Mewah

From innovating

to offering

DELIVERING PERFORMANCE REALISING POSSIBILITIES

Mewah International Inc. | Annual Report 2020

SALES AND MARKETING OFFICES

Malaysia, Singapore, Australia, China, Russia, Turkey, India, Ivory Coast, Thailand, USA, Benin, Ghana, Uganda, Mozambique and Cameroon

Mewah International Inc.

We are a global agri-business, focused on edible oils and fats with refineries and processing facilities in Malaysia, Singapore and Indonesia, established brands and sales to customers in over 100 countries.

We are strategically positioning ourselves to become a global consumer products business by expanding range of consumer products, offering specialised applications and customer solutions while consolidating our position in oils and fats business.

Our Brands

OKI
Moi
FRY-OLA
AROME
Duke's
Krispi
美华牌 Mewah
DELi
TURKEY
MONA
CABBAGE BRAND

Malaysia
- 4 refining and processing plants
- 2 packing plants
- 1 biodiesel plant
- 1 dairy manufacturing plant

Singapore
- 1 packing plant

Indonesia
- 1 refining and processing plant
- 1 milling plant*
- 1 plantation*

* Plantation and milling plant in Indonesia are insignificant to the Group

MANUFACTURING OPERATIONS
Malaysia, Singapore, Indonesia

Contents

Corporate Profile

Our operations are integrated throughout the value chain from sourcing of raw materials, refining, processing, packing, branding to marketing and distribution to end customers under our own brands.

>70 years of operations

Products are sold to customers in **>100** countries

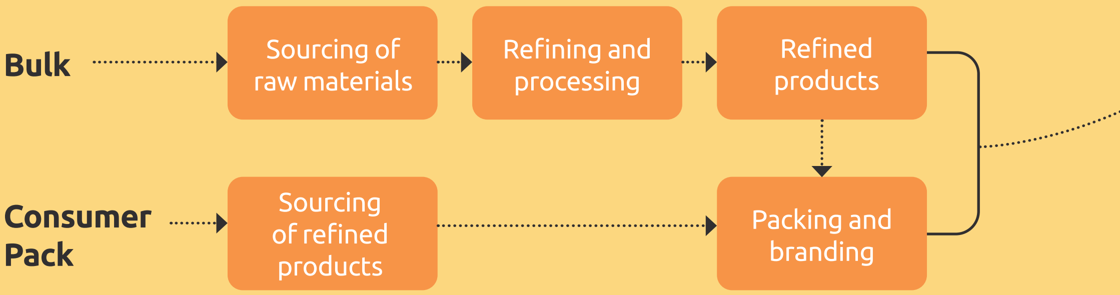
An **INTEGRATED AGRI-BUSINESS** focused on edible oils and fats

Mewah

Upstream
- Plantation*
- Milling*

Midstream
- Refining palm oil
- Specialty oils

Downstream
- Consumer packs
- Branding
- Private Label
- Sale / marketing
- Distribution



Bulk
Bulk segment produces and sells vegetable-based edible oil and fat products in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items.

Consumer Pack
Consumer pack segment produces vegetable-based edible oil and fat products, in consumer pack form and sell under own brands and under the brands of third parties, primarily to importers and distributors at destination markets.

* Plantation and milling plant in Indonesia are insignificant to the Group

Total refining capacity of **3.5** million MT annually

Sales volume of **4.8** million MT

Long established and well recognised brands – **OKI & MOI**

Sales marketing & distribution

Customers

Consumer Products Range

Our range of consumer products include cooking oils, margarine, rice, sweetened condensed creamer, evaporated milk, cheese, soap, detergent and premix powder. We are continuously working on expanding the products range.

Chairman's Message

"The Group reports an impressive net profit of US$86.5 million in 2020 – which is amongst our historical best performance."

The global environment was fraught with challenges in 2020. Border closures and movement control measures imposed by governments in response to the COVID-19 pandemic outbreak brought about widespread business disruptions. However, agricultural supply chains showed incredible resilience with only minor delays at certain ports and few localised issues. As the Group's business is predominantly classified under essential industries we were fortunate that our operations were not significantly impacted.

Riding the strong demand from countries trying to guarantee sufficient internal supply of agri commodities, the Group achieved a record sales volume of over 4.8 million metric tonnes (MT) in 2020. Concerns over tightening supplies in the edible oil complex led destinations to scramble for available stocks, shooting up the average selling price of crude palm oil ("CPO') by 29.6%. Leveraging on our large-scale integrated production facilities, diverse and strong supplier network and customer base in over 140 countries, the Group was able to appropriate a significant portion of refining & supply chain margins. This has enabled the Group to report an impressive net profit of US$86.5 million in 2020 – which is amongst our historical best performance.

Although countries around the world are now rushing to vaccinate their populations, the markets will remain challenging considering the need to vaccinate at least a sizeable portion of the world's 7.8 billion people[1]. Spiraling food prices as reflected by Bloomberg Agriculture Spot Index which has risen above 40% since beginning of April 2020 will remain at the top of many government's list of concerns. Nevertheless, we expect the CPO prices to remain steady in the initial part of 2021 due to sturdy demand from Asia, Africa and Middle East amidst tight stockpiles. With the ongoing industry efforts to produce palm oil more sustainably and the global vegetable oils demand expected to double in the next 30 years from 165 million MT to 307 million MT[2], the Group remains confident about the long-term outlook of the industry. Palm oil has inherent advantages within the competing edible oil complex due to its price competitiveness and higher oil production yields.

This year was a very successful year for the Group. As a show of appreciation for the support of our loyal shareholders, the Board of Directors has proposed a final exempt dividend of S$0.0060 per ordinary share after factoring in the retained earning needed to facilitate our growth plans. Together with the S$0.0015 interim dividend declared earlier, the total dividend for the full year is S$0.0075 per ordinary share as compared to S$0.0046 for the previous financial year.

The Group has demonstrated great resilience in these unprecedented times by drawing upon the strong foundation we have built over the years. I offer my heartfelt appreciation to our Board of Directors, employees and shareholders for their unwavering support. Their commitment and contributions were pivotal not only to the Group's performance during the year, but also placed the Group in good stead to embrace opportunities as they arise. Having emerged stronger from this crisis, we remain confident in the strength of our busines model and are committed towards building our business sustainably.

DR CHEO TONG CHOON @
LEE TONG CHOON
Chairman and Executive Director

[1] https://www.worldometers.info/world-population/#table-historical
[2] https://www.iucn.org/resources/issues-briefs/palm-oil-and-biodiversity

CEO's Message

> **"The Group's strong performance in an unprecedented year like 2020 was a testament to our resilience and an affirmation of our people's talent and unwavering commitment."**

In 2020, the outbreak of the COVID-19 pandemic took the global spotlight, aggravating the already weak macroeconomic conditions. The Group was thankfully cushioned from adverse market circumstances as our business is predominantly classified under essential industries and we form part of the resilient food chain.

Despite lockdowns and movement restrictions in countries, we adapted quickly to the situation to ensure business continuity with minimum disruptions. Our healthy opening inventories and strong balance sheet in the initial phase of the pandemic outbreak enabled us to take immediate steps to bolster our liquidity. In addition, through leveraging our unique position as an integrated palm oil player, we capitalised on our well-integrated manufacturing facilities, long standing customer and supplier relationships, our global distribution capabilities and deep market insights to take advantage of favorable opportunities in the environment.

Resultantly, I am extremely delighted with the Group not only posting a nine-fold increase in profit excluding exceptional items in 2020, but also outperforming our sales volume in 2019 to achieve over 4.8 million metric tonnes (MT) in 2020. The Group's strong performance was primarily attributed to the robust palm oil refining margins leading to the significant growth recorded in the Bulk segment which contributes over 70% of the Group's sales volume and revenue. The Consumer Pack segment, albeit achieving a more modest growth, also contributed towards the Group's performance. This is notwithstanding the Group's assessment for impairment following the periodic review which resulted in an increase in (i) one-off non-cash and non-recurring impairment for property, plant and equipment where present values of the expected future cash flows are below it's carrying amounts and (ii) impairment of receivables from customers who may be facing headwinds due to sluggish economic conditions in destination markets.

During the year, the Group's balance sheet and cash flows remained strong and healthy. As at 31 December 2020, the Group improved our net debt to equity ratio from 0.65 in 2019 to a very conservative 0.34 in 2020. We also improved our operational efficiency by reducing our cycle time from 59 days in 2019 to 48 days in 2020. Cash flows from operating activities for 2020 were very healthy and strong at US$161 million due to impressive operating profits.

Future Outlook

The Group's strong performance in an unprecedented year like 2020 was a testament to our resilience and an affirmation of our people's talent and unwavering commitment. That is why even as the Group pushed on with our business operations, we made sure that safe distancing measures are observed and duly implemented in our offices and production plants. We also provided health and safety advisory to our people. Against the backdrop of the steady rollout of COVID-19 vaccination programmes worldwide, we are committed to continue prioritising the health and safety of our people.

Significantly, we believe that the Group's business model and fundamentals – built upon seven decades of experience – will continue to serve us well. Whilst the global market remains filled with uncertainties, various economies are showing signs of recovery in tandem with the increasingly stabilising global COVID-19 infection numbers in recent times. Equipped with a robust balance sheet, the Group with its well-balanced portfolio is strategically well placed to embrace opportunities as they arise and explore possibilities that avail us to increasing value chain participation, manufacturing facilities diversification, or expanding geographical footprint. Coupled with our innovative, experienced and capable team, we are optimistic about the long-term outlook of the Group.

We remain grateful to our employees, shareholders, customers, suppliers and bankers for bestowing their confidence in us while we are navigating this COVID-19 epidemic led turbulent times. We look forward to their continued support while we continue to shape our business for growth.

MS MICHELLE CHEO HUI NING
Chief Executive Officer and
Executive Director

Board of Directors

DR CHEO TONG CHOON @ LEE TONG CHOON
Executive Director

Date of first appointment as Director: 29 October 2010
Date of last re-election: 26 April 2018

- Chairman of the Board of Directors
- Member of Nominating Committee

As the Chairman of the Board, Dr Cheo Tong Choon @ Lee Tong Choon is responsible for leading the Board, facilitating effective contribution from non-executive directors, effective communication with shareholders and promoting high standards of corporate governance. He is responsible for setting the strategic direction of the Group. Dr Cheo has been leading the Group for the past three decades. Under his direction, the Group has expanded into refining, manufacturing and trading of palm oil and related products. Dr Cheo also oversaw the expansion of the Group into new businesses including biodiesel, rice, dairy and soap.

Dr Cheo obtained a Doctor of Medicine (MD) degree from the University of Saskatchewan, Canada and is a member of the Royal Colleges of Physicians of the United Kingdom in internal medicine. He practiced as a registered medical practitioner from 1975 to 1986 with a group of medical specialists, Drs Bain & Partners in Singapore, before he took over the leadership role in our Group.

MS MICHELLE CHEO HUI NING
Executive Director

Date of first appointment as Director: 29 October 2010
Date of last re-election: 24 April 2019

- Chief Executive Officer
- Member of Board of Directors

Ms Michelle Cheo Hui Ning joined the Group in 2003 and is responsible for the formulation and execution of overall strategy of the Group, new business development, project execution, corporate risk and factory operations. Since joining the Group, Ms Cheo has been instrumental in expanding the supply chain of the Group. This has included expanding into Indonesia as well as building an additional refinery, specialty fats facilities, and dairy factory in Malaysia. She has been the leading force to get the Group listed on Singapore Exchange and expand the Group's presence geographically into Indonesia, as well as new business divisions of specialty fats, shipping and biodiesel. Prior to joining the Group, she worked with Exxon Mobil from 1997 to 2003 in USA and Singapore.

Ms Cheo currently serves on the 60th council of the Singapore Chinese Chamber of Commerce & Industries (SCCCI). In addition, she is a board member and chairs the audit committee of the Singapore Chinese Orchestra. She was also the 2019 Her Times Women Empowerment Award Winner for Entrepreneurship. She was also previously a Committee member of the Future Corporate Capabilities and Innovation Sub-Committee under the Committee on the Future Economy.

Ms Cheo graduated in 1997 and holds a Chemical Engineering degree from Imperial College, University of London. She obtained a Master of Business Administration degree from INSEAD in 2004.

MS BIANCA CHEO HUI HSIN
Executive Director

Date of first appointment as Director: 29 October 2010
Date of last re-election: 19 June 2020

- Chief Operating Officer
- Member of Board of Directors

Ms Bianca Cheo Hui Hsin joined the Group in 2004 and heads the Consumer Pack segment of which she has overall responsibility. Since taking over the division, she has been focusing on enhancing brand building and sales and development of premium customised oils and fat products. In addition, Ms Cheo has been instrumental in introducing new products to the consumer pack division, leading the Group's foray into rice, soap, and dairy products. She has also expanded the Group's distribution strength, developing the Group's presence in West Africa, Europe, and South America. In addition, she has also spearheaded the setting up of the Group's cashew division.

Ms Cheo was responsible for executing the Group's listing on the Singapore Stock Exchange.

Prior to joining the Group, she practiced law in Singapore with Allen & Gledhill LLP from 2000 to 2003 and with Norton Rose LLP from 2003 to 2004. Ms Cheo graduated from the King's College University of London, with a Bachelor of Laws in 1998 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 2000.

MR ROBERT LOKE TAN CHENG

Independent Director

Date of first appointment as Director: 28 April 2015
Date of last re-election: 26 April 2018

- Member of Board of Directors
- Chairman of Audit Committee
- Member of Remuneration Committee
- Member of Nominating Committee

Mr Robert Loke Tan Cheng has over 30 years of banking experience with major global, regional corporate lending, risk management, and investment banks in Asia. Mr Loke led Bangkok Bank Berhad, Malaysia for 9 years before retiring as Chief Executive Officer and Executive Director in 2015. In the past, Mr Loke held various positions in risk management and operational banking with Nomura Singapore Limited, Keppel Tatlee Bank, OCBC Group, Allied Irish Bank, and Chase Manhattan Bank.

Mr Loke was Chief Executive Officer and Executive Director of Bangkok Bank Berhad, Malaysia and Director for Bangkok Bank Nominees, Malaysia from 2007 to 2015. He was also a member of the Association of Banks in Singapore's (ABS) Standing Committee for Risk Management and the Vice Chairman of the ABS's Credit Risk task force from 2005 to 2006.

Mr Loke obtained a Post Graduate Diploma in Management from McGill University in 1979. He also obtained an MBA and Bachelor of Engineering (Electrical) cum Laude (Distinction) from Concordia University in 1980 and 1978 respectively.

DR FOO SAY MUI (BILL)

Independent Director

Date of first appointment as Director: 28 April 2015
Date of last re-election: 19 June 2020

- Member of Board of Directors
- Lead Independent Director
- Chairman of Nominating Committee
- Chairman of Remuneration Committee

Dr Foo Say Mui (Bill) has more than 30 years' experience in financial services industry. Dr Foo has served as CEO/ General Manager of Australia & New Zealand Banking Group Ltd (ANZ) in Singapore for 12 years from 1999 to 2011. Prior to his retirement from ANZ in 2015, Dr Foo was appointed as Vice Chairman, South and South East Asia from 2011 to 2015. Dr Foo also held various positions including as President Director in Indonesia and Regional Head of Investment Banking.

Dr Foo is currently a director and adviser to several listed and private companies including Tung Lok Restaurants (2000) Ltd and Director of Tower Capital Asia Pte. Ltd, Kenon Holdings Ltd., Business Circle Singapore Pte Ltd, M&C REIT Management Ltd and M&C Business Trust Management Ltd.

Dr Foo graduated from Concordia University with a Bachelor of Business Administration. He also holds a Master of Business Administration from McGill University and an honorary Doctorate of Commerce from James Cook University, Australia.

Board of Directors

TAN SRI DATUK DR ONG SOON HOCK

Independent Director

Date of first appointment as Director: 29 October 2010
Date of last re-election:
24 April 2019 (Not seeking re-election)

- Member of Board of Directors
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Nominating Committee

Tan Sri Datuk Dr Ong Soon Hock has been a pioneer in contributing to the palm oil industry group. He was a director of the Malaysian Palm Oil Promotion Council from 1990 to 1996 and Director General of the Palm Oil Research Institute of Malaysia from 1987 to 1989, where he remained as an advisor until 1990. His contributions to the palm oil industry have led to his receiving several prestigious awards including the Merdeka Award, Palm Oil Industry Leadership (PILA) Award, and Pioneer in Tocotrienol Research from the Oxygen Club of California. He has 40 years of research and development experience in lipid chemistry and is the registered holder of 20 patents in the field of palm oil related technology.

Tan Sri Datuk Dr Ong is an Emeritus Professor of the University of Science Malaysia (USM). As former Chairman of Programme Advisory Committee Panel on Food, Nutrition and Quality, former Chairman of MPOB Nutrition Projects Committee, and former Chairman of the International Advisory Panel on Nutrition, Dr Ong has been actively involved in various research projects of Malaysian Palm Oil Board.

Tan Sri Datuk Dr Ong graduated with a Bachelor of Science with First Class Honours and obtained a Master of Science from the University of Malaya. He also obtained a Doctorate of Philosophy (PhD) in organic chemistry from King's College, University of London, and the Distinguished Sc. Alumni Award from National University of Singapore. He was a Fulbright-Hays Fellow at the Massachusetts Institute of Technology. He was a Visiting Professor at Dyson Perrins Laboratory, University of Oxford. He is a Senior Fellow of the Academy of Sciences Malaysia with the title "Academician", Fellow of King's College, London, and Fellow of TWAS Academy of Sciences. On 21 September 2015, he received the Anugerah Tokoh Akademik Negara Award. In February 2016, he was awarded Hon D.Sc by the University of Nottingham.

DATUK DR FAWZIA BINTI ABDULLAH

Independent Director

Date of first appointment as Director: 8 August 2017
Date of last re-election:
19 June 2020

- Member of Board of Directors
- Member of Audit Committee
- Member of Nominating Committee

Datuk Dr Fawzia Binti Dato Abdullah currently sits on the board of Econ Health Care and Nursing Home Sdn. Bhd. in Malaysia.

In 2010, Datuk Dr Fawzia was appointed as Foundation Dean of the Faculty of Dentistry, SEGI University in Malaysia and was the Professor and Head of the Dental Faculty until her retirement in 2016.

In 1999, Datuk Dr Fawzia was appointed as Public Services Commissioner by DYMM the Yang Di Pertuan Agong of Malaysia for a term of 5 years.

In recognition of her service to Malaysia, Datuk Dr Fawzia was conferred the honourable title – Panglima Jasa Negara by DYMM Yang Di Pertuan Agong of Malaysia. She was also awarded Pingat Ibrahim Sultan in 1976 and Setia Mahkota Johor in 1978 by DYMM Sultan Ismail Johor.

Datuk Dr Fawzia was the first woman to be conferred as Honorary Member of the Malaysian Dental Association (MDA) and was the Vice President of the MDA from 1981 to 1991. Datuk Dr Fawzia was inducted as Fellow of Federation Dentaire International, which was founded in Paris in 1986.

Datuk Dr Fawzia graduated from the University of Singapore with a Bachelor of Dental Surgery in 1968 and she did her postgraduate degree in Public Health Dentistry at the London University in 1976.

Datuk Dr Fawzia was with the Ministry of Health Malaysia for 32 years and was also the first female Director of Oral Health.

TAN SRI DATO' A GHANI BIN OTHMAN

Independent Director

Date of first appointment as Director: 24 February 2021
Date of last re-election: Nil

- Member of Board of Directors
- Member of Audit Committee
- Member of Remuneration Committee

Tan Sri Dato' A Ghani Bin Othman ("Tan Sri Dato' Ghani") currently sits on the board of Trustees of Malaysian Institute of Economic Research (MIER). Tan Sri Dato' Ghani was former Chairman of Sime Darby Plantation Bhd, Sime Darby Bhd, Sime Darby Property Bhd, member of the Board of Trustees of World Islamic Economic Forum (WIEF) between 2013 to 2020.

Tan Sri Dato' Ghani has served 18 years as Chief Minister of Johor, Chairman of Johor Corporation and Co-Chairman of Iskandar Regional Development Authority from 1995 to 2013.

In recognition of his services to the state and country, he was conferred the Honorable award Darjah Kerabat Johor 1, DK1 by DYMM Sultan Iskandar of Johor in 2006 and Panglima Setia Mahkota, PSM by DYMM Yang di-Pertuan Agong of Malaysia in 2014.

He was appointed as Deputy Minister of Energy, Telecommunications and Post and thereafter became Deputy Minister of Finance in 1990. In 1993, he was appointed as Minister of Youth and Sports and has served in that capacity until 1995.

In 1984, he was appointed as a Member of the Senate and subsequently elected as a Member of Parliament of Ledang in 1986.

Tan Sri Dato' Ghani began his career in 1974 as a lecturer at the Faculty of Economics and Administration, University of Malaya and later served as the Dean of the Faculty from 1980 to 1984.

Tan Sri Dato' Ghani is a Colombo Plan Scholar, graduated with a Bachelor of Economics (Hons) degree from La Trobe University, Australia in 1970 and he also holds a Master in Political Economy from Queensland University, Australia in 1974.

Senior Management

DR CHEO TONG CHOON @ LEE TONG CHOON

Dr Cheo Tong Choon @ Lee Tong Choon is our Chairman and Executive Director. Details of his working experience and qualifications are set out in "Board of Directors", page 6.

MS MICHELLE CHEO HUI NING

Ms Michelle Cheo Hui Ning is our Executive Director and Chief Executive Officer. Details of her working experience and qualifications are set out in "Board of Directors", page 6.

MS BIANCA CHEO HUI HSIN

Ms Bianca Cheo Hui Hsin is our Executive Director and Chief Operating Officer. Details of her working experience and qualifications are set out in "Board of Directors", page 6.

MR RAJESH SHROFF

Mr Rajesh Shroff joined our Group in November 2019 as Chief Financial Officer. He is responsible for financial strategies and planning, treasury and investor relations, corporate finance and corporate affairs, financial reporting, and taxation. Mr Shroff comes with three decades of extensive experience in areas such as Finance & Treasury, Risk & Compliance, Reporting & Taxation, Planning & Strategy, Merger & Acquisitions, Offshore Shared Services & Automation. His professional career began with one of the Big Four auditing firms, the Ernst & Young Group. In the last 20 years, Mr Shroff has worked at various management positions in food, agri-business & commodity trading sectors in Adani Wilmar Limited, Adani Enterprises Ltd, Adani Global Pte Ltd, Olam Agro India Ltd, and Olam International Pte Ltd.

Mr Shroff is also a Fellow member of The Institute of Chartered Accountants of India and an Associate member of The Institute of Company Secretaries of India.

MR SHYAM KUMBHAT

Mr Shyam Kumbhat is the Head of Trading and Merchandising. He is responsible for overseeing our palm oil bulk trading and marketing activities. He joined Mewah Group in 1995 as the President of Mewah Oils & Fats Pte Ltd. He has more than 40 years of experience in the edible oils and fats industry.

Prior to joining our Group, Mr Kumbhat worked with Pan Century Edible Oils Sdn. Bhd., and was a member of the India-based multinational Birla Group as Vice President, Marketing from 1977 to 1995.

MS WONG LAI WAN

Ms Wong Lai Wan is the Head of Risk Management. She joined Mewah Group in 1987 as a Chemist. She has over 30 years of experience in quality control, production, operations, logistics, marketing, trading, business development and risk management.

She is currently responsible for business development, operational controls and risk management. Before joining our Group, Ms Wong started her career with Pan Century Edible Oils Sdn Bhd as a chemist.

Ms Wong graduated with a Bachelor of Science degree in Chemistry with First Class Honours from University Kebangsaan, Malaysia.

MS AGNES LIM SIEW CHOO

Ms Agnes Lim Siew Choo is the Head of Operations in Malaysia. She joined Mewah Group in 1988 as a Factory Operations Executive and subsequently progressed to overseeing the factory operations of our Malaysian subsidiaries as the Group expanded.

Ms Lim has more than 30 years of experience in factory operations. Her present portfolio spans production, quality assurance, procurement, as well as ensuring all local and overseas delivery commitments. Prior to joining our Group, Ms Lim worked with Southern Edible Oils Sdn. Bhd. from 1983 to 1988 as an Operations Executive, and was responsible for receiving and dispatching edible oil, production planning, and the fulfilment of local and overseas shipping requirements.

She obtained a Bachelor of Arts degree from The University of York, Toronto, Canada in 1982.

