to the section "Potential Conflicts of Interest" in the Company's prospectus dated 28 October 2004 for more details.

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate will be subject to the provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions

The interested person transactions with the Interested Persons which will be covered by the Shareholders' Mandate are the following:–

(a) Transactions with PT Tri Keeson Utama

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 100.0% of the issued share capital of PT Tri Keeson Utama held by PT Sederhana Djaja. Accordingly, transactions between the Group and PT Tri Keeson Utama are deemed to be interested person transactions.

PT Tri Keeson Utama is principally engaged in the business of mixing and blending cocoa cakes and cocoa powder. The Company and/or its subsidiary, PT General Food Industries, has been selling cocoa products such as cocoa powder and cocoa cakes to PT Tri Keeson Utama. The value of the Company's sales to PT Tri Keeson Utama for the period from 1 January 2021 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2021 up to the Latest Practicable Date
Aggregate value of sales to PT Tri Keeson Utama (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The provision of cocoa products to PT Tri Keeson Utama is a recurrent interested person transaction.

Following the completion of the divestment of Cocoa Ingredients Division on 30 June 2013, sales of cocoa ingredients or products to PT Tri Keeson Utama has ceased. However, the Company may continue to provide some products to PT Tri Keeson Utama.

(b) Transactions with PT Fajar Mataram Sedayu

By virtue of their indirect interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 51.0% of the issued share capital of PT Fajar Mataram Sedayu. The remaining shareholding interest in PT Fajar Mataram Sedayu is held by unrelated third parties. Accordingly, transactions between the Group and PT Fajar Mataram Sedayu are deemed to be interested person transactions.

PT Fajar Mataram Sedayu is principally engaged in the manufacture and sale of compound chocolate rice primarily for industrial use, as well as the manufacture and sale of consumer chocolate targeted at the lower segment of the Indonesian consumer chocolate market.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(b) Transactions with PT Fajar Mataram Sedayu (continued)

(i) Sale of materials by the Group to PT Fajar Mataram Sedayu

The Company's subsidiaries, PT Perusahaan Industri Ceres and PT General Food Industries, have been undertaking the sale of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu. The value of the Company's sales to PT Fajar Mataram Sedayu for the period from 1 January 2021 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2021 up to the Latest Practicable Date
Aggregate value of sales to PT Fajar Mataram Sedayu (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu is a recurrent interested person transaction.

Following the completion of the divestment of Cocoa Ingredients Division on 30 June 2013, sales of cocoa ingredients or products to PT Fajar Mataram Sedayu has ceased. However, the Company may continue to provide some of the Company's products to PT Fajar Mataram Sedayu.

(ii) Purchase of goods from PT Fajar Mataram Sedayu

The Company's subsidiary, PT Nirwana Lestari, has been undertaking the purchase of products from PT Fajar Mataram Sedayu, for distribution in Bali, Indonesia. PT Nirwana Lestari intends to continue purchasing such products from PT Fajar Mataram Sedayu. The quantum of the Company's purchases from PT Fajar Mataram Sedayu for the period 1 January 2021 to the Latest Practicable Date are set out below:–

	For the period from 1 January 2021 up to the Latest Practicable Date
Aggregate value of purchases from PT Fajar Mataram Sedayu (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The purchase of chocolate rice, chocolate spread, wafer, and other products from PT Fajar Mataram Sedayu is a recurrent interested person transaction. The Company intends to continue purchasing such products from PT Fajar Mataram Sedayu.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(c) Transactions with PT Freyabadi Indotama

By virtue of their aggregate interest in 100.0% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 49.0% of the issued share capital of PT Freyabadi Indotama held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja. Accordingly, transactions between the Group and PT Freyabadi Indotama are deemed to be interested person transactions.

PT Freyabadi Indotama is a joint venture entity, in which Fuji Oil Ltd, an unrelated third party, McKeeson Investments Pte Ltd and PT Sederhana Djaja own 51.0%, 30.0% and 19.0% of its issued share capital respectively. PT Freyabadi Indotama is principally engaged in the manufacture and sale of industrial chocolate.

(i) Sale of materials by the Group to PT Freyabadi Indotama

The Company's subsidiaries, PT Perusahaan Industri Ceres, PT Nirwana Lestari and PT General Food Industries have been undertaking the sale of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama. The value of the Company's sales to PT Freyabadi Indotama for the period from 1 January 2021 up to the Latest Practicable Date are set out below:-

	For the period from 1 January 2021 up to the Latest Practicable Date
Aggregate revenue received from PT Freyabadi Indotama (US$'000)	42

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue providing the Company's products to PT Freyabadi Indotama.

(ii) Purchase of products from PT Freyabadi Indotama

The Company's subsidiaries, PT Nirwana Lestari, PT Perusahaan Industri Ceres have been undertaking the purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama. The value of the Company's purchases from PT Freyabadi Indotama for the period from 1 January 2021 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2021 up to the Latest Practicable Date
Aggregate purchases from PT Freyabadi Indotama (US$'000)	13,978

These transactions were entered into on a willing buyer and willing seller basis. The purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue purchasing such products from PT Freyabadi Indotama.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(d) Transactions with PT Sederhana Djaja

By virtue of their aggregate interest in 100.0% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 99.9% of the issued share capital of PT Sederhana Djaja held by McKeeson Investments Pte Ltd. Accordingly, transactions between the Group and PT Sederhana Djaja are deemed to be interested person transactions. PT Sederhana Djaja is an investment holding company.

The total annual rental paid by the Group to PT Sederhana Djaja for the period from 1 January 2021 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2021 up to the Latest Practicable Date
Total annual rental paid to PT Sederhana Djaja (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The Group has terminated its lease agreements with PT Sederhana Djaja in 2018. However, the Company may continue to lease properties from PT Sederhana Djaja.

2.3 Rationale for and Benefits of the Shareholders' Mandate

Shareholders' Mandate

In the ordinary course of the Group's business activities, the Group and the Interested Persons may enter into transactions with each other from time to time. Further, it is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons, especially since the transactions are to be entered into on normal commercial terms.

Due to the time-sensitive nature of commercial transactions, the Company is seeking Shareholders' approval pursuant to Chapter 9 of the Listing Manual for the renewal of the Shareholders' Mandate to enable the Group to enter into transactions with the Interested Persons, provided that such transactions are entered into in the Group's ordinary course of business, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Shareholders' Mandate is intended to enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Group into such transactions. This will substantially reduce administrative time and expenses associated with the making of such announcements or the convening of general meetings from time to time, and allow resources to be focused towards other corporate and business opportunities.

