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FINANCIAL REVIEW

CAPITAL STRUCTURE

As at 31 December 2021, shareholders' funds grew by US$1.04 billion to US$19.92 billion on the back of record net profits recognised in FY2021. We continue to maintain an efficient capital structure that supports our business operations and maximises returns to shareholders while preserving the strength of our balance sheet. Higher working capital requirements led net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) to increase to US$17.24 billion. This resulted in a higher net debt to equity ratio of 0.87x as at 31 December 2021 (31 December 2020: 0.72x).

Given the nature of our business, the level of financing for our working capital requirements fluctuates in accordance with prices of agricultural commodities and business volume, and a significant proportion of our borrowings are used for such working capital financing. Our working capital comprise very liquid or near cash assets like inventories and trade receivables. Inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by documentary credits. Taking the above into consideration, our adjusted net debt (excluding liquid working capital) to equity ratio which better reflects our Group's debt position, remains healthy and stable at 0.27x as at 31 December 2021 (31 December 2020: 0.27x).

Our investments in property, plant and equipment are funded through cash flows generated from operations while working capital requirements and investments in subsidiaries, joint ventures and associates are predominately funded through loans and borrowings. Our focus to grow the Group's business for the long term and develop businesses with synergies for our existing operations, as well as constructing integrated processing facilities to increase our competitiveness, have resulted in higher capital expenditure (including advances paid) of US$2.53 billion for FY2021. Since our Group's listing, our total long-term assets have grown by 3 times to US$23.77 billion (FY2007: US$7.88 billion) while total equity grew by 2.8 times to US$22.60 billion (FY2007: US$8.18 billion).

As at 31 December	**2021** **US$ million**	2020 US$ million
Shareholders' funds	**19,923.9**	18,882.4
Net loans and borrowings	**17,237.7**	13,605.5
Net debt to equity	**0.87x**	0.72x
Liquid working capital:		
Inventories (excluding consumables)	**11,157.0**	8,976.8
Trade receivables	**6,833.4**	5,277.9
Less: Current liabilities (excluding loans and borrowings)	**(6,101.4)**	(5,687.2)
	11,889.0	8,567.5
Net loans and borrowings (excluding liquid working capital)	**5,348.7**	5,038.0
Adjusted net debt to equity	**0.27x**	0.27x

FINANCIAL REVIEW

CAPITAL MANAGEMENT AND TREASURY POLICIES

Net Debt

Our total net debt of US$17.24 billion comprised:

As at 31 December	2021 US$ million	2020 US$ million
Short-term loans and borrowings	**22,291.8**	17,145.9
Long-term loans and borrowings	**6,822.7**	6,003.6
	29,114.5	23,149.5
Cash and bank balances (current & non-current)	**8,680.0**	5,928.2
Other deposits with financial institutions (current)	**3,196.8**	3,615.8
	11,876.8	9,544.0
Net loans and borrowings	**17,237.7**	13,605.5

Higher commodity prices during the year led to higher working capital requirements, resulting in an increase in net debt by US$3.63 billion to US$17.24 billion. As of 31 December 2021, about 86% of our short-term loans and borrowings were trade financing lines with minimal refinancing risks as they were backed by trade flows and were self-liquidating. Long-term loans and borrowings comprised of committed loans due from 2023 onwards. Our loans and borrowings were predominantly on floating rates.

Majority of our loans and borrowings were denominated in United States Dollar (US$) while the rest are borrowings in the local currencies of the countries where our subsidiaries operate in. This mainly comprised loans and borrowings denominated in Chinese Renminbi (RMB), Indonesian Rupiah (IDR) and Australian Dollars (AUD).

Financial risk management

We operate in several countries and are exposed to a variety of financial risks including credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk and market price risk. Risk management is discussed in greater details under "Risk Management" and "Notes to the Financial Statements" sections, and has been summarised as follows:

- **Credit risk.** Majority of our export sales require documentary credits from customers. Our domestic sales are executed on cash terms or where appropriate, credit terms are granted. We conduct thorough credit assessments before granting credit terms and limits to our customers, who are then monitored closely for adherence. The terms and limits are reviewed periodically and revised where necessary, taking into account customers' credit worthiness and market conditions.

- **Liquidity risk.** We maintain sufficient liquidity by monitoring our cash flow closely and maintaining sufficient credit facilities, including the use of trade financing for our raw material purchases. We also aim to maintain flexibility in funding by having available credit facilities with different banks in various countries.

- **Interest rate risk.** We have minimal exposure to interest rate risk as most of our loans and borrowings are short-term and trade related, with interest cost typically priced into our products and passed on to customers. For long-term borrowings, we may use financial instruments such as interest rate swaps to hedge or minimise the interest rate risk.

- **Foreign currency risk.** Currency risk arises as entities in the Group regularly transact or borrow in currencies other than their respective functional currencies, including US$, RMB, IDR, MYR, INR and AUD. We seek to manage our currency risk by constructing natural hedges where sales and purchases matches in the same currency or through financial instruments, such as foreign currency forward contracts. We are also exposed to currency translation risk arising from our net investments in foreign operations, which are not hedged as these currency positions are considered long-term in nature and the cost of hedging is higher than its benefits.

- **Commodity price risk.** The prices of agricultural commodities can be very volatile, exposing us to commodity price risk as our sale and purchase commitments do not usually match at the end of each business day. We use forward physical and/or derivative contracts to mitigate such risk.

- **Market price risk.** Market price risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). We are exposed to equity price risk arising from our investment securities.

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

As of 31 December 2021, the Group continued to maintain a robust and stable cash and cash equivalents balance of US$2.59 billion (31 December 2020: US$2.58 billion). Strong operating cash flows before working capital changes of US$3.99 billion was generated on the back of record net profits recognised in FY2021. However, higher working capital requirements from high commodity prices and increased sales activities resulted in an overall cash outflow from operating activities of US$45.0 million for the year.

	FY2021 US$ million	FY2020 US$ million
Total cash and bank balances	**8,680.0**	5,928.2
Less: Fixed deposits pledged for bank facilities	**(3,964.2)**	(1,136.1)
Less: Other deposits with more than 3 months maturity	**(2,023.3)**	(2,085.9)
Less: Bank overdrafts	**(104.9)**	(122.7)
Cash and cash equivalents	**2,587.6**	2,583.5
Net cash flows (used in)/generated from operating activities	**(45.0)**	552.8
Net cash flows used in investing activities	**(2,356.1)**	(1,806.9)
Net cash flows generated from financing activities	**2,405.3**	1,788.7
Net increase in cash held	**4.2**	534.6
Turnover days:		
Inventories	**69**	63
Trade receivables	**32**	32
Trade payables	**12**	14

Note: Turnover days are calculated by averaging the monthly turnover days. Monthly turnover days are computed using revenue and cost of sales for the month.

Other major applications and source of funds in FY2021 were as follows:

- US$2.53 billion was used to fund our capital expenditure for plantations development, property, plant and equipment (FY2020: US$1.98 billion). Major additions of property, plant and equipment during the year included refineries, oilseeds crushing, flour and rice milling plants in China and Indonesia, as well as for the construction of new vessels, and development of our central kitchen businesses in China.

- US$2.41 billion was generated from financing activities, mainly from higher loan drawdowns on the back of higher working capital requirements. This was offset by higher fixed deposits pledged with financial institutions as of 31 December 2021.

Cash and cash equivalents were held in US$ and the local currencies of the respective countries where we operate in, most notably in RMB.

FINANCIAL REVIEW

Funding and liquidity

As at 31 December 2021, total short-term debt stood at US$22.29 billion. Our liquid assets comprising cash, bank and structured deposits, marketable securities, receivables and inventories amounted to US$21.75 billion, which included short-term cash and bank balances of US$2.69 billion. In addition, we have committed undrawn credit facilities of US$2.10 billion and approximately US$23.74 billion of uncommitted trade financing and short-term loan facilities available. Therefore, we do not foresee any problem in meeting our maturing short-term debt obligations.

Our capital expenditure for FY2022 is expected to be met mainly by internal resources. China's expansion plans will also be partially funded by the remaining proceeds raised from the listing of YKA back in FY2020.

Operationally, assuming no major fluctuations in the prices of agricultural commodities, our funding requirements coincide with the seasonality of sales. Our seasonal peak sales period is typically in the second half of the year. The additional funding requirements in this period would be met by our healthy liquidity position.

Our covenants with lenders are not restrictive on our ability to utilise additional credit facilities.

SHAREHOLDERS' RETURNS AND SHARE BUY-BACKS

For FY2021, our Board of Directors has proposed a final dividend of 10.5 Singapore cents per share. Together with the interim dividend of 5.0 Singapore cents per share paid on 27 August 2021, total dividend for FY2021 will amount to 15.5 Singapore cents per share (FY2020: 13.0 Singapore cents per share). This will result in a dividend payout ratio of approximately 38% of net profit (FY2020: 40% of net profit).