From strategising

to marketing

STRONG FOCUS
DYNAMIC PERFORMANCE

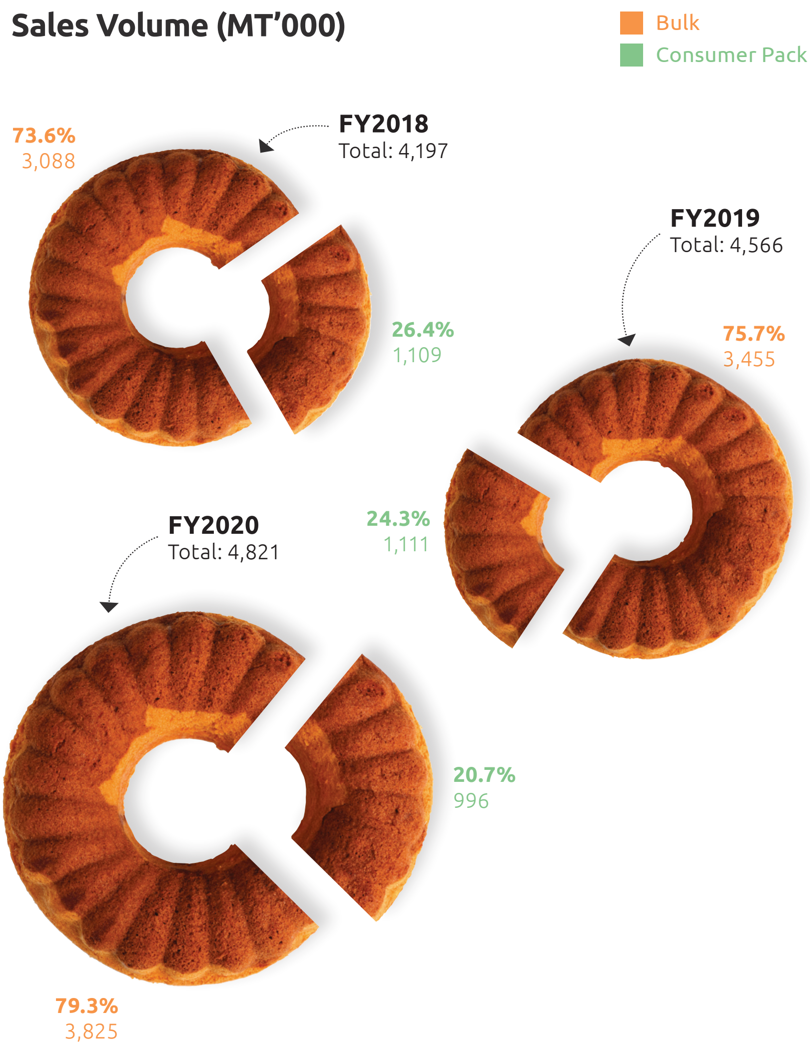
Operations and Financial Review

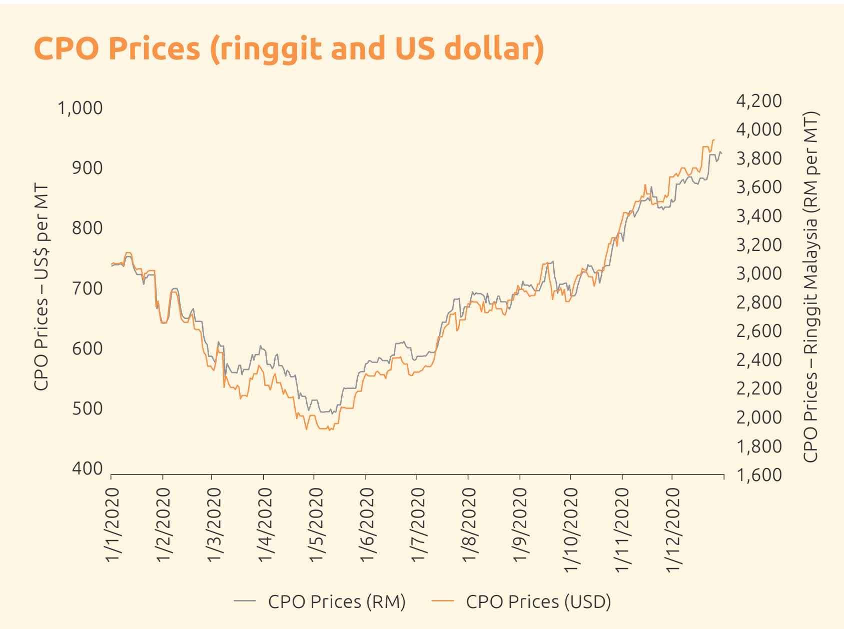
	FY2018	FY2019	**FY2020**
INCOME STATEMENT (US$'million)			
Revenue	2,947	2,817	**3,446**
Operating margin	122.8	105.4	**240.5**
Profit after tax	14.8	11.6	**86.5**
Earnings per share (US cents per share)	0.99	0.78	**5.77**
BALANCE SHEET (US$'million)			
Long-term investments	418	465	**448**
Working capital	504	396	**368**
Total investments	922	861	**816**
Equity	520	523	**610**
Gross debt	451	400	**284**
Cash	49	62	**78**
Net debt (Gross debt less Cash)	402	338	**206**
Total capital	922	861	**816**
Gross debt to equity	0.87	0.77	**0.47**
Net debt to equity	0.77	0.65	**0.34**
Net asset value per share (US cents per share)	34.62	34.80	**40.73**

	FY2018	FY2019	**FY2020**
SEGMENTAL PERFORMANCE			
Sales volume (MT'000)			
Bulk	3,088	3,455	**3,825**
Consumer Pack	1,109	1,111	**996**
Total	4,197	4,566	**4,821**
Operating margin (US$'million)			
Bulk	70.2	45.7	**160.5**
Consumer Pack	52.6	59.7	**80.0**
Total	122.8	105.4	**240.5**
Operating margin per MT (US$)			
Bulk	22.7	13.2	**42.0**
Consumer Pack	47.4	53.7	**80.3**
Total	29.3	23.1	**49.9**

Palm Oil Industry in 2020

In 2020, the Crude palm oil ("CPO") prices were highly volatile. In the beginning of the year, palm oil prices continued the trajectory of December 2019. But soon the CPO price tanked from RM3,114 per MT in Mid-Jan 2020 to a low of RM2,025 in Mid-May 2020. The decline in CPO prices during the first half of the year was mainly due to (i) concerns over expected plunge in global edible oil demand arising from outbreak of COVID-19 pandemic (ii) decreased pressure of soyabean supply from US to China with the harvest in Brazil and (iii) the drastic drop in brent crude oil prices to USD 27 per barrel. However in second-half of 2020 the sentiments changed and CPO price rose unprecedentedly under pressure from thin supply and increased demand surging to a nine-year high of RM3,841 per MT by end-Dec 2020. Shortage of workers in labour intensive palm estate operations along with the impact from La Niña resulted in contraction of production in Malaysia leading to a reduced year end stockpile of 1.26 million MT, significantly lower than 2.01 million MT at the beginning of year 2020. In Indonesia, the domestic consumption of palm oil products increased in 2020 by 3.6% compared to 2019 in line with the planned expansion of palm oil usage in biodiesel. The global edible oil demand resurfaced in third quarter of 2020 due to various nations frontloading their imports for replenishing their stockpiles, especially China and India. As palm oil continues to be the most consumed vegetable oil globally all the above factors pushed the CPO prices higher and higher during whole of second-half of 2020.





Group's Sales Volume

The Group achieved its historically highest sales volume of 4,821,200 MT this year surpassing by 5.6%, the earlier record sales volume achieved in 2019 of 4,566,000 MT. Bulk segment at a sales volume of 3,825,300 MT, achieved an increase of 10.7% and contributed 79.3% of total sales volume for the year. Consumer Pack segment volume at 995,900 MT had a decrease of 10.4% due to lower demand in HoReCa segment and it contributed 20.7% of total sales volume for the year.

Operations and Financial Review

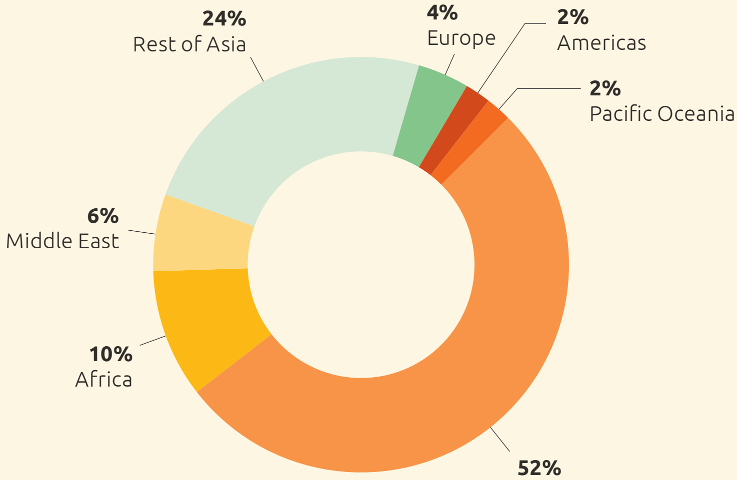
Well Diversified Sales Revenue
The Group reported sales revenue of US$3,445.9 million in 2020, 22.3% higher than last year. This was a result of higher selling prices of 15.8% and higher sales volume of 5.6%.

Bulk segment riding on high stockpiling demand recorded an increase of 32.9% in revenue and contributed 76.8% of total revenue. Consumer Pack segment registered a decline of 3.3% in revenue and contributed 23.2% of total revenue.

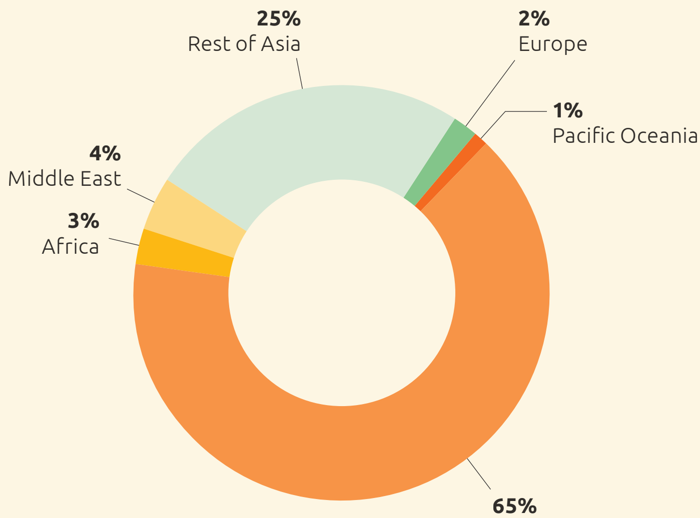
We continue building upon our strategy to diversify our sales revenue across the globe and in 2020, our products were sold in over 140 countries. Based on billing addresses of the customers, 48% of total sales were made as destination sales, selling the products to customers in countries other than Malaysia and Singapore. Destination sales remained diversified with Rest of Asia, Africa, Middle East and Rest of World contributing 24%, 10%, 6% and 8% of total destination sales respectively.

Destination sales for Bulk segment remained strong while for Consumer Pack segment, the markets deferred their sourcing due to higher prevailing prices and relied more of their local packers. 35% of Bulk segment sales were made to destination markets with Rest of Asia, Middle East and Rest of World contributing 25%, 4% and 6% respectively. 87% of Consumer Pack segment sales were made to destination markets with Africa, Rest of Asia, Middle East, Europe and Rest of World contributing 36%, 19%, 13%, 8% and 11% respectively.

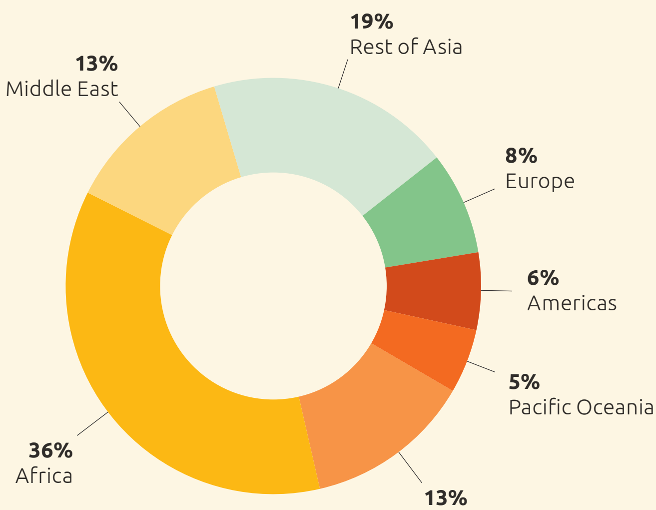
Geographical Spread



Total Sales



Bulk Sales



Consumer Pack Sales

Operating Margins

The Group measures and tracks the performance in terms of Operating Margin per MT of sales volume and resultant total operating margin (OM). OM is calculated by adjusting the depreciation in cost of sales, selling and distribution expenses, allowance for/(reversal of) expected credit losses and foreign exchange differences in other gains or losses to gross profit.

Over the period of last seven decades, we have developed a proven integrated business model of participating in the midstream and downstream parts of the value chain in the attractive palm oil industry, built inherent operational flexibility, developed sound risk management practices, and established our own brands and global distribution capabilities which have helped us to deliver robust operating margins during normal industry conditions and resilient margins during tough economic cycles.

The Group is pleased with its performance during these challenging times. As the Group's business is predominantly classified as essential industries, its operations were not significantly impacted under COVID-19 influenced disruptive conditions. However, the prices for the majority of agri-commodities remained volatile throughout the year. Average MPOB spot price for CPO was RM2,784/tonne in 2020 against RM2,145/tonne in 2019. This rise in CPO price can be attributed to weaker than expected CPO production supported by strong demand especially from China and India after the end of economic restriction periods. Many countries were trying to stock up and guarantee sufficient internal availability of various agri commodities. This strong demand and tight supply conditions resulted in robust refining margins. The Group's unique position in the value chain as integrated palm oil player supported by large scale production facilities, well established brands, strong distribution capabilities, deep market insights, loyal and long-standing customer and supplier base enabled the Group to appropriate increased margins and register all-time high operating income. At the same time, the impact of the crisis in developing and developed economies triggered the need for in-depth impairment reviews. Despite the higher one-off impairments provided during the year, the Group balance sheet remains strong and continues to provide financial flexibility to explore opportunities for increasing its value chain-participation and diversification of manufacturing facilities geographically.

The Group's operating margin more than doubled to US$240.5 million due to higher operating margin per MT of US$49.9 compared to US$23.1 last year and higher sales volume. Total operating margin for Bulk segment more than tripled to US$160.5 million reflecting the higher operating margin of US$42.0 per MT compared to US$13.2 per MT last year, with some support from 10.7% higher sales volume. For Consumer Pack segment, total operating margins increased 34.0% to US$80.0 million due to higher operating margin of US$80.3 per MT compared to US$53.7 per MT last year despite 10.4% lower sales volume. Bulk and Consumer Pack segments contributed 66.7% and 33.3% of total operating margin respectively.

Total	FY2019	**FY2020**	Change %
Sales volume (MT'000)	4,566	**4,821**	5.6%
OM per MT (US$)	23.1	**49.9**	116.0%
Operating margin	105.4	**240.5**	128.3%

Bulk	FY2019	**FY2020**	Change %
Sales volume (MT'000)	3,455	**3,825**	10.7%
OM per MT (US$)	13.2	**42.0**	218.2%
Operating margin	45.7	**160.5**	251.2%

Consumer Pack	FY2019	**FY2020**	Change %
Sales volume (MT'000)	1,111	**996**	-10.4%
OM per MT (US$)	53.7	**80.3**	49.5%
Operating margin	59.7	**80.0**	34.0%

Operations and Financial Review

Strong Balance Sheet

We manage our capital structure very actively by maintaining prudent debt to equity ratio and maintaining healthy combination of equity, long-term debt and short-term debt to fund long-term investment and working capital.

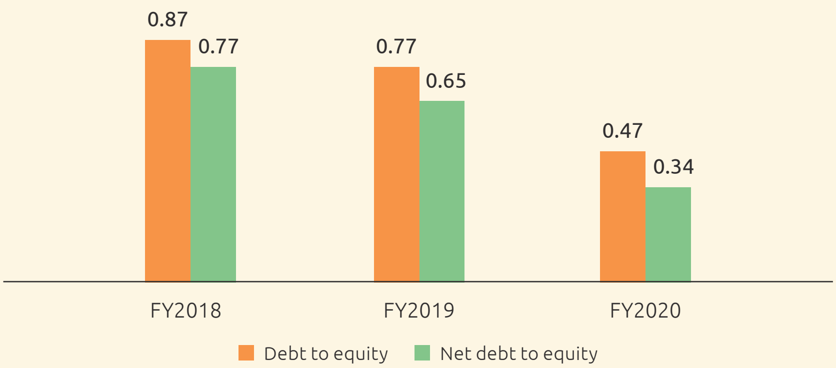
As at 31 Dec 2020, we maintained gross debt to equity ratio of 0.47 and net debt to equity ratio of 0.34. Our low net debt to equity ratio, well below our target limit of 1.5, gives us enough scope to raise more debt to support our growth plans or utilize incremental trade finance due to business requirements. In the past few years, we have made significant capital expenditure primarily in manufacturing facilities within or adjacent to our value chain. However in 2020 we remained prudent and did not commit towards any significant fresh capital expenditure due to COVID-19 pandemic influenced market volatility.

As at 31 Dec 2020, our long-term investments of US$448.5 million have been very conservatively funded by equity and long-term debt of 92.1% and 7.9% respectively. Working capital of US$367.8 million was funded only 46.4% by current net-debt with the remaining 53.6% funded by equity. The operating cashflows generated in 2020 were predominantly utilsed to pay down our current debt. Our working capital remains majorly deployed in highly liquid inventories and short duration receivables. The Board of Directors regularly review the Group's capital structure and our long term - short term debt mix to ensure appropriateness in line with our long-term objectives.

We continue maintaining adequate working capital credit lines to support our business. As at year end our current working capital lines utilisation was a conservative 49.2% of our total credit lines though the 2020 year-end palm oil prices remained at historical high.

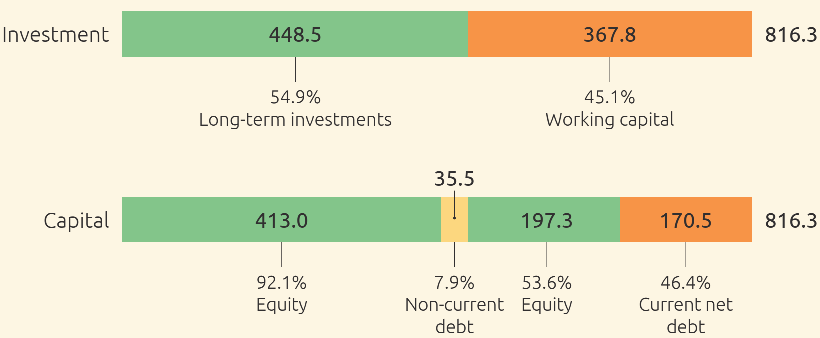
In 2020, despite higher agri commodity prices and 5.6% increase in our sales volume, we were still able to achieve a reduced cycle time of 48 days compared to 59 days in 2019. This was possible with strong focus on working capital efficiency across our efficient, large scale, integrated production facilities and distribution network.

Debt to equity and net debt to equity



Balance sheet (US$'mil)

31 Dec 2020

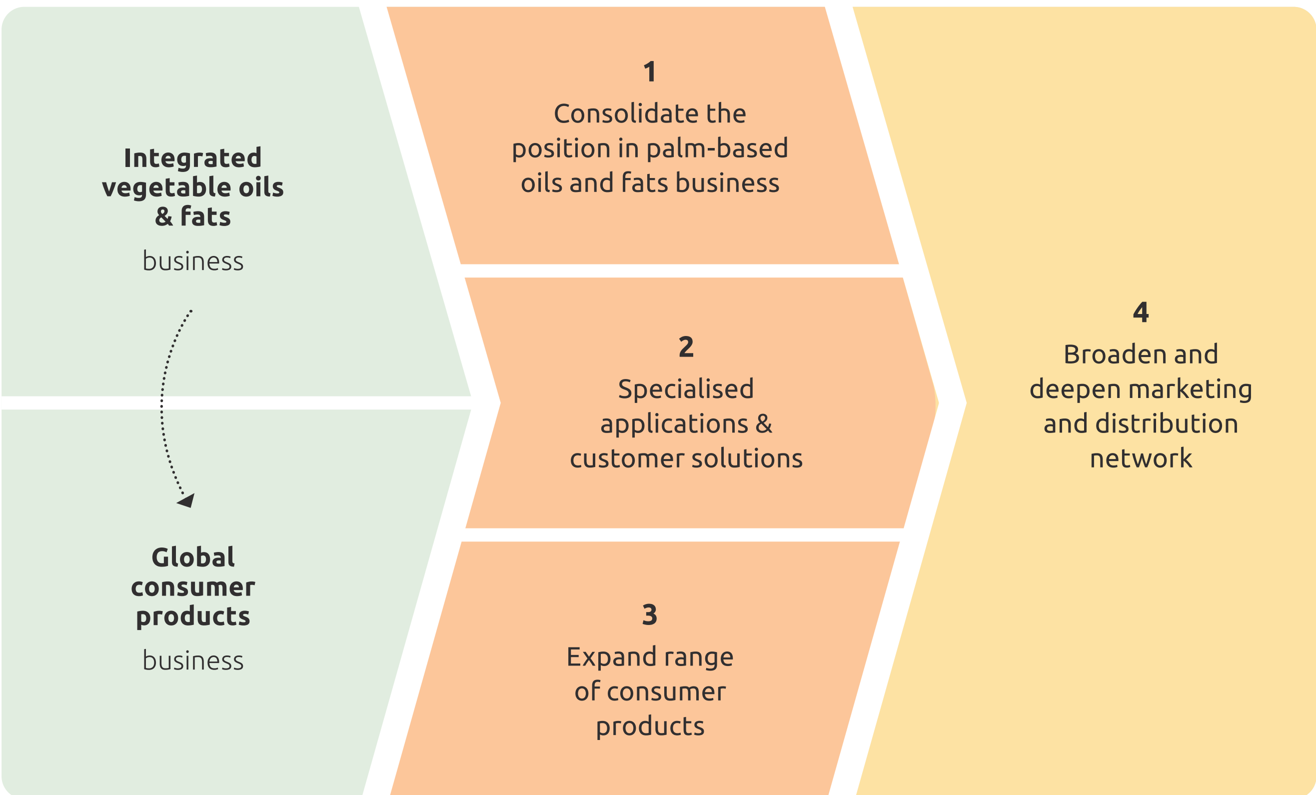


Forward Looking Strategy

We are one of the key producers in the edible oils and fats industry with an integrated supply chain from midstream to downstream, comprising large integrated refineries, global distribution capabilities and a wide range of consumer products sold under own brands. Our strategic presence within this part of the end-to-end value chain allows us to efficiently satisfy the needs of both our customers and suppliers alike. We strive to remain ahead of the curve in terms of the global consumer products business within our segments by expanding our range of consumer products, cross-offering specialised applications and customer solutions. We continue to build a strong platform by investing in manufacturing facilities within or adjacent to our value chain and adding new products to our portfolio.

Palm oil exports from Malaysia and Indonesia on a long-term basis are expected to be tight due to lower production growth and domestic biodiesel mandate enhancement programs. This supply side shortfall should continue to provide support to palm oil prices in the long run since the demand growth will continue in line with the increasing global population and income levels. We believe the current global challenging conditions will add to the need for industry consolidation enabling strong and integrated players such as ourselves to be benefitted. With our large integrated manufacturing facilities, wide distribution networks and long-established reputed brands we have the right size and mix to successfully capture and deliver value to our long-term stakeholders.

To enhance our value chain, we had earlier invested in a biodiesel plant next to our Westport refinery. This has opened new growth opportunities for us. Since then, we had doubled the capacity of our biodiesel plant. In 2020, due to COVID-19 pandemic, Malaysia government's progress towards B20 biodiesel program was slow. We believe this to be a temporary phenomenon and remain committed to this portfolio within our products basket. Going forward biodiesel will continue to be an important catalyst for the palm oil industry.



Forward Looking Strategy

We remain continuously focused on our cost savings and sustainability efforts. We had earlier commissioned two Gas-turbine cogeneration plants in our Westport and Pasir Gudang refineries which have started contributing to our cost efficiencies and to a greener climate.

Our dairy-based products manufacturing facility in Malaysia has facilitated significant marketing and distribution synergies with our current Consumer Pack segment. Our tin-can making facility, has reduced the lead time from order to delivery as well as increased our flexibility in fulfilling customised packaging requirement of our consumers. In 2020, we have further enhanced our evaporated milk plant packing capacity. We are actively working towards adding more varieties to our dairy-based products.

Under our in-house R & D facilities, we remain focused on developing and offering specialised applications and customer solutions for different industries such as confectionaries, bakeries, food ingredients and the infant nutrition businesses. Similar to dairy-based products, rice and soap divisions continue to explore more consumer products that can be synergised with existing oils & fats supply chain.

Our ownership of three small vessels has brought logistic efficiencies as well as sharpened our internal capabilities in logistics management. This became more apparent during the recent COVID-19 pandemic influenced logistical hiccups. We will continue to further build upon our logistical capabilities.

We will keep exploring other organic and inorganic opportunities focused on demand-driven expansion of our integrated agribased consumer products business. We remain committed towards increasing our customer penetration across the globe by maintaining our own manufacturing presence in key geographies, supported by our marketing and distribution subsidiaries across our key markets.

Research & Development

Evolving consumer trends and changing regulatory landscapes have resulted in a need for more customised solutions and differentiated products. Our consumer first approach has allowed us to lead the way in providing healthier, premium quality products with healthier options that meet our customers' requirements.

At Mewah, our passion for innovation drives excellence in fulfilling customers' demands and expectations. We believe that innovation is crucial for driving future growth and building a stronger business. Our approach is customer-centric with a clear focus on the customer, market, quality, operations, and cost control. Research and development (R&D) is a catalyst for change in product innovation and helps to fuel our customers' growth. We strive to develop value-added products that are differentiated and deliver distinctive value.

This past year we have successfully developed products in line with global health trends such as low fats margarine and trans-fat-free cocoa butter replacer, giving our customers a competitive edge in various markets. Increased customer support and engagement also enabled our teams to better understand customers' needs and provide them with personalised service. The results were positive customer experience and improved business outcomes for us.