The Shareholders' Mandate will not cover any transactions between the Group and the Interested Persons which have a value below S$100,000 as the threshold and aggregation requirements under Chapter 9 of the Listing Manual do not apply to such transactions. In addition, the transactions will not include the purchase or sale of assets, undertakings or businesses that are not in the Group's ordinary course of business.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.3 Rationale for and Benefits of the Shareholders' Mandate (continued)

If approved at the AGM, the Shareholders' Mandate will take effect from the date of the passing of the resolution to be proposed at the AGM and will continue to be in force until the next annual general meeting. The Company will seek the approval of Shareholders for the renewal of the Shareholders' Mandate annually.

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company is required to:–

(a) disclose the Shareholders' Mandate in the Company's annual report, giving details of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year under review, (in the form set out in Rule 907 of the Listing Manual); and

(b) announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for the financial periods which it is required to report on within the time period required for the announcement of the financial results of the Group (in the form set out in Rule 907 of the Listing Manual).

2.4 Review Procedures for Interested Person Transactions

The Company has established the following guidelines and procedures to ensure that all Interested Person Transactions are made on the Company's normal commercial terms and are consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Person than those extended to unrelated third parties:–

(a) All Interested Person Transactions will be documented and submitted periodically to the Audit Committee for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company. In the event that a member of the Audit Committee is deemed to have an interest in an Interested Person Transaction, he will abstain from reviewing that particular transaction. The Audit Committee will include the review of Interested Person Transactions as part of the standard procedures during the Audit Committee's examination of the adequacy of the Group's internal controls.

(b) In respect of any purchase of products or procurement of services from Interested Persons, quotes received from at least two unrelated third parties in respect of the same or substantially the same types of transactions are to be used as a comparison wherever possible. The Audit Committee will review these comparables, taking into account pertinent factors, including but not limited to:

(i) whether the pricing is in accordance with the Company's usual business practice and policies;

(ii) quality of the products offered;

(iii) delivery time;

(iv) track record; and

(v) whether the terms are no more favourable to the Interested Persons than those extended by unrelated third parties.

In cases where it is not possible to obtain comparables from other unrelated third parties, the Company may enter into the transaction with the Interested Person provided that the price and terms received from the Interested Person are no less favourable than those extended by the Interested Person to the unrelated third parties, taking into account all pertinent factors including, but not limited to business practices, industry norms, volume, quality, delivery time and track record.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.4 Review Procedures for Interested Person Transactions (continued)

(c) In respect of any sale of products to Interested Persons, the Audit Committee will review the terms of the sale to ensure that they are not prejudicial to the interest of the Shareholders, taking into account pertinent factors, including but not limited to whether transactions with Interested Persons have been carried out at the prevailing market rates or prices on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties.

Where the prevailing market rates or prices are not available due to the nature of the product to be sold, the Company may enter into the transaction with the Interested Person provided that the pricing policies are consistent with the usual margin obtained by the Group for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications and duration of contract will be taken into account.

The Group will implement the following procedures for the identification of interested persons and the recording of all the Company's interested person transactions:

(a) At or about the fifteenth day of each month, the heads of the various departments are required to submit details of all Interested Person Transactions entered into during the previous month to the Chief Financial Officer, such as the actual value of the transactions. A "nil" return is expected if there are no Interested Person Transactions for the month;

(b) the Chief Financial Officer will maintain a register of interested person transactions carried out with Interested Persons; and

(c) following the review of the list by the Chief Financial Officer, the list will be submitted to the Company's Chief Executive Officer for approval prior to the submission to the Audit Committee for review and approval.

The Directors will ensure that all disclosure requirements on the Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will be subject to Shareholders' approval if required by the Listing Manual. The Company will disclose in its Annual Report the aggregate value of the Interested Person Transactions conducted during the financial year.

The Company will maintain a register of transactions carried out with the Interested Persons pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate.

The Audit Committee shall review these internal audit reports on the Interested Person Transactions annually to ascertain that the established review procedures to monitor the Interested Person Transactions have been complied with.

If, during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be conducted at arm's length, on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX (SHAREHOLDERS' MANDATE)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders in Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Lim Mee Len	–	–	316,976,500[1]	51.86
John Chuang	220,800	0.036	317,360,500[2]	51.93
Credit Suisse Trust Limited (***CST***)	–	–	315,223,100[3]	51.58
Johnsonville Assets Limited (***JAL***)	–	–	315,223,100 [4]	51.58
Johnsonville Holdings Limited (***JHL***)	–	–	315,223,100[5]	51.58
Aerodrome International Limited (***Aerodrome***)	2,047,100	0.33	313,176,000[6]	51.24
Joseph Chuang	270,800	0.044	310,511,000[7]	50.81
Maplegold Assets Limited (***Maplegold***)	–	–	310,191,000[8]	50.75
Berlian Enterprises Limited (***Berlian***)	–	–	310,191,000[9]	50.75
Springbright Investments Limited (***Springbright***)	–	–	293,414,000[10]	48.01
First Pacific Advisors, LP (***FPALP***)	49,457,900	8.09	–	–
Steven T. Romick	–	–	49,457,900[11]	8.09
J. Richard Atwood	–	–	49,457,900[12]	8.09
FPA GP, Inc. (***FGI***)	–	–	49,457,900[13]	8.09
Directors				
Pedro Mata-Bruckmann	–	–	177,000[14]	0.03
John Chuang	220,800	0.036	317,360,500[2]	51.93
Joseph Chuang	270,800	0.044	310,511,000[7]	50.81
William Chuang	630,800	0.10	–	–
Anthony Michael Dean	–	–	50,000[15]	0.008
Davinder Singh	100,000	0.016	–	–
Koh Poh Tiong	–	–	–	–
Doreswamy Nandkishore	22,000	0.0036		

Notes:

1. Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held (directly and indirectly) by Aerodrome, Berlian, Springbright, McKeeson Investments Pte Ltd (***McKeeson***) and Honeychurch International Limited (***Honeychurch***), including her shares which are held by her nominee, Citibank Nominees Singapore Pte Ltd. Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (***JAT***) and Johnsonville Holdings Trust (***JHT***) of which CST has been appointed as the trustee. CST owns 100% of JAL and JHL, which in turns own 70% and 30% of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome and Honeychurch.
2. Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominee, DBS Nominees Pte Ltd. He is also one of the beneficiaries of JHL.
3. CST is a Singapore registered public trust company and its deemed interest arises from its 100% shareholding in JAL and JHL. Accordingly, CST is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.
4. JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.
5. JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.
6. Aerodrome is the holding company of Berlian. Accordingly, Aerodrome is deemed to be interested in all the shares held (directly and indirectly) by Berlian.
7. Mr Joseph Chuang is the sole shareholder of Maplegold. Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by Maplegold, including the shares held (directly or indirectly) by his wife, Madam Cheah Leong Teen and his shares which are held by his nominee, Citibank Nominees Singapore Private Limited.
8. Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held (directly and indirectly) by Berlian.