We have been declaring dividends at our half-year and year-end periods to our shareholders. In considering the level of dividend payments, our Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans; as well as our working capital requirements and general financing condition. Over the years, the amount of dividends declared to our shareholders has been increasing and the total dividends (interim and final) declared in FY2021 will be our highest dividend declared since listing.

During the year, the company re-purchased 28.0 million of its ordinary shares for a consideration of US$97.5 million as part of its share buyback programme. Currently, we have a share buy-back mandate which will be expiring on 21 April 2022, being the date of the forthcoming Annual General Meeting. Shareholders' approval for the proposed renewal of the mandate will be sought at the Annual General Meeting on the same day. Share purchases would only be made when it is in the best interests of the Company and in appropriate circumstances which will not materially and adversely affect the liquidity and orderly trading of the Company's shares, including the working capital requirements and gearing level of the Group.

During the year, the Company has re-issued approximately 7.0 million treasury shares pursuant to the employee share option plans.

ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) "SFRS(I)". The preparation of our financial statements also requires management to exercise judgements and use estimates and assumptions. Significant accounting judgements, estimates and assumptions, which are discussed in greater details under "Notes to the Financial Statements", include:

- Assessment for impairment of goodwill and brands which requires an estimate of the expected future cash flows from cash-generating units and a suitable discount rate for present value calculation.

- Provision for income taxes and deferred taxes involves significant judgement as there are transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Wilmar International Limited (the "Company" or "Wilmar") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

DIRECTORS

The Directors of the Company in office at the date of this statement are:

KUOK Khoon Hong
PUA Seck Guan
TEO La-Mei
KUOK Khoon Ean
KUOK Khoon Hua
Raymond Guy YOUNG
LIM Siong Guan
TAY Kah Chye
KWAH Thiam Hock
Kishore MAHBUBANI
TEO Siong Seng
SOH Gim Teik
CHONG Yoke Sin (appointed on 7 May 2021)
Juan Ricardo LUCIANO is alternate to Raymond Guy YOUNG

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, 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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares and share options of the Company and its related corporations as stated below:

	Direct Interest			Deemed Interest		
Name of Director	**As at 1.1.2021**	**As at 31.12.2021**	**As at 21.01.2022**	**As at 1.1.2021**	**As at 31.12.2021**	**As at 21.01.2022**
The Company						
(Ordinary Shares)						
Kuok Khoon Hong	1,990,000	2,500,000	2,500,000	807,307,435	805,307,435	805,307,435
Pua Seck Guan	–	–	–	860,000	860,000	860,000
Teo La-Mei	1,197,000	1,452,000	1,452,000	–	–	–
Kuok Khoon Ean	400,000	400,000	400,000	55,667,479	59,942,479	59,942,479
Kuok Khoon Hua	680,000	1,017,021	1,017,021	54,946,021	58,884,000	58,884,000
Tay Kah Chye	200,000	100,000	100,000	200,000	300,000	300,000
Kwah Thiam Hock	300,000	300,000	300,000	200,000	200,000	200,000
Kishore Mahbubani	–	–	–	10,000	510,000	510,000
Teo Siong Seng	20,000	20,000	20,000	–	–	–
(Share options exercisable at S$3.04 per share)						
Kuok Khoon Hong	510,000	–	–	–	–	–
Pua Seck Guan	340,000	340,000	340,000	–	–	–
Teo La-Mei	255,000	–	–	–	–	–
Kuok Khoon Ean	500,000	500,000	500,000	–	–	–
Kuok Khoon Hua	500,000	500,000	500,000	–	–	–
Tay Kah Chye	500,000	500,000	500,000	–	–	–
Kwah Thiam Hock	500,000	500,000	500,000	–	–	–
Kishore Mahbubani	500,000	–	–	–	–	–
(Share options exercisable at S$3.94 per share)						
Kuok Khoon Hong	1,500,000	1,500,000	1,500,000	–	–	–
Pua Seck Guan	1,000,000	1,000,000	1,000,000	–	–	–
Teo La-Mei	750,000	750,000	750,000	–	–	–
Kuok Khoon Ean	500,000	500,000	500,000	–	–	–
Kuok Khoon Hua	500,000	500,000	500,000	–	–	–
Raymond Guy Young	500,000	500,000	500,000	–	–	–
Lim Siong Guan	500,000	500,000	500,000	–	–	–
Tay Kah Chye	500,000	500,000	500,000	–	–	–
Kwah Thiam Hock	500,000	500,000	500,000	–	–	–
Kishore Mahbubani	500,000	500,000	500,000	–	–	–
Teo Siong Seng	500,000	500,000	500,000	–	–	–
Soh Gim Teik	300,000	300,000	300,000	–	–	–

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, at the beginning of the financial year and at the end of the financial year.

DIRECTORS' STATEMENT

SHARE OPTION SCHEMES

Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009")

The Wilmar ESOS 2009 was adopted to replace the Wilmar Executive Share Option Scheme 2000 ("Wilmar ESOS 2000"). Wilmar ESOS 2009 was approved by shareholders at the Company's extraordinary general meeting ("EGM") held on 29 April 2009 and it expired on 28 April 2019.

For the entire duration of the Wilmar ESOS 2009, the Company granted options for a total of 221,555,000 ordinary shares of the Company in accordance with the rules of the aforesaid scheme. As at 31 December 2021, options for a total of 54,445,100 ordinary shares were exercised, options for a total of 153,151,500 ordinary shares had lapsed/expired and options for a total of 13,958,400 ordinary shares remain valid until their respective expiry dates.

2017 Grant

On 8 September 2017, the Company granted options to subscribe for a total of 62,585,000 ordinary shares of the Company at S$3.04 per share (at a 7.32% discount to the Market Price (as defined below)) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2021, the number of outstanding options that were not exercised under this option grant was 13,958,400.

All options granted under the 2017 Grant are valid for a period of five years from the date of the grant and are exercisable in the following manner:

<u>For Executive Directors and executives</u>

- After 2nd anniversary of the date of grant – 33% of the options granted
- After 3rd anniversary of the date of grant – 33% of the options granted
- After 4th anniversary of the date of grant – 34% of the options granted

<u>For Non-Executive Directors</u>

- After 2nd anniversary of the date of grant – 100% of the options granted

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019")

The Wilmar ESOS 2019, the rules of which were set out in a circular to shareholders dated 4 April 2019, was approved by shareholders at the Company's EGM held on 24 April 2019. It was adopted to replace the Wilmar ESOS 2009 which expired on 28 April 2019.

Under the rules of the Wilmar ESOS 2019:

(a) the eligible participants may be granted options to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the Company's shares traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market days immediately preceding the date of the grant of the option ("Market Price") or at a discount to the Market Price up to a maximum of 20%;

(b) the maximum number of ordinary shares (in respect of the options) that may be granted under the Wilmar ESOS 2019, after taking into account (i) the total number of new ordinary shares issued and issuable in respect of all other share-based incentive schemes of the Company; and (ii) the number of treasury shares and subsidiary holdings delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) on the date immediately preceding the relevant date of grant;

(c) controlling shareholders and associates of controlling shareholders will not be eligible to participate in the Wilmar ESOS 2019; and

(d) there is no restriction on the eligibility of any participant to participate in any other share options or share incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

DIRECTORS' STATEMENT

SHARE OPTION SCHEMES (CONTINUED)

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019") (continued)

The Wilmar ESOS 2019 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Kwah Thiam Hock (Chairman), Mr Tay Kah Chye and Mr Lim Siong Guan, all of whom are Independent Directors. The RC is authorised to determine, *inter alia*, the persons to be granted options, the number of options to be granted, whether the options continue to be valid in the event of cessation of employment (as provided under the rules of Wilmar ESOS 2019), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2019 (if deemed appropriate).

2020 Grant

On 29 September 2020, the Company granted options to subscribe for a total of 40,380,000 ordinary shares of the Company at S$3.94 per share (at a 10% discount to the Market Price) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2021, the number of outstanding options that were not exercised under this option grant was 39,755,000. The options are valid for a period of five years (including the respective vesting periods) from the date of grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of the options granted
- After 3rd anniversary of the date of grant – 33% of the options granted
- After 4th anniversary of the date of grant – 34% of the options granted

For Non-Executive Directors

- After 2nd anniversary of the date of grant – 100% of the options granted

SHARE OPTIONS EXERCISED

Options for a total of 6,986,700 ordinary shares of the Company were exercised by option holders during the financial year under review pursuant to Wilmar ESOS 2009.