The development of R&D capacity and capability to support sustainable growth is integral to our long-term strategic planning. Determined to set industry standards, in the past year, we have expanded both our R&D capacity and capability through acquiring new equipment to aid in our development and hired personnel with industry and regulatory expertise.

Our R&D department is incubator for translating customer insights into commercialised customer insights and needs into commercialised solutions. Our activities involve devising solutions, which not only meet customer and market needs today, but are also resilient to our changing world. This keeps Mewah at the forefront of consumer trends.

The cornerstone of our R&D activities is our highly dedicated team. They are our most valuable assets. Our team consists of scientists, engineers, and technologists with expertise in lipid science, dairy, bakery, frying, confectionary, pre-mix, non-food, biodiesel, as well as regulatory, analytical services, applications, and sensory and pilot plants. We are committed to investing in our people and believe that motivated, well-trained and engaged employees are crucial for success. Developing future technical leaders is a high priority and we achieve this by providing well-rounded experience, personal development, mentoring and training opportunities for all staff. Continuous training is an important pillar of our people development manifesto.

State-of-the art facilities and the latest equipment enable us to design products solutions that meet the dynamic landscape. The pilot plant allows development of solutions from raw ingredients to finished products – ready for our customers' evaluation. Additionally, we also run trials on our distinctive product formulations at the plant. In the past recent years, we have

added technologies encompassing reduction of glycidyl fatty acid esters (GE) and 3-monochloropropanediol (3-MCPD) levels in oils and fats that are of full compliance to the latest Euroepean Commission Regulation announced on imported vegetable oil.

We have a well-equipped application and sensory facility to ensure that solutions provided meet their intended purposes. Our solutions are tested using industry standard food preparation equipment and currently used by multiple food customers. The Application Centre is also staffed by qualified food practitioners.

Our R&D department for dairy products continues to develop products to widen our portfolio in line with other global dairy players, such as processed and analogue cheese. We are on track to extend our range of offerings to meet different consumer requirements across different consumer segments.

Being customer-centric, we strive for excellence in delivering cost-effective and quality solutions through our passion for R&D, product innovations and excellent manufacturing practices. Our aim is to build strong technical relationships which empower lasting business results for our organisation.

Risk Management

OVERVIEW

As a result of our global activities, we are exposed to various types of risks, including fluctuations in commodity prices, foreign currency exchange rates, counterparty & credit risk and interest rates, which may affect our operational results and financial positions. We have a very robust risk management framework in place to ensure that all such risks are systematically identified, quantified, monitored, mitigated and managed on a regular basis.

RISK GOVERNANCE STRUCTURE

Our risk management activities are governed by our risk management system that is designed to identify, quantify, monitor, and manage various risks encountered in our operations, and minimise the adverse effects from the unpredictability of risks in our operating and financial performance. Our system comprises of processes and policies designed to address risks such as commodity prices, foreign currency exchange rates, counterparty & credit defaults, and interest rates.

The on-going compliance of these risk management processes and policies are carried out by the Heads of the respective operating units, but exposure limits are centrally set and monitored, thus operating under a global governance framework. Overall responsibility to monitor and assess risk lies with the independent risk function headquartered at our Singapore office. Head of Risk Management, who reports directly to the Chief Executive Officer is a key member of the Executive Risk Management Team and works proactively with the trading teams to analyse changing market conditions and ensure that hedging strategies are focused on current market dynamics.

The Risk Department reports to the Head of Risk Management and is responsible for identifying, assessing, monitoring, and improving the overall effectiveness of our risk management system, the review and setting of trade positions, and limits to manage our overall risk exposure. The Risk Department monitors and assesses risks on a regular basis and holds periodical meetings with our marketing and operations teams. The Risk Department has the authority to make temporary increases or changes to risk limits, but such increases or changes must always remain within our overall risk management guidelines and framework of the Group. Our flat corporate governance structure with short and direct channels of communication and control enables efficient monitoring and execution.

Where the execution of any activity will result in the breach of any applicable limits in our risk management guidelines and framework, specific approval for that activity must be sought and obtained from the Executive Risk Management Team prior to the execution of the activity. Any risk-related issues which are outside the scope of our risk management guidelines and framework are reported to the committee consisting of our Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Head of Risk Management (the "Executive Risk Management Team").

KEY RISK EXPOSURES

Our business is exposed to the following key risks:

Commodity Price Risk

Commodity prices fluctuate for many reasons, such as changes in resource availability, production cost, demand for competing commodities and substitutes, sovereign policies and regulation, global and regional economic conditions, global and regional weather conditions, natural disasters, and diseases etc., all of which impact global markets and demand for commodities. Furthermore, changes in such supply and demand conditions impact the expected future prices of each commodity. Our Group is predominantly exposed to volatility in palm oil market prices. To ensure consistency in our manufacturing production, we enter forward crude palm oil ("CPO") purchase contracts in addition to maintaining CPO inventories. Similarly, to meet our Customer's requirement we enter into forward physical sales with them. The sale and purchase commitments for commodities we deal in may not typically match at the end of each business day, resulting in timing differences.

The Group uses derivative instruments, predominantly exchange traded plain vanilla futures for the purpose of managing exposures associated with commodity prices. The derivative instruments that we use for hedging purposes are intended to reduce the volatility in our operations. While these derivative instruments are subject to fluctuations in value, those fluctuations are generally offset for the hedged exposures by the changes in fair value of the underlying exposures. Despite such hedging, we remain exposed to basis risk between CPO and finished goods. We have established policies that limit the amount of permissible unhedged fixed price commodity positions, which are generally a combination of volumetric and Value-At-Risk ("VAR") limits. However, as our major portion of inventories are valued at cost or net realisable value whichever is lower, no compensating fair value gain get recognised in our reported financial statements for inventories (refer Note on Derivative Financial Instruments and Note on Financial Risk Management to our consolidated financial statements included as part of this Annual Report). Our net commodity position consists of our inventory of raw material and finished goods, forward purchase and sale contracts, and exchange traded derivative instruments. The fair value of this position is a summation of the fair values calculated by valuing all our positions at quoted market prices for the period where available or utilising a close proxy. VAR is calculated on the net position and monitored at the 95% confidence interval.

The Group has been consistently working to actively manage and mitigate this inherent risk by systematic diversification of our product portfolio such as by increasing the sales volumes of consumer pack segment and value-added products.

Foreign Exchange Risk

The Group's functional and reporting currency is US Dollars ("USD"). Our key origin's exports are denominated in USD. Majority of our expenses and domestic sales are denominated in the respective subsidiary's local currency. The primary currencies we are exposed to directly or indirectly are Malaysian Ringgit, Euro, Singapore Dollar, Indonesian Rupiah, Australian Dollar and Chinese Yuan. For hedging our foreign exchange risk we enter into derivative instruments, primarily currency forward, with reputed financial institutions along with structuring natural hedge to the extent possible. As our consolidated financial statements are prepared in USD, this requires many of our subsidiaries financial statements to be translated from their respective local currency to

the Group's reporting currency USD. The fluctuations in the currency exchange rates due to this translation process also leads to foreign exchange gains or losses.

Counterparty and Credit Risk

We are subject to counterparty and credit risks that arise through our physical sales and purchase transactions. The Group actively monitors credit and counterparty risks through regular reviews of exposures and credit analysis by the Risk Department and Treasury team. The limits are approved by the Risk Department after due analysis of the party and with consideration of Group's risk appetite as well as the size of relevant transactions in comparison to Group's Balance Sheet. While fixing credit limit for a customer, besides considering their financial position and operating history, we also perform a market background check. As a practice, we do not grant open credit to new customers. Existing credit limits are periodically reviewed after considering their payment records, transaction sizes, and the lengths of our relationship, besides prevailing market conditions. The operating teams take their compliance obligations regarding international sanctions extremely seriously with support from the Controller, Legal and Treasury Departments.

Risk Management

Interest rate Risk

Predominantly our borrowings are from short-term trade finance banking facilities. These are used to fund our operations. Our marketers typically build the interest expenses arising from the cash conversion cycle into their selling price and recover it from the customers. Therefore, short-term interest movements are not a significant risk for us.

SETTING OF RISK LIMITS

The Executive Risk Management Team establishes and reviews periodically our overall risk tolerance thresholds, measured in terms of Value-At-Risk ("VAR") a statistical risk measure. The team is responsible for overall systems, procedures and processes for risk management including derivatives trading. Such risk tolerance threshold is based on a percentage of total shareholders' funds, and/or the budgeted annual operating profit, after taking into account, among other things, the Executive Risk Management Team's view on the overall production capacity of refining and processing operations, the market in which trading activities take place, the price (and price trend) of raw materials, track record of management in managing its risk exposures in the prior period and financial budgets including projected sales volume and turnover. The risk tolerance threshold is also based on the counterparty's background, financial performance, and management team. The risk tolerance threshold refers to the maximum potential loss if all trading and operations across all products and geographical regions materialise at the same time. Such threshold limits are approved annually and reviewed periodically by our Audit Committee.

REPORTING AND REVIEWING STRUCTURE

Our Risk Department is responsible for the capture and measurement of Group-wide risk and ensuring compliance with our risk management system, procedures and processes. The Risk Department analyses and reviews our risk exposure with oversight from the Executive Risk Management Team. Any changes to our risk management system, standards, practices, policies and risk appetite require the approval of our Board. With respect to risks related to the use of derivative financial instruments, once limits for derivatives positions have been established by our Executive Risk Management Team, our Risk Department monitors our trading activities to ensure compliance within these limits.

On a case-by-case basis, the Risk Department may recommend to the Executive Risk Management Team for amending established limits. If approved by the Executive Risk Management Team, the revised limits are implemented and monitored by the Risk Department. Any breach (whether of trading limits or non-adherence to established policies), disclosed or revealed by the Risk Department will be acted upon by the Executive Risk Management Team. Where the Executive Risk Management Team considers the breach to be significant (whether in terms of financial impact or otherwise), the Executive Risk Management Team will report it to the Board.

Our Internal Audit Department supports in annually assessing risks and controls for the governance, trading, IT, and support processes to ensure compliance with procedures of the Company. Results of these activities are reported to the Audit Committee by the Group's Head of Internal Audit, accompanied by action plans to strengthen control and further mitigate risks wherever required. Our Audit Committee regularly reviews our internal control systems, internal audit reports, and risk tolerance threshold limits including meeting our Internal and external auditors without the presence of the management.

From creating

to delivering

STABLE GROWTH
SUSTAINABLE VALUE

Corporate Social Responsibility & Sustainability

Sustainability is a Value Driver

The Group has worked unswervingly to integrate corporate responsibility and sustainability across every aspect of our business. Our first Group Sustainability Report was published in year 2017, with the objectives to provide our stakeholders with an understanding of our sustainability approach, the measurements we have put in place at all our operating sites and our approach to building a sustainable business.

Today, the Environmental, Social and Governance (ESG) issues are gaining prominence as the world looks at the impact of the COVID-19 pandemic. We agree that more concerted efforts are needed to ensure further adoption of ESG initiatives at all levels. As a listed company in the Singapore Stock Exchange (SGX), the Group is aware that we must take cognisance of the importance of sustainable investments amongst socially conscious investors. At the same time, we are determined to have our Sustainability approaches stay align with the 17 United Nations Sustainable Development Goals (SDGs) as well as to ensure our businesses are adopting the relevant ESG standards and practices. The Group believe that Sustainability is a value driver and that the corporate success and social welfare are interdependent upon one another.

To maintain our continuing success and to deliver sustainable returns to our shareholders, we are committed to supporting and contributing towards the 17 United Nations Sustainable Development Goals (SDGs). All 17 SDGs are closely integrated to our identified material ESG factors defined under the Mewah Sustainability Framework. By setting the SDGs targets as the blueprint of our sustainability framework, we are confident that we can further improve our commitment towards ESG factors set out by the SGX to better measure risks and opportunities within sight as well as manage for future returns.

CORE AREA 1: ENVIRONMENTAL PROTECTION AND STEWARDSHIP

At Mewah, we continue to evaluate and make changes in our operations and throughout our value chain to minimise our manufacturing carbon emissions and improve our environmental footprint per metric-ton of product produced. We focus our efforts on key areas where our portfolio and business scale enable us to have the biggest impact that offers the biggest opportunities for our business. We drive collaboration throughout our supply chain in an effort to strive for reduction in our climate impact associated with our raw materials processing up to delivering our products into the hands of our buyers.

A. Carbon Management

An all-encompassing Greenhouse Gas (GHG) Emissions Matrix has been instigated in all our factories to measure energy consumption, chemicals consumption, wastewater treatment and fuel consumption. The goals are to drive improved production efficiency and to achieve a lower GHG footprint in our production activities.

B. Water Management

Clean, accessible water is critical for the well-being of communities, wildlife and aquatic ecosystems.

We consistently monitor the impact that our palm oil operations have on waterways. The water footprint maps and measures how, when and where we use freshwater resources.

C. Waste Management

As a responsible manufacturer, we always look to manage the waste from our production in an environmental-friendly manner.

Our action plan to assure sustainable waste management includes:

i. Regular assessment of waste-related impacts and risks across all direct operations and the supply chain.

ii. Continual identification of the 5Rs' components in managing waste:

a. **Refuse** – Refuse to receive unnecessary materials helps to eliminate waste from the very beginning.

b. **Reduce** – Focus to improve efficiency. To establish practices that are capable of reducing the amount of waste we generate to help the environment.

c. **Reuse** – Practice to reuse materials without change whether for the original or a different application instead of discarding them away, or passing those unused materials on to others who could use them.

d. **Recover** – To set up ways to recover the energy values contained within the waste material.

e. **Recycle** – Many of the things we use every day can be recycled. Recycled items are put through a process that makes it possible to create new products out of the materials from the existing ones.

CORE AREA 2: RESPONSIBLE SUPPLY CHAIN

A. Sustainable Palm Oil Policy

Oil palm has the highest oil output for the least amount of land area than any other types of vegetable oils. It is also the most widely used vegetable oil in the world. The palm oil industry employs many people and creates opportunities to bring many communities out of poverty. However, these opportunities come with the responsibility to address the known risks associated with the palm oil supply chain.

Our Group's Sustainable Palm Oil policy is a multi-stakeholder approach which seeks:

1. To build a traceable and transparent supply chain.
2. To continue the journey of no deforestation and to commit no burning, protection of high conservation value (HCV) areas and high carbon stock (HCS) areas.
3. To reject new oil palm development in forested peatland plantation after 31st December 2015.
4. To respect human rights and ensure protection of the rights of all workers.
5. To respect the rights of indigenous people and local communities to give or withhold Free, Prior, and Informed Consent (FPIC) where oil palm development takes place.

B. Towards Full Traceability

Our Group has developed a Traceable Palm Oil Framework to trace the origin of our palm oil. At the initial stage, we review each of our suppliers through desktop assessment and in-house risk profiling analysis, with the traceability process developing well; we are progressing fast to the next step of assessing the suppliers' practices. Based on the outcome from our risk analysis, we will perform the site assessment of the suppliers' mills based on the general principle & criteria, procedures and questionnaires that are in line with industrial standards.

1. Traceability to Mill Approach

Today, transparency and accountability are critical aspects of sustainability. It is extremely crucial that companies are capable of tracing the palm oil they use back to its origin.

We started tracing back our direct suppliers (palm oil mills) since year 2015. There are 5 key components in our traceability to mill approach:

i. Parent Company Name of Mill Party
ii. Mill Name
iii. Mill Address
iv. GPS Coordinates of Mill Party
v. Volumes of CPO receive into our refinery

2. Traceability to Plantation Approach

Our current approach on traceability to plantations establishes on ensuring the availability & validity of Malaysia Palm Oil Board (MPOB) and volumes of FFB supply to the supplied mills.

Traceability to Plantation	Volume FFB Supplied	Availability of MPOB License	Validity of MPOB License
Estate/Plantation	✓	✓	✓
Smallholders	✓	✓	✓
Dealers	✓	✓	✓

C. **Supplier Engagement Program**

We hold training and engagement dialogue sessions with our suppliers as well as periodic audits to evaluate and ensure compliance to our Sustainable Palm Oil Policy. The supplier engagement program provides us with the opportunity to socialize our Sustainable Palm Oil Policy with our direct suppliers, providing them with a platform to discuss the implications and requirements of adopting similar policies.

Today, we continue the Supplier Group Level Engagement with the supplier group's management including the business owners or senior management, group sustainability department and other relevant leaders. In addition, the program enables the supplier group's management to take ownership of their own supply chain's transformation, and to lead a longer-lasting change within their supply base.

D. **Grievance Procedure**

As part of our Sustainability Sourcing Guide, the grievance procedure set the guideline on how grievances raised by the stakeholders in our supply chain will be handled by us.

We started the Grievance Procedure on our Sustainability Dashboard since June 2016. This procedure serves as a platform for all stakeholders in our supply chain to address concerns or to report complaints that can be found in Mewah Sustainability Dashboard. The Grievance Procedure is to ensure that we are responsive to grievances from external parties. This includes any individuals, government organizations, NGOs or media outlets with concerns related to the implementation of Mewah's Sustainable Palm Oil Policy.

In Mewah, we value the input of stakeholders in helping to achieve the aims of the policies and in enhancing transparency throughout our supply chain. We will be providing regular progress updates via the Mewah Group Ongoing Sustainability Grievances on our Sustainability Dashboard.

CORE AREA 3: PRODUCT QUALITY AND SAFETY

A. **Assurance on our Product Quality and Safety**

At Mewah Group, assurance on product Quality and Safety for our consumers is always our top most priority. We consistently review and refine our manufacturing processes and establish a strict quality assurance process to ensure the safety of our products.

Our commitments to ensure quality and safety includes:

i. Building trust by offering products and services that match consumer expectations and preferences;
ii. Complying with all internal and external food safety, regulatory and quality requirements;
iii. Gaining a zero-defect, no-waste attitude by everyone in our company;
iv. Making quality assurance a group-wide objective at all our factories and offices.

B. **Certification at our Manufacturing Sites**

Certification provides evidence that a product conforms to applicable standards, and that there is a program of ongoing factory inspections.

As a responsible refiner and food manufacturer, we make sure all our factories are certified to one or more internationally recognized food safety standards and sustainability certification.

CORE AREA 4: VALUING OUR PEOPLE

At Mewah Group, we believe that people and businesses achieve the greatest impact in sustainable development when they join forces and invest in each other.

A. Human Capital – Talent Management

We are committed to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

The Group recognizes that one of the cornerstones of its success is our employees and we believe in investing in our people. We believe that having a highly motivated, well trained and involved set of employees is crucial to the enduring success of our corporation. To this end, we will ensure that our employees are developed to their fullest potential and talent, and their competency are fully recognized and rewarded. Department heads, who are also their mentors, will continuously assess and evaluate their subordinates to ensure that there is a structured career development in accordance with their potential, talent and competency.

We will continue to attract, motivate, and retain our talented employees at all levels by providing them with job security and growth opportunities. We strive to provide all employees with career and personal development opportunities and to promote continuous learning through training and development, job rotations and overseas assignments. We continuously recruit fresh graduates from reputable universities worldwide to be part of our team. Potential leaders will undergo a comprehensive, 2-year Leadership Training Programme to prepare them to take on challenging roles within the Group.

It is our view that an all-rounder workforce is essential for motivation and endurance. Aside from providing job satisfaction, we encourage our employees to have a balanced work life by organizing and promoting social activities.

Medical Check-ups

Sport Activities

Health Program

Safety Training

B. Fair Employment Practices

We believe in providing equal opportunities and follow fair employment practices. The Group recognizes the value of its employees and long-term retention as key to the success of the business. The Group aims to attract and retain skilled employees by giving them job security. On a side note, all our main refineries are members of the Sedex and have all passed the ethical Sedex SMETA audit. Sedex (Supplier Ethical Data Exchange) was founded in 2001 by a group of UK retailers to drive convergence in social audit standards and monitoring. It is a not-for-profit membership organization for businesses committed to the continuous improvement of ethical performance within their supply chain.

C. Workplace Health and Safety

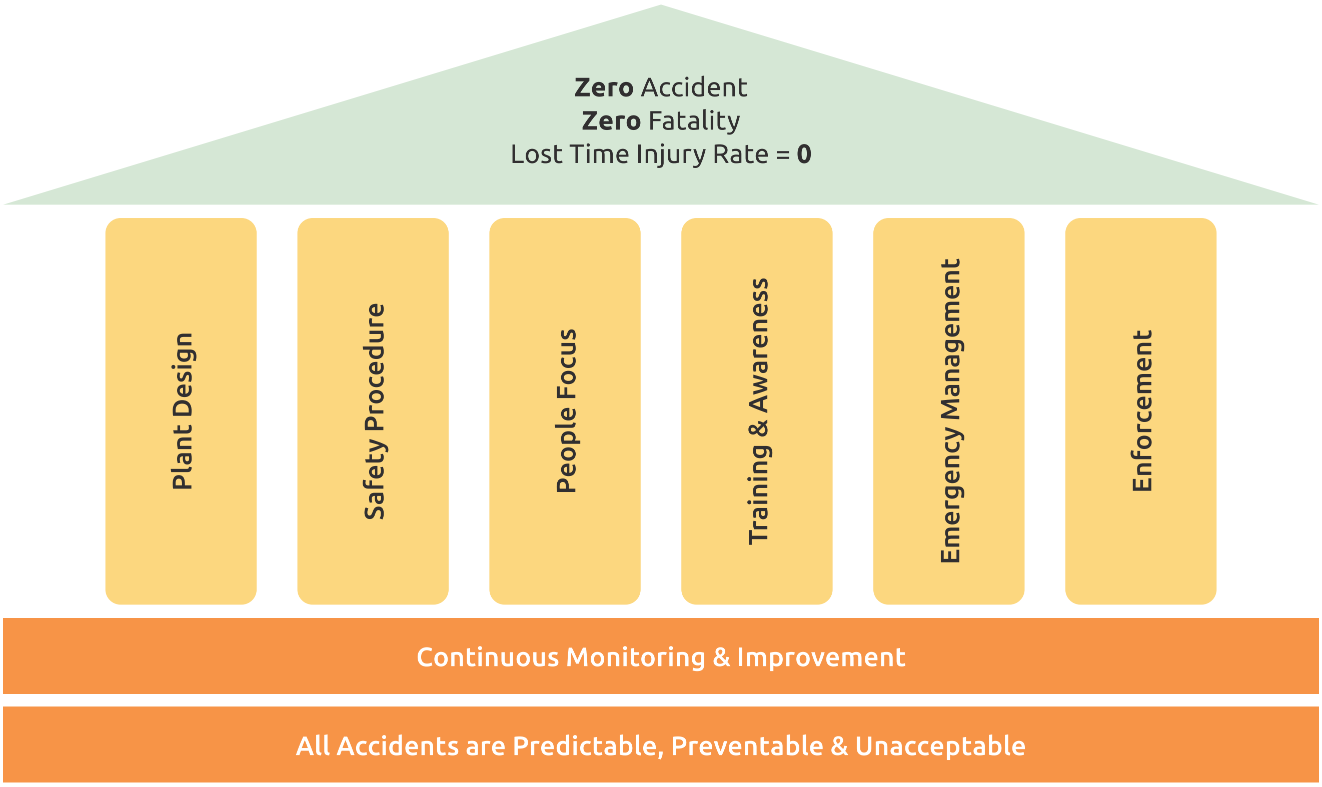
The Group aims to provide each employee with a safe place to work. All group locations are required to abide by local health and safety regulations. We conduct regular work risk assessments, vigorously taking action to address any identified risks by setting up protective guidance, employing the usage of personal protective equipment, embarking on work sites audits and inspections, as well as regular reviews and controls of safety risks. We strive to achieve zero loss workday from workplace accidents.

Mewah Group Safety Framework

Mewah Group Safety Framework is established as the guiding safety principle that aims to improve safety performance in our factories. Our targets of zero accident and zero fatality have been emphasized in the Key Performance Indicators (KPIs) for all levels of employees.

The Mewah Group's Safety Framework focuses on 6 core areas:

a. Plant design
b. Safety procedure
c. People focus
d. Training & awareness
e. Emergency management
f. Enforcement



CORE AREA 5: COMMUNITY SUPPORT

At Mewah Group, we realize that it is important to proactively engage with the community which we operate in. Contributing to, and being part of, the community in which Mewah operates is essential for maintaining a positive relationship with our neighbors. We find regular engagement very effective for keeping pulse on what is happening on the ground and what concerns and priorities our stakeholders have.

At every location that we operate, Mewah partners with local communities to support their needs. We contribute regularly to local charities. Our people organise and participate in social events to support and bring joy to the less fortunate in our neighbouring communities. Our goal is to enrich the lives of the people around the touchpoints that we have established.

There are three (3) major objectives that we have set for our CSR programs:

A. Supporting our next generation
We believe that every child deserves a chance at a life filled with love, laughter, friends and family.

B. Active volunteerism of our employees
We encourage our staff to volunteer and give back to the community. Therefore, we hold companywide community volunteer events so that most of our staff can have more opportunities to give back to the community.

C. Disaster relief
We wish to support the communities that we operate in. One of the most important initiatives is to help our neighbours in their time of need. When there are natural disasters in our neighbourhood, we raise money and donate other necessities to support victims of natural disasters.

Mewah's COVID-19 Response:
The global spread of COVID-19 is affecting everyone around us. At Mewah, we are people first. Since the COVID-19 pandemic, our primary objective is to stand strong in solidarity with our employees, their families and the local communities in the surrounding of our business operation.

Preventative interventions are implemented across all management units to ensure the wellbeing of our employees. We have developed our own COVID-19 protocol following the COVID-19 Infection Prevention and Control Guidance developed by the World Health Organization (WHO).