APPENDIX (SHAREHOLDERS' MANDATE)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

9. Berlian is the sole shareholder of McKeeson and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.
10. Springbright's shares in the Company are held by its nominee, Raffles Nominees (Pte) Ltd
11. Mr Steven T. Romick may be deemed to share voting and/or investment power over the securities of the Company as a director and officer of the general partner of FPALP. Mr Romick disclaims beneficial ownership of the securities owned by FPALP's clients.
12. Mr J. Richard Atwood may be deemed to share voting and/or investment power over the securities of the Company as a director and officer of the general partner of FPALP. Mr Atwood disclaims beneficial ownership of the securities owned by FPALP's clients.
13. FPA GP, Inc. may be deemed to share voting and/or investment power over the securities of the Company as the general partner of the investment advisor, FPALP. The general partner disclaims beneficial ownership of the securities owned by FPALP's clients.
14. Mr Pedro Mata-Bruckmann's shares in the Company are held by his nominee, Merrill Lynch (Singapore) Pte Ltd.
15. Mr Anthony Michael Dean's shares in the Company are held by his nominees, DBS Nominees Pte Ltd.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the Shareholders' Mandate subject to the renewal. Having considered, *inter alia*, the scope, the guidelines on review procedures, the rationale and the benefits of the Shareholders' Mandate, the Audit Committee confirms that (a) the review procedures for determining the prices of Interested Person Transactions have not changed since approval for the Shareholders' Mandate was last given; and (b) the review procedures set out in paragraph 2.4 of this Appendix are sufficient to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

5. DIRECTORS' RECOMMENDATIONS

The Independent Directors are of the opinion that the entry into of the Interested Person Transactions by the Group in the ordinary course of its business will enhance the efficiency of the Group and is in the best interests of the Company. For the reasons set out in paragraph 2.3 of this Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at the forthcoming AGM.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2021 of the Company, will be held on 26 April 2022 at 10:00 a.m. in Singapore via electronic means, for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution relating to the renewal of the Shareholders' Mandate at the AGM as set out in the Notice of AGM.

APPENDIX (SHAREHOLDERS' MANDATE)

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's share registrar. M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

8. INSPECTION OF DOCUMENTS

Copies of the audited financial statements of the Company for the last two financial years ended 31 December 2020 and 2021 are available for inspection at the registered office of the Company at 111 Somerset Road, #16-12, TripleOne Somerset, Singapore 238164, during normal business hours from the date of this Appendix up to the date of the AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

ANNEXURE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

SCOPE

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries (which are not listed on the SGX-ST or an approved stock exchange) or associated
companies (which are not listed on the SGX-ST or an approved stock exchange, provided that the listed group, or the listed group and its interested person(s) has control over) proposes to enter into with a counter-party which is an interested person of the listed company.

DEFINITIONS

An ***interested person*** means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An ***associate*** means (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means (i) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent), (ii) the trustees of any trust of which he or his immediate family is beneficiary or, in the case of discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% 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% or more.

An ***associated company*** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A ***controlling shareholder*** means a person who holds (directly or indirectly) 15% or more of the total number of issued shares excluding treasury shares in the Company or one who in fact exercises control over the listed company.

GENERAL REQUIREMENTS

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

(a) the value of such transaction, when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the listed company, is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company.

ANNEXURE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

GENERAL REQUIREMENTS (continued)

Immediate announcement of a transaction is required where:

(a) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company.

GENERAL MANDATE

A listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

(a) Corporate information

Company Secretaries
Chuang Yok Hoa, ACIS (retired on 31 December 2021)
Siau Kuei Lian, ACS, ACG

Registered Office
111 Somerset Road #16-12
TripleOne Somerset
Singapore 238164
Tel: (65) 6477 5600 Fax: (65) 6887 5181
Email address: enquiry@delfilimited.com

Registrar and Share Transfer Office
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditor
PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Mr. Chua Chin San
Partner-in-charge (since the financial year ended 31 December 2019)

(b) Material contracts

Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie, who are the Company's executive directors, are deemed to have an aggregate interest of 49.0% in the issued share capital of PT Freyabadi Indotama ("Freyabadi") held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja by virtue of their aggregate interest in 100% of the shareholding in Berlian Enterprises. Chuang Tiong Kie is also the President Director of Freyabadi.

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie who are the Company's executive directors, are deemed to be interested in 100% of the issued share capital of PT Tri Keeson Utama ("TKU") held by PT Sederhana Djaja.

(i) Call Option Agreement

On 22 September 2004, the Company entered into a call option agreement with PT Sederhana Djaja and McKeeson Investments Pte Ltd (collectively, the "Grantors") pursuant to which the Grantors granted to the Company the right to require the Grantors to sell to the Company ordinary shares, representing 49%, 100% and 51% of the issued and paid-up share capital of Freyabadi, TKU and PT Fajar Mataram Sedayu ("FMS") respectively.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(b) Material contracts (continued)

(ii) Deed of Undertaking

On 22 September 2004, each of Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie (the "Covenantors") entered into a deed of undertaking with the Company to undertake and agree to dispose of their respective shareholding interests in Freyabadi, TKU and FMS in the event that the Audit Committee determines that a potential conflict of interest may arise between the Group, Freyabadi and TKU and between the Group and FMS; and the Group's acquisition of each Covenantor's shareholding interests in Freyabadi, TKU and FMS is not in the Group's commercial interest.