UNISSUED SHARES UNDER OPTION

As at the end of the financial year, unissued ordinary shares of the Company under options were as follows:

Date of Grant	As at 1.1.2021	No. of options granted	No. of options lapsed/ expired	No. of options exercised	As at 31.12.2021	Exercise Price	Exercise Period
Wilmar ESOS 2009							
08.09.2017	6,585,400	–	(24,700)	(2,304,000)	4,256,700	S$3.04	09.09.2019 to 08.09.2022
08.09.2017	5,249,200	–	(24,700)	(2,234,100)	2,990,400	S$3.04	09.09.2020 to 08.09.2022
08.09.2017	9,246,300	–	(86,400)	(2,448,600)	6,711,300	S$3.04	09.09.2021 to 08.09.2022
Sub-total	21,080,900	–	(135,800)	(6,986,700)	13,958,400		
Wilmar ESOS 2019							
29.09.2020	16,541,400	–	(541,200)	–	16,000,200	S$3.94	30.09.2022 to 29.09.2025
29.09.2020	11,741,400	–	(41,200)	–	11,700,200	S$3.94	30.09.2023 to 29.09.2025
29.09.2020	12,097,200	–	(42,600)	–	12,054,600	S$3.94	30.09.2024 to 29.09.2025
Sub-total	40,380,000	–	(625,000)	–	39,755,000		
Grand Total	61,460,900	–	(760,800)	(6,986,700)	53,713,400		

DIRECTORS' STATEMENT

UNISSUED SHARES UNDER OPTION (CONTINUED)

The information on Directors of the Company participating in the Wilmar ESOS 2009 is as follows:

Name of Directors	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option scheme to 31.12.2021	Aggregate options exercised since commencement of the option scheme to 31.12.2021	Aggregate options lapsed/expired since commencement of the option scheme to 31.12.2021	Aggregate options outstanding as at 31.12.2021
Kuok Khoon Hong	–	6,500,000	3,500,000	3,000,000	–
Pua Seck Guan	–	1,000,000	660,000	–	340,000
Teo La-Mei	–	1,400,000	1,400,000	–	–
Kuok Khoon Ean	–	1,900,000	400,000	1,000,000	500,000
Kuok Khoon Hua	–	500,000	–	–	500,000
Tay Kah Chye	–	1,900,000	500,000	900,000	500,000
Kwah Thiam Hock	–	1,900,000	500,000	900,000	500,000
Kishore Mahbubani	–	500,000	500,000	–	–
Total	–	15,600,000	7,460,000	5,800,000	2,340,000

The information on Directors of the Company participating in the Wilmar ESOS 2019 is as follows:

Name of Directors	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option scheme to 31.12.2021	Aggregate options exercised since commencement of the option scheme to 31.12.2021	Aggregate options lapsed/expired since commencement of the option scheme to 31.12.2021	Aggregate options outstanding as at 31.12.2021
Kuok Khoon Hong	–	1,500,000	–	–	1,500,000
Pua Seck Guan	–	1,000,000	–	–	1,000,000
Teo La-Mei	–	750,000	–	–	750,000
Kuok Khoon Ean	–	500,000	–	–	500,000
Kuok Khoon Hua	–	500,000	–	–	500,000
Raymond Guy Young	–	500,000	–	–	500,000
Lim Siong Guan	–	500,000	–	–	500,000
Tay Kah Chye	–	500,000	–	–	500,000
Kwah Thiam Hock	–	500,000	–	–	500,000
Kishore Mahbubani	–	500,000	–	–	500,000
Teo Siong Seng	–	500,000	–	–	500,000
Soh Gim Teik	–	300,000	–	–	300,000
Total	–	7,550,000	–	–	7,550,000

DIRECTORS' STATEMENT

UNISSUED SHARES UNDER OPTION (CONTINUED)

Except as disclosed above, since the commencement of the Wilmar ESOS 2000, Wilmar ESOS 2009 and Wilmar ESOS 2019 ("Option Schemes") until the end of the financial year under review:

- no options have been granted to controlling shareholders of the Company and their associates except for options granted on 21 May 2009 to Mr Kuok Khoon Hong (for 1,000,000 ordinary shares) and former Wilmar Director, Mr Martua Sitorus (for 800,000 ordinary shares), who were controlling shareholders on the date of grant (but are no longer controlling shareholders as at the end of the financial year), which have expired;

- no participant has received 5% or more of the total number of options available under the Option Schemes;

- no options that entitle the holders to participate, by virtue of the options, in any share issue of any other corporation have been granted;

- no options have been granted to Directors and employees of the parent company as the Company does not have a parent company; and

- no options have been granted at a discount except for the options under the 2015 Grant (which expired on 19 June 2020), the 2017 Grant and the 2020 Grant.

AUDIT COMMITTEE

The Audit Committee ("AC") members at the date of this statement are Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Lim Siong Guan.

The AC performs the functions specified in Section 201B(5) of the Act, the Listing Manual of the SGX-ST, the Singapore Code of Corporate Governance 2018 and the revised Guidebook for Audit Committees in Singapore issued in 2014.

The principal responsibilities of the AC are to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities. The operations of the AC are regulated by its terms of reference. The Board is of the opinion that the members of the AC have sufficient accounting, financial and management expertise and experience to discharge their duties.

Notwithstanding that the Group has appointed different auditors for certain subsidiaries, joint ventures and associated companies, the Board and the AC are satisfied that such appointments do not compromise the standard and effectiveness of the audit of the Group.

During the year, the AC met four times to review, *inter alia*, the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The AC also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the AC prior to submission to the Board of the Company for adoption. The AC also met with the internal and external auditors, without the presence of the Company's Management, to discuss issues of concern to them.

The AC has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions ("IPTs"), reviewed the procedures set up by the Group and the Company to identify and report and where necessary, seek approval for IPTs and, with the assistance of the internal auditors, reviewed IPTs.

The AC was satisfied that proper risk management procedures were in place and will consider regularly the need to conduct independent risk management reviews.

The AC, having reviewed all non-audit services provided by Ernst & Young LLP ("EY"), the external auditor of the Group, was satisfied with the independence and objectivity of the external auditor and has nominated EY for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC, including the AC's commentary on key audit matters, are disclosed in the Corporate Governance Report in the Company's Annual Report 2021.

DIRECTORS' STATEMENT

AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as external auditor.

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Pua Seck Guan
Director

15 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment on goodwill and brands

(Refer to Note 15 to the financial statements)
As at 31 December 2021, the Group recorded goodwill and brands of US$5.4 billion, which represents approximately 24% of the Group's net assets. We considered the audit of management's annual goodwill and brands impairment assessment to be a key audit matter because the assessment process involves management exercising significant judgement and making assumptions of future market and economic conditions.

As disclosed in Note 15, the goodwill and brands are allocated to individual cash-generating units ("CGU") which are also the reportable segments for impairment testing. The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections approved by management. The cash flow projections include assumptions of profitability and growth rates. Based on the impairment assessment, management has concluded that the goodwill and brands are not impaired. We checked that the cash flows were based on approved management forecasts, and evaluated management's forecasting process by comparing previous forecasts to actual results. We evaluated the assumptions used by comparing them to historical data as well as recent trends and market outlook, taking into consideration current market condition. We also evaluated the discount rates used to determine the present value by comparing them to external comparable data. Our internal valuation specialists assisted us in performing some of these procedures. Finally, we reviewed the adequacy of the disclosures made on the goodwill and brands impairment assessment in Note 15.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

Accounting for derivative transactions

(Refer to Note 20 and Note 34(a) to the financial statements)
The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rates swaps and various commodity futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency and commodity price fluctuations.

At 31 December 2021, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US$575.9 million (current: US$564.0 million) and US$621.9 million (current: US$566.6 million) respectively.

We considered the audit of this to be a key audit matter due to the volume of trades entered into. Our audit procedures included, amongst others, understanding the Group's overall commodity trading process and testing management's controls around the origination and maintenance of complete and accurate information relating to the recording of the derivative contracts. For firm commitment contracts, we checked management's process to derive the market prices and recomputed the unrealised gains/losses on the contracts. For the other types of derivatives, we independently obtained statements from banks and other financial institutions to compare against the fair values of the derivatives recorded, and to verify the existence and ownership of the derivatives. We involved our internal valuation specialists in assessing the reasonableness of the fair values of derivatives.

We also assessed the adequacy of the related disclosures in the Notes 20 and 34(a) to the financial statements.

OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
15 March 2022

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 US$'000	2020 US$'000
Revenue	4	**65,793,619**	50,526,794
Cost of sales	5	**(58,602,446)**	(44,929,244)
Gross profit		**7,191,173**	5,597,550
Other items of income			
Net gain arising from changes in fair value of biological assets	14	**21,335**	6,107
Finance income	6	**335,287**	419,826
Other operating income	7	**255,487**	334,886
Other items of expense			
Selling and distribution expenses		**(3,412,741)**	(2,517,636)
Administrative expenses		**(1,095,798)**	(955,519)
Other operating expenses	7	**(196,813)**	(176,760)
Finance costs	8	**(588,422)**	(651,110)
Non-operating items	9	**36,858**	51,533
Share of results of joint ventures		**63,548**	71,123
Share of results of associates		**155,947**	131,062
Profit before tax	10	**2,765,861**	2,311,062
Income tax expense	11	**(699,602)**	(620,088)
Profit after tax		**2,066,259**	1,690,974
Attributable to:			
Owners of the Company		**1,890,390**	1,534,110
Non-controlling interests		**175,869**	156,864
		2,066,259	1,690,974
Earnings per share attributable to owners of the Company (US cents per share)			
– Basic	12	**30.0**	24.2
– Diluted	12	**29.9**	24.1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 US$'000	2020 US$'000
Profit after tax	**2,066,259**	1,690,974
Other comprehensive income:		
Items that will not be reclassified subsequently to income statement		
Fair value adjustment on investment securities at fair value through other comprehensive income	**10,880**	(77,187)
Gain/(loss) on disposal of investment securities at fair value through other comprehensive income	**6**	(19,147)
(Loss)/gain on remeasurements of defined benefit plan	**(550)**	25,417
	10,336	(70,917)
Items that may be reclassified subsequently to income statement		
Foreign currency translation	**196,369**	810,410
Fair value adjustment on cash flow hedges	**74,741**	(20,427)
Fair value adjustment on forward elements of forward contracts	**(11,961)**	8,006
	259,149	797,989
Other comprehensive income, net of tax	**269,485**	727,072
Total comprehensive income for the year	**2,335,744**	2,418,046
Attributable to:		
Owners of the Company	**2,122,261**	2,164,511
Non-controlling interests	**213,483**	253,535
	2,335,744	2,418,046

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		US$'000	US$'000	**US$'000**	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**14,192,433**	12,773,714	**119,798**	97,627
Investment properties	13	**38,286**	32,475	**–**	–
Bearer plants	14	**638,118**	666,133	**–**	–
Intangible assets	15	**5,393,884**	5,445,692	**–**	–
Investment in subsidiaries	16	**–**	–	**10,468,178**	10,141,987
Investment in joint ventures	17	**631,572**	624,159	**–**	3,800
Investment in associates	17	**2,874,956**	2,726,322	**13,677**	13,677
Investment securities	18	**365,301**	370,808	**–**	–
Deferred tax assets	19	**204,495**	203,494	**–**	–
Derivative financial instruments	20	**11,956**	61,188	**–**	–
Other financial receivables	21	**150,136**	127,642	**313,255**	303,137
Other non-financial assets	21	**63,874**	64,779	**–**	–
Other bank deposits	24	**2,338,437**	–	**–**	–
		26,903,448	23,096,406	**10,914,908**	10,560,228
Current assets					
Inventories	22	**11,738,686**	9,436,151	**–**	–
Trade receivables	23	**6,833,416**	5,277,871	**–**	–
Other financial receivables	21	**4,183,458**	4,548,468	**5,678,762**	5,913,550
Other non-financial assets	21	**1,827,070**	1,804,917	**7,473**	6,337
Derivative financial instruments	20	**563,981**	641,249	**–**	–
Investment securities	18	**326,846**	286,706	**–**	–
Other bank deposits	24	**3,649,000**	3,222,044	**–**	–
Cash and bank balances	24	**2,692,541**	2,706,164	**1,033**	6,371
		31,814,998	27,923,570	**5,687,268**	5,926,258
TOTAL ASSETS		**58,718,446**	51,019,976	**16,602,176**	16,486,486
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**2,009,073**	1,613,448	**–**	–
Other financial payables	26	**2,374,133**	2,084,097	**5,376,050**	5,566,865
Other non-financial liabilities	26	**862,926**	764,248	**–**	–
Derivative financial instruments	20	**566,612**	893,729	**–**	–
Loans and borrowings	27	**22,291,835**	17,145,894	**308,724**	163,593
Tax payables		**288,652**	331,740	**–**	–
		28,393,231	22,833,156	**5,684,774**	5,730,458
NET CURRENT ASSETS		**3,421,767**	5,090,414	**2,494**	195,800

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		US$'000	US$'000	**US$'000**	US$'000
Non-current liabilities					
Other financial payables	26	**276,525**	268,604	**1,425,000**	589,708
Other non-financial liabilities	26	**200,723**	182,678	**–**	–
Derivative financial instruments	20	**55,279**	49,836	**–**	–
Loans and borrowings	27	**6,822,646**	6,003,578	**–**	323,180
Deferred tax liabilities	19	**367,713**	298,817	**–**	–
		7,722,886	6,803,513	**1,425,000**	912,888
TOTAL LIABILITIES		**36,116,117**	29,636,669	**7,109,774**	6,643,346
NET ASSETS		**22,602,329**	21,383,307	**9,492,402**	9,843,140
Equity attributable to owners of the Company					
Share capital	28	**8,458,995**	8,458,995	**8,895,134**	8,895,134
Treasury shares	28	**(304,886)**	(222,039)	**(304,886)**	(222,039)
Retained earnings		**11,726,821**	10,953,237	**696,726**	972,709
Other reserves	29	**42,945**	(307,838)	**205,428**	197,336
		19,923,875	18,882,355	**9,492,402**	9,843,140
Non-controlling interests		**2,678,454**	2,500,952	**–**	–
TOTAL EQUITY		**22,602,329**	21,383,307	**9,492,402**	9,843,140
TOTAL EQUITY AND LIABILITIES		**58,718,446**	51,019,976	**16,602,176**	16,486,486

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company						
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2021							
GROUP							
Opening balance at 1 January 2021	8,458,995	(222,039)	10,953,237	(307,838)	18,882,355	2,500,952	21,383,307
Profit for the year	–	–	1,890,390	–	1,890,390	175,869	2,066,259
Other comprehensive income	–	–	6	231,865	231,871	37,614	269,485
Total comprehensive income for the year	–	–	1,890,396	231,865	2,122,261	213,483	2,335,744
Grant of equity-settled share options	–	–	–	6,871	6,871	–	6,871
Share capital contributed by non-controlling shareholders	–	–	–	–	–	41,416	41,416
Acquisition of treasury shares	–	(97,503)	–	–	(97,503)	–	(97,503)
Reissuance of treasury shares pursuant to exercise of share options	–	14,656	–	1,221	15,877	–	15,877
Dividends on ordinary shares	–	–	(968,301)	–	(968,301)	–	(968,301)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	(81,210)	(81,210)
Net transfer to other reserves	–	–	(148,511)	148,511	–	–	–
Total contributions by and distributions to owners	–	(82,847)	(1,116,812)	156,603	(1,043,056)	(39,794)	(1,082,850)
Acquisition of subsidiaries	–	–	–	–	–	27,225	27,225
Acquisition of additional interest in subsidiaries	–	–	–	(37,998)	(37,998)	(20,509)	(58,507)
Liquidation of subsidiaries	–	–	–	–	–	(2,590)	(2,590)
Dilution of interest in subsidiaries	–	–	–	313	313	(313)	–
Total changes in ownership interests in subsidiaries	–	–	–	(37,685)	(37,685)	3,813	(33,872)
Closing balance at 31 December 2021	**8,458,995**	**(304,886)**	**11,726,821**	**42,945**	**19,923,875**	**2,678,454**	**22,602,329**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company						
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2020							
GROUP							
Opening balance at 1 January 2020	8,458,995	(122,579)	10,113,650	(1,687,557)	16,762,509	1,113,609	17,876,118
Profit for the year	–	–	1,534,110	–	1,534,110	156,864	1,690,974
Other comprehensive income	–	–	(19,147)	649,548	630,401	96,671	727,072
Total comprehensive income for the year	–	–	1,514,963	649,548	2,164,511	253,535	2,418,046
Grant of equity-settled share options	–	–	–	3,467	3,467	–	3,467
Share capital contributed by non-controlling shareholders	–	–	–	–	–	22,538	22,538
Acquisition of treasury shares	–	(141,009)	–	–	(141,009)	–	(141,009)
Reissuance of treasury shares pursuant to exercise of share options	–	41,549	–	2,339	43,888	–	43,888
Dividends on ordinary shares	–	–	(618,578)	–	(618,578)	–	(618,578)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	(80,130)	(80,130)
Net transfer to other reserves	–	–	(56,798)	56,798	–	–	–
Total contributions by and distributions to owners	–	(99,460)	(675,376)	62,604	(712,232)	(57,592)	(769,824)
Acquisition of subsidiaries	–	–	–	–	–	3,312	3,312
Acquisition of additional interest in subsidiaries	–	–	–	(154,864)	(154,864)	(9,490)	(164,354)
Disposal of subsidiaries	–	–	–	(1,062)	(1,062)	–	(1,062)
Dilution of interest in subsidiaries	–	–	–	823,493	823,493	1,197,578	2,021,071
Total changes in ownership interests in subsidiaries	–	–	–	667,567	667,567	1,191,400	1,858,967
Closing balance at 31 December 2020	8,458,995	(222,039)	10,953,237	(307,838)	18,882,355	2,500,952	21,383,307