Our Business Continuity Committee (BCC) is continuously assessing and appropriately responding to the crisis as it develops. Safe management guidelines and briefings amongst employees and local communities have been conducted to support the governments' directions to control the spread of this disease. Face masks, sanitizers, regular cleaning and disinfection, temperature checks, and social distancing procedures are adopted across our business operations.

In addition, to keep our workforce safe, our employees are taking turns to work remotely to minimize workplace exposure. The use of various digital communication channels, including emails, conference calls, automation, and process improvements have helped us to overcome the challenge. Our productivity proved remarkably resilient during the pandemic, despite the reduction of on-site headcounts.

CSR Highlights: "WE STAND TOGETHER" in Lahad Datu, Sabah

In March 2020, Sabah had the third-highest number of confirmed cases nationwide while Tawau was declared as one of the COVID-19 "*red zone*" cities in Malaysia.

Our subsidiary company at Lahad Datu, donated 2 units of Life-Support Ventilators worth more than RM100,000 to Tawau General Hospital in response to the acute shortage of medical supplies faced by the hospital. Ventilators are lifesaving breathing machines for the critically ill patients of COVID-19.

CSR Highlights: "EMBRACED THE USE OF FACE MASK" in Jambi, Indonesia

Face masks prevent the spread of respiratory droplets that can carry the novel coronavirus. It is a disease-control personal protective equipment (PPE) that has been proven that, when used properly, can reduce transmission by somewhere between 50% and 85%.

Since April 2020, we have made continuous contributions of medical supplies and face masks for the 280 villagers in Tanjung Pauh Village, Jambi Province, battling the ongoing pandemic outbreak in Indonesia. The masks were handed over to the Head of Village at its office and had been allocated to the communities.

Corporate Information

BOARD OF DIRECTORS

Dr Cheo Tong Choon
@ Lee Tong Choon *(Chairman)*

Ms Michelle Cheo Hui Ning

Ms Bianca Cheo Hui Hsin

Dr Foo Say Mui (Bill)
(Lead Independent Director)

Mr Robert Loke Tan Cheng

Tan Sri Datuk Dr Ong Soon Hock

Datuk Dr Fawzia Binti Abdullah

Tan Sri Dato' A Ghani Bin Othman

AUDIT COMMITTEE

Mr Robert Loke Tan Cheng
(Chairman)

Tan Sri Datuk Dr Ong Soon Hock

Datuk Dr Fawzia Binti Abdullah

Tan Sri Dato' A Ghani Bin Othman

NOMINATING COMMITTEE

Dr Foo Say Mui (Bill) *(Chairman)*

Mr Robert Loke Tan Cheng

Dr Cheo Tong Choon
@ Lee Tong Choon

Tan Sri Datuk Dr Ong Soon Hock

Datuk Dr Fawzia Binti Abdullah

REMUNERATION COMMITTEE

Dr Foo Say Mui (Bill) *(Chairman)*

Mr Robert Loke Tan Cheng

Tan Sri Datuk Dr Ong Soon Hock

Tan Sri Dato' A Ghani Bin Othman

SENIOR MANAGEMENT

Dr Cheo Tong Choon
@ Lee Tong Choon

Ms Michelle Cheo Hui Ning

Ms Bianca Cheo Hui Hsin

Mr Rajesh Shroff

Mr Shyam Kumbhat

Ms Wong Lai Wan

Ms Agnes Lim Siew Choo

COMPANY SECRETARY

Mr Abdul Jabbar Bin Karam Din, LLB

COMPANY REGISTRATION NUMBER

CR-166055

REGISTERED OFFICE

Harbour Place, 2nd Floor
103 South Church Street
P.O. Box 472, George Town
Grand Cayman, KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

5 International Business Park
#05-00 Mewah Building
Singapore 609914

CAYMAN ISLANDS SHARE REGISTRAR

International Corporation
Services Ltd.
Harbour Place, 2nd Floor
103 South Church Street
P.O. Box 472, George Town
Grand Cayman, KY1-1106
Cayman Islands

SINGAPORE SHARE REGISTRAR AGENT

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Partner-in-charge: Ms Rebekah Khan
(Effective from the financial year ended 31 December 2020)

PRINCIPAL BANKERS

Affin Bank
Alliance Bank
AmBank
Arab Bank Corporation
Bangkok Bank
Bank of China
CTBC Bank
DBS Bank
Exim Bank Malaysia
ICICI Bank
OCBC Bank
RHB Bank
The Bank of East Asia
United Overseas Bank

Corporate Governance

The Board of Directors (the "**Board**") of Mewah International Inc. ("**Mewah**") considers good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholder value whilst pursuing sustainable growth in the financial performance of the Company and its subsidiaries (the "**Group**"). Mewah is committed to achieving high standards of corporate governance to promote corporate transparency and to enhance stakeholder value. Toward this, Mewah has put in place policies and processes to enhance corporate performance, accountability, and sustainability. Mewah has adopted the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore as the benchmark for its corporate governance policies and practices. Any deviations have been disclosed and explained.

BOARD MATTERS
THE BOARD'S CONDUCT OF AFFAIRS

PRINCIPLE 1:

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Board Responsibility

Mewah is headed by an effective and experienced Board that works closely with the management for the long-term success of the Group. The Board is collectively responsible for providing entrepreneurial leadership, setting strategic objectives and constantly seeking protection to the stakeholder value and enhancing the returns of the Group. Through the Board's leadership, the Group's businesses are expected to achieve sustainable and successful performance over the long-term.

As the COVID-19 pandemic unfolded in the course of 2020 with unprecedented uncertainty across all key locations of the Group, the Board spent a significant amount of time reviewing and discussing with management the impact of COVID-19 on our business operations. The Board also provided valuable insights and advice on managing the COVID-19 crisis without losing focus on our long-term strategies.

The principal duties and responsibilities of the Board are to:

1. Set strategic directions and long-term goals of the Group to ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Establish a framework of prudent and effective controls which enable risks to be assessed and managed effectively;
3. Review and approve the Group's strategic and business plans;
4. Monitor the performance of the Group against plans and goals;
5. Consider sustainability issue, and in particular environmental and social factors in the formulation of business strategies and corporate policies of the Group; and
6. Monitor and ensure compliance with such laws and regulations as may be relevant to the business.

The Board has put in place clear written terms of reference for all directors, which outline their duties and authorities with appropriate tone at the top setting out the desired organisational culture to accomplish a shared goal. The Nominating Committee will also send newly appointed directors the latest available version of Directors' Toolkit issued by the Singapore Institute of Director to ensure proper accountability within the Group.

Whilst providing leadership and strategic direction, the Board gives due recognition to the expectations of different stakeholders such as shareholders, lenders, employees, government agencies, suppliers, customers, competitors, business partners, and service providers. The Board is responsible for ensuring that the direction set is aligned to the Group's established values and standards, and due weightage is given to sustainability. It is also responsible for reviewing the management performance on a regular and continual basis.

Matters requiring the Board's decision and approval

The Board sets the strategic direction for the management, and the management handles the day-to-day operational decisions. The following matters of strategic importance have been reserved for the Board's decision:

- Group's strategy and business plans;
- Capital expenditure, investments and divestments exceeding certain material limits;
- All capital-related matters including increase, decrease, or re-organisation;
- Dividend policy and dividend payments;
- Risk strategy, internal controls, and risk limit strategies and execution;
- Approval of credit limits and trade terms with related parties;
- Annual and half-yearly results announcements;
- Annual reports; and
- Appointment of directors and key management personnel.

Board Committees

To assist the Board in the execution of its duties, the Board has delegated specific functions to the Board Committees, which would submit its recommendations or decisions to the Board. All of the Board Committees are formed with clear written terms of reference setting out their compositions, authorities, and duties to report back to the Board.

Details of the Board Committees are as set out below:

- Audit Committee, responsible for the functions as set out under Principle 10.
- Nominating Committee, responsible for the functions as set out under Principle 4.
- Remuneration Committee, responsible for the functions as set out under Principle 6.

Board Meeting and Attendance

The Board convenes scheduled meetings on a quarterly basis to review the Group's operations. Ad hoc meetings will be convened between the scheduled meetings as and when necessary to attend to any pressing matters requiring the Board's consideration and decision. Under the Company's Memorandum and Articles of Association, a director who is unable to attend any meeting in person may participate via teleconference or video conference. Decisions of the Board and Board Committees may also be obtained via circulation.

The Directors' attendance at the General, Board, and Board Committee meetings during the financial year ended 31 December 2020 is set out as follows:

Name	AGM	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
EXECUTIVE DIRECTORS					
Dr Cheo Tong Choon @ Lee Tong Choon	1/1	4/4		2/2	
Ms Michelle Cheo Hui Ning	1/1	4/4			
Ms Bianca Cheo Hui Hsin	1/1	4/4			
INDEPENDENT DIRECTORS					
Dr Foo Say Mui (Bill)	1/1	4/4		2/2	2/2
Mr Robert Loke Tan Cheng	1/1	4/4	4/4	2/2	2/2
Tan Sri Datuk Dr Ong Soon Hock	1/1	4/4	4/4	2/2	2/2
Datuk Dr Fawzia Binti Abdullah	1/1	4/4	4/4	2/2	
No. of meetings held:	1	4	4	2	2

Induction, orientation and training

Newly appointed director will receive from, the Nominating Committee, the latest available version of Directors' Toolkit issued by the Singapore Institute of Director to ensure proper accountability within the Group.

The Group will also conduct an orientation programme for new directors to familiarise themselves with the business activities of the Group, its strategic direction, and corporate governance practices. A new director who has no prior experience as a director of a company listed on the SGX-ST must undergo mandatory training in the roles and responsibilities as prescribed by the SGX-ST. The new director will be required to undertake the necessary training within one year from the date of his/her appointment to the Board.

The Group will regularly update the directors on the changes in relevant laws and regulations, industry developments, business initiatives, and challenges on matters relating to the Group and its businesses.

Directors will also be briefed on the Companies Act (Chapter 50), and other statutory and regulatory requirements, including its changes, from time to time. Annually, the Group will arrange for external auditors to update all directors on new and revised financial reporting standards when available to the Group. Directors are given regular trainings and updates on specific matters relevant to the Group and its businesses to ensure they carry out their role effectively. Directors are also encouraged to participate in external trainings at the Group's expense.

To facilitate ongoing knowledge enhancement for existing directors, the following orientations and trainings were provided during the year:

- Overview of the Oils and Fats industry and Group's strategy to grow the business;
- Group strategic plans to further consolidate its position in Palm oils industry;
- Risk management practices for Group's trading and review of Group's overall risk limits;
- Managing Through Crisis and Post Outbreak Era;
- SGX's Transformation – Building a Future-Ready Exchange;
- Global Supply Chain;
- Managing Complexity and Building Resilience;
- Tech Meets COVID-19: Lessons from around the World;
- Transformation and new opportunities in a Post-COVID world;
- Agrifood Innovation.

Access to complete, adequate, and timely information

The Group recognises an accurate and timely flow of relevant information is critical for the Board to be effective in the discharge of its duties. All Board members are supplied with relevant, complete, adequate and timely information prior to Board meetings and on an on-going basis to enable them to make informed decisions. The Board papers and related materials e.g. background or explanatory information are sent to directors at least three calendar days before the Board meeting so that the Board members may better understand the matters prior to the Board meeting to further constructive discussions, and for queries to be raised in the meeting. However, confidential and/or sensitive matters may be tabled at the meeting itself or discussed without any papers distributed. When necessary, senior management and/or the relevant employees will be invited to attend Board meetings to answer any queries from Directors.

Company Secretary

The directors have unrestricted access to the Company Secretary and the Group's senior management to facilitate direct flow of information when necessary.

The role of the Company Secretary is clearly defined, and includes the responsibility of ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary or his nominees are required to attend all General, Board, and Board Committees' meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide. Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties at the expense of the Group.

Corporate Governance

BOARD COMPOSITION AND GUIDANCE
PRINCIPLE 2:

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.

Board Size, Composition, Diversity And Balance

As at the date of this report, the Board comprises eight members, with Independent Directors making up the majority of the Board. A brief profile of each director is given on pages 6 to 9 of this Report.

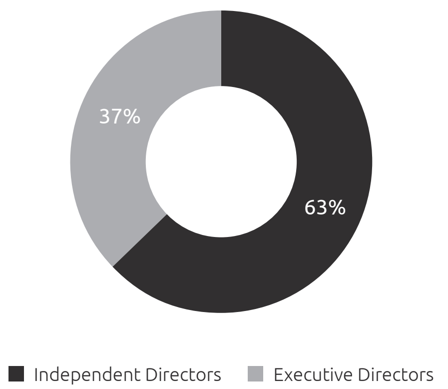
The Group has adopted a Board Diversity Policy which recognises that a diverse board will enhance the decision-making process by utilising the variety in skills, industry and business experiences, gender, and other distinguishing qualities of the members of the Board. The Board, in concurrence with the Nominating Committee ("**NC**") examines the Board structure, size, and composition including the skills, knowledge, experience, gender, age, and core competencies of the Board members to ensure that there is an appropriate balance of expertise, experience, and knowledge. In accordance with this policy, the NC will review the relevant objectives for promoting and achieving diversity on the Board, the progress made, and subsequently make recommendations for approval by the Board. The NC will review this policy from time to time as appropriate and as progress made.

The current Board possesses diversified and varied expertise, experience, and knowledge in the areas of the Group's palm oil business and geographical operations, as well as in the areas of strategy formulation, manufacturing, marketing, legal, taxation, finance, accounting, and corporate compliances. With their varied experience in the different industries and areas of expertise, independent directors play a crucial role in challenging the Board to develop strategies in the best interests of the Group. They also contribute independent perspectives in reviewing the performance of the management in meeting agreed goals and objectives, and performance monitoring.

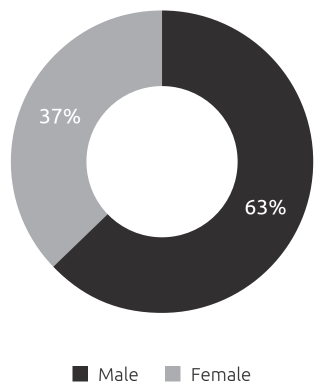
In the inaugural Singapore Board Diversity Index, which tracks primary-listed companies on the Singapore Exchange that welcome diversity on their corporate boards, the Group was ranked top amongst the Mid-Cap Companies (market cap of S$300 million to S$1 billion) and 4th amongst all 704 primary-listed companies.

The Group also emphasises great importance in gender equality and this has been incorporated as one of the objectives in the Board Diversity Policy. The Group has three women on the Board, namely Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, and Datuk Dr Fawzia Binti Abdullah.

Board Composition, Diversity and Balance



Gender Diversity



The nature of the current directors' appointments on the Board and details of their memberships in the Board Committees are as set out below:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr Cheo Tong Choon @ Lee Tong Choon	Executive Director and Chairman of Board	-	Member	-
Ms Michelle Cheo Hui Ning	Executive Director and Chief Executive Officer	-	-	-
Ms Bianca Cheo Hui Hsin	Executive Director and Chief Operating Officer	-	-	-
Dr Foo Say Mui (Bill)	Lead Independent Director	-	Chairman	Chairman
Mr Robert Loke Tan Cheng	Independent Director	Chairman	Member	Member
Tan Sri Datuk Dr Ong Soon Hock	Independent Director	Member	Member	Member
Datuk Dr Fawzia Binti Abdullah	Independent Director	Member	Member	-
Tan Sri Dato' A Ghani Bin Othman*[Note 1]	Independent Director	Member	-	Member

(*Note 1: Tan Sri Dato' A Ghani Bin Othman was appointed by the Board on 24 February 2021)

Independence of Directors

All directors are required to disclose timely any relationships or appointments which would impair their independence on the Board. The NC also evaluates the independence of all independent directors annually. Each independent director is required to complete an Independence Confirmation at the time of appointment, and annually to declare whether he/she considers himself/herself independent based on the guideline provided by the Code, that independent directors should be independent in conduct, character and judgement, and has no relationship with the Group, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the Group.

On 24 February 2021, with the recommendation of the NC, the Board has appointed a new independent director, Tan Sri Dato' A Ghani Bin Othman ("**Tan Sri Dato' Ghani**"). The appointment is part of Mewah's Board renewal process, with Tan Sri Datuk Dr Ong Soon Hock, a long-serving director stepping down on 28 April 2021 after having served on the Board for more than nine years.

The NC has ascertained that all independent directors, namely Dr Foo Say Mui (Bill), Mr Robert Loke Tan Cheng, Tan Sri Datuk Dr Ong Soon Hock, Datuk Dr Fawzia Binti Abdullah, and Tan Sri Dato' A Ghani Bin Othman do not have any relationship with the Group, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group, and they are able to exercise objective judgment on corporate affairs independent from management and its substantial shareholders.

Corporate Governance

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3:

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.

The roles of the Chairman and the Chief Executive Officer ("**CEO**") are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Chairman, Dr Cheo Tong Choon @ Lee Tong Choon ("**Dr Cheo**") is an Executive Director. The Chairman is responsible for:-

- leading the Board and facilitating its effectiveness while promoting a culture of openness and debate within the Board;
- setting the agenda and ensuring that the directors receive complete, adequate and timely information and that adequate time is available for discussion for matters on the agenda, particularly on matters relating to strategies;
- building constructive relations within the Board, and between the Board and the management to ensure proper execution of the strategies and direction decided by the Board;
- facilitating effective contribution of the Non-Executive Directors;
- ensuring constructive communication and engagement with shareholders takes place in every general meeting; and
- promoting standards of corporate governance.

Dr Cheo has been the force behind the success of the Group and works closely with the CEO and the management.

Ms Michelle Cheo Hui Ning, daughter of Dr Cheo, is the CEO and an Executive Director. She is responsible for the overall execution of strategy of the Group and its day-to-day operations.

Lead Independent Director

Since the Chairman and the CEO are immediate family members, the Board has appointed Dr Foo Say Mui (Bill) as the Lead Independent Director. The Lead Independent Director has a pivotal role in ensuring a balance of power and authority, such that no one individual has unfettered powers of decision making. The Lead Independent Director acts as a bridge between the independent directors and the Chairman as well as representing shareholders' interests. He also provides continuity of leadership at the Board level in the absence of the Chairman and in situation where the Chairman is conflicted.

On the sidelines of every Board meeting, the independent directors meet without the presence of the executive directors and the feedback is communicated by the Lead Independent Director to the Chairman after the meeting.

BOARD MEMBERSHIP

PRINCIPLE 4:

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

The Board reviews the size and composition of the Board at least twice in a year, taking into account the need for progressive renewal of the Board, and each Director's competencies, commitment, contribution, and performance.

To ensure that the governance and business needs of the Group are adequately addressed, the Board has established a Nominating Committee (the "**NC**") to regularly review the capabilities of the Directors collectively by taking into account their skills, experience, diversity and industry knowledge as well as review of succession plans for directors, the Chairman, the CEO and key management personnel.

The NC makes recommendations to the Board on all Board appointments. In reviewing the Board composition and in identifying suitable candidates for appointment to the Board, the NC will ultimately form their decisions based on the following principles:-

(a) Skills, experience, knowledge, gender, and age diversity; and
(b) Non-executive directors make up a majority of the board, where the Chairman is not independent.

The NC comprises Lead Independent Director Dr Foo Say Mui (Bill), Independent Directors Mr Robert Loke Tan Cheng, Tan Sri Datuk Dr Ong Soon Hock, Datuk Dr Fawzia Binti Abdullah, and Executive Director Dr Cheo Tong Choon @ Lee Tong Choon. The Chairman of the Nominating Committee is Dr Foo Say Mui (Bill) and majority of the NC members are non-executive and independent directors.

NC's key responsibilities include the following:

(i) Identifying candidates for nomination and making recommendations to the Board on all Board appointments;
(ii) Re-nomination of the directors in accordance with the Memorandum and Articles of Association, having regard to the director's contribution and performance;
(iii) Determining the independency of an independent director annually in accordance with the Code;
(iv) Deciding whether or not a director is able to and has been adequately carrying out his duties as a director;
(v) Reviewing the balance and diversity of skills, experience, gender, age, knowledge, competencies of the Board, and its size and composition;
(vi) Reviewing and recommending the training and professional development programmes for the Board; and
(vii) Developing and recommending to the Board a process of evaluation of the performance of the Board, Board Committees, and directors.

The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board. Details of the process are explained under Principle 5, Board Performance.

The Board has not set the maximum number of Board representations which any director may hold. However, the NC monitors and assesses twice a year whether directors with multiple board representations and other principal commitments are able to give sufficient time and attention to the affairs of the Group and diligently discharge their duties as a director of the Group. The NC takes into account the results of the assessment of the effectiveness of the individual director, his/her actual conduct on the Board and Board Committees, and his/her attendance record at meetings. The NC is satisfied that in FY 2020, sufficient time and attention has been given to the affairs of the Group by each director. Details of directorships and commitments of all directors are detailed in pages 6 to 9 of this report.

Each member of the NC is required to abstain from deliberating, participating, or voting in matters relating to him/her, including the assessment of his/her performance and re-nomination as director.

All Board appointments are approved by way of written resolutions or approved by the shareholders at any general meeting based on the recommendations of the NC. In searching, nominating, and selecting new directors, the NC will continue to tap on the resources of directors' personal contacts, recommendations of potential candidates, and participate in the shortlisting and interviewing process, if required. The NC will engage external agencies to assist, if required, at the expense of the Group.

In assessing re-appointment of the directors, the NC evaluates based on several criteria, including qualifications, contributions, and independence of the directors. ln accordance with the Company's Memorandum and Articles of Association, each director shall retire at least once every three years. A retiring director shall be eligible for re-election subject to approval by the shareholders at the Annual General Meeting ("**AGM**"). New directors appointed by the Board will hold office only until the next AGM following their appointments and will be eligible for re-election thereafter. Such directors are not taken into account when determining the directors who are to retire by rotation. The Board generally does not have a practice of appointing alternate directors. However, new directors appointed by the shareholders in any general meeting shall retire at least once every three years.

Key information regarding each director's qualifications, shareholdings, relationships (if any), date of first appointment, directorship, and other principal commitments is presented on pages 6 to 9 of the 'Board of Directors' and 'Directors' Statement' on pages 54 to 56 of this Annual Report. The NC had recommended to the Board the re-election of Dr Cheo Tong Choon @ Lee Tong Choon and Mr Robert Loke Tan Cheng, who will be retiring pursuant to Article 86 and Tan Sri Dato' A Ghani Bin Othman, who will be retiring pursuant to Article 85(b) of the Company's memorandum and Articles of Association at the forthcoming AGM. The directors retiring by rotation have consented to continue in office, except Tan Sri Datuk Dr Ong Soon Hock who has decided to retire to allow for the renewal of the Board.

The additional information on Dr Cheo Tong Choon @ Lee Tong Choon, Mr Robert Loke Tan Cheng and Tan Sri Dato' A Ghani Bin Othman, being the Directors who have been nominated for re-election, pursuant to Rule 720(6) of the SGX-ST Listing Manual, are set out below:

Details	**Dr Cheo Tong Choon @ Lee Tong Choon**	**Mr Robert Loke Tan Cheng**	**Tan Sri Dato' A Ghani Bin Othman**
Date of first appointment as Director	29 October 2010	28 April 2015	24 February 2021
Date of last re-election	26 April 2018	26 April 2018	NIL
Age	76	66	74
Country of principal residence	Singapore	Singapore	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Dr Cheo's overall contributions and performance, is of the view that he is suitable for re-appointment as a Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Loke's overall contributions and performance, is of the view that he is suitable for re-appointment as a Director of the Company.	The Board, having considered the recommendation of the NC and assessed Tan Sri Dato' Ghani's expertise and experience, is of the view that he is suitable for re-appointment as a Director of the Company.