(c) (i) Directors' remuneration

A breakdown showing the level and mix of each executive director's remuneration (including salary, bonus, directors' fees and benefits-in-kind) paid and payable for financial years 2020 and 2021 are as follows:

	2021			
	Basic Salary (%)	**Variable or Bonuses (%)**	**Benefits in Kind (%)**	**Total (%)**
S$1,500,000 to S$1,749,999				
– Chuang Tiong Choon	**60**	**35**	**5**	**100**
S$500,000 to S$749,999				
– Chuang Tiong Liep	**85**	**11**	**4**	**100**
S$250,000 to S$499,999				
– Chuang Tiong Kie	**86**	**11**	**3**	**100**

	2020			
	Basic Salary (%)	**Variable or Bonuses (%)**	**Benefits In Kind (%)**	**Total (%)**
S$2,250,000 to S$2,499,999				
– Chuang Tiong Choon	44	51	5	100
S$750,000 to S$999,999				
– Chuang Tiong Liep	70	25	5	100
S$500,000 to S$749,999				
– Chuang Tiong Kie	72	23	5	100

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c) (i) **Directors' remuneration** (continued)

The remuneration of its non-executive directors for financial years 2020 and 2021 are as follows:

	FY2021 S$	FY2020 S$	Fee (%)	Total (%)
Pedro Mata-Bruckmann	**192,451**	200,096	100	100
Anthony Michael Dean	**153,977**	160,093	100	100
Davinder Singh	**71,058**	73,881	100	100
Koh Poh Tiong	**116,250**	119,401	100	100
Doreswamy Nandkishore	**97,592**	101,469	100	100
Total	**631,328**	654,940		

(c) (ii) **Executive Officers' remuneration**

2021	Basic Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Retirement (%)	Total (%)
S$1,000,000 to S$1,249,999					
Lim Seok Bee[1]	**23**	**6**	**18**	**53**	**100**
Nancy Florencia	**68**	**32**	**–**	**–**	**100**
S$500,000 to S$749,999					
Amos Moses Yang	**58**	**38**	**4**	**–**	**100**
Michael Roberts Wynne	**70**	**18**	**12**	**–**	**100**
S$250,000 to S$499,999					
Ferry Haryanto	**88**	**11**	**1**	**–**	**100**
Richard Jeffrey Chung Ting Tshung[2]	**72**	**18**	**10**	**–**	**100**

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c) (ii) **Executive Officers' remuneration** (continued)

	Basic Salary (%)	Variable or Bonuses (%)	2020 Benefits in Kind (%)	Retirement (%)	Total (%)
S$750,000 to S$999,999					
Lim Seok Bee[(1)]	64	35	1	–	100
Nancy Florencia	67	22	11	–	100
S$500,000 to S$749,999					
Amos Moses Yang	60	2	38	–	100
Michael Roberts Wynne	68	22	10	–	100
S$250,000 to S$499,999					
Johnny Katio[(3)]	66	33	1	–	100
Koo Liang Kwee[(2)]	58	29	13	–	100
Ferry Haryanto	72	23	5	–	100
Below S$250,000					
Richard Jeffrey Chung Ting Tshung[(2)]	70	18	12	–	100
Lim Hock Thye[(4)]	42	–	13	45	100

Notes:

(1) Lim Seok Bee retired from the Company with effect from 30 June 2021.

(2) Koo Liang Kwee resigned on 11 August 2020 and Richard Jeffrey Chung Ting Tshung was appointed as the Group Chief Financial Officer on 11 September 2020.

(3) Johnny Katio resigned from the Company with effect from 30 April 2020.

(4) Lim Hock Thye resigned from the Company with effect from 10 March 2020.

* The total remuneration paid to the top five key officers was US$3,040,000 (2020: US$2,357,000)

(c) (iii) **Remuneration of employees who are immediate family members of a director or the CEO and whose salary exceeds S$100,000 per year are as follows:**

S$200,000 to S$249,999

David Chuang Koong Wey	Director of Information Technology	Son of Mr Chuang Tiong Choon
Chuang Yok Hoa	Company Secretary	Sister of Mr Chuang Tiong Choon

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(d) Properties of the Group

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	4,378	30 years from February 2003	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	24,185	30 years from September 2004	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 88 Regency: Bandung, Province: West Java Indonesia	3,840	30 years from November 2008	Chocolate factory, warehouse
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 94 Regency: Bandung, Province: West Java Indonesia	14,610	30 years from March 2009	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 86 Regency: Bandung, Province: West Java Indonesia	15,750	30 years from March 2009	Chocolate factory, warehouse
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 90 Regency: Bandung, Province: West Java Indonesia	9,900	30 years from March 2009	Chocolate factory, warehouse

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(d) Properties of the Group (continued)

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Desa Wanakerta, Kecamatan Telukjambe Barat, Kabupaten Karawang	222,581	30 years from July 2019 to September 2020	For future expansion
		22,038	Registration in Progress	For future expansion
PT Nirwana Lestari	Village: Bojong Menteng Sub District: East Bekasi, Jln Raya Narogong, Km 7 Regency: Bekasi Province: West Java Indonesia	19,450	20 years from December 2008	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188	1,515	17 years from May 2005	Warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 108)	1,260	20 years from September 2011	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 15)	2,800	20 years from September 2011	Office, warehouse
Delfi Foods, Inc.	Barangay Parang, Marikina City, Metro Manila, Philippines	25,296	Freehold	Factory, warehouse and office building

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(e) Interested person transactions and conflicts of interest ("IPT")

Pursuant to Rule 920(1) of the Listing Manual, the Company has obtained a Shareholders' Mandate for it to enter into certain categories of interested person transactions with PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Transactions with interested persons which do not fall within the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual of the SGX-ST.

As at 31 December 2021, the total IPT of US$14.02 million (2020: US$12.40 million) was recorded, as shown below.

Name of interested person	(1) Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) 2021 US$'000	(1) Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 2021 US$'000
PT Freyabadi Indotama		
– Sales of goods	–	42
– Purchase of products	–	13,978
	–	14,020

Note:
(1) Includes transactions less than S$100,000

(f) Auditors' fees

	The Group 2021 US$'000	The Group 2020 US$'000
Auditor's remuneration paid/payable to:		
– Auditor of the Company	**227**	233
– Other auditors*	**211**	207
Other fees paid/payable to:		
– Auditor of the Company	**34**	34
	472	474

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL)

(g) Appointment of auditors

The Group has complied with Rules 712 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditor.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

For the financial year ended 31 December 2021

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(h) Compliance with Rule 716 of the Listing Rules of SGX-ST

Both the Audit Committee and Board are satisfied that the appointment of different auditors of its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 716 of the Listing Rules of the SGX-ST.