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company				
	Share capital US$'000	**Treasury shares** US$'000	**Retained earnings** US$'000	**Other reserves** US$'000	**Equity attributable to owners of the Company, total** US$'000
2021					
COMPANY					
Opening balance at 1 January 2021	8,895,134	(222,039)	972,709	197,336	9,843,140
Profit for the year	–	–	692,318	–	692,318
Total comprehensive income for the year	–	–	692,318	–	692,318
Grant of equity-settled share options	–	–	–	6,871	6,871
Acquisition of treasury shares	–	(97,503)	–	–	(97,503)
Reissuance of treasury shares pursuant to exercise of share options	–	14,656	–	1,221	15,877
Dividends on ordinary shares	–	–	(968,301)	–	(968,301)
Total transactions with owners in their capacity as owners	–	(82,847)	(968,301)	8,092	(1,043,056)
Closing balance at 31 December 2021	**8,895,134**	**(304,886)**	**696,726**	**205,428**	**9,492,402**
2020					
COMPANY					
Opening balance at 1 January 2020	8,895,134	(122,579)	1,381,856	233,753	10,388,164
Profit for the year	–	–	167,208	–	167,208
Total comprehensive income for the year	–	–	167,208	–	167,208
Grant of equity-settled share options	–	–	–	3,467	3,467
Acquisition of treasury shares	–	(141,009)	–	–	(141,009)
Reissuance of treasury shares pursuant to exercise of share options	–	41,549	–	2,339	43,888
Dividends on ordinary shares	–	–	(618,578)	–	(618,578)
Transfer to retained earnings	–	–	42,223	(42,223)	–
Total transactions with owners in their capacity as owners	–	(99,460)	(576,355)	(36,417)	(712,232)
Closing balance at 31 December 2020	8,895,134	(222,039)	972,709	197,336	9,843,140

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 US$'000	2020 US$'000
Cash flows from operating activities		
Profit before tax	**2,765,861**	2,311,062
Adjustments for:		
Net gain arising from changes in fair value of biological assets	**(21,335)**	(6,107)
Depreciation of bearer plants	**58,707**	72,483
Depreciation of property, plant and equipment	**1,084,495**	982,958
Net (gain)/loss from changes in fair value of investment properties	**(2,129)**	2,834
(Gain)/loss on disposal of investment in joint ventures	**(2,393)**	998
Gain on disposal of investment in associates	**–**	(2,275)
Fair value gain arising from changes of interest in joint ventures resulting in change of control	**(1,879)**	(1,010)
Amortisation of intangible assets	**3,454**	2,554
Loss on disposal of property, plant and equipment	**6,780**	12,694
Gain on disposal of biological assets	**(390)**	(168)
Loss on disposal/liquidation of subsidiaries	**575**	59
Gain on disposal of investment securities at fair value through profit or loss	**(1,060)**	(2,271)
Grant of share options to employees	**6,871**	3,467
Net fair value (gain)/loss on derivative financial instruments	**(103,633)**	126,986
Net fair value (gain)/loss on investment securities at fair value through profit or loss	**(3,014)**	44,472
Foreign exchange differences arising from translation	**203,986**	117,980
Investment income from investment securities	**(40,751)**	(110,527)
Interest expense	**594,674**	660,216
Interest income	**(335,287)**	(419,826)
Share of results of joint ventures	**(63,548)**	(71,123)
Share of results of associates	**(155,947)**	(131,062)
Operating cash flows before working capital changes	**3,994,037**	3,594,394
Changes in working capital:		
Increase in inventories	**(2,257,517)**	(1,306,492)
Increase in receivables and other assets	**(1,330,359)**	(1,378,586)
Increase in payables	**487,789**	242,187
Cash flows generated from operations	**893,950**	1,151,503
Interest paid	**(535,394)**	(645,177)
Interest received	**283,502**	452,963
Income taxes paid	**(687,102)**	(406,502)
Net cash flows (used in)/generated from operating activities	**(45,044)**	552,787

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 US$'000	2020 US$'000
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**9,442**	(83,360)
Decrease/(increase) in plasma investments	**8,464**	(2,481)
Increase in investment securities at fair value through profit or loss	**(35,132)**	(13,328)
Increase in other non-financial assets	**(54,188)**	–
Payments for property, plant and equipment	**(2,482,070)**	(1,921,835)
Payments for bearer plants	**(44,685)**	(54,146)
Decrease in investment securities at fair value through other comprehensive income	**18,554**	54,244
Investment income from investment securities	**40,751**	110,527
Net cash flow on investment in joint ventures	**(29,214)**	(51,079)
Payments for investment in associates	**(2,233)**	(17,868)
Payments for intangible assets	**(503)**	(1,145)
Dividends received from joint ventures	**11,339**	27,766
Dividends received from associates	**58,383**	55,700
Proceeds from disposal of property, plant and equipment	**85,519**	53,747
Proceeds from disposal of interest/capital reduction in joint ventures	**62,083**	260
Proceeds from disposal/dilution of interest in associates	**–**	24,472
Net cash flow from disposal/liquidation of subsidiaries	**(2,588)**	11,613
Net cash flows used in investing activities	**(2,356,078)**	(1,806,913)
Cash flows from financing activities		
Decrease in net amount due from related parties	**47,071**	4,672
Increase in net amount due from joint ventures	**(11,253)**	(14,148)
Increase in net amount due from associates	**(37,879)**	(23,836)
Increase/(decrease) in advances from non-controlling shareholders	**19,631**	(37,999)
Proceeds from loans and borrowings	**6,338,583**	685,065
Increase in fixed deposits pledged with financial institutions for bank facilities	**(3,313,731)**	(1,646,742)
Decrease in other financial receivables	**462,691**	2,869,677
Decrease/(increase) in other deposits with maturity more than 3 months	**62,672**	(1,110,750)
Interest paid	**(14,288)**	(20,621)
Net cash flow from acquisition of additional interest in subsidiaries	**(58,507)**	(164,354)
Shares buy-back held as treasury shares	**(97,503)**	(141,009)
Dividends paid by the Company	**(968,301)**	(618,578)
Dividends paid to non-controlling shareholders by subsidiaries	**(81,210)**	(80,130)
Proceeds from dilution of interest in subsidiaries	**–**	2,021,071
Proceeds from reissuance of treasury shares by the Company	**15,877**	43,888
Proceeds from issue of ordinary shares by subsidiaries to non-controlling shareholders	**41,416**	22,538
Net cash flows generated from financing activities	**2,405,269**	1,788,744
Net increase in cash and cash equivalents	**4,147**	534,618
Cash and cash equivalents at the beginning of the year	**2,583,496**	2,048,878
Cash and cash equivalents at the end of the year	**2,587,643**	2,583,496

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

Wilmar International Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 28 Biopolis Road, Wilmar International, Singapore 138568.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries, joint ventures and associates. The principal activities of the significant subsidiaries are disclosed in Note 39 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in US Dollars ("USD" or "US$"), which is also the parent company's functional currency, except when otherwise indicated. All values in the tables are rounded to the nearest thousands (US$'000) except when otherwise indicated.

2.2 Changes in accounting policies

Adoption of new and revised SFRS(I)

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to SFRS(I) 16 Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 3 Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to SFRS(I) 17 Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in the income statement.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.14(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as equity transaction reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity as equity transaction reserve and attributed to owners of the Company.

2.6 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) Joint operations

The Group recognises in relation to its interest in a joint operation:

(a) Its assets, including its share of any assets held jointly;
(b) Its liabilities, including its share of any liabilities incurred jointly;
(c) Its revenue from the sale of its share of the output arising from the joint operation;
(d) Its share of the revenue from the sale of the output by the joint operation; and
(e) Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.9.

2.9 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group's investments in associates and joint ventures are accounted for using the equity method. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate or joint venture in the period in which the investment is acquired.

Under the equity method, the investments in associates and joint ventures are measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The Group's profit or loss reflects its share of the associates' or joint ventures' profit or loss after tax and non-controlling interests in the subsidiaries of associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses once its interest in the associate or joint venture is reduced to zero, unless it has incurred obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates and joint ventures (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the income statement.

The most recent available audited financial statements of the associated companies or joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income statement.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to the income statement the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to the income statement on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associates and joint ventures are carried at cost less accumulated impairment loss.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs. Such costs include the cost of replacing parts of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, all items of property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	–	10 to 40 years
Plant and machineries	–	2 to 40 years
Furniture, fittings and office equipment	–	2 to 20 years
Vessels	–	5 to 30 years
Motor vehicles, trucks and aircraft	–	4 to 15 years

The cost of construction-in-progress represents all costs, including borrowing costs, incurred on the construction of the assets. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is completed. No depreciation is provided on construction-in-progress as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (continued)

Interest on borrowings to finance the construction of property, plant and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed.

Repairs and maintenance costs are taken to the income statement during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the asset.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement upon derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the property is remeasured to fair value. Any gain arising on remeasurement is recognised in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is immediately recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Bearer plants and biological assets

Bearer plants are living plants used in the production or supply of agricultural produce, are expected to bear produce for more than one period, and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight line basis and over its estimated useful life of 20-25 years, upon commencement of commercial production.

In general, oil palms are considered mature 30 to 36 months after field planting.