Details	Dr Cheo Tong Choon @ Lee Tong Choon	Mr Robert Loke Tan Cheng	Tan Sri Dato' A Ghani Bin Othman
Whether appointment is executive, and if so, the area of responsibility	Executive Please refer to "Board of Directors" on page 6.	Independent Non-Executive Please refer to "Board of Directors" on page 7.	Independent Non-Executive Please refer to "Board of Directors" on page 9.
Job Title	• Executive Director • Chairman of the Board of Directors • Member of Nominating Committee	• Independent Director • Chairman of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee	• Independent Director • Member of Audit Committee • Member of Remuneration Committee
Professional qualifications	• Please refer to the "Board of Directors" on page 6"	• Please refer to the "Board of Directors" on page 7"	• Please refer to the "Board of Directors" on page 9"
Working experience and occupation(s) during the past 10 years			
Shareholding interest in the listed issuer and its subsidiaries	Yes Please refer to "Statistics of Shareholdings" on pages 134 to 135.	NIL	NIL
Relationship (including immediate family relationships) with other director, executive officer, Mewah, substantial shareholders of Mewah or substantial shareholder of principal subsidiary	• Father of Ms Michelle Cheo Hui Ning (Chief Executive officer and substantial shareholder) and Ms Bianca Cheo Hui Hsin (Chief Operating officer and substantial shareholder) • Brother of Mr Cheo Seng Jin (substantial shareholder) • Son of Madam Ong Tuan Hong (substantial shareholder).	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL	NIL

Corporate Governance

Details	Dr Cheo Tong Choon @ Lee Tong Choon	Mr Robert Loke Tan Cheng	Tan Sri Dato' A Ghani Bin Othman
Undertaking (in the format set out in Appendix 7.7) under Rule 720 (1) has been submitted to the listed issuer	Yes	Yes	Yes
Present directorship			
- Listed Companies	• Mewah International Inc.	• Mewah International Inc.	• Mewah International Inc.
- Others	• Ngo Chew Hong Corporation Pte. Ltd. • Mewah Brands (S) Pte. Ltd. • Mewah Commodities Pte. Ltd. • Peng Hong Shipping Pte Ltd • Ngo Chew Hong Investment Pte. Ltd. • Cavenagh Oleo (S) Pte. Ltd. • Hua Guan Oleo (S) Pte. Ltd. • Moi International Inc. • Cavenagh House International Inc. • Pandan Loop International Inc. • Hua Guan Inc. • J.J. Mibiansa Holdings Pte Ltd • Ecobliss (S) Pte. Ltd. • Futura Ingredients Singapore Pte. Ltd. • Eco Oleo (S) Pte. Ltd. • Moi Chemicals Limited • Eighteen Tenth Nineteen Forty Four Inc. • Unity Investment Inc. • T.C. Stone Limited • Ecogenesis Life Sciences Pte. Ltd.	NIL	• Malaysian Institute of Economic Research

Corporate Governance

Details	Dr Cheo Tong Choon @ Lee Tong Choon	Mr Robert Loke Tan Cheng	Tan Sri Dato' A Ghani Bin Othman
Past directorship (for the last 5 years)			
- Listed Companies	• NIL	• NIL	• Sime Darby Berhad • Sime Darby Property Berhad • Sime Darby Plantation Berhad
- Others	• Mewah Marketing Pte. Ltd.	• NIL	• World Islamic Economic Forum

BOARD PERFORMANCE

PRINCIPLE 5:

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

The NC has processes in place for the evaluation of the Board's effectiveness as a whole, its individual Board Committees, and for assessing the contributions by the Chairman and each individual director to the effectiveness of the Board on an annual basis. The evaluation is done through written assessments by individual directors and submitted incognito. The assessment is based on objective performance criteria, including the Board composition and size, the Board's understanding of the Group's business operations, development of strategic directions, effectiveness of the Board meetings to facilitate discussions and decisions on critical and major corporate matters, as well as individual's contributions and commitment to their roles. The Company Secretary compiles the Directors' responses from the evaluation forms into a consolidated report. The collated findings are reported, and recommendations are then submitted to the Board for review and to further enhance the Board's effectiveness. No external facilitator was used in the evaluation process. The performance criteria do not change from year to year unless the NC is of the view that it is necessary to change the performance criteria, for instance, to align with any changes to the Code. In FY 2020, there were no significant issues that might warrant the Board's attention.

REMUNERATION MATTERS
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 6:

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.

The Remuneration Committee (the "**RC**") comprises entirely of independent directors. The RC is chaired by Dr Foo Say Mui (Bill) with Mr Robert Loke Tan Cheng, Tan Sri Datuk Dr Ong Soon Hock, and Tan Sri Dato' A Ghani Bin Othman as its members.

The RC is responsible for reviewing and making recommendations to the Board a framework of remuneration for the Board and the key management personnel ("**KMP**"), and determining specific remuneration packages for each director and the KMP. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. Each member of the RC is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect to his or her own remuneration package.

The RC has access to appropriate advice from within and/or outside the Group on the remunerations of directors and KMP. It ensures that in the event of such advice being sought, existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The RC did not engage any remuneration consultant for the FY2020.

The RC is also responsible in reviewing the Group's obligations arising in the event of termination of the executive directors' and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 7:

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.

The RC and the Board, in determining the level and structure of remuneration of the Board and KMP, will ensure that the Board and KMP are provided with appropriate remunerations that is proportionate to the sustained performance and value creation in the Group. This takes into account the strategic objectives, long-term interests, and risks policies of the Group, and is also responsive to the economic climate as well as the performance of the Group, its businesses, and individuals. The RC has structured remuneration packages for KMP on measured performance indicators taking into account both financial and non-financial factors. It is structured to link a significant and appropriate proportion of rewards to the Group's and individual's performance. The remuneration framework for the Board and KMP is aligned with the interests of shareholders, other stakeholders, and is sufficiently appropriate to attract, retain, and motivate them for the long-term success of the Group.

DISCLOSURE ON REMUNERATION

PRINCIPLE 8:

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.

Independent directors are paid directors' fees, subject to the approval of shareholders at the AGM. No additional fees are paid for their appointments on other Board Committees. The directors' fees are appropriate to the level of contribution, taking into account factors such as effort, time spent, and the responsibilities of the Directors such that the independence of the non-executive directors are not compromised by their compensations. Executive directors and the CEO do not receive directors' fees but are remunerated as members of management.

The breakdown of the remuneration of the (i) directors and CEO; and (ii) employees who are substantial shareholders or are immediate family members of a director, the CEO or a substantial shareholder of the Company, for the financial year ended 31 December 2020 is as follows:

Name	Fixed Salary	Variable Income	Benefits in Kind	Total	Remuneration Band (S$'000)
Executive Directors					
Dr Cheo Tong Choon @ Lee Tong Choon	79%	20%	1%	100%	2,750 to 3,000
Ms Michelle Cheo Hui Ning	79%	19%	2%	100%	1,000 to 1,250
Ms Bianca Cheo Hui Hsin	79%	19%	2%	100%	1,000 to 1,250
Independent Non-Executive Directors					
Mr Robert Loke Tan Cheng	100%	-	-	100%	250 and below
Dr Foo Say Mui (Bill)	100%	-	-	100%	250 and below
Tan Sri Datuk Dr Ong Soon Hock	100%	-	-	100%	250 and below
Datuk Dr Fawzia Binti Abdullah	100%	-	-	100%	250 and below

Name	Family relationship with any director and/or substantial shareholder	Remuneration Band (S$'000)
Employees who are substantial shareholder of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company (remuneration exceeding S$100,000)		
Mr Cheo Jian Jia	Children of Dr Cheo Tong Choon @ Lee Tong Choon; Sibling of Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin	400 to 500
Ms Cheo Chong Cher	Sibling of Dr Cheo Tong Choon @ Lee Tong Choon;	200 to 300
Ms Cheo Sor Cheng Angeline		200 to 300
Ms Cheo Su Ching		200 to 300
Ms Cheo Soh Hua @ Lee Soh Hua		200 to 300
Mr Cheo Teong Eng		100 to 200
Ms Alicia Cheo		100 to 200

Top Five Key Management Personnel

Remunerations paid to the top five KMPs (whom are not directors or the CEO) ranged between S$300,000 and S$1,500,000 and aggregated to S$3,177,000. 59%, 40%, and 1% of which were fixed salary, variable income and benefits in kind respectively.

In considering the disclosure of remuneration of the directors, immediate family members of a director or KMPs, the Group measures the industry conditions in which the Group operates and considers the confidential nature of the remuneration. The Group believes that given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Group operates and the importance of ensuring stability, and continuity of business operations with a competent and experienced management team in place, it is in the best interest of the Group to not disclose the Company's top five KMP (whom are not directors or the CEO) on a named basis.

Remuneration of executive directors and KMPs includes a variable component which is linked directly to performance measures identified by the Group. The quantum of variable component is dependent on the individual performance against those measures that include knowledge and understanding of the Group and the industry, execution of strategies, personal qualities, as well as performance of the Group in general. The Company does not have contractual provisions to reclaim incentive components of remuneration from executive directors and KMPs in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as it is of the view that, in any case, it has legal recourse under such circumstances.

No directors or KMPs are involved in deciding his or her remuneration.

The Company did not have any Employee Share Schemes for the financial year 2020.

ACCOUNTABILITY AND AUDIT
RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9:

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.

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls.

The Executive Risk Management Team monitors and assists the Board in determining the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives and value creation. Risk management is explained further in pages 20 to 22.

Internal Audit

The internal audit ("**IA**") function of the Group is established to oversee the risk governance in the Group and maintained on an ongoing basis to ensure that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The IA is an independent function within the Group. The IA Department is headed by Mr Larry Cheng ("**Mr Cheng**") and other suitably qualified executives who meet the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. Mr Cheng reports directly to the Chairman of the Audit Committee. The Audit Committee approves the hiring, removal, evaluation, and compensation of the Head of Internal Audit. The Audit Committee also annually reviews the scope of the internal audit to be carried out by the IA team. The IA function of the Group has unfettered access to all the Group's documents, records, properties, and personnel, including Audit Committee, and has appropriate standing within the Group.

The Group's IA conducts an annual review of the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls, and risk management systems. Any material non-compliance or failure in internal controls, and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Group IA adopts a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance, information technology controls, and risk management systems. Audits were carried out on all significant business units in the Group, inclusive of limited review performed on dormant and inactive companies. The consolidation of the Group IA's reports is submitted to the Audit Committee for deliberation, with copies of these reports extended to the Chairman, the CEO, and the relevant Senior Management Officers. In addition, IA's summary of findings and recommendations are discussed at the Audit Committee meetings. The Audit Committee also conducts meetings with the IA without the presence of the Senior Management to discuss any issues of concern.

Risk Management and Internal Control

The role of the IA function is to assist the Audit Committee in providing reasonable assurance that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness by undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas. The Audit Committee ensures that the IA is adequately resourced and has appropriate standing within the Group. The Audit Committee also reviews and ensures, on an annual basis, the independence, adequacy, and effectiveness of the IA function.

Opinion on the Adequacy and Effectiveness of Internal Control and Risk Management Systems

Based on the internal controls and risk management systems established and maintained by the Group, audit checks performed by the internal and external auditors, and regular reviews performed by management, the Board and various Board Committees, the Audit Committee and the Board are of the opinion that the Group's internal control and risk management systems are adequate and effective as at 31 December 2020 to address the financial, operational, compliance and information technology risks of the Group.

The internal control and risk management systems established by the Group provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

Assurance from the CEO and CFO

The Chief Executive Officer and Chief Financial Officer have also provided a written confirmation to the Board that, to the best of their understanding: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group had established and maintained an adequate system of internal controls effective in addressing financial, operational, compliance, information technology controls, and risk management systems for the financial year ended 31 December 2020. The Group's risk management and internal control systems are effective.

AUDIT COMMITTEE

PRINCIPLE 10:

The Board has an Audit Committee which discharges its duties objectively.

Establishment of Audit Committee

The Audit Committee ("**AC**") comprises entirely non-executive and independent directors. The AC is chaired by Mr Robert Loke Tan Cheng with Tan Sri Datuk Dr Ong Soon Hock, Datuk Dr Fawzia Binti Abdullah, and Tan Sri Dato' A Ghani Bin Othman as its members. The Board considers the members of the AC appropriately qualified with sufficient and relevant financial management expertise and experience to discharge its functions. The AC is also kept abreast of changes to accounting standards and issues which have a direct impact on financial statements through meetings with the external auditors who will update the AC on recent related developments. It has held four meetings in FY 2020. The AC has also met with the internal and external auditors without the presence of the management during the year. The AC does not have any member who was a former partner or director of the Group's external auditor, PricewaterhouseCoopers LLP ("**PwC**"), within a period of two years commencing on the date of their ceasing to be a partner of PwC, or who holds any financial interest in PwC.

The AC is guided by the following key terms of reference, which defines its scope of authority to:

(i) Commission internal investigations and review any significant findings or otherwise to carry out its obligations under Rule 719 of the SGX-ST Listing Manual in relation, inter alia, any suspected fraud or irregularity, or suspected infringement of any Singapore law, regulations, or rules of the SGX-ST, or any other regulatory authority of Singapore, which has or is likely to have a material impact on the Group's operating results or financial position);
(ii) Review the financial reporting issues and judgments to ensure the integrity of the financial statements of the Group (including its annual and quarterly reports and any other formal financial statements, as well as reviewing significant financial reporting issues and judgments therein), and announcements on the Group's financial performance and recommend changes, if any, to the Board;
(iii) Review and report to the Board the adequacy and effectiveness of the Group's internal controls and risk management systems and any oversight of its risk management processes and activities to mitigate and manage risks at acceptable levels as determined by the Board;
(iv) Review the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements;
(v) Consider and make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment, and removal of the Group's external auditors. The AC shall oversee the selection process for new auditors and if an auditor resigns, the AC shall investigate the issues leading to the resignation and decide whether any action is required;
(vi) Oversee the relationship with the external auditors and make recommendations to the Board on the external auditors' remuneration and terms of engagement to ensure the fee commensurate with the audit and non-audit services provided, and whether the scope of such services ensure requisite audit to be conducted;
(vii) Assess and review annually the adequacy, effectiveness, independence, scope, and results of external audit and the Group's internal audit function;
(viii) Review the policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, with independent investigations appropriately followed up on;
(ix) Review and approve the annual internal and external audit plan;
(x) Review interested persons transactions and potential conflicts of interest, if any;
(xi) Review all hedging policies and instruments to be implemented by the Group, if any; and
(xii) Review all investment instruments that are not principally protected.

Each member of the AC must abstain from voting on any resolution in respect of matters in which he/she is involved.

External Auditors

The AC has conducted the annual review on the independence and objectivity of the external auditors as well as the non-audit services provided by them and is satisfied that the nature and extent of such services do not affect the independence of the external auditors. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are set out in the notes to financial statements on page 91 of this Report. The Group has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX-ST Listing Manual, in relation to its auditors. The audit partner of the external auditors is rotated every five years in accordance to Rule 713 of the SGX-ST Listing Manual.

The AC has explicit authority to investigate any activity within its terms of reference, full access to and co-operation from the management, and full discretion to invite any director or executive officer to attend its meetings. It also has reasonable resources to enable it to discharge its function properly.

The AC, with the concurrence of the Board, had recommended the re-appointment of PwC as the Group's external auditors at the forthcoming AGM.

Whistle-blowing policy

The Group has put in place a policy on whistle-blowing, approved by the AC and endorsed by the Board, to facilitate the reporting of malpractice, illegal acts, or omission of work by an employee. Details of the Whistle Blowing Policy and arrangements have been posted to the employees' intranet. By creating an atmosphere of openness and trust, the Group encourages the employees to use internal mechanisms for reporting any malpractice, illegal acts, or omissions by any of Group's employees or ex-employees and such reports will be treated fairly and the employees will be protected from reprisal.

Dealings in securities

The Group has adopted a Best Practice Code – Trading in Company's Securities. As per the policy, the Company, its directors, its officers, and all employees of the Group are prohibited from dealing in the Company's securities one month before the announcement of half year and full year results, and if required, two weeks before the announcement of the Group's quarterly results. In both scenarios, the prohibition will be lifted one business day after announcement of the results. Directors and all employees are also prohibited from trading in the Company's securities on short-term considerations, defined as 30 days from the last dealing; and in situations where the insider trading laws and rules would prohibit trading. The directors' interests in shares of the Company are disclosed on page 55 of this Report.

Key Audit Matters

The AC, along with the management and the external auditors, considered and discussed the key audit matters, as disclosed on page 58 of this Report. The Audit Committee's assessment and conclusion is explained below:

Valuation of commodities forward contracts of the Group

The AC reviewed the valuation methodology and the basis of indicative market prices used by management. The AC reviewed the work performed by the external auditors on the assessment of the appropriateness of the level 2 valuation technique adopted by management by evaluating the appropriateness of the valuation methodology and the basis of indicative market prices used by management and concluded that the valuation methodology to be appropriate and the indicative market prices used by management to be within acceptable range.

Impairment assessment of manufacturing plants and a plantation of the Group

The AC reviewed management's impairment assessment including the valuation methodology adopted by management in relation to the property, plant and equipment of a manufacturing plant, a manufacturing plant in progress and an immature plantation where indications of impairment were identified. The AC reviewed the work performed by the external auditors on the assessment of critical accounting estimates involved in estimating the revenue, discount rate, terminal growth rate and operating margin. It also held discussions with the external auditors to understand the basis of the key assumptions, appropriateness of methodology used by management and evaluating management's sensitivity analysis to assess the impact on the recoverable amount of the related property, plant and equipment. Accordingly, the assessment of the recoverable amount of the related property, plant and equipment was carried out using value-in-use calculations and an impairment charge of US$16,400,000 and US$4,300,000 was recognised in relation to the manufacturing plant in progress and the immature plantation respectively in the financial statements.

Corporate Governance

Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudiced to the interests of the Group and its minority shareholders. The Company's disclosures in respect of interested persons transactions for the financial year ended 31 December 2020 are as follow:

Name of Interested Person	Nature of relationship	Aggregate value of all IPT during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
		FY 2020 US$'000	FY 2020 US$'000
Prelude Gateway Sdn. Bhd.	An associate of the Company	94	2,477
Ecolex Sdn. Bhd.	An associate of the Chairman	25	17,253
Containers Printers Pte Ltd	An associate of sibling of the Chairman	NIL	657
Mr Cheo Seng Jin	Sibling of the Chairman	757	NIL
Mr Cheo Tiong Choon	Sibling of the Chairman	764	NIL
Kent Holidays (S) Pte Ltd	An associate of sibling of the Chairman	17	NIL
Choon Heng Logistics Pte Ltd	An associate of sibling of the Chairman	183	NIL
Nature International Pte Ltd	An associate of sibling of the Chairman	3	11

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any director, or controlling shareholders subsisting at the end of financial year ended 31 December 2020 and no material contracts entered into since the end of the previous financial year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11:

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Group treats all shareholders fairly and equitably to enable the shareholders to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Group.

All shareholders of the Group whose names are registered in the Depository Register and the Register of Members are entitled to attend the general meetings of the Group. If any shareholders are unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Shareholders are informed of shareholders' meetings through notices published in the newspapers, the announcements released via SGXNET, and reports or circulars sent to all shareholders. All shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders and have been informed of the rules, including voting procedures governing the general meetings of shareholders. They are encouraged to meet with the Board and senior management to have a greater insight into the Group's developments. Voting in absentia by mail, facsimile, or email has not been implemented as the authentication of shareholders' identity, the integrity of the information, and other related security issues still remain a concern.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Independent scrutineers are appointed to conduct the voting process and verify votes after each resolution. The results of the votes are announced at the shareholders' meetings. The outcome will also be announced on the SGXNET and the Group website at www.mewahgroup.com after the general meeting.

All directors, including the chairman of each Board Committees and the management are present at the AGM to allow shareholders the opportunity to communicate their views and seek clarifications concerning the Group from the directors or the management. The external auditors are also present at such meetings to assist the directors in addressing the shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The attendance of all directors at the AGM, as well as all Board and Board Committee meetings, are recorded and disclosed on page 34. The Company prepares minutes of general meetings which incorporate substantial and relevant comments or queries from shareholders and responses from the Board and Management and publishes these on the Company website.

The Board has recommended a final dividend of S$0.0060 per ordinary share bringing the total dividend for the year to S$0.0075 per ordinary share. The Group explained its dividend payout in the Dividend Policy and this policy is available at the Company website at www.mewahgroup.com.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12:

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

The Group has an Investor Relations Policy in place which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with shareholders. The Investor Relations Policy sets out the mechanism through which shareholders may contact the Group with queries and through which the Group may respond to such queries.

The Group is committed to upholding high standards of disclosure and continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The Group disseminates all price sensitive and material information to its shareholders via SGXNET on a non-selective basis. Financial and other performance data of the Group, as well as business units where appropriate, is provided to shareholders to facilitate better insight into the Group's performance. The date of release of the half yearly results is disclosed at least four weeks prior to the date of announcement through SGXNET. On the day of the announcement, the financial statements, as well as the accompanying press release and presentation slides, are released onto the SGXNET website as well as on the Group website at www.mewahgroup.com.

Following the amendments to the Listing Manual and to promote sustainability by conserving environmental and financial resources, the Group also make available a digital format of the Annual Report for FY2020 ("**Annual Report**"). The Annual Report, as well as Notice of AGM, are published on the Group website at www.mewahgroup.com. All shareholders of the Group will receive the notice of AGM, two proxy forms, and a request form to request for hard copies of the Annual Report.

MANAGING STAKEHOLDERS RELATIONSHIPS
ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13:

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

The Board adopts an inclusive approach towards the needs and interests of material stakeholders to ensure that the best interests of the Group are served.

The Group maintains a corporate website, www.mewahgroup.com, to communicate and engage with stakeholders.

The Annual Report sets out the Group's Forward Looking Strategy on page 17 to page 18 and key areas of focus in managing stakeholder relationships at the Sustainability Report FY2020.

Financial Statements

Directors' Statement

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

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 61 to 133 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 2020 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 report are as follows:

Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Dr Foo Say Mui (Bill)
Mr Robert Loke Tan Cheng
Tan Sri Datuk Dr Ong Soon Hock
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman (Appointed on 24 February 2021)

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.

Directors' Statement

For the financial year ended 31 December 2020

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, except as follows:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
Mewah International Inc				
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	720,060,120	720,060,120
Ms Michelle Cheo Hui Ning	2,163,600	2,163,600	698,278,620	698,278,620
Ms Bianca Cheo Hui Hsin	2,460,100	2,460,100	699,804,620	699,804,620
Tan Sri Datuk Dr Ong Soon Hock	30,000	30,000	-	-

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Robert Loke Tan Cheng (Chairman)
Tan Sri Datuk Dr Ong Soon Hock
Datuk Dr Fawzia Binti Abdullah

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Statement

For the financial year ended 31 December 2020

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon Director	Ms Michelle Cheo Hui Ning Director

8 March 2021

Independent Auditor’s Report

To the members of Mewah International Inc.

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Mewah International Inc. (the “Company”) and its subsidiaries (the “Group”) and the balance sheet of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards (International) [“SFRS(I)”] so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 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 2020;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheet of the Group as at 31 December 2020;
- the balance sheet of the Company as at 31 December 2020;
- 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.

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 2020. 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 Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of commodities forward contracts At 31 December 2020, the Group has recognised the following fair values of derivative financial assets/(liabilities) as disclosed in Note 16 to the financial statements: • Commodities forward contracts included within current assets: US$57,643,000 • Commodities forward contracts included within current liabilities: US$106,374,000 As these commodities forward contracts are not traded in an active market, the related fair values are estimated using a level 2 valuation technique as described in Note 34(e) to the financial statements. We focused on the valuation of the Group's commodities forward contracts because of the critical accounting estimates involved in determining the indicative market prices which are used in the valuation of these contracts, as disclosed in Note 3(a) to the financial statements.	We held discussions with management to understand the determination of the fair values of these commodities forward contracts. With the assistance of our internal valuation specialists, we assessed the appropriateness of the level 2 valuation technique adopted by management by evaluating the appropriateness of the valuation methodology and the basis of indicative market prices used by management. We also independently verified these indicative market prices to external sources. On a sample basis, we tested management's computation of the fair values of derivative financial assets/(liabilities). Based on the work performed, we found the valuation methodology to be appropriate and the indicative market prices used by management to be within acceptable range.
Impairment assessment of manufacturing plants and a plantation of the Group At 31 December 2020, management has identified indications of impairment relating to a manufacturing plant, a manufacturing plant in progress and an immature plantation with net book values of US$67,281,000, US$22,617,000 and US$15,705,000 respectively as disclosed in Note 3(c) to the financial statements. Accordingly, an assessment of the recoverable amount of the related property, plant and equipment ("PPE") was carried out using value-in-use calculations, as disclosed in Note 3(c) to the financial statements. An impairment charge of US$16,400,000 and US$4,300,000 was recognised in relation to the manufacturing plant in progress and the immature plantation respectively in the financial statements. We focused on the impairment assessment of the PPE where indications of the impairment were identified because of the critical accounting estimates involved in estimating the revenue, discount rate, terminal growth rate and operating margin, which are the key assumptions used in the computation of the recoverable amount of the related PPE.	We held discussions with management to understand the basis of the assumptions used. We assessed the appropriateness of the valuation methodology used. We assessed the appropriateness of the key assumptions based on our knowledge of the business and industry and with involvement of our valuation specialist. We tested management's source data to supporting evidence such as available market information, historical trends of other similar asset of the Group and considered the reasonableness of the cash flow projections. We evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related PPE by reasonable possible changes to the key assumptions. Based on the work performed, we found management's assessment to be appropriate.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of financial statements in accordance with SFRS(I) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rebekah Khan.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 8 March 2021

Consolidated Income Statement

For the financial year ended 31 December 2020

	Note	**2020 US$'000**	2019 US$'000
Revenue	4	**3,445,853**	2,817,255
Cost of sales		**(3,175,174)**	(2,693,366)
Gross profit		**270,679**	123,889
Other income	5	**5,782**	5,301
Other expenses and other gains (net)			
- (Impairment losses)/Reversal of impairment loss on property, plant and equipment, and provision	6	**(27,035)**	3,376
- Other gains (net)	6	**610**	5,124
(Provision)/Reversal of expected credit losses		**(6,360)**	672
Expenses			
- Selling and distribution		**(40,764)**	(38,808)
- Administrative		**(81,686)**	(81,411)
- Finance	9	**(8,810)**	(15,093)
Share of profit of associated company	23	**50**	71
Profit before tax		**112,466**	3,121
Income tax (expense)/credit	10(a)	**(26,325)**	8,443
Profit after tax		**86,141**	11,564
Profit after tax attributable to:			
Equity holders of the Company		**86,540**	11,646
Non-controlling interests		**(399)**	(82)
		86,141	11,564
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	**5.77**	0.78

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

	Note	**2020** **US$'000**	2019 US$'000
Profit after tax		**86,141**	11,564
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries			
- Gains		**4,879**	1,074
Other comprehensive income, net of tax		**4,879**	1,074
Total comprehensive income		**91,020**	12,638
Total comprehensive income attributable to:			
Equity holders of the Company		**91,291**	12,772
Non-controlling interests		**(271)**	(134)
		91,020	12,638