(i) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor, and in the opinion of the Audit Committee, the provision of these non-audit services would not affect their independence.

(j) Internal controls

Please refer to information disclosed in the Corporate Governance Report.

SHAREHOLDINGS STATISTICS

as at 11 March 2022

Total number of ordinary shares	:	611,157,000
Total number of voting shares	:	611,157,000
Total issued and paid-up capital	:	S$247,805,757.00
Total number of treasury shares held	:	Nil
Total number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	18	1.72	214	0.00
100 – 1,000	131	12.55	87,990	0.01
1,001 – 10,000	499	47.80	2,801,918	0.46
10,001 – 1,000,000	379	36.30	26,089,154	4.27
1,000,001 and above	17	1.63	582,177,724	95.26
	1,044	100.00	611,157,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Nominees (Pte) Limited	333,352,829	54.54
2	Citibank Nominees Singapore Pte Ltd	117,102,866	19.16
3	DBS Nominees Pte Ltd	61,403,635	10.05
4	HSBC (Singapore) Nominees Pte Ltd	27,401,700	4.48
5	ABN Amro Clearing Bank N.V.	14,740,700	2.41
6	Mckeeson Investments Pte Ltd	6,000,000	0.98
7	Phillip Securities Pte Ltd	4,462,100	0.73
8	OCBC Securities Private Ltd	2,587,201	0.42
9	BPSS Nominees Singapore (Pte.) Ltd.	2,082,285	0.34
10	United Overseas Bank Nominees Pte Ltd	2,052,500	0.34
11	CGS-CIMB Securities (Singapore) Pte Ltd	1,889,104	0.31
12	Morgan Stanley Asia (S) Securities Pte Ltd	1,750,145	0.29
13	UOB Kay Hian Pte Ltd	1,647,900	0.27
14	DBS Vickers Securities (S) Pte Ltd	1,610,800	0.26
15	Chuang Mying Hwa @ Mying Mying	1,523,400	0.25
16	Maybank Securities Pte.Ltd.	1,446,659	0.24
17	Heng Siew Eng	1,123,900	0.18
18	DBSN Services Pte Ltd	855,033	0.14
19	Chuang Yok Hoa @ Ma Lin Zi	850,000	0.14
20	DB Nominees (Singapore) Pte Ltd	767,700	0.13
		584,650,457	95.66

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, approximately 38.89% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

SHAREHOLDINGS STATISTICS

as at 11 March 2022

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
Lim Mee Len	–	–	316,976,500[1]	51.86
John Chuang	220,800	0.036	317,360,500[2]	51.93
Credit Suisse Trust Limited ***(CST)***	–	–	315,223,100[3]	51.58
Johnsonville Assets Limited ***(JAL)***	–	–	315,223,100[4]	51.58
Johnsonville Holdings Limited ***(JHL)***	–	–	315,223,100[5]	51.58
Aerodrome International Limited ***(Aerodrome)***	2,047,100	0.33	313,176,000[6]	51.24
Joseph Chuang	270,800	0.044	310,511,000[7]	50.81
Maplegold Assets Limited ***(Maplegold)***	–	–	310,191,000[8]	50.75
Berlian Enterprises Limited ***(Berlian)***	–	–	310,191,000[9]	50.75
Springbright Investments Limited ***(Springbright)***	–	–	293,414,000[10]	48.01
First Pacific Advisors, LP ***(FPALP)***	49,457,900	8.09	–	–
Steven T. Romick	–	–	49,457,900[11]	8.09
J. Richard Atwood	–	–	49,457,900[12]	8.09
FPA GP, Inc. ***(FGI)***	–	–	49,457,900[13]	8.09

Notes:

1. Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held (directly and indirectly) by Aerodrome, Berlian, Springbright, McKeeson Investments Pte Ltd (***McKeeson***) and Honeychurch International Limited (***Honeychurch***), including her shares which are held by her nominee, Citibank Nominees Singapore Pte Ltd. Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (***JAT***) and Johnsonville Holdings Trust (***JHT***) of which CST has been appointed as the trustee. CST owns 100% of JAL and JHL, which in turns own (70%) and (30%) of the issued and paid up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome and Honeychurch.
2. Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominee, DBS Nominees Pte Ltd. He is also one of the beneficiaries of JHL.
3. CST is a Singapore registered public trust company and its deemed interest arises from its 100% shareholding in JAL and JHL. Accordingly, CST is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.
4. JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.
5. JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.
6. Aerodrome is the majority and controlling shareholder of Berlian. Accordingly, Aerodrome is deemed to be interested in all the shares held (directly and indirectly) by Berlian.
7. Mr Joseph Chuang is the sole shareholder of Maplegold. Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by Maplegold, including the shares held (directly or indirectly) by his wife, Madam Cheah Leong Teen and his shares which are held by his nominee, Citibank Nominees Singapore Private Limited.
8. Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held (directly and indirectly) by Berlian.
9. Berlian is the sole shareholder of McKeeson and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.
10. Springbright's shares in the Company are held by its nominee, Raffles Nominees (Pte) Ltd
11. Mr Steven T. Romick is the director and officer of the general partner of FPALP and disclaims beneficial ownership of the securities owned by FPALP's clients. Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by FPALP.
12. Mr J. Richard Atwood is the director and officer of the general partner of FPALP and disclaims beneficial ownership of the securities owned by FPALP's clients. Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by FPALP.
13. FPA GP, Inc. is the general partner of the investment advisor, FPALP and disclaims beneficial ownership of the securities owned by FPALP's clients. Accordingly, FPA GP, Inc is deemed to be interested in all the shares held (directly and indirectly) by FPALP.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **DELFI LIMITED** ("***Company***") will be held in Singapore, on Tuesday, 26 April 2022 at 10.00 a.m. via electronic means, for the following purposes:

A. AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021, together with the auditors' report thereon. **(Resolution 1)**

2. To declare a final dividend of 1.44 Singapore cents and special dividend of 0.64 Singapore cents per ordinary share for the financial year ended 31 December 2021. **(Resolution 2)**

3. To re-elect the following Directors who will be retiring under Regulation 104 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors of the Company:

   (a) Mr Chuang Tiong Liep **(Resolution 3)**

   (b) Mr Chuang Tiong Kie **(Resolution 4)**

   (c) Mr Doreswamy Nandkishore **(Resolution 5)**

   (*See explanatory note*)

4. To approve Directors' fees of US$474,800 payable by the Company for the financial year ending 31 December 2022 (2021: US$474,800). **(Resolution 6)**

5. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **(Resolution 7)**

B. TO TRANSACT ANY OTHER ORDINARY BUSINESS THAT MAY PROPERLY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

C. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:

6. **Share Issue Mandate** (**Resolution 8**)

   That, under Section 161 of the Companies Act 1967 ("***Act***") and the Listing Manual of the SGX-ST, authority be given to the Directors of the Company to:–

   (a) (i) issue shares in the Company ("***Shares***") whether by way of rights, bonus or otherwise; 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 (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into 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; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares under any Instrument made or granted by the Directors while this Resolution was in force,

provided that:–

(1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued under the Instruments, made or granted under this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares under the Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), at the time of the passing of this Resolution, after adjusting for:–

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST;

and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 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.

7. **Authority to allot and issue new ordinary shares under the Delfi Limited Scrip Dividend Scheme** **(Resolution 9)**

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.

8. **The Proposed Renewal of the Mandate for Interested Person Transactions** **(Resolution 10)**

That:–

(a) approval be given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in the Annual Report of the Company for the financial year ended 31 December 2021 ("***Appendix***") with any person who falls within the class of interested persons described in the Appendix, provided that such transactions are made at arm's length and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and will be subject to the review procedures for interested person transactions as set out in the Appendix;

(b) the approval given in sub-paragraph (a) above ("***IPT Mandate***") shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company is held or is required by law to be held, whichever is the earlier; and

(c) the Directors be authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board of Directors

Siau Kuei Lian
Company Secretary

Singapore, 8 April 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(1) The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trust, Unit Trusts and Debenture Holders) Order 2020. This Notice will accordingly be sent to members by electronic means via publication on the Company's website at the URL https://www.delfilimited.com and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice will also be sent by post to members.

(2) Alternative arrangements relating to:

(a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only stream only),

(b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advance of, or "live", at the AGM; and,

(c) voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or, (ii) by appointing the Chairman of the Meeting as proxy to vote of the member's behalf at the AGM,

are set out in the accompanying Company's announcement dated 8 April 2022. This announcement may be accessed at the Company's website at https://www.delfilimited.com or SGX's website at https://www.sgx.com/securities/company-announcements.

(3) Due to the current COVID-19 safe management measurements in Singapore, a member will not be able to attend the AGM in person. **A member (whether individual or corporate) who wishes to have his/her/its voting rights exercised at the AGM may:**

(a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or,

(b) (where the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

The accompanying proxy form for the AGM may be downloaded from the Company's website at the URL https://www.delfilimited.com and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member may also appoint a proxy(ies) via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html.

(4) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him/her. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. A proxy need not be a member of the Company.

(5) A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

NOTICE OF ANNUAL GENERAL MEETING

*A "relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Future Acts 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(6) The instrument appointing a proxy(ies) or Chairman of the Meeting as proxy must be deposited in the following manner;

(a) if submitted by post, be deposited at the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; or

(b) if submitted electronically, be submitted:

(i) via email to the Company's Share Registrar at gpb@mncsingapore.com; or,

(ii) via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html

in either case, by 10.00 a.m. on 24 April 2022 being not less than forty-eight (48) hours before the time appointed for holding the AGM. A proxy need not be a member of the Company.

A member of the Company who wishes to submit an instrument appointing proxy(ies) or Chairman of the Meeting as proxy must either utilise the printed copy of the Proxy Form received together with AGM Notice Booklet or download, complete and sign the proxy form from the Company's website, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. A member may also appoint a proxy(ies) or Chairman of the Meeting as proxy via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email or appoint a proxy(ies) via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html.

(7) The instrument appointing proxy(ies) or the Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing proxy(ies) or the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing proxy(ies) or the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

NOTICE OF ANNUAL GENERAL MEETING

(8) A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, 1967.

(9) Investors who hold shares through the Central Provident Fund Investment Scheme ("***CPF Investors***") or the Supplementary Retirement Scheme ("***SRS Investors***"): –

(a) may vote "live" via electronic means at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as their proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the Meeting (i.e. by 10.00 a.m. on 13 April 2022).

(10) The Annual Report 2021 and the Appendix to the Annual Report 2021 in relation to the proposed renewal of the Shareholder' Mandate for Interested Person Transactions have been published and may be accessed at the Company's website at the URL https://www.delfilimited.com. The above documents may also be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the AGM of the Company and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM of the Company via live audio-visual webcast or audio-only stream only, or (c) submitting any question prior to the AGM of the Company in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration and analysis by the Company (or its agents or service providers) of the instruments appointing the Chairman of the Meeting as proxy for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live audio-visual webcast or audio-only stream only to observe the proceedings of the AGM of the Company and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from members received before the AGM of the Company and if necessary, following up with the relevant members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM of the Company may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member (such as his name, his presence at the AGM of the Company and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES & STATEMENT UNDER REGULATION 64 OF THE CONSTITUTION OF THE COMPANY

ORDINARY BUSINESS

Resolutions 3, 4 and 5 are to re-elect Messrs Chuang Tiong Liep, Chuang Tiong Kie and Doreswamy Nandkishore who will be retiring by rotation under Regulation 104 of the Constitution of the Company.

Resolution 3:
If re-elected, Mr Chuang Tiong Liep, shall remain as an Executive Director Group Chief Growth and Marketing Officer and a member of the Market Sustainability and Strategy Committee ("***MSSC***") and Executive Committee ("***EC***") respectively. Please refer to page 189 in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Resolution 4:
If re-elected, Mr Chuang Tiong Kie, shall remain as an Executive Director, Business Development Director and a member of the EC. Please refer to page 189 in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Resolution 5:
If re-elected, Doreswamy Nandkishore, shall remain as an Independent Director, Chairman of the MSSC and a member of the Nominating Committee and Remuneration Committee respectively. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST. Please refer to page 189 in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

SPECIAL BUSINESS

Resolution 8:
The proposed Resolution 8, if passed, will empower the Directors, from the date of the AGM until the next AGM of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, with a sub-limit of 20 per cent for Shares issued other than on a *pro rata* basis to Shareholders.