Interest on borrowings to finance the acquisition and construction of bearer plants is capitalised during the period of time that is required to complete and prepare the bearer plants for its intended use. All other borrowing costs are expensed.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

2.13 Plasma investments

Costs incurred during the development phase up to the conversion of the plasma plantation are capitalised as plasma investments. The development of the plasma oil palm plantations is financed by plasma loans, which was received by the plasma farmers (represented by "Cooperatives"), plus additional funding by the Group, should bank financing not be adequate to finance the development costs. Accumulated development costs are presented net of the plasma loans and are presented as "Plasma investments".

When the carrying amount of the plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of plasma plantations and their conversion value is charged to the income statement.

2.14 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets (continued)

(a) Goodwill (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that cash-generating unit (or group of cash-generating units) is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development assets, are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable, if not the change in useful lives from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

(ii) Trademarks & licenses and others

Trademarks & licenses and others acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 3 to 20 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income statement when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in the income statement when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

Subsequent measurement (continued)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the income statement.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in the income statement.

2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 Impairment of non-financial asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Impairment of non-financial asset (continued)

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired. These also include bank overdrafts that form an integral part of the Group's cash management. The accounting policy for this category of financial assets is stated in Note 2.15, under amortised cost.

2.19 Inventories

(a) Physical inventories, futures and other forward contracts

Physical inventories of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities are valued at the lower of cost and spot prices prevailing at the end of the reporting period. Cost is determined using the weighted average method.

The Group has committed purchases and sales contracts for palm oil and other agricultural commodities that are entered into as part of its merchandising and processing activities. The prices and physical delivery of the sales and purchases are fixed in the contracts. For committed purchases and sales contracts that are entered into for own use, the contracts are not recognised in the financial statements until physical deliveries take place. For committed purchases and sales contracts that are entered into as part of the merchandising activities, the fair value arising from the contracts are recognised in the financial statements until physical deliveries take place.

The Group also enters into non-physical delivery forward contracts and commodity derivatives to manage the price risk of its physical inventory and to hedge against fluctuations in commodity prices. Commodity derivatives include futures, options and swap contracts on palm oil and palm based products, soybeans and other non-palm products.

Gains or losses arising from matched forward and derivative contracts are recognised immediately in the income statement. Any difference arising from the fair value assessment will be recognised in the financial statements. Unrealised losses arising from the valuations are set off against unrealised gains on an aggregated basis.

The outstanding forward and derivative contracts are valued at their fair value at the end of the reporting period against quoted market prices. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. The notional principal amounts of the outstanding forward and futures contracts are off-balance sheet items.

(b) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in income statement.

2.21 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

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 the income statement over the period of the borrowings using the effective interest method.

2.22 Borrowing costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (continued)

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(c) Provision for employee service entitlements

For certain companies in Indonesia, the Group recognises long-term employee benefits liabilities in order to meet and cover the minimum benefits required to be paid to qualified employees under Government Regulation No. 35/2021 and Job Creation Act No. 11/2020 (2020: Under Labour Law No. 13/2003). The liabilities are estimated from actuarial calculations using the "Projected Unit Credit Method". For short-term employee benefits which are due for payment within twelve months after the reporting period, the Group recognises the liabilities when services have been rendered by the employees.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in the income statement. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in the income statement.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in general reserve within equity and are not reclassified to the income statement in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and land rights	–	3 to 90 years
Buildings	–	2 to 20 years
Plant and machineries	–	2 to 30 years
Furniture, fittings and office equipment	–	2 to 5 years
Vessels	–	2 to 9 years
Motor vehicles, trucks and aircraft	–	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (continued)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned.

2.26 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sales arising from the physical delivery of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.

(b) Ship charter income

Revenue from time charters is recognised on a time apportionment basis.

(c) Interest income

Interest income is amortised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.27 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the income statement except when they relate to items recognised outside the income statement, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Taxes (continued)

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Taxes (continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.28 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rates swaps, forward freight agreements and various commodities futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency, freight charges and commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of forward freight agreements, futures, options and swap contracts is determined by reference to available market information and option valuation methodology. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to or fair values of the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows or fair value, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of the hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Derivative financial instruments and hedging activities (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised initially in other comprehensive income and accumulated under the hedging reserve, while the ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction or firm commitment affects the income statement.

Forward elements of forward contracts

When forward contracts are used to hedge forecast transactions, the Group designates only the spot element of the forward contracts as the hedging instrument.

The Group elects for each hedge designation, whether the change in the fair value of the forward elements of forward contracts that relate to the hedge item are recognised directly in income statement, or in other comprehensive income with the cumulative change in fair value accumulated in equity being subsequently recognised:

- as initial cost or carrying amount of the asset or liability if the hedged item subsequently results in the recognition of a non-financial asset or a non-financial liability, or a firm commitment for a non-financial asset or a non-financial liability for which fair value hedge accounting is applied; or

- as a reclassification adjustment to the income statement when the hedged expected future cash flows affect the income statement.

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Share capital and treasury shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

The Company's own ordinary shares, which are reacquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, reissuance or cancellation of treasury shares. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity ("General Reserves") as gain or loss on reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.31 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:
- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis to the costs it is intended to compensate. Grants related to income are presented as a credit under other operating income.

2.33 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

(a) Impairment of goodwill and brands

The Group determines whether goodwill and brands are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which the goodwill and brands are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill and brands as at 31 December 2021 were approximately US$3,819,147,000 (2020: US$3,868,037,000) and US$1,552,461,000 (2020: US$1,552,654,000) respectively.

(b) Income and deferred taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 31 December 2021 were approximately US$288,652,000 (2020: US$331,740,000), US$204,495,000 (2020: US$203,494,000) and US$367,713,000 (2020: USS$298,817,000) respectively.

4. REVENUE

	Group	
	2021	2020
	US$'000	US$'000
Sales of agricultural commodities and consumable products	**65,125,646**	50,029,155
Ship charter income	**396,378**	261,505
Others	**271,595**	236,134
	65,793,619	50,526,794

5. COST OF SALES

	Group	
	2021	2020
	US$'000	US$'000
Cost of inventories recognised as expense – physical deliveries	**50,783,356**	38,665,012
Labour and other overhead expenses	**7,001,634**	5,648,605
Net loss on fair value of derivative financial instruments	**817,456**	615,627
	58,602,446	44,929,244

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. FINANCE INCOME

	Group	
	2021	2020
	US$'000	US$'000
Finance income:		
– From associates	**4,827**	8,828
– From bank balances	**47,167**	35,497
– From fixed deposits	**166,406**	120,067
– From joint ventures	**3,257**	4,092
– From other deposits with financial institutions	**102,150**	237,261
– From other sources	**5,233**	5,547
– From related parties	**3,311**	4,451
– Late interest charges pertaining to trade receivables	**2,936**	4,083
	335,287	419,826

7. OTHER OPERATING INCOME

OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating income/(expenses):

	Group	
	2021	2020
	US$'000	US$'000
Amortisation of intangible assets	**(3,454)**	(2,554)
Bad debts written off (non-trade)	**(260)**	(1,452)
Compensation income/(penalty expenses)	**23,380**	(6,534)
Energy/power/steam income	**49,675**	39,474
Fair value gain arising from changes of interest in joint ventures resulting in change of control	**1,879**	1,010
Fair value loss of derivative financial instruments	**(560)**	(3,854)
Foreign exchange (loss)/gain, excluding net foreign exchange (loss)/gain on shareholders' loans to subsidiaries	**(42,195)**	80,077
Gain/(loss) on disposal of investment in joint ventures	**2,393**	(998)
Gain on disposal of investment in associates	**–**	2,275
Loss on disposal/liquidation of subsidiaries	**(575)**	(59)
Government grants/incentive income	**40,188**	51,140
Grant of share options to employees	**(6,871)**	(3,467)
Income from sales cancellation	**3,526**	1,333
Inventories written off	**(5,452)**	(115)
Loss on disposal of property, plant and equipment	**(6,780)**	(12,694)
Pre-operating expenses	**(630)**	(51)
Processing fee income/tolling income	**1,173**	727
Rental and storage income	**23,375**	17,117
Scrap sales	**22,630**	16,985
Service fees/management fees/commission income	**20,535**	24,973
Write back of allowance for expected credit losses	**14,804**	2,657

The Group has received government grants of different nature during the reporting periods, among them are grants in relation to the investment and development of plants and machineries, technical skill transformation and value added tax/business tax/corporate income tax subsidy for quality enterprise.

Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the balance sheets. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. FINANCE COSTS

	Group	
	2021	2020
	US$'000	US$'000
Interest expense:		
– Loans and borrowings	**526,344**	545,548
– Loans from associates	**264**	198
– Loans from joint ventures	**1,450**	1,903
– Loans from related parties	**105**	180
– Interest rate swaps	**3,110**	27,075
– Amortisation of forward elements of forward currency contracts	**39,208**	56,710
– Interest on lease liabilities	**11,849**	11,228
– Others	**14,128**	19,784
	596,458	662,626
Less: Amount capitalised		
– Bearer plants	**(660)**	(767)
– Property, plant and equipment	**(7,376)**	(10,749)
	588,422	651,110

9. NON-OPERATING ITEMS

	Group	
	2021	2020
	US$'000	US$'000
Net foreign exchange loss on shareholders' loans to subsidiaries	**(3,844)**	(4,853)
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries	**(6,252)**	(9,106)
Gain on disposal of investment securities at FVPL	**1,060**	2,271
Investment income from investment securities	**40,751**	110,527
Net fair value gain/(loss) on investment securities at FVPL	**3,014**	(44,472)
Net gain/(loss) from changes in fair value of investment properties	**2,129**	(2,834)
	36,858	51,533

10. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2021	2020
	US$'000	US$'000
Audit fees paid to:		
– Auditor of the Company	**611**	594
– Other auditors	**6,434**	4,651
Non-audit fees paid to:		
– Auditor of the Company	**3**	39
– Other auditors	**1,360**	926
Depreciation of property, plant and equipment	**1,047,818**	939,222
Depreciation of bearer plants	**60,563**	74,784
Less: Amount capitalised as part of costs of bearer plants	**(1,856)**	(2,301)
Add: Impairment loss of property, plant and equipment	**36,677**	43,736
Depreciation and impairment loss of property, plant and equipment and bearer plants – net	**1,143,202**	1,055,441
Employee benefits expense	**2,084,854**	1,782,650

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2021 and 31 December 2020 are:

	Group	
	2021	2020
	US$'000	US$'000
Consolidated Income Statement		
Current income tax		
Current year	**594,063**	557,705
Over provision in respect of previous years	**(22,813)**	(1,894)
Withholding tax expenses	**52,913**	10,170
	624,163	565,981
Deferred income tax		
Origination and reversal of temporary differences	**55,795**	32,848
Under provision in respect of previous years	**19,644**	21,259
Income tax expense recognised in the income statement	**699,602**	620,088
Deferred income tax related to other comprehensive income:		
Net tax charges/(credit) in fair value of derivative financial instruments designated as cash flow hedges and others	**4,916**	(2,865)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	Group	
	2021	2020
	US$'000	US$'000
Accounting profit before income tax	**2,765,861**	2,311,062
Tax calculated at tax rate of 17% (2020: 17%)	**470,196**	392,881
Adjustments:		
Effect of different tax rates in other countries	**202,351**	156,591
Effect of tax incentives	**12,807**	34,792
Effect of changes in tax rates for deferred tax recognised previously	**(9,560)**	20,793
Income not subject to taxation	**(49,364)**	(46,922)
Non-deductible expenses	**39,676**	38,260
Deferred tax assets not recognised	**55,318**	31,141
(Over)/under provision in respect of previous years	**(3,169)**	19,365
Share of results of joint ventures and associates	**(38,657)**	(34,469)
Utilisation of previously unrecognised tax losses/capital allowances	**(31,221)**	(4,102)
Withholding tax expenses	**52,913**	10,170
Others	**(1,688)**	1,588
Income tax expense recognised in the consolidated income statement	**699,602**	620,088

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (exclude treasury shares outstanding) during the financial year.

	Group	
	2021	2020
Profit for the year attributable to owners of the Company (US$'000)	**1,890,390**	1,534,110
Weighted average number of ordinary shares ('000)	**6,308,080**	6,346,997
Basic earnings per share (US cents per share)	**30.0**	24.2

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2021	2020
Profit for the year attributable to owners of the Company (US$'000)	**1,890,390**	1,534,110
Weighted average number of ordinary shares ('000)	**6,308,080**	6,346,997
Effects of dilution		
– Grant of equity-settled share options ('000)	**9,841**	9,287
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,317,921**	6,356,284
Diluted earnings per share (US cents per share)	**29.9**	24.1

There are no share options (2020: 40,380,000) granted to employees (including directors) under existing employee share option plans that have not been included in the calculation of diluted earnings per share during the financial year because they are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS

Property, plant and equipment

	Land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircraft US$'000	Construction in-progress US$'000	Total US$'000
Group								
Costs								
At 1 January 2020	135,802	4,083,163	8,503,825	308,230	881,448	295,156	1,352,193	15,559,817
Acquisition of subsidiaries	6,852	19,437	45,112	808	–	376	252	72,837
Disposal of subsidiaries	–	(2,031)	(855)	(46)	–	(82)	(1,950)	(4,964)
Additions	1,710	20,617	125,057	20,871	24,780	16,392	1,664,845	1,874,272
Disposals	(1,591)	(35,984)	(81,670)	(8,335)	(22,598)	(14,432)	(47)	(164,657)
Transfers	27	375,849	712,847	15,890	7,303	4,043	(1,115,959)	–
Reclassifications	–	2,130	(3,097)	(190)	–	1,228	(71)	–
Currency translation differences	9,069	196,892	450,994	17,057	(114)	(467)	104,504	777,935
At 31 December 2020, and 1 January 2021	**151,869**	**4,660,073**	**9,752,213**	**354,285**	**890,819**	**302,214**	**2,003,767**	**18,115,240**
Acquisition of subsidiaries	**–**	**26,920**	**46,805**	**418**	**–**	**259**	**9,254**	**83,656**
Disposal of subsidiaries	**–**	**–**	**(265)**	**–**	**–**	**–**	**–**	**(265)**
Additions	**33**	**40,583**	**85,788**	**28,367**	**22,479**	**22,869**	**2,049,298**	**2,249,417**
Disposals	**–**	**(169,336)**	**(92,033)**	**(19,123)**	**(85,335)**	**(10,552)**	**(429)**	**(376,808)**
Transfers	**9,992**	**584,115**	**993,253**	**28,845**	**93,286**	**5,225**	**(1,714,716)**	**–**
Transfer to investment properties	**–**	**–**	**–**	**–**	**–**	**–**	**(2,758)**	**(2,758)**
Transfer to right-of-use assets	**–**	**–**	**–**	**–**	**–**	**–**	**(73,162)**	**(73,162)**
Reclassifications	**–**	**1,420**	**(117,438)**	**500**	**–**	**2,059**	**113,459**	**–**
Currency translation differences	**(8,316)**	**(9,726)**	**(167,572)**	**(4,316)**	**(42)**	**(3,538)**	**19,378**	**(174,132)**
At 31 December 2021	**153,578**	**5,134,049**	**10,500,751**	**388,976**	**921,207**	**318,536**	**2,404,091**	**19,821,188**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment (continued)

	Land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircraft US$'000	Construction in-progress US$'000	Total US$'000
Group								
Accumulated depreciation and impairment loss								
At 1 January 2020	–	1,145,327	3,833,443	227,301	242,604	165,318	–	5,613,993
Disposal of subsidiaries	–	(814)	(619)	(45)	–	(82)	–	(1,560)
Depreciation charge for the year	–	167,994	546,600	31,199	71,846	23,316	–	840,955
Disposals	–	(10,395)	(60,552)	(7,807)	(10,929)	(13,527)	–	(103,210)
Impairment loss	11,666	13,746	17,886	–	–	–	–	43,298
Reclassifications	–	(97)	(454)	(288)	–	839	–	–
Currency translation differences	–	63,026	277,281	11,317	(116)	(868)	–	350,640
At 31 December 2020 and 1 January 2021	**11,666**	**1,378,787**	**4,613,585**	**261,677**	**303,405**	**174,996**	**–**	**6,744,116**
Disposal of subsidiaries	**–**	**–**	**(265)**	**–**	**–**	**–**	**–**	**(265)**
Depreciation charge for the year	**–**	**187,390**	**616,007**	**35,267**	**72,130**	**24,463**	**–**	**935,257**
Disposals	**–**	**(146,535)**	**(68,797)**	**(18,698)**	**(52,406)**	**(10,034)**	**–**	**(296,470)**
Impairment loss	**–**	**12,257**	**24,332**	**88**	**–**	**–**	**–**	**36,677**
Reclassifications	**–**	**(125)**	**(1,269)**	**111**	**–**	**1,283**	**–**	**–**
Currency translation differences	**–**	**(9,321)**	**(118,323)**	**(3,964)**	**(17)**	**(3,304)**	**–**	**(134,929)**
At 31 December 2021	**11,666**	**1,422,453**	**5,065,270**	**274,481**	**323,112**	**187,404**	**–**	**7,284,386**
Net carrying amount								
At 31 December 2020	140,203	3,281,286	5,138,628	92,608	587,414	127,218	2,003,767	11,371,124
At 31 December 2021	**141,912**	**3,711,596**	**5,435,481**	**114,495**	**598,095**	**131,132**	**2,404,091**	**12,536,802**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment (continued)

	Buildings US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
Company					
Costs					
At 1 January 2020	–	10,519	678	59,233	70,430
Additions	–	794	–	35,300	36,094
Disposals	–	(46)	(203)	–	(249)
At 31 December 2020 and 1 January 2021	**–**	**11,267**	**475**	**94,533**	**106,275**
Additions	**–**	**4,462**	**–**	**21,299**	**25,761**
Disposals	**–**	**(71)**	**–**	**–**	**(71)**
Transfers	**72,867**	**–**	**–**	**(72,867)**	**–**
Transfer to right-of-use assets	**–**	**–**	**–**	**(35,155)**	**(35,155)**
At 31 December 2021	**72,867**	**15,658**	**475**	**7,810**	**96,810**
Accumulated depreciation					
At 1 January 2020	–	6,672	159	–	6,831
Depreciation charge for the year	–	1,823	53	–	1,876
Disposals	–	(45)	(14)	–	(59)
At 31 December 2020 and 1 January 2021	**–**	**8,450**	**198**	**–**	**8,648**
Depreciation charge for the year	**767**	**2,119**	**48**	**–**	**2,934**
Disposals	**–**	**(66)**	**–**	**–**	**(66)**
At 31 December 2021	**767**	**10,503**	**246**	**–**	**11,516**
Net carrying amount					
At 31 December 2020	–	2,817	277	94,533	97,627
At 31 December 2021	**72,100**	**5,155**	**229**	**7,810**	**85,294**

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank term loans borrowed specifically for the purpose of the construction of plants. During the financial year, the borrowing costs capitalised as cost of plant and machineries amounted to approximately US$7,376,000 (2020: US$10,749,000).