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

Balance Sheet - Group

As at 31 December 2020

	Note	**2020**	2019
		US$'000	US$'000
ASSETS			
Current assets			
Inventories	13	**295,506**	323,190
Trade receivables	14	**282,875**	243,785
Other receivables	15	**64,425**	77,973
Current income tax recoverable	11	**3,008**	4,961
Derivative financial instruments	16(a)	**110,238**	71,797
Cash and bank balances	17	**78,169**	61,814
		834,221	783,520
Non-current assets			
Intangible asset	18	**970**	970
Property, plant and equipment	19	**447,824**	464,829
Investment in associated company	23	**667**	569
Deferred income tax assets	27	**503**	2,864
Derivative financial instruments	16(b)	**-**	33
		449,964	469,265
Total assets		**1,284,185**	1,252,785
LIABILITIES			
Current liabilities			
Trade payables	24	**141,486**	125,034
Other payables	25	**70,000**	50,579
Contract liabilities	4(b)	**13,962**	6,808
Lease liabilities	20(e)	**460**	521
Current income tax liabilities	11	**6,906**	1,701
Derivative financial instruments	16(a)	**119,479**	118,784
Borrowings	26	**248,703**	373,748
		600,996	677,175
Non-current liabilities			
Lease liabilities	20(e)	**5,971**	7,206
Deferred income tax liabilities	27	**31,413**	18,688
Borrowings	26	**35,476**	27,149
		72,860	53,043
Total liabilities		**673,856**	730,218
NET ASSETS		**610,329**	522,567

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

Balance Sheet - Group

As at 31 December 2020

	Note	**2020** **US$'000**	2019 US$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	28	**1,501**	1,501
Share premium	28	**180,012**	180,012
Other reserves	29	**(33,909)**	(37,955)
Retained profits		**463,593**	378,700
		611,197	522,258
Non-controlling interests		**(868)**	309
Total equity		**610,329**	522,567

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

Balance Sheet - Company

As at 31 December 2020

	Note	2020 US$'000	2019 US$'000
ASSETS			
Current assets			
Other receivables	15	**302,476**	300,731
Cash and bank balances	17	**83**	86
		302,559	300,817
Non-current assets			
Investments in subsidiaries	22	**849**	849
Derivative financial instruments	16(a)	**-**	29
		849	878
Total assets		**303,408**	301,695
LIABILITIES			
Current liabilities			
Other payables	25	**232**	305
Current income tax liabilities	11	**102**	329
Derivative financial instruments	16(a)	**25**	-
		359	634
Non-current liabilities			
Deferred income tax liabilities	27	**2,150**	1,806
Total liabilities		**2,509**	2,440
NET ASSETS		**300,899**	299,255
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	28	**1,501**	1,501
Share premium	28	**180,012**	180,012
Other reserves	29	**3,509**	3,509
Retained profits	30	**115,877**	114,233
Total equity		**300,899**	299,255

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

	Note	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		← Attributable to equity holders of the Company							→		
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2020											
Balance at 1 January 2020		**1,501**	**180,012**	**3,509**	**(53,005)**	**(720)**	**12,261**	**378,700**	**522,258**	**309**	**522,567**
Profit for the year		-	-	-	-	-	-	86,540	86,540	(399)	86,141
Other comprehensive income for the year		-	-	-	-	-	4,751	-	4,751	128	4,879
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**4,751**	**86,540**	**91,291**	**(271)**	**91,020**
Acquisition of non-controlling interest	29(b)(ii)	-	-	-	-	(705)	-	-	(705)	(665)	(1,370)
Dividends	31	-	-	-	-	-	-	(1,647)	(1,647)	(241)	(1,888)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**(705)**	**-**	**(1,647)**	**(2,352)**	**(906)**	**(3,258)**
Balance at 31 December 2020		**1,501**	**180,012**	**3,509**	**(53,005)**	**(1,425)**	**17,012**	**463,593**	**611,197**	**(868)**	**610,329**
2019											
Balance at 1 January 2019		**1,501**	**180,012**	**3,509**	**(53,005)**	**(720)**	**11,135**	**377,094**	**519,526**	**770**	**520,296**
Profit for the year		-	-	-	-	-	-	11,646	11,646	(82)	11,564
Other comprehensive income for the year		-	-	-	-	-	1,126	-	1,126	(52)	1,074
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**1,126**	**11,646**	**12,772**	**(134)**	**12,638**
Dividends	31	-	-	-	-	-	-	(10,040)	(10,040)	(327)	(10,367)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**(10,040)**	**(10,040)**	**(327)**	**(10,367)**
Balance at 31 December 2019		**1,501**	**180,012**	**3,509**	**(53,005)**	**(720)**	**12,261**	**378,700**	**522,258**	**309**	**522,567**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Profit after tax		**86,141**	11,564
Adjustments for:			
- Income tax expense/(credit)	10(a)	**26,325**	(8,443)
- Depreciation of property, plant and equipment	19	**23,300**	21,420
- Losses on disposal of property, plant and equipment	6	**56**	88
- Property, plant and equipment written off	6	**28**	51
- Impairment loss/(Reversal of impairment loss) on property, plant and equipment	6	**22,794**	(3,376)
- Interest income	5	**(1,171)**	(2,558)
- Interest expense	9	**8,810**	15,093
- Share of profit of associated company	23	**(50)**	(71)
Operating cash flows before working capital changes		**166,233**	33,768
Changes in operating assets and liabilities:			
- Inventories		**34,285**	81,139
- Trade and other receivables		**(30,910)**	(14,644)
- Contract liabilities		**7,154**	(3,374)
- Trade and other payables		**34,246**	(29,148)
- Derivative financial instruments		**(37,336)**	71,679
Cash flows from operations		**173,672**	139,420
Interest received		**1,171**	2,558
Interest paid		**(8,810)**	(15,093)
Income tax paid	11	**(4,852)**	(2,809)
Net cash flows from operating activities		**161,181**	124,076
Cash flows from investing activities			
Acquisition of non-controlling interests	29	**(1,370)**	-
(Increase)/Decrease in other receivables		**(1,503)**	4,960
Additions to property, plant and equipment		**(21,491)**	(53,201)
Proceeds from disposal of property, plant and equipment		**166**	180
Net cash flows used in investing activities		**(24,198)**	(48,061)
Cash flows from financing activities			
Decrease in restricted short term deposit		**-**	333
Proceeds from long term borrowings		**21,139**	3,438
Repayment of long term borrowings		**(22,490)**	(15,623)
Net repayments of short term borrowings		**(117,623)**	(39,846)
Repayment of lease liabilities		**(537)**	(496)
Dividends paid to equity holders of the Company	31	**(1,647)**	(10,040)
Dividends paid to non-controlling interests		**(241)**	(327)
Net cash flows used in financing activities		**(121,399)**	(62,561)
Net change in cash and cash equivalents		**15,584**	13,454
Cash and cash equivalents at beginning of financial year		**61,814**	48,278
Effect of changes in exchange rate on cash and cash equivalents		**771**	82
Cash and cash equivalents at end of financial year	17	**78,169**	61,814

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities

				Non-cash changes		
	1 January 2020	**Proceeds from borrowings**	**Principal payments**	**Remeasurement of lease liability**	**Foreign exchange movement**	**31 December 2020**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Borrowings	400,897	21,139	(140,113)	-	2,256	**284,179**
Lease liabilities	7,727	-	(537)	(759)	-	**6,431**

					Non-cash changes	
	1 January 2019	**Proceeds from borrowings**	**Principal payments**	**Adoption of SFRS(I)16**	**Foreign exchange movement**	**31 December 2019**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Borrowings	450,865	3,438	(55,469)	-	2,063	400,897
Lease liabilities	-	-	(496)	8,223	-	7,727

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

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

1. GENERAL INFORMATION

Mewah International Inc. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in the Cayman Islands. The address of its registered office is Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is at 5, International Business Park, #05-00, Mewah Building, Singapore 609914.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries are disclosed in Note 41 of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the 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 certain critical accounting estimates and assumptions. 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 2020

On 1 January 2020, 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 adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue

(a) Sale of goods

The Group produces and sells primarily vegetable-based edible oil and fat products. Sales are recognised at a point in time when control of the products has transferred to its customer, being when the right to payment accrues, significant risks and rewards of ownership are transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Shipping services

Revenue from shipping services is recognised in the accounting period in which the services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue (continued)

(c) Charter income

Revenue from time charter is recognised on a straight-line basis over the period of the time charter agreement.

Revenue from voyage charter is recognised rateably over the estimated length of the voyage within the reporting period and ends in subsequent reporting period.

The Group determines the percentage of completion of voyage freight using the load-to-discharge method. Under this method, voyage revenue is recognised rateably over the period from the departure of a vessel from the port of loading to departure from the discharge port.

Demurrage is included if a claim is considered probable.

(d) Interest income

Interest income is recognised using the effective interest method.

If payments by the customers are received before the sale of goods or shipping services, a contract liability is recognised.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all 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 that 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.

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 income statement, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group, except for business combination under common control.

The consideration transferred for the acquisition of a subsidiary or business 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 2.25 for the subsequent accounting policy on goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control.
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party.
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control.
- The comparative figures of the Group represent the income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity and have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control.
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and bank balances and fair values of other consideration.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve. Cash paid/payable arising from the acquisition under common control is also taken to the merger reserve.

(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 profits 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 2.5 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(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 general reserve within equity attributable to the equity holders of the Company.

(c) Associated company

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investment in associated company is 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 company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated company (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in 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 company is recognised as a reduction of the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company 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 associated company 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 company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

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

Please refer to Note 2.5 for the accounting policy on investment in associated company in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All property, plant and equipment including mature plants are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(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. Mature plants are living plants used in the production or supply of agricultural produce that are expected to bear produce for more than one period; covering activities that are necessary to cultivate the mature plants before they are in the location and condition necessary to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs).

(b) Depreciation

Freehold land and capital expenditure in progress (including immature plants) are stated at cost and 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:

Freehold buildings	2%
Leasehold land and buildings	1% to 3% (Over the period of leases)
Plant and equipment	2% to 5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%
Vessels	4%
Mature plants	5%

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 only 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 within "Other gains/losses". Any amount in asset revaluation reserve relating to that asset is transferred to retained profits directly.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is 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 arising from the business combination.

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

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) Property, plant and equipment Investments in subsidiaries and associated company

Property, plant and equipment and investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a decrease to the asset revaluation reserve to the extent of the asset revaluation reserve relating to these assets.

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 asset's 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 an asset other than goodwill is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 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 production of qualifying assets that are financed by general borrowings.

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, and trade and other receivables.

Financial assets of the Group are subsequently measured as follows:

- 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. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated 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. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

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

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

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

On 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.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for 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. Intra-group transactions are eliminated on consolidation.

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

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Borrowings

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 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.

2.11 Trade and other payables

Trade and other payables 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.

2.12 Derivative financial instruments

Derivative financial instruments comprise mainly of crude palm oil and palm oil products forward contracts, futures contracts and currency forward contracts.

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

Derivative financial instruments are reported in the financial statements on a net basis where legal right of setoff exists. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.13 Fair value estimation of financial assets and liabilities

The Group’s commodities futures contracts are traded in active markets and their fair values take into consideration quoted prices at the balance sheet date in active markets such as Bursa Malaysia.

The Group’s commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

The fair values of currency forward contracts are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases

(a) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey 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 asset is 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 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 a contract 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.

  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 modifications in the scope or the consideration of the lease that was not part of the original term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases (continued)

(a) When the Group is the lessee: (continued)

- Lease liabilities (continued)

  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 recognised 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.

(b) When the Group is the lessor:

The Group leases office space under operating leases to related and non-related parties.

- Lessor – Operating leases

  Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight -line basis over the lease term.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 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. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes (continued)

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 and associated company, 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.

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 tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

2.17 Provisions

Provisions for legal claims 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 has been reliably estimated.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) 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 has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 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 financial statements are presented in United States Dollar ("US$") ("presentation currency"), 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 exchange 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 (other than equity investments), contract assets and financial liabilities.

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

Foreign exchange gains and losses are presented in the income statement within "other gains/losses".

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 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 other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

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.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Management Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

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

For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

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 premium account.

2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 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 periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grant relating to job support scheme is presented as a deduction against the related expense which is employee compensation.

Government grants relating to assets are presented on the balance sheet under other payables as deferred income.

2.25 Intangible assets

Goodwill

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 associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

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

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.

(a) Valuation of commodities forward contracts

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts (Note 16). As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$16,376,000 (2019: lower or higher by US$8,432,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Assessment of recoverability of past due trade receivables of the Group

Management reviews its trade receivables on a regular basis to identify specific trade receivables that are credit impaired and recognises a loss allowance equal to lifetime expected credit loss in respect of these receivables. For the remaining trade receivables, they are grouped based on similar risk characteristics and days past due to determine the expected credit loss rate to be applied. In calculating the expected credit loss rates, management considers historical loss rates and adjusts to reflect current and forward looking macro-economic factors affecting the ability of the customers to settle the receivables. Further details are disclosed in Note 34(b) to the financial statements.

Based on the assessment performed by management at 31 December 2020, the loss allowance recognised for specific trade receivables that are credit impaired amounted to US$13,154,000 (2019: US$21,609,000) (Note 14).

For the remaining trade receivables, management has assessed that the associated credit risks are insignificant.

(c) Impairment assessment of the Group's property, plant and equipment

Property, plant and equipment ("PPE") is tested for impairment whenever there are indications that these assets may be impaired. Management performs reviews to determine whether there are any indications of impairment in relation to the PPE held by the Group.

At 31 December 2020, management has identified indications of impairment relating to a manufacturing plant, a manufacturing plant in progress and an immature plantation of the Group. The net book value of the PPE relating to the manufacturing plant, manufacturing plant in progress and the immature plantation that was recognised on the balance sheet amounted to approximately US$67,281,000, US$22,617,000 and US$15,705,000 as at 31 December 2020 respectively.

The recoverable amounts of the identified PPE are determined based on the value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the PPE.

The key assumptions used in the value-in-use calculation that were subject to critical accounting estimates were relating to the estimation of the revenue, discount rate, terminal growth rate and operating margin as follows:

PPE	(a) Manufacturing plant	(b) Manufacturing plant in progress	(c) Immature Plantation
Revenue	Growth rate 5%	Utilisation growth rate 10% to 16%	Yield/Hectarage growth rate 0.4 to 7.7
Operating margin	11.6% to 14.4%	10% to 11%	28.6% to 57.5%
Discount rate	8.8%	6.8%	11.8%
Terminal growth rate	1.9%	3.8%	5.0%

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(c) *Impairment assessment of the Group's property, plant and equipment* (continued)

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains/(losses).

As the recoverable amount determined by management is less than the net book value of the PPE, the Group has recognised an impairment charge during the financial year amounting to US$16,400,000 and US$4,300,000 in relation to the manufacturing plant in progress and the immature plantation respectively.

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would have increased or decreased the impairment charge on PPE and the Group's profit for the financial year ended 31 December 2020 as follows:

(a) Manufacturing plant

Key assumptions	**Change applied to management's estimate**	**Impact to impairment charge on PPE for the financial year ended 31 December 2020 (increase)** US$'000	**Change applied to management's estimate**	**Impact to impairment charge on PPE for the financial year ended 31 December 2020 (increase)** US$'000
Revenue	1%	*	(1%)	270
Operating margin	1%	*	(1%)	1,360
Discount rate	5%	3,860	(5%)	*
Terminal growth rate	5%	*	(5%)	560

* No impairment charge was recognised in relation to the PPE during the current financial year.

(b) Manufacturing plant in progress

Key assumptions	**Change applied to management's estimate**	**Impact to impairment charge on PPE for the financial year ended 31 December 2020 (increase/ (decrease))** US$'000	**Change applied to management's estimate**	**Impact to impairment charge on PPE for the financial year ended 31 December 2020 (increase/ (decrease))** US$'000
Revenue	1%	(1,900)	(1%)	1,500
Operating margin	1%	(1,900)	(1%)	1,500
Discount rate	5%	2,900	(5%)	(4,100)
Terminal growth rate	5%	(2,000)	(5%)	1,400

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(c) Impairment assessment of the Group's property, plant and equipment (continued)

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would have increased or decreased the impairment charge on PPE and the Group's profit for the financial year ended 31 December 2020 as follows: (continued)

(c) Immature plantation

Key assumptions	**Change applied to management's estimate**	**Impact to impairment charge on PPE for the financial year ended 31 December 2020 (increase/ (decrease))** US$'000	**Change applied to management's estimate**	**Impact to impairment charge on PPE for the financial year ended 31 December 2020 (increase/ (decrease))** US$'000
Revenue	1%	(440)	(1%)	440
Operating margin	1%	(150)	(1%)	150
Discount rate	5%	1,120	(5%)	(1,340)
Terminal growth rate	5%	(390)	(5%)	420

(d) Uncertain tax position of the Group

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, incentives and deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. Where the final outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules or revised interpretations of existing tax laws and precedent, such differences will impact the income tax provisions in the corresponding periods.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines.

	Group		
	At a point in time US$'000	**Over time** US$'000	**Total** US$'000
2020			
Sale of palm based products in bulk	2,599,727	-	2,599,727
Sale of consumer products including edible oils and fats, rice and dairy in consumer packs	759,497	-	759,497
Shipping services*	-	83,524	83,524
Charter income	-	3,105	3,105
Total	**3,359,224**	**86,629**	**3,445,853**
2019			
Sale of palm based products in bulk	1,955,926	-	1,955,926
Sale of consumer products including edible oils and fats, rice and dairy in consumer packs	784,557	-	784,557
Shipping services*	-	71,976	71,976
Charter income	-	4,796	4,796
Total	2,740,483	76,772	2,817,255

* Shipping services relate to revenue earned arising from the delivery of products sold to customers.

Included in the sale of palm based products in bulk is the subsidy received from the Malaysian government under the cooking oil price stabilisation scheme amounting to US$18,423,000 (2019: US$2,221,000).

(b) Contract liabilities

	Group		
	31 December		1 January
	2020 **US$'000**	2019 US$'000	2019 US$'000
Contract liabilities			
- Sale of goods contracts	**13,962**	6,808	10,182
Total contract liabilities	**13,962**	6,808	10,182

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(b) Contract liabilities (continued)

(i) Revenue recognised in relation to contract liabilities

	Group	
	2020	2019
	US$'000	US$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Sale of goods contracts	**3,338**	7,810

(ii) Unsatisfied performance obligations

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

(c) Trade receivables from contracts with customers

	Group		
	31 December		1 January
	2020	2019	2019
	US$'000	US$'000	US$'000
Trade receivables from contracts with customers	**296,029**	265,394	244,648
Less: Allowance for expected credit losses	**(13,154)**	(21,609)	(23,056)
Trade receivables (net)	**282,875**	243,785	221,592

5. OTHER INCOME

	Group	
	2020	2019
	US$'000	US$'000
Interest income on bank deposits and others	**741**	545
Late interest charged on trade receivables	**430**	2,013
	1,171	2,558
Rental income	**421**	211
Commission income	**11**	45
Insurance claims	**2,947**	221
Other miscellaneous income	**1,232**	2,266
	5,782	5,301

Other miscellaneous income mainly comprises sales of scrap and waste.

6. OTHER EXPENSES AND OTHER GAINS (NET)

	Group	
	2020	2019
	US$'000	US$'000
Other expenses		
- (Impairment losses)/Reversal of impairment loss on property, plant and equipment (Note 19)	**(22,794)**	3,376
- Provision for legal claim (Note 25)	**(4,241)**	-
	(27,035)	3,376
Other gains (net)		
- Foreign exchange gains - net	**718**	5,370
- Loss allowance on other receivables	**(24)**	(107)
- Property, plant and equipment written off	**(28)**	(51)
- Losses on disposal of property, plant and equipment	**(56)**	(88)
	610	5,124

In the current financial year, the Group carried out a review of the recoverable amount of certain property, plant and equipment at 31 December 2020 and assessed that there are indications of impairment loss. Accordingly, the management of the Group had estimated the recoverable amount of these property, plant and equipment at 31 December 2020 and recorded an impairment loss of US$22,794,000 in the consolidated income statement for the financial year ended 31 December 2020.

In the prior financial year, the Group carried out a review of the recoverable amount of certain property, plant and equipment at 31 December 2019 and assessed that there are indications that the impairment loss recognised in the prior financial years relating to these property, plant and equipment no longer exists at 31 December 2019. Accordingly, the management of the Group had estimated the recoverable amount of these property, plant and equipment at 31 December 2019 and recorded a reversal of impairment loss of US$3,376,000 in the consolidated income statement for the financial year ended 31 December 2019.

7. EXPENSES BY NATURE

	Group	
	2020	2019
	US$'000	US$'000
Purchases of inventories	**3,139,490**	2,393,403
Changes in inventories	**36,893**	77,459
(Gains)/Losses from derivative financial instruments	**(117,411)**	97,428
Freight charges	**61,321**	67,579
Consultation fees	**3,112**	3,117
Transportation	**25,501**	24,800
Export duties	**608**	174
Insurance	**7,055**	6,078
Utilities	**12,712**	13,495
Rental on leases	**1,501**	1,347
Repair and maintenance	**7,188**	8,097
Employee compensation (Note 8)	**67,274**	63,592
Depreciation of property, plant and equipment (Note 19)	**23,300**	21,420
Bank charges	**3,482**	4,002
(Reversal of inventories written down)/Inventories written down	**(2,608)**	3,680
Audit fees		
- Auditors of the Company	**374**	371
- Other auditors*	**304**	255
Non-audit fees		
- Auditors of the Company	**95**	92
- Other auditors*	**141**	111
Others	**27,292**	27,085
Total cost of sales, selling and distribution and administrative expenses	**3,297,624**	2,813,585

* Includes the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

For the financial year ended 31 December 2020, the reversal of inventories written down mainly relate to inventories previously written down that were sold above their carrying amounts. For the financial year ended 31 December 2019, the inventories written down mainly relate to inventories which were slow-moving.

8. EMPLOYEE COMPENSATION

	Group	
	2020	2019
	US$'000	US$'000
Salaries	**62,603**	56,819
Employer's contributions to defined contribution plans	**4,590**	4,409
Other staff benefits	**2,302**	2,364
Less: Government grant	**(2,221)**	-
	67,274	63,592

Government grant of US$2,221,000 (2019: US$Nil) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

9. FINANCE EXPENSES

	Group	
	2020	2019
	US$'000	US$'000
Interest expenses:		
- Bank borrowings	**8,810**	15,093

10. INCOME TAXES

(a) Income tax expense/(credit)

	Group	
	2020	2019
	US$'000	US$'000
Tax expense/(credit) attributable to profit was made up of:		
Current income tax		
- Singapore	**4,317**	2,000
- Foreign	**7,205**	5,010
	11,522	7,010
Deferred income tax	**13,715**	(10,676)
	25,237	(3,666)
Under/(Over) provision in prior financial years		
- Current income tax (Note 11)	**618**	(3,746)
- Deferred income tax	**470**	(1,031)
	1,088	(4,777)
Income tax expense/(credit)	**26,325**	(8,443)

10. INCOME TAXES (continued)

(a) Income tax expense/(credit) (continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic rates of income tax as explained below:

	Group	
	2020	2019
	US$'000	US$'000
Profit before tax	**112,466**	3,121
Tax calculated at domestic rates applicable to profits in the respective countries	**21,673**	(1,017)
Effects of:		
- Tax incentives	**(8,621)**	(6,234)
- Expenses not deductible for tax purposes	**11,220**	1,224
- Income not subject to tax	**(659)**	(1,148)
- Deferred tax benefits not recognised	**2,268**	3,351
- Utilisation of previously unrecognised tax losses	**(611)**	-
- Under/(Over) provision of tax in prior financial years	**1,088**	(4,777)
- Others	**(33)**	158
	26,325	(8,443)

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 24% (2019: 17% and 24%) respectively. The Group enjoys certain tax incentives such as concessionary tax rate on qualifying income under the Global Trader Programme of Enterprise Singapore, concessionary tax rate on qualifying income under the Pioneer Status in Malaysia and other various schemes for qualifying capital investments in Malaysia.

Under/(Over) provision in prior financial years

For the financial year ended 31 December 2020, the under provision of current income tax in respect of prior financial years mainly relates to tax settlement for prior years revised tax assessments which were initiated and concluded in the current financial year by a subsidiary with the local tax authority.

For the financial year ended 31 December 2019, the over provision of current income tax in respect of prior financial years resulted from the final settlement of the notice of additional tax of a wholly-owned subsidiary during the current financial year. The notice of additional tax was raised by a local tax authority to a wholly-owned subsidiary of the Group during the financial year ended 31 December 2017 and was paid and provided during that financial year. The wholly-owned subsidiary had filed an objection to this additional tax assessment and the matter was under arbitration as at 31 December 2018.

11. CURRENT INCOME TAXES (LIABILITIES)/RECOVERABLE

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Beginning of the year	**3,260**	3,677	**(329)**	(314)
Currency translation differences	**130**	38	**(2)**	(5)
Income tax paid	**4,852**	2,809	**814**	1,137
Tax expense (Note 10)	**(11,522)**	(7,010)	**(602)**	(1,176)
(Under)/Over provision in prior financial years (Note 10)	**(618)**	3,746	**17**	29
End of the financial year	**(3,898)**	3,260	**(102)**	(329)
Represented by:				
At 31 December				
- Current income tax recoverable	**3,008**	4,961	**-**	-
- Current income tax liabilities	**(6,906)**	(1,701)	**(102)**	(329)

12. 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.