Resolution 9:
The proposed Resolution 9, if passed, will empower the Directors to allot and issue shares in the Company under the Delfi Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Resolution 10:
The proposed Resolution 10, if passed, will renew the IPT Mandate (which was last renewed at the AGM of the Company held on 27 April 2021) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Annual Report. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or the date by which the next AGM is required by law to be held, whichever is the earlier.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Messrs Chuang Tiong Liep, Mr Chuang Tiong Kie and Doreswamy Nandkishore who will be retiring by rotation under Regulation 104 of the Constitution of the Company, are seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2022 ("***AGM***") (collectively, the "***Retiring Directors***" and each a "***Retiring Director***").

The information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST, as required under Rule 720(6) of the Listing Manual of the SGX-ST, is set out below:

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
Date of Appointment:	2 March 1999	31 May 2001	3 January 2017
Date of last re-appointment	29 April 2019	29 April 2019	27 April 2020
Age:	70	63	63
Country of principal residence:	Singapore	Singapore	India
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process) :	The Board of Directors, after considering the recommendation of the Nominating Committee, has reviewed and considered Mr Chuang Tiong Liep's work experience and suitability for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr Chuang Tiong Liep possesses the expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors, after considering the recommendation of the Nominating Committee, has reviewed and considered Mr Chuang Tiong Kie's work experience and suitability for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr Chuang Tiong Kie possesses the expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors has accepted and approved the Nominating Committee's recommendation, who has reviewed and considered Mr Doreswamy Nandkishore's contributions and performance as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility:	Executive, Mr Chuang Tiong Liep is responsible for the overall management and business development of Delfi Branded business.	Executive, Mr Chuang Tiong Kie is responsible for the overall business expansion of Delfi business.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.):	Executive Director, Group Chief Growth and Marketing Officer, and a member of the Executive Committee and Market Sustainability and Strategy Committee.	Executive Director, Business Development Director, and a member of the Executive Committee.	Independent Director, Chairman of Market Sustainability, Strategy Committee and a member of the Nominating Committee and Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
Professional qualifications:	GCE "A" Level Certification	Bachelor of Science, California State University, Long Beach	• Bachelor's degree in Engineering (B-Tech), The Indian Institute of Technology • Post Graduate in Management and Business Administration (PGDM), The Indian Institute of Management • Program for Executive Development, IMD Lausanne
Working experience and occupation(s) during the past 10 years:	Please refer to Other Principal Commitments including Directorships	Please refer to Other Principal Commitments including Directorships	Please refer to Other Principal Commitments including Directorships
Shareholding interest in the listed issuer and its subsidiaries:	*The Company* 270,800 Ordinary shares (direct interest) 310,511,000 Ordinary shares (deemed interest) *Subsidiaries of the Group* Delfi Marketing, Inc. Direct Interest: 1	*The Company* 630,800 Ordinary shares (direct interest) *Subsidiaries of the Group* Nil	*The Company* 22,000 Ordinary shares (direct interest) *Subsidiaries of the Group* Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries:	Yes. • Brother to Mr Chuang Tiong Choon (Executive Director, Chief Executive Officer, Managing Director and Substantial Shareholder); • Brother-in-law to Madam Lim Mee Len (Substantial Shareholder); and • Brother to Mr Chuang Tiong Kie (Executive Director).	Yes. • Brother to Mr Chuang Tiong Choon (Executive Director, Chief Executive Officer, Managing Director and Substantial Shareholder); • Brother-in-law to Madam Lim Mee Len (Substantial Shareholder); and • Brother to Mr Chuang Tiong Liep (Executive Director).	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
Conflict of interest (including any competing business)	Deemed to be interested in Berlian Limited, the ultimate holding company of: (i) PT Freyabadi Indotama; (ii) Freyabadi (Thailand) Co., Ltd.; (iii) PT Tri Keeson Utama; and (iv) PT Fajar Mat aram Sedayu.	Deemed to be interested in Berlian Limited, the ultimate holding company of: (i) PT Freyabadi Indotama; (ii) Freyabadi (Thailand) Co., Ltd.; (iii) PT Tri Keeson Utama; and (iv) PT Fajar Mat aram Sedayu.	None
Undertaking (in the format set out in Appendix 7.7 of Listing Rules) under Rule 720(1) has been submitted to the listed issuer:	Yes	Yes	Yes
Other Principal Commitments* including Directorships			
Past (for the last 5 years)	Nil	Nil	EZE Engineering Solutions Pte Ltd Blippar.com Ltd Tiserin Capital Management
Present	As a Director Delfi Limited Delfi-Orion Pte. Ltd. Delfi Yuraku Pte Ltd. Delfi Marketing Pte Ltd Delfi Singapore Pte. Ltd. Ceres (International) Marketing Pte Ltd Freyabadi (Thailand) Co., Ltd. Brands of Hudsons Sdn Bhd Ceres Simes Confectionery Sdn Bhd. Maplegold Assets Ltd. Pavilion View Holdings Limited McKeeson Consultants Pte Ltd	As a Director Delfi Limited McKeeson Consultants Pte Ltd McKeeson Investment 1 Pte Ltd Freyabadi (Thailand) Co., Ltd Delfi-Orion Pte. Ltd. Delfi Yuraku Pte. Ltd. As a Commissioner PT Freyabadi Indotama PT General Food Industries PT Delfi – Yuraku Indonesia Other Principal Commitments Nil	As a Director Delfi Limited I & N Development Investments Ltd Mayar Foods RA consulting DWC-LLC Other Principal Commitments Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
Present (continued)	As a Commissioner PT Nirwana Lestari PT Citra Tunggal Lestari PT Freyabadi Indotama PT Perusahaan Industri Ceres Other Principal Commitments Nil		
Information Required Pursuant to Listing Rule 704(7) of the Listing Manual of the SGX-ST			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	Yes Blippar.com Ltd is a startup based in London. Mr Nandkishore ceased to be a director of this company in 2018. The company subsequently went into administration about a year later. This is a normal business risk with start up companies.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity of business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Liep	Chuang Tiong Kie	Doreswamy Nandkishore
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A	N/A

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DELFI LIMITED

(Company Registration No. 198403096C)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

TO BE EFFECTIVE THIS FORM MUST BE SUBMITTED NO LATER THAN 10.00 A.M. ON 24 APRIL 2022
(For CPF/SRS Investors, see Note 8.)