Assets pledged as security

Certain property, plant and equipment of the Group amounting to approximately US$80,109,000 (2020: US$218,082,000) are pledged as security for bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Investment properties

	Group	
	2021	2020
	US$'000	US$'000
Balance sheet		
At 1 January	**32,475**	33,181
Transfer from property, plant and equipment	**2,758**	–
Net gain/(loss) from changes in fair value recognised in profit or loss	**2,129**	(2,834)
Currency translation differences	**924**	2,128
At 31 December	**38,286**	32,475
Income statement		
Rental income from investment properties		
– Minimum lease payments	**1,470**	1,453
	1,470	1,453
Direct operating expenses arising from:		
– Rental generating properties	**491**	477
	491	477

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2021. The valuations were performed by Beijing Zhuoxin Dahua Appraisal Co., Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The investment properties held by the Group as at 31 December 2021 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
8/25/26/33 Hua Neng Union Tower, Shanghai, China	Office	Leasehold	22 years
Floor 1-3, C 118 Gaodong Road, Shanghai, China	Industrial Plant	Leasehold	32 years
8 Yihai Avenue, Zhangpu Town, Kunshan, Jiangsu, China	Industrial Plant	Leasehold	38 years
No.12 Machong West Xingang Road, Machong Town, Dongguan, Guangdong, China	Industrial Plant	Leasehold	21 years
No.12 Machong West Xingang Road, Machong Town, Dongguan, Guangdong, China	Land	Leasehold	21 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets

	Land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircraft US$'000	Total US$'000
Group							
Costs							
At 1 January 2020	1,147,426	104,124	20,827	18,055	68,495	14,313	1,373,240
Acquisition of subsidiaries	–	21,877	4,676	11	–	–	26,564
Disposal of subsidiaries	(2,452)	–	–	–	–	–	(2,452)
Additions	46,547	35,971	11,675	196	18,145	6,041	118,575
Disposals	(5,312)	(8,741)	(11)	(49)	(767)	(1,288)	(16,168)
Currency translation differences	48,776	6,067	265	1,859	–	755	57,722
At 31 December 2020 and 1 January 2021	**1,234,985**	**159,298**	**37,432**	**20,072**	**85,873**	**19,821**	**1,557,481**
Acquisition of subsidiaries	**19,612**	**2,956**	**–**	**–**	**–**	**184**	**22,752**
Additions	**213,062**	**33,223**	**3,386**	**44**	**14,913**	**10,500**	**275,128**
Disposals	**(10,235)**	**(9,036)**	**(2,330)**	**(12)**	**(18,322)**	**(1,424)**	**(41,359)**
Transfer from property, plant and equipment	**73,162**	**–**	**–**	**–**	**–**	**–**	**73,162**
Reclassifications	**(288)**	**(1,106)**	**1,394**	**–**	**–**	**–**	**–**
Currency translation differences	**14,186**	**(7,039)**	**(898)**	**(1,132)**	**–**	**(284)**	**4,833**
At 31 December 2021	**1,544,484**	**178,296**	**38,984**	**18,972**	**82,464**	**28,797**	**1,891,997**
Accumulated depreciation and impairment loss							
At 1 January 2020	33,317	13,023	1,421	1,175	11,901	3,384	64,221
Disposal of subsidiaries	(418)	–	–	–	–	–	(418)
Depreciation charge for the year	33,723	32,972	5,809	1,331	18,461	5,971	98,267
Disposals	(1,851)	(7,800)	(2)	(18)	(258)	(1,245)	(11,174)
Impairment loss	438	–	–	–	–	–	438
Currency translation differences	29	2,808	241	241	–	238	3,557
At 31 December 2020 and 1 January 2021	**65,238**	**41,003**	**7,469**	**2,729**	**30,104**	**8,348**	**154,891**
Depreciation charge for the year	**42,673**	**35,705**	**5,309**	**1,410**	**20,366**	**7,098**	**112,561**
Disposals	**(2,390)**	**(6,901)**	**(1,362)**	**(12)**	**(17,394)**	**(1,339)**	**(29,398)**
Reclassifications	**(154)**	**(100)**	**254**	**–**	**–**	**–**	**–**
Currency translation differences	**2,115**	**(3,174)**	**(284)**	**(185)**	**–**	**(160)**	**(1,688)**
At 31 December 2021	**107,482**	**66,533**	**11,386**	**3,942**	**33,076**	**13,947**	**236,366**
Net carrying amount							
At 31 December 2020	1,169,747	118,295	29,963	17,343	55,769	11,473	1,402,590
At 31 December 2021	**1,437,002**	**111,763**	**27,598**	**15,030**	**49,388**	**14,850**	**1,655,631**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets (continued)

	Land and land rights US$'000	Total US$'000
Company		
Costs		
At 1 January 2020, 31 December 2020 and 1 January 2021	–	–
Transfer from property, plant and equipment	**35,155**	**35,155**
At 31 December 2021	**35,155**	**35,155**
Accumulated depreciation		
At 1 January 2020, 31 December 2020 and 1 January 2021	–	–
Depreciation charge for the year	**651**	**651**
At 31 December 2021	**651**	**651**
Net carrying amount		
At 31 December 2020	–	–
At 31 December 2021	**34,504**	**34,504**

Property, plant and equipment in the balance sheets comprise the following:

	Group		Company	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Net carrying amount				
Property, plant and equipment	**12,536,802**	11,371,124	**85,294**	97,627
Right-of-use assets	**1,655,631**	1,402,590	**34,504**	–
Total	**14,192,433**	12,773,714	**119,798**	97,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. BEARER PLANTS

BIOLOGICAL ASSETS

Bearer plants	Group 2021 US$'000	Group 2020 US$'000
Group		
Costs		
At 1 January	**1,250,517**	1,217,006
Additions	**37,865**	44,569
Disposals	**(1,400)**	(547)
Capitalisation of interest	**660**	767
Capitalisation of depreciation	**1,856**	2,301
Capitalisation of employee benefits	**6,820**	9,577
Written off	**(15,304)**	(23,540)
Currency translation differences	**(14,832)**	384
At 31 December	**1,266,182**	1,250,517
Accumulated depreciation and impairment loss		
At 1 January	**584,384**	526,366
Depreciation charge for the year	**60,563**	74,784
Disposals	**–**	(172)
Written off	**(12,804)**	(18,622)
Currency translation differences	**(4,079)**	2,028
At 31 December	**628,064**	584,384
Net carrying amount		
At 31 December	**638,118**	666,133

Biological assets (Note 21)	Group 2021 US$'000	Group 2020 US$'000
At 1 January	**44,724**	38,641
Fair value gain of biological assets	**21,335**	6,107
Currency translation differences	**(47)**	(24)
At 31 December	**66,012**	44,724

(a) Analysis of oil palm production

During the financial year, the Group harvested approximately 4,005,000 metric tonnes (2020: 4,030,000 metric tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$723,658,000 (2020: US$482,251,000). The fair value of FFB was determined with reference to their monthly average market prices during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. BEARER PLANTS

BIOLOGICAL ASSETS (CONTINUED)

(b) Analysis of bearer plants

At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:-

	Group	
Area	**2021 Hectares**	2020 Hectares
Planted area:		
– Mature	**211,800** (1)	205,229 (1)
– Immature	**26,203**	34,748
	238,003	239,977

	Group	
Value	**2021 US$'000**	2020 US$'000
Planted area:		
– Mature	**529,718** (1)	528,452 (1)
– Immature	**108,400**	137,681
	638,118	666,133

(1) Mature planted areas include sugar cane plantations.

(c) The interest capitalised is actual interest incurred on the bank borrowings to finance the development of oil palm plantations.

(d) The fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
FFB average selling price