	Group	
	2020	2019
Net profit attributable to equity holders of the Company (US$'000)	**86,540**	11,646
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,500,667**	1,500,667
Basic earnings per share (US cents per share)	**5.77**	0.78

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2020 and 2019 as there were no potential dilutive ordinary shares outstanding.

13. INVENTORIES

	Group	
	2020	2019
	US$'000	US$'000
Raw materials	**94,393**	153,240
Finished goods	**192,917**	162,993
Stores, spares and consumables	**8,196**	6,957
	295,506	323,190

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$3,173,775,000 (2019: US$2,474,542,000).

14. TRADE RECEIVABLES

	Group	
	2020	2019
	US$'000	US$'000
Trade receivables		
- Related parties [Note 35(a)]	**15,399**	12,699
- Non-related parties	**280,630**	252,695
	296,029	265,394
Less: Allowance for expected credit losses		
- Non-related parties [Note 34(b)]	**(13,154)**	(21,609)
Trade receivables - net	**282,875**	243,785

15. OTHER RECEIVABLES

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Loans to subsidiaries	**-**	-	**342,184**	331,148
Less: Allowance for expected credit losses	**-**	-	**(56,222)**	(30,434)
	-	-	**285,962**	300,714
Non-trade receivables	**21,015**	8,010	**16,500**	-
Deposits	**15,158**	51,202	**-**	-
Prepayments	**28,252**	18,761	**14**	17
	64,425	77,973	**302,476**	300,731

Group

As at 31 December 2020, non-trade receivables included US$4,768,000 (2019: US$1,454,000) refundable Goods and Service Tax, US$9,568,000 (2019: US$1,702,000) relating to subsidy receivable for cooking oil price stabilisation scheme.

As at 31 December 2020, deposits included US$13,760,000 (2019: US$49,424,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading initial and variation margin payment.

Company

Loans to subsidiaries bear interests from 0.4% to 7.7% (2019: 0.6% to 8.4%) per annum. The loans are unsecured and repayable on demand.

As at 31 December 2020, non-trade receivables relate to US$16,500,000 (2019: US$Nil) dividend receivable from the Company's wholly-owned subsidiary.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Currency forward contracts are entered into by the Group to manage exposure to fluctuations in foreign currency exchange rates.

The Group enters into commodities forward contracts and futures contracts to protect the Group from movements in market prices of crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

(a) Current portion

	Contract notional amount	Group Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
31 December 2020			
Currency forward contracts [Note 34(e)]	990,571	9,069	(13,105)
Commodities forward contracts [Note 34(e)]	1,129,652	57,643	(106,374)
Futures contracts on commodity exchange [Note 34(e)]	508,856	43,526	-
Total		**110,238**	**(119,479)**
31 December 2019			
Currency forward contracts [Note 34(e)]	560,431	3,457	(5,023)
Commodities forward contracts [Note 34(e)]	869,993	68,340	(93,705)
Futures contracts on commodity exchange [Note 34(e)]	855,772	-	(20,056)
Total		71,797	(118,784)

	Contract notional amount	Company Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
31 December 2020			
Currency forward contracts [Note 34(e)]	609	**-**	**(25)**
31 December 2019			
Currency forward contracts [Note 34(e)]	995	29	-

(b) Non-current portion

	Contract notional amount	Group Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
31 December 2020			
Futures contracts on commodity exchange [Note 34(e)]	-	-	-
31 December 2019			
Futures contracts on commodity exchange [Note 34(e)]	4,226	33	-

17. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**75,403**	50,050	**79**	82
Short-term bank deposits	**2,766**	11,764	**4**	4
	78,169	61,814	**83**	86

18. INTANGIBLE ASSET

	Group	
	2020	2019
	US$'000	US$'000
Goodwill arising from acquisition of subsidiaries	**970**	970
Beginning and end of financial year	**970**	970

Impairment tests for goodwill

Goodwill arising from business combination have been allocated to the cash-generating unit ("CGU") - Jambi business, for impairment testing.

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

Discount rate	11.4%
Terminal growth rate	3.1%

The terminal growth rate used is consistent with the forecast included in industry reports and did not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate used was pre-tax and reflected specific risks relevant to the CGU.

Based on the recoverable amount determined by management, no impairment for the goodwill was deemed necessary as at 31 December 2020.

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Vessels US$'000	Mature plants US$'000	Capital expenditure in progress US$'000	Total US$'000
Group									
2020									
Cost									
Beginning of financial year	23,339	144,054	385,780	23,079	8,504	11,506	3,884	65,901	666,047
Currency translation differences	474	1,765	7,501	1,037	(108)	(15)	(126)	2,226	12,754
Additions	62	403	4,073	1,617	568	643	2,093	12,032	21,491
Remeasurement of lease liability	-	(759)	-	-	-	-	-	-	(759)
Disposals	-	(41)	(556)	(782)	(538)	(1)	-	-	(1,918)
Write off	-	-	(70)	(176)	(55)	-	-	-	(301)
Reclassification	-	1,393	5,353	78	-	21	70	(6,915)	-
End of financial year	23,875	146,815	402,081	24,853	8,371	12,154	5,921	73,244	697,314
Accumulated depreciation									
Beginning of financial year	2,637	30,970	140,579	17,849	5,663	1,614	234	-	199,546
Currency translation differences	79	582	3,249	190	54	-	(7)	-	4,147
Depreciation charge (Note 7)	480	2,893	16,337	1,471	929	1,113	77	-	23,300
Disposals	-	(7)	(440)	(764)	(484)	(1)	-	-	(1,696)
Write off	-	-	(49)	(173)	(51)	-	-	-	(273)
Reclassification	-	36	20	18	(74)	-	-	-	-
End of financial year	3,196	34,474	159,696	18,591	6,037	2,726	304	-	225,024
Accumulated impairment losses									
Beginning of financial year	-	904	17	247	66	-	-	438	1,672
Impairment losses (Note 6)	-	357	4	-	-	-	-	22,433	22,794
End of financial year	-	1,261	21	247	66	-	-	22,871	24,466
Net book value									
End of financial year	**20,679**	**111,080**	**242,364**	**6,015**	**2,268**	**9,428**	**5,617**	**50,373**	**447,824**

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Vessels US$'000	Mature plants US$'000	Capital expenditure in progress US$'000	Total US$'000
Group									
2019									
Cost									
Beginning of financial year	22,944	135,176	347,594	21,507	7,830	11,070	3,162	59,863	609,146
Currency translation differences	251	1,320	4,078	118	30	3	84	576	6,460
Additions	144	1,264	6,070	1,804	880	301	465	42,273	53,201
Disposals	-	(165)	(991)	(345)	(236)	-	-	-	(1,737)
Write off	-	-	(844)	(179)	-	-	-	-	(1,023)
Reclassification	-	6,459	29,873	174	-	132	173	(36,811)	-
End of financial year	23,339	144,054	385,780	23,079	8,504	11,506	3,884	65,901	666,047
Accumulated depreciation									
Beginning of financial year	2,122	25,696	128,593	16,653	4,714	696	68	-	178,542
Currency translation differences	27	391	1,478	82	21	-	26	-	2,025
Depreciation charge (Note 7)	488	2,898	14,268	1,622	1,126	918	100	-	21,420
Disposals	-	(134)	(786)	(340)	(209)	-	-	-	(1,469)
Write off	-	-	(797)	(175)	-	-	-	-	(972)
Reclassification	-	2,119	(2,177)	7	11	-	40	-	-
End of financial year	2,637	30,970	140,579	17,849	5,663	1,614	234	-	199,546
Accumulated impairment losses									
Beginning of financial year	-	4,280	17	247	66	-	-	438	5,048
Reversal of impairment losses	-	(3,376)	-	-	-	-	-	-	(3,376)
End of financial year	-	904	17	247	66	-	-	438	1,672
Net book value									
End of financial year	20,702	112,180	245,184	4,983	2,775	9,892	3,650	65,463	464,829

19. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Right-of-use ("ROU") 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 20(a).

(b) As at 31 December 2020, bank borrowings (Note 26) are secured on property, plant and equipment of the Group with carrying amounts of US$103,214,000 (2019: US$116,752,000).

(c) Interest capitalised within capital expenditure in progress amounted to US$638,000 (2019: US$1,344,000) for the financial year ended 31 December 2020.

20. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases office space, warehouse for the purpose of back office operations, refining and selling palm oil products and dairy-based products.

Leasehold land

The Group also makes monthly lease payments for leasehold land. The right-of-use of the land are recognised within property, plant and equipment (Note 19).

There are no externally imposed covenant on these lease arrangements.

Equipment and vehicles

The Group leases motor vehicles and equipment to render logistic services. The lease arrangements prohibit the Group from subleasing the equipment to third parties.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	2020 **US$'000**	2019 US$'000
Group		
Leasehold land and buildings	**71,444**	73,578
Plant and equipment	**20**	30
Motor vehicles	**11**	34
Total	**71,475**	73,642

20. LEASES – THE GROUP AS A LESSEE (continued)

(b) Depreciation charge during the year

	2020 US$'000	2019 US$'000
Group		
Leasehold land and buildings	**1,527**	2,027
Plant and equipment	**10**	10
Motor vehicles	**23**	20
Total	**1,560**	2,057

(c) Interest expense

	2020 US$'000	2019 US$'000
Group		
Interest expense on lease liabilities	**296**	347

(d) Lease expense not capitalised in lease liabilities

	2020 US$'000	2019 US$'000
Group		
Lease expense – short-term leases	**1,339**	539
Lease expense – low-value leases	**162**	808
Total (Note 7)	**1,501**	1,347

(e) Lease liabilities

	2020 US$'000	2019 US$'000
Group		
Current		
Lease liabilities	**460**	521
Non-current		
Lease liabilities	**5,971**	7,206

(f) Total cash outflow for all the leases in 2020 was US$2,334,000 (2019: US$2,190,000).

(g) Addition of ROU assets during the financial year 2020 was US$218,700 (2019: US$Nil).

20. LEASES – THE GROUP AS A LESSEE (continued)

(h) Future cash outflow which are not capitalised in lease liabilities:

Extension options

i. Extension option exercisable by the Group

The lease for certain asset contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension option to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

ii. Extension option subject to terms and conditions

The lease for certain asset contains extension period, for which the related lease payments had not been included in lease liabilities as the option to extend is subject to the approval of the lessor.

21. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out office space to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasing of office space is disclosed in Note 5.

Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

	2020 **US$'000**	2019 US$'000
Less than one year	**170**	193
One to two years	**89**	113
Two to three years	**-**	61
Total undiscounted lease payment	**259**	367

22. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	US$'000	US$'000
Equity investments at cost		
Beginning and end of financial year	**849**	849

Details of the significant subsidiaries are included in Note 41. There are no subsidiaries with non-controlling interest that are material to the Group as at 31 December 2020 and 2019.

23. INVESTMENTS IN ASSOCIATED COMPANY

	Group	
	2020	2019
	US$'000	US$'000
Equity investment at cost		
Beginning of financial year	**569**	491
Share of profits	**50**	71
Currency translation differences	**48**	7
End of financial year	**667**	569

The summarised financial information of the associated company, not adjusted for the proportion ownership interest held by the Group, was as follows:

	Group	
	2020	2019
	US$'000	US$'000
Assets	**1,693**	1,458
Liabilities	**(332)**	(298)
Carrying value of associated company	**1,361**	1,160
Effective interest rate of the Group in associated company	**49%**	49%
Carrying value of group's interest in associated company	**667**	569

	Group	
	2020	2019
	US$'000	US$'000
Revenue	**2,971**	4,374
Net profit and total comprehensive income	**102**	146
Effective interest rate of the Group in associated company	**49%**	49%
Share of profit of associated company	**50**	71

In the opinion of management, the associated company is not material to the Group.

24. TRADE PAYABLES

	Group	
	2020	2019
	US$'000	US$'000
Trade payables		
- Related parties [Note 35(a)]	**326**	906
- Non-related parties	**141,160**	124,128
	141,486	125,034

25. OTHER PAYABLES

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Non-trade payables				
- Related parties [Note 35(a)]	**-**	2	**-**	-
- Associated company	**277**	260	**-**	-
- Non-related parties	**26,249**	19,448	**-**	-
	26,526	19,710	**-**	-
Deferred income	**4,975**	3,830	**-**	-
Accrual for operating expenses	**34,258**	27,039	**232**	305
Provision for legal claim	**4,241**	-	**-**	-
	70,000	50,579	**232**	305

Non-trade amounts due to associated company and related parties relate mainly to forwarding services and rental of premises, and are unsecured, interest-free and repayable on demand.

Provision for legal claim relates to a legal claim in relation to certain project construction contractual disputes between its wholly-owned subsidiary, and a contractor. The legal proceedings are still ongoing as at 31 December 2020.

26. BORROWINGS

	Group	
	2020	2019
	US$'000	US$'000
Current		
Bank borrowings:		
- Trade financing	**227,819**	326,643
- Revolving credit	**7,233**	24,545
- Hire purchase	**477**	417
- Term loans	**13,174**	22,143
	248,703	373,748
Non-current		
Bank borrowings:		
- Hire purchase	**2,692**	2,949
- Term loans	**32,784**	24,200
	35,476	27,149
Total borrowings	**284,179**	400,897

26. BORROWINGS (continued)

(a) Securities granted

Total borrowings include secured liabilities of US$36,343,000 (2019: US$25,710,000). The borrowings of the Group are secured by certain property, plant and equipment as disclosed in Note 19(b).

(b) Fair value of non-current borrowings

The fair value of non-current borrowings approximated the carrying value of the non-current borrowings at the balance sheet date as they bear interests at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group.

27. DEFERRED INCOME TAXES

Deferred income tax assets and 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, were shown on the balance sheet as follows:

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Deferred income tax assets	**503**	2,864	**-**	-
Deferred income tax liabilities	**(31,413)**	(18,688)	**(2,150)**	(1,806)

Movement in deferred income tax assets/(liabilities) account was as follows:

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**(15,824)**	(27,305)	**(1,806)**	(1,029)
Currency translation differences	**(901)**	(226)	**-**	-
Tax (charged)/credited to				
- Profit or loss	**(14,185)**	11,707	**(344)**	(777)
End of financial year	**(30,910)**	(15,824)	**(2,150)**	(1,806)

27. DEFERRED INCOME TAXES (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation US$'000	Revaluation of property, plant and equipment US$'000	Unremitted foreign income US$'000	Unrealised gains on derivative financial instruments US$'000	Others US$'000	Total US$'000
2020						
At 1 January 2020	(28,411)	(557)	(1,957)	-	(509)	(31,434)
Currency translation differences	(804)	-	-	-	-	(804)
Charged to						
- Profit or loss	(5,744)	-	(344)	-	-	(6,088)
End of financial year	**(34,959)**	**(557)**	**(2,301)**	**-**	**(509)**	**(38,326)**
2019						
At 1 January 2019	(26,038)	(557)	(1,468)	(6,352)	(509)	(34,924)
Currency translation differences	(299)	-	-	6	-	(293)
(Charged)/credited to						
- Profit or loss	(2,074)	-	(489)	6,346	-	3,783
End of financial year	(28,411)	(557)	(1,957)	-	(509)	(31,434)

27. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Unutilised tax losses US$'000	Unutilised reinvestment allowance US$'000	Unrealised losses on derivative financial instruments US$'000	Provision and others US$'000	Total US$'000
2020					
Beginning of financial year	13	3,192	8,259	4,146	15,610
Currency translation differences	-	5	(133)	31	(97)
Charged to					
- Profit or loss	(13)	(1,187)	(6,218)	(679)	(8,097)
End of financial year	**-**	**2,010**	**1,908**	**3,498**	**7,416**
2019					
Beginning of financial year	93	3,135	-	4,391	7,619
Currency translation differences	-	33	-	34	67
(Charged)/credited to					
- Profit or loss	(80)	24	8,259	(279)	7,924
End of financial year	13	3,192	8,259	4,146	15,610

Deferred income tax assets are recognised for unutilised tax losses and unutilised investment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The unrecognised unutilised tax losses amounted to approximately US$34,651,000 as at 31 December 2020 (2019: US$37,162,000) and have no expiry dates except for US$9,947,000 (2019: US$9,100,000) which would expire between 2021 to 2025 and US$23,463,000 (2019: US$23,800,000) which would expire in 2026. These unrecognised unutilised tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in their respective countries of incorporation. In addition, a foreign subsidiary has unrecognised unutilised investment allowance of US$53,014,000 as at 31 December 2020 (2019: US$54,100,000) with no expiry date.

Company

Deferred income tax liabilities

	Unremitted foreign income	
	2020 US$'000	2019 US$'000
Beginning of financial year	**(1,806)**	(1,029)
Charged to		
- Profit or loss	**(344)**	(777)
End of financial year	**(2,150)**	(1,806)

28. SHARE CAPITAL AND SHARE PREMIUM

	No. of ordinary shares		Amount		
	Authorised share capital at par value of US$0.001	**Issued share capital at par value of US$0.001**	**Authorised share capital at par value of US$0.001**	**Share capital at par value of US$0.001**	**Share premium**
	’000	’000	US$’000	US$’000	US$’000
Group and Company					
2020					
Beginning and end of financial year, ordinary shares at par value, US$0.001	**30,000,000**	**1,500,667**	**30,000**	**1,501**	**180,012**
2019					
Beginning and end of financial year, ordinary shares at par value, US$0.001	30,000,000	1,500,667	30,000	1,501	180,012

All issued ordinary shares were fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

29. OTHER RESERVES

	Group	
	2020	2019
	US$’000	US$’000
(a) Composition:		
Merger reserve	**(53,005)**	(53,005)
General reserve	**(1,425)**	(720)
Currency translation reserve	**17,012**	12,261
Capital redemption reserve	**3,509**	3,509
	(33,909)	(37,955)

	Company	
	2020	2019
	US$’000	US$’000
Composition:		
Capital redemption reserve	**3,509**	3,509

Merger reserve represents the difference between the cost of investment (equivalent to the net asset value) and nominal value of share capital of the merged subsidiaries.

General reserve represents the difference between the carrying amounts of the non-controlling interest and the fair value of the consideration paid.

29. OTHER RESERVES (continued)

Capital redemption reserve represents the difference between the nominal value of the shares repurchased and fair value of the consideration paid.

Other reserves are non-distributable.

	Note	Group	
		2020	2019
		US$'000	US$'000
(b) Movements			
(i) Merger reserve			
Beginning and end of financial year		**(53,005)**	(53,005)
(ii) General reserve			
Beginning of financial year		**(720)**	(720)
Acquisition of non-controlling interests*		**(705)**	-
End of financial year		**(1,425)**	(720)
(iii) Currency translation reserve			
Beginning of financial year		**12,261**	11,135
Net currency translation differences of foreign subsidiaries		**4,879**	1,074
Less: Non-controlling interests		**(128)**	52
		4,751	1,126
End of financial year		**17,012**	12,261

	Group and Company	
	2020	2019
	US$'000	US$'000
(iv) Capital redemption reserve		
Beginning and end of financial year	**3,509**	3,509

* During the financial year ended 31 December 2020, the Group acquired 10% shares of MOI International (Australia) Pty Ltd, through its wholly-owned subsidiary, One Marthoma (CI) Inc., from its non-controlling shareholder, Trupps Pty Ltd as trustee of the Trupps Family Trust at a consideration of AUD2,000,000 (US$1,370,000). The carrying amount of the non-controlling interest amounted to US$665,000, resulting in a US$705,000 increase in general reserve. This transaction increased the shareholding of the Group to 86%.

30. RETAINED PROFITS

Movement in retained profits for the Company was as follows:

	Company	
	2020	2019
	US$'000	US$'000
Beginning of financial year	**114,233**	98,224
Total comprehensive income for the financial year	**3,291**	26,049
Dividends (Note 31)	**(1,647)**	(10,040)
End of financial year	**115,877**	114,233

31. DIVIDENDS

	Group and Company	
	2020	2019
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt one-tier dividend of S$Nil for 2019 (2018: S$0.0045) per share	**-**	4,964
- Interim exempt one-tier dividend of S$0.0015 for 2020 (2019: S$0.0046) per share	**1,647**	5,076
	1,647	10,040
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt one-tier dividend of S$0.0060 (2019: S$ Nil) per share	**6,813**	-

32. CONTINGENT LIABILITIES

Company

The Company has issued unsecured corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2020, the borrowings under the guarantees amounted to US$284,179,000 (2019: US$400,897,000). The financial effects of SFRS(I) 9 relating to the financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised. The management does not expect any loss to arise from the guarantees.

33. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2020	2019
	US$'000	US$'000
Property, plant and equipment	**16,144**	26,591

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, commodity price risk and interest rate 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 financial instruments such as currency forward contracts, commodities forward and futures contracts of crude palm oil and palm oil products to hedge certain financial risk exposures.

Financial risk management is carried out by the Executive Risk Management Team in accordance with the policies set by the Board of Directors. The Executive Risk Management Team works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports are submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group's revenue is denominated primarily in United States Dollar ("USD"), the functional and reporting currency of the Company. There are some exposures in other currencies, the most significant of which are the Malaysian Ringgit ("Ringgit"), Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Indonesian Rupiah ("IDR") and Chinese Yuan ("CNY"). Currency risk arises within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies.

The Group's risk management strategy provides for the use of currency forward contracts to hedge its future committed foreign exchange exposures, if necessary.

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management was as follows:

	USD* US$'000	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	IDR US$'000	CNY US$'000
At 31 December 2020							
Financial assets							
Cash and bank balances	2,893	13,269	5,688	3,235	129	2,329	187
Trade and other receivables	9,735	115,609	33,359	4,812	3,501	1,837	158
Intercompany receivables	145,517	161,742	121,835	29	20	22,343	2,182
	158,145	290,620	160,882	8,076	3,650	26,509	2,527
Financial liabilities							
Borrowings	-	(170,507)	-	(3,784)	-	-	-
Lease liabilities	-	(680)	-	(4,776)	(695)	-	(99)
Trade and other payables	(22,795)	(148,418)	(11,927)	(9,842)	(353)	(1,552)	(2,297)
Intercompany payables	(336,186)	(161,742)	(121,835)	(29)	(20)	(22,342)	(2,182)
	(358,981)	(481,347)	(133,762)	(18,431)	(1,068)	(23,894)	(4,578)
Net financial (liabilities)/assets	(200,836)	(190,727)	27,120	(10,355)	2,582	2,615	(2,051)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	250,865	(293,494)	113,515	339	-	-	(7,244)
Less: Currency forward contracts	(125,220)	276,834	(251,766)	7,937	(13,908)	-	(6,741)
Currency profile	(75,191)	(207,387)	(111,131)	(2,079)	(11,326)	2,615	(16,036)
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	-	212,760	55,218	(9)	(722)	17,944	14,282
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	**(75,191)**	**5,373**	**(55,913)**	**(2,088)**	**(12,048)**	**20,559**	**(1,754)**

* This relates to the Group's exposure to USD arising from subsidiaries with Ringgit functional currency.

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management was as follows (continued):

	USD* US$'000	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	IDR US$'000	CNY US$'000
At 31 December 2019							
Financial assets							
Cash and bank balances	938	23,321	20,086	2,195	153	1,257	258
Trade and other receivables	18,807	118,069	25,138	3,964	3,236	3,823	2,832
Intercompany receivables	31,687	206,707	167,881	27	38	19,975	3,280
	51,432	348,097	213,105	6,186	3,427	25,055	6,370
Financial liabilities							
Borrowings	-	(201,983)	-	-	-	-	-
Lease liabilities	-	(713)	-	(5,738)	(833)	-	(198)
Trade and other payables	(5,028)	(113,158)	(11,074)	(9,948)	(696)	(2,391)	(1,836)
Intercompany payables	(186,217)	(206,707)	(167,881)	(27)	(38)	(19,975)	(3,280)
	(191,245)	(522,561)	(178,955)	(15,713)	(1,567)	(22,366)	(5,314)
Net financial (liabilities)/assets	(139,813)	(174,464)	34,150	(9,527)	1,860	2,689	1,056
Add: Firm commitments and highly probable forecast transactions in foreign currencies	41,043	(56,843)	9,688	179	-	-	(13,600)
Less: Currency forward contracts	52,828	1,353	(92,851)	4,260	(9,153)	-	(2,998)
Currency profile	(45,942)	(229,954)	(49,013)	(5,088)	(7,293)	2,689	(15,542)
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	-	221,126	28,254	(7)	(1,089)	13,310	18,756
Currency exposure of financial (liabilities) / assets net of those denominated in the respective entities' functional currencies	(45,942)	(8,828)	(20,759)	(5,095)	(8,382)	15,999	3,214

* This relates to the Group's exposure to USD arising from subsidiaries with Ringgit functional currency.