IMPORTANT:

1. The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trust, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM dated 8 April 2022 will be available via publication on the Company's website at the URL: https://www.delfilimited.com and on the SGX website at the https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to:
   (a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only stream only);
   (b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advance of, or "live", at the AGM; and
   (c) voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or, (ii) by appointing the Chairman of the Meeting as proxy to vote of the member's behalf at the AGM,

   are set out in the accompanying Company's announcement dated 8 April 2022.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. **A member (whether individual or corporate) who wishes to have his/her/its voting rights exercised at the AGM may:**
   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or,
   (b) (where the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM
4. An investor who holds shares under the Central Provident Fund Investment Scheme ("***CPF Investor***") and/or the Supplementary Retirement Scheme ("***SRS Investor***") (as may be applicable) should approach their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy at least 7 working days before the Meeting.
5. By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2022.

PLEASE READ THE NOTES TO THE PROXY FORM

I/We, ______________________________ (NRIC/Passport No.) ______________________________

of ____ (Address)

being a *member/members of Delfi Limited (the "Company"), hereby appoint:

Name	Address	Email Address^	NRIC/Passport Number	Proportion of Shareholdings	
				No. of Shares	%
And/or (delete as appropriate)					

^ Appointed proxy(ies) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted proxy form) to pre-register at the pre-registration website which is accessible from the URL https://www.delfilimited.com in order to access the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings.

or failing whom, Chairman of the Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means at 10.00 a.m. (Singapore time) on Tuesday, 26 April 2022 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated below.

(If you wish to exercise all your votes "For" or "Against", or "Abstain" please tick with "√" within the box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each resolution.)

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*	No. of votes 'Abstain'*
Ordinary Businesses				
1	To receive and adopt Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021, togetherwith the auditors' report thereon.			
2	To declare final and special dividend.			
3	To re-elect Mr Chuang Tiong Liep as a Director of the Company.			
4	To re-elect Mr Chuang Tiong Kie as a Director of theCompany.			
5	To re-elect Mr Doreswamy Nandkishore as a Director of the Company.			
6	To approve Directors' fees for the financial year ending 31 December2022.			
7	To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the Directors to fix their remuneration.			
Special Businesses				
8	To authorise Directors to issue shares and/or instruments under Section 161 of the Companies Act, Chapter 50.			
9	To authorise Directors to issue new ordinary shares under the Delfi Limited Scrip Dividend Scheme.			
10	To renew the Mandate for Interested Person Transactions.			

Note: *Please note that the short descriptions given above of the resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the resolutions to be passed.*

Dated this ______________ day of ______________ 2022

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

____
Signature of Member(s)
and/or Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT – PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members,you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate numberof Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to allthe Shares held by you.
2. Due to the current COVID-19 safe management measurements in Singapore, a member will not be able to attend the AGM in person. **A member (whether individual or corporate) who wishes to have his/her/its voting rights exercised at the AGM may:**
   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or,
   (b) (where the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

   This proxy form for the AGM may be downloaded from the Company's website at the URL https://www.delfilimited.com and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member may also appoint a proxy(ies) or Chairman of the Meeting as proxy via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html.
3. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. A proxy need not be a member of the Company.
4. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM instead of such member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   *A "relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The instrument appointing a proxy(ies) or Chairman of the Meeting as proxy must be deposited in the following manner;
   i) if submitted by post, be deposited at the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; or
   ii) if submitted electronically, be submitted via email to the Company's Share Registrar at gpb@mncsingapore.com

   in either case, by 10.00 a.m. on 24 April 2022 being not less than forty-eight (48) hours before the time appointed for holding the AGM.

   A member of the Company who wishes to submit an instrument appointing proxy(ies) or Chairman of the meeting as proxy must either utilise the printed copy of theProxy Form received together with AGM Notice Booklet or download, complete and sign the proxy form from theCompany's website, before submitting it by post to the address provided above, or before scanning and sending itby email to the email address provided above. A member may also appoint a proxy(ies) or Chairman of the Meeting as proxy via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email or appoint a proxy(ies) via the online process through the pre-registration website which is accessible from the URL https://delfilimited.listedcompany.com/home.html.
6. Completion and return of the instrument appointing a proxy(ies) does not preclude a member from attending, speaking and voting at the AGM. A member who access the "live" webcast of the AGM proceedings may revoke the appointment of a proxy(ies) at any time before voting commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the AGM proceedings.
7. The instrument appointing a proxy(ies) or the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorized in writing. Where the instrument appointing proxy(ies) or the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing proxy(ies) or the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorize by resolution of its directors or other governing body such personas it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, 1967.
9. Investors who hold shares through the Central Provident Fund Investment Scheme ("***CPF Investors***") and/or the Supplementary Retirement Scheme ("***SRS Investors***"):–
   (a) may vote "live" via electronic means at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairmanof the AGM as their proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective CPF and/or SRS Approved Nominees to submit theirvotes at least seven (7) workings days before the AGM (i.e. by 10.00 a.m. on 13 April 2022).
10. The Company shall be entitled to reject the instrument appointing a proxy(ies) or the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainablefrom the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.
11. In the case of members whose Shares entered against their names in the Depository Register, the Company mayreject any instrument appointing a proxy(ies) or the Chairman of the AGM as proxy lodged if such members, being the appointor,are not shown to have Shares entered against their names in the Depository Register as at 72 hours before thetime appointed for holding the virtual AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to thepersonal data privacy terms set out in the Notice of AGM dated 8 April 2022.

Some of the information in this report constitute "forward looking statements" which reflect Delfi's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside Delfi's control. You are urged to view all forward looking statements with caution. For updated information, please contact our Corporate Office.

NOTE ABOUT PRINTING:
In line with Delfi Limited continuing efforts to promote environmental sustainability, this report is printed on environmentally-friendly paper.

If you would like additional copies or to share this report, we encourage you to download the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (PDF) soft copy is available for download via Delfi Limited website: www.delfilimited.com.

ABOUT THE FOREST STEWARDSHIP COUNCIL
The Forest Stewardship Council™ (FSC™) is an independent, non-governmental, not-for-profit organisation established to promote the responsible management of the world's forests.

For more information, please visit: www.fsc.org.

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