34. 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 was as follows:

	SGD US$'000	AUD US$'000	CNY US$'000	EUR US$'000
At 31 December 2020				
Financial assets				
Cash and bank balances	10	8	-	-
Other receivables	1	-	40	-
	11	8	40	-
Financial liabilities				
Other payables	(232)	-	-	-
Net financial (liabilities)/assets	(221)	8	40	-
Less: Currency forward contracts	-	-	(36)	(572)
Currency profile/currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	**(221)**	**8**	**4**	**(572)**

	SGD US$'000	AUD US$'000	CNY US$'000	EUR US$'000
At 31 December 2019				
Financial assets				
Cash and bank balances	39	8	-	-
Other receivables	-	-	36	-
	39	8	36	-
Financial liabilities				
Other payables	(305)	-	-	-
Net financial (liabilities)/assets	(266)	8	36	-
Less: Currency forward contracts	408	-	(36)	(542)
Currency profile/currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	142	8	-	(542)

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(i) *Currency risk* (continued)

If Ringgit, EUR, SGD, AUD, IDR and CNY change by 5% (2019: Ringgit, EUR, SGD, AUD, IDR and CNY: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position net of those denominated in the respective entities' functional currencies are as follows:

	Profit after tax Increase/(Decrease)	
	US$'000	US$'000
	Strengthened	**Weakened**
Group		
31 December 2020		
USD against Ringgit	**(2,880)**	**2,880**
Ringgit against USD	**206**	**(206)**
EUR against USD	**(2,141)**	**2,141**
SGD against USD	**(81)**	**81**
AUD against USD	**(461)**	**461**
IDR against USD	**787**	**(787)**
CNY against USD	**(67)**	**67**
31 December 2019		
USD against Ringgit	(1,864)	1,864
Ringgit against USD	(960)	960
EUR against USD	(2,257)	2,257
SGD against USD	(554)	554
AUD against USD	(911)	911
IDR against USD	1,740	(1,740)
CNY against USD	349	(349)

34. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

If SGD, AUD, CNY and EUR change against USD by 5% (2019: SGD, AUD, CNY and EUR: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position net of those denominated in the respective entities' functional currencies are as follows:

	Profit after tax Increase/(Decrease)	
	US$'000	US$'000
	Strengthened	**Weakened**
Company		
31 December 2020		
SGD against USD	**(8)**	**8**
AUD against USD	**-**	**-**
CNY against USD	**-**	**-**
EUR against USD	**(22)**	**22**
31 December 2019		
SGD against USD	6	(6)
AUD against USD	-	-
CNY against USD	-	-
EUR against USD	(22)	22

(ii) *Cash flows and fair value interest rate risks*

Cash flows 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 the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings and deposits placed with creditworthy licensed banks and financial institutions. However, due to the short duration of these financial instruments, the Group does not expect any changes in market interest rate to have a significant impact on the Group's profit after tax.

(iii) *Commodity price risk*

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(iii) *Commodity price risk* (continued)

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$16,376,000 (2019: lower or higher by US$8,432,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

(b) ***Credit risk***

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables, cash and bank balances, and derivative financial instruments. For trade and other receivables and commodities forward contracts, the Group adopts the policy of dealing only with customers of appropriate credit standing and history or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has a credit risk policy in place to manage credit risk. All new customers are subject to credit worthiness check; counterparties are ranked and assigned a credit limit appropriately. Such credit limit would be approved by the Executive Risk Management Team. In addition, any increase in credit limit requires approval from the Executive Risk Management Team. The Executive Risk Management Team is mandated to monitor the payment ageing profile of the third party receivables, to review all the outstanding receivables regularly and to identify any potential uncollectible for credit loss allowance and/or write-off.

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:

	Company	
	2020	2019
	US$'000	US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	**284,179**	400,897

The management is of the view that no loss is expected to arise from the guarantees.

The credit risk relating to each class of financial instruments presented on the balance sheet are as follows:

(i) *Cash and bank balances and other receivables*

The Group and the Company held cash and bank balances of US$78,169,000 and US$83,000 respectively (2019: US$61,814,000 and US$86,000) with banks which have good credit-ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

The Group has assessed that other receivables are subject to immaterial credit loss.

34. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Credit risk*** (continued)

(ii) Trade receivables

For specific trade receivables identified by the Group to be credit impaired, the Group recognised a loss allowance equal to lifetime expected credit loss of US$13,154,000 (2019: US$21,609,000) in respect of these receivables, as follows:

	Group	
	2020	2019
	US$'000	US$'000
Gross amount	**18,531**	30,742
Less: Allowance for expected credit losses	**(13,154)**	(21,609)
	5,377	9,133
Beginning of financial year	**(21,609)**	(23,056)
Currency translation differences	**(133)**	(644)
(Provision)/Reversal of expected credit losses	**(6,360)**	672
Allowance utilised	**14,948**	1,419
End of financial year	**(13,154)**	(21,609)

For the remaining receivables, they are grouped based on similar risk characteristics and days past due, and the Group uses a provision matrix to measure the lifetime expected credit loss allowance for these receivables. These receivables as at 31 December 2020 and 31 December 2019 are set out as follows:

	Group	
	2020	2019
	US$'000	US$'000
Trade receivables		
Not past due	**223,669**	137,263
Past due < 3 months	**39,924**	77,199
Past due 3 to 6 months	**9,611**	8,639
Past due 6 to 12 months	**927**	1,155
Past due over 1 year	**3,367**	10,396
	277,498	234,652

34. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Credit risk*** (continued)

(ii) *Trade receivables* (continued)

For the purpose of ascertaining the credit loss to be provided, the Group takes into consideration any deposits and payables to these customers, where there is a right of offset, as well as credit insurance coverage to determine the credit risk exposure to the Group.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the commodities price to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Based on the above assessment, the Group has concluded that the credit loss from these receivables as at 31 December 2020 and 31 December 2019 is immaterial.

The Group considers a trade receivable as in default if the counterparty fails to make contractual payments within a commercially reasonable timeframe that is determined by the Group, and write off the trade receivable when there is no reasonable expectation of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(iii) *Loan to subsidiaries*

The Company monitors the credit risk of the subsidiaries to assess if there is any significant increase in credit risk.

For loans to subsidiaries identified by the Company to be credit impaired, the Company recognised credit loss of US$56,222,000 (2019: US$30,434,000). The remaining loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

34. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and maintaining flexibility in funding by keeping credit facilities available with different financial institutions. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 17.

The table below analyses financial liabilities (including derivative liabilities) of the Group and the Company 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 were the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting was 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
Group					
At 31 December 2020					
Trade and other payables	**(218,898)**	**-**	**-**	**-**	**(218,898)**
Borrowings	**(252,242)**	**(9,782)**	**(21,750)**	**(5,128)**	**(288,902)**
Lease liabilities	**(734)**	**(1,070)**	**(1,241)**	**(8,342)**	**(11,387)**
	(471,874)	**(10,852)**	**(22,991)**	**(13,470)**	**(519,187)**
Gross-settled currency forward contracts					
- Receipts	**681,204**	**-**	**-**	**-**	**681,204**
- Payments	**(309,367)**	**-**	**-**	**-**	**(309,367)**
	371,837	**-**	**-**	**-**	**371,837**
Gross-settled commodities futures contracts and forward sales and purchase contracts					
- Receipts	**798,383**	**-**	**-**	**-**	**798,383**
- Payments	**(840,124)**	**-**	**-**	**-**	**(840,124)**
	(41,741)	**-**	**-**	**-**	**(41,741)**
At 31 December 2019					
Trade and other payables	(171,191)	-	-	-	(171,191)
Borrowings	(378,496)	(14,341)	(13,682)	(1,031)	(407,550)
Lease liabilities	(848)	(762)	(1,678)	(10,192)	(13,480)
	(550,535)	(15,103)	(15,360)	(11,223)	(592,221)
Gross-settled currency forward contracts					
- Receipts	306,840	-	-	-	306,840
- Payments	(253,591)	-	-	-	(253,591)
	53,249	-	-	-	53,249
Gross-settled commodities futures contracts and forward sales and purchase contracts					
- Receipts	977,193	798	-	-	977,991
- Payments	(748,572)	(3,428)	-	-	(752,000)
	228,621	(2,630)	-	-	225,991

34. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$'000
Company	
At 31 December 2020	
Other payables	**(232)**
Gross-settled currency forward contracts	
- Receipts	**-**
- Payments	**(609)**
	(609)
At 31 December 2019	
Other payables	(305)
Gross-settled currency forward contracts	
- Receipts	397
- Payments	(598)
	(201)

The table below analyses the maturity profile of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts was allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US$'000
Company	
At 31 December 2020	
Financial guarantee contracts	**(284,179)**
At 31 December 2019	
Financial guarantee contracts	(400,897)

34. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on net assets of the Group and a number of key ratios including gross debt-equity ratio and net debt-equity ratio. The Group is required by the banks to maintain a certain amount of minimum net worth and gross debt-equity ratio. The gross debt-equity ratio is defined as total interest-bearing debts ("gross debt") to total equity. Net debt-equity ratio is defined as total interest-bearing debts less cash and bank balances ("net debt") to total equity.

No changes were made to the objectives, policies or processes of managing capital during the financial years ended 31 December 2020 and 31 December 2019.

	Group	
	31 December	
	2020	2019
	US$'000	US$'000
Debt-equity ratio		
Gross debt*	**284,179**	400,897
Less: Cash and bank balances	**(78,169)**	(61,814)
Net debt	**206,010**	339,083
Total equity	**610,329**	522,567
Gross debt-equity ratio	**0.47**	0.77
Net debt-equity ratio	**0.34**	0.65

* Gross debt is calculated as total borrowings as disclosed in Note 26.

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements

The table below presents assets and liabilities recognised and 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); and

(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	Total US$'000
Group			
31 December 2020			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	9,069	9,069
- Commodities forward contracts	-	57,643	57,643
- Futures contracts on commodity exchange	43,526	-	43,526
	43,526	**66,712**	**110,238**
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(13,105)	(13,105)
- Commodities forward contracts	-	(106,374)	(106,374)
	-	**(119,479)**	**(119,479)**
31 December 2019			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	3,457	3,457
- Commodities forward contracts	-	68,340	68,340
- Futures contracts on commodity exchange	33	-	33
	33	71,797	71,830
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(5,023)	(5,023)
- Commodities forward contracts	-	(93,705)	(93,705)
- Futures contracts on commodity exchange	(20,056)	-	(20,056)
	(20,056)	(98,728)	(118,784)

34. FINANCIAL RISK MANAGEMENT (continued)

(e) ***Fair value measurements*** (continued)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Company			
31 December 2020			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	**-**	**(25)**	**(25)**
31 December 2019			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	29	29

There were no transfers between Levels 1 and 2 during the year. The Group's commodities futures contracts are traded in active markets and their fair values reflect quoted prices at the balance sheet date in active markets such as Bursa Malaysia. These instruments are included in Level 1.

The Group's commodities forward contracts are not traded in an active market. Their fair values are estimated by a valuation technique that takes into consideration various sources of indicative market prices. The sources of indicative market prices include prices listed on the Malaysian Palm Oil Board (MPOB), prices obtained from an international news agency, quotes obtained from brokers and actual contracted prices entered into at the balance sheet date. The fair values of currency forward contracts are determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

The carrying value less allowance for expected credit losses of trade and other receivables are assumed to approximate their fair value. 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 fair value of current borrowings and lease liabilities approximates their carrying amounts.

(f) ***Financial instruments by category***

The carrying amount of the different categories of financial instruments were as disclosed on the face of the balance sheet, except for the following:

	Group		**Company**	
	2020 **US$'000**	2019 US$'000	**2020** **US$'000**	2019 US$'000
Financial assets at fair value through profit or loss	**110,238**	71,830	**-**	29
Financial liabilities at fair value through profit or loss	**(119,479)**	(118,784)	**(25)**	-
Financial assets at amortised cost	**392,449**	363,357	**302,462**	300,714
Financial liabilities at amortised cost	**(496,432)**	(579,815)	**(232)**	(305)

34. FINANCIAL RISK MANAGEMENT (continued)

(g) Offsetting financial assets and liabilities

Group

(i) Financial assets subject to offsetting

Description	(a) Gross amounts of financial assets US$'000	(b) Gross amount of financial liabilities set off on balance sheet US$'000	(c) = (a)-(b) Net amounts of financial assets presented on balance sheet US$'000
31 December 2020			
Commodities forward contracts	**63,930**	**(6,287)**	**57,643**
31 December 2019			
Commodities forward contracts	82,247	(13,907)	68,340

(ii) Financial liabilities subject to offsetting

Description	(a) Gross amounts of financial liabilities US$'000	(b) Gross amount of financial assets set off on balance sheet US$'000	(c) = (a)-(b) Net amounts of financial liabilities presented on balance sheet US$'000
31 December 2020			
Commodities forward contracts	**(112,661)**	**6,287**	**(106,374)**
31 December 2019			
Commodities forward contracts	(107,612)	13,907	(93,705)

35. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services and other transactions

	Group	
	2020	2019
	US$'000	US$'000
Sales of finished goods to related parties	**14,458**	11,408
Purchases of raw materials from related parties	**926**	858
Losses from derivative financial instruments from related parties	**(267)**	(51)
Rental received/receivable		
- Associated company	**3**	3
- Related party	**33**	41
Interest income from related parties	**-**	3
Service fee income received/receivable		
- Associated company	**42**	25
Services paid/payable		
- Transportation and forwarding		
- Associated company	**2,473**	3,445
- Related party	**183**	213
- Packing material to related parties	**629**	874
- Consultation fees to related parties	**1,514**	1,551
- Travelling expenses to related parties	**17**	246

Related parties comprise mainly companies or individuals which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2020 and 2019 arising from the above transactions are set out in Notes 14, 15, 24 and 25.

(b) Key management personnel compensation

Key management personnel compensation was as follows:

	Group	
	2020	2019
	US$'000	US$'000
Wages, salaries and other short-term employee benefits	**6,658**	6,756
Employer's contribution to defined contribution plans	**132**	141
	6,790	6,897

Key management compensation includes remuneration of Executive Directors and senior management of the Group.

36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Management Committee ("Mancom") that are used to make strategic decisions, allocate resources, and assess performance. The Mancom is the Group's chief operating decision-maker and comprises the Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Mancom considers the business from two segments:

(i) The bulk segment which sources, manufactures and sells edible oils and specialty fats and oils in bulk for a variety of end uses; and

(ii) The consumer pack segment which manufactures and sells edible oils and bakery fats and rice to consumers in packaged form.

The Group measures and tracks the profitability in terms of operating margin and adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA").

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses, allowance for/(reversal of) expected credit losses and foreign exchange gains/(losses). Operating margin relating to inter-segment sales are reported under the segment where the final sales to third parties are made.

Sales between segments reported to the Mancom is measured in a manner consistent with the Group's accounting policies.

Adjusted EBITDA is calculated as operating margin add other income, less administrative expenses (excluding depreciation) and other gains excluding foreign exchange gains or losses which has considered in operating margin.

36. SEGMENT INFORMATION (continued)

The segment information provided to the Mancom for the reportable segments for the financial year ended 31 December 2020 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Revenue			
Total segment sales	2,921,478	808,184	3,729,662
Inter-segment sales	(274,166)	(9,643)	(283,809)
Revenue from external parties	2,647,312	798,541	3,445,853
Operating margin	**160,540**	**79,997**	**240,537**
Other income excluding interest income	4,052	559	4,611
Interest income	934	237	1,171
Administrative expenses, excluding depreciation	(37,310)	(37,340)	(74,650)
Other losses excluding foreign exchange gains and impairment of assets	(121)	(4,228)	(4,349)
Adjusted EBITDA	**128,095**	**39,225**	**167,320**
Depreciation	(16,513)	(6,787)	(23,300)
Finance expense	(5,950)	(2,860)	(8,810)
Impairment of assets	(6,038)	(16,756)	(22,794)
Segment results	**99,594**	**12,822**	**112,416**
Unallocated			
Income tax expense			(26,325)
Share of profit of an associate			50
Profit after tax			**86,141**
Total segment assets	**990,327**	**288,710**	**1,279,037**
Unallocated			
Current income tax recoverable			3,008
Intangible asset			970
Investment in associated company			667
Deferred income tax assets			503
Total assets			**1,284,185**
Total assets include:			
Additions to:			
- Property, plant and equipment	15,350	6,141	21,491
Total segment liabilities	**(484,092)**	**(151,445)**	**(635,537)**
Unallocated			
Current income tax liabilities			(6,906)
Deferred income tax liabilities			(31,413)
Total liabilities			**(673,856)**

36. SEGMENT INFORMATION (continued)

The segment information provided to the Mancom for the reportable segments for the financial year ended 31 December 2019 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Revenue			
Total segment sales	2,281,521	843,342	3,124,863
Inter-segment sales	(290,071)	(17,537)	(307,608)
Revenue from external parties	1,991,450	825,805	2,817,255
Operating margin	45,693	59,690	105,383
Other income excluding interest income	2,216	527	2,743
Interest income	2,165	393	2,558
Administrative expenses, excluding depreciation	(35,462)	(38,789)	(74,251)
Other gains excluding foreign exchange gains	957	2,173	3,130
Adjusted EBITDA	15,569	23,994	39,563
Depreciation	(15,211)	(6,209)	(21,420)
Finance expense	(10,491)	(4,602)	(15,093)
Segment results	(10,133)	13,183	3,050
Unallocated			
Income tax credit			8,443
Share of profit of an associate			71
Profit after tax			11,564
Total segment assets	974,284	269,137	1,243,421
Unallocated			
Current income tax recoverable			4,961
Intangible asset			970
Investment in associated company			569
Deferred income tax assets			2,864
Total assets			1,252,785
Total assets include:			
Additions to:			
- Property, plant and equipment	34,029	19,172	53,201
Total segment liabilities	(561,652)	(148,177)	(709,829)
Unallocated			
Current income tax liabilities			(1,701)
Deferred income tax liabilities			(18,688)
Total liabilities			(730,218)

36. SEGMENT INFORMATION (continued)

Geographical information

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets, excluding intangible asset, deferred income tax assets and derivative financial assets, are analysed by the geographical area in which the non-current assets are located.

	Group	
	2020	2019
	US$'000	US$'000
Revenue by geography		
Malaysia	**1,074,318**	897,431
Singapore	**743,183**	534,189
	1,817,501	1,431,620
Other geographical areas		
- Rest of Asia	**823,254**	484,067
- Africa	**354,651**	285,351
- Middle East	**200,750**	265,034
- Europe	**129,585**	224,758
- Pacific Oceania	**66,864**	58,833
- America	**53,248**	67,592
	1,628,352	1,385,635
	3,445,853	2,817,255

	Group	
	2020	2019
	US$'000	US$'000
Non-current assets by geography		
Singapore	**15,533**	17,996
Malaysia	**347,607**	365,357
Other countries	**85,351**	82,045
	448,491	465,398

There is no transaction with a single external customer amounting to 10 per cent or more of the Group's revenues for the financial years ended 31 December 2020 and 2019.

37. IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

ii. In 2020, as the Group's significant operations in Singapore and Malaysia were mainly classified under essential services, they continued operating within the set of local regulations and guidelines under respective governments' movement control measures.

iii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on impairment of trade receivables, and property, plant and equipment are disclosed in Notes 3(b) and 3(c) respectively.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot completely 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 2021. As at the date of this financial statement, the Group is not aware of any further material impact expected on the Group's performance in the subsequent financial periods. However, the Group is closely monitoring the development of Covid-19 outbreaks and if the situation weakens beyond management's current expectations, the Group's assets may be subject to further impairment assessment in the subsequent financial periods.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 1 Mar 2021, the Company's wholly-owned subsidiary, Ngo Chew Hong Investment Pte Ltd acquired 68.4% equity interest in Mega Agro Pte. Ltd. ("MAPL") a company registered in Singapore. MAPL holds 95% equity interest in PT Able Commodities Indonesia ("PTACI"), a company registered in Indonesia. PTACI owns and operates facilities to refine and pack palm oil and its derivatives. The acquisition consideration of US$17,100,000 is a combination of share purchase price for 68.4% equity interest in MAPL and takeover of proportionate shareholders loan in PTACI.

39. 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 for 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 the costs of fulfilling it and any compensation 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.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 8 March 2021.

41. LISTING OF SIGNIFICANT SUBSIDIARIES OF THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Group's equity holding	
				2020 %	2019 %
Mewah-Oils Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Mewaholeo Industries Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Mewah Datu Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
MOI Foods Malaysia Sdn Bhd [b]	Malaysia	Manufacturing and selling of downstream vegetable oil based food and personal care products	Malaysia	**100**	100
Mewah Dairies Sdn Bhd [b]	Malaysia	Manufacturing and selling of dairy related products	Malaysia	**100**	100
Bremfield Sdn Bhd [b]	Malaysia	Manufacturing and selling of biodiesel related products	Malaysia	**100**	100
Mewah Oils & Fats Pte Ltd [a]	Singapore	Trading of edible oils, fats and related products	Singapore	**100**	100
Ngo Chew Hong Edible Oil Pte Ltd [a]	Singapore	Packaging and trading of dairy and edible oils	Singapore	**100**	100
MOI International (Singapore) Pte Ltd [a]	Singapore	Trading of dairy, food products and agricultural raw materials	Singapore	**100**	100
Mewah Marketing Pte Ltd [a]	Singapore	Trading of edible oils, fats and related products	Singapore	**100**	100

[a] Audited by PricewaterhouseCoopers LLP, Singapore
[b] Audited by PricewaterhouseCoopers, Malaysia

Statistics of Shareholdings

as at 15 March 2021

Total number of issued shares	:	1,500,667,440
Issued and fully paid-up capital	:	US$1,500,667
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 99	3	0.09	97	0.00
100 - 1,000	1,098	31.90	1,085,800	0.07
1,001 – 10,000	1,171	34.02	7,380,362	0.49
10,001 – 1,000,000	1,143	33.21	72,752,859	4.85
1,000,001 & above	27	0.78	1,419,448,322	94.59
TOTAL	**3,442**	**100**	**1,500,667,440**	**100**

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Eighteen Tenth Nineteen Forty Four Inc.	361,048,720[1]	24.06	-	0.00
Dr. TC Pierre (Cayman Islands) Inc.	-	0.00	402,681,220[1][2]	26.83
T.C. Stone Limited	251,785,400[3]	16.78	-	0.00
J.J. Mibisa Holdings (BVI) Inc.	-	0.00	251,785,400[3]	16.78
Dr Cheo Tong Choon @ Lee Tong Choon	-	0.00	720,060,120[5]	47.98
Michelle Cheo Hui Ning	2,163,600	0.14	698,278,620[6]	46.53
Bianca Cheo Hui Hsin	2,460,100	0.16	699,804,620[7]	46.63
Sara Cheo Hui Yi	-	0.00	698,278,620[6]	46.53
Cheo Jian Jia	-	0.00	698,278,620[6]	46.53
Cheo Seng Jin	69,316,092[4]	4.62	62,603,208[8]	4.17
Ankar Pacific Assets Pte. Ltd.	89,331,800	5.95	-	0.00
Ong Tuan Hong	82,351,220	5.49	-	0.00
TOTAL	**858,456,932**	**57.20**		

(1) The shareholders of Eighteen Tenth Nineteen Forty Four Inc.("**1810**") include Dr. T.C. Pierre (Cayman Islands) Inc. (95.46%) which is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust.

(2) Unity Investment Inc. ("**Unity**") is wholly owned by Dr. T.C. Pierre (Cayman Islands) Inc. which in turn is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust. Accordingly, Dr. T.C. Pierre (Cayman Islands) Inc. is deemed to have an interest in 41,632,500 shares held by Unity.

(3) T.C. Stone Limited.("**TCS**") is wholly owned by J.J. Mibisa Holdings (BVI) Inc. which in turn is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust.

(4) Cheo Seng Jin has assigned voting rights of 43,812,000 shares to SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust.

(5) Deemed interest for Dr Cheo Tong Choon @ Lee Tong Choon arises from the shares held by his spouse; and shares held by 1810 (Note 1), Unity (Note 2), TCS (Note 3) and Cheo Seng Jin (Note 4).

(6) Deemed interest for Michelle Cheo Hui Ning, Cheo Jian Jia and Sara Cheo Hui Yi arise from the shares held by 1810 (Note 1), Unity (Note 2), TCS (Note 3) and Cheo Seng Jin (Note 4).

(7) Deemed interest for Bianca Cheo Hui Ning arises from the shares held by her spouse and shares held by 1810 (Note 1), Unity (Note 2), TCS (Note 3) and Cheo Seng Jin (Note 4).

(8) Deemed interest for Cheo Seng Jin arises from the Shares held by Nature International Pte. Ltd. which is wholly owned by Cheo Seng Jin.

Statistics of Shareholdings

as at 15 March 2021

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Raffles Nominees (Pte) Limited	267,988,444	17.86
2	Citibank Nominees Singapore Pte Ltd	231,653,644	15.44
3	Eighteen Tenth Nineteen Forty Four Inc.	210,981,976	14.06
4	DBS Nominees (Private) Limited	166,953,944	11.13
5	T.C. Stone Limited	143,376,309	9.55
6	CGS-CIMB Securities (Singapore) Pte. Ltd.	125,909,960	8.39
7	United Overseas Bank Nominees (Private) Limited	108,941,691	7.26
8	UOB Kay Hian Private Limited	51,401,200	3.43
9	Cheo Ming Xiang	18,991,062	1.27
10	BNP Paribas Nominees Singapore Pte. Ltd.	16,149,800	1.08
11	Chung Amy	14,914,500	0.99
12	Loo Choon Yong	14,190,000	0.95
13	Tsao Chin Mey Jimmy	11,170,000	0.74
14	Goh Seng Hui	7,937,000	0.53
15	Goi Bee Lan	4,390,000	0.29
16	Wong Wei Lan	3,558,000	0.24
17	Sukumaran S/O Ramasamy	3,300,000	0.22
18	Phillip Securities Pte Ltd	2,967,100	0.20
19	Cheo Seng Jin	2,876,592	0.19
20	Michelle Cheo Hui Ning	2,163,600	0.14
	TOTAL	**1,409,814,822**	**93.96**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 15 March 2021, approximately 25.56% of the issued shares of the Company are held by the public. Accordingly, the Company has complied with the Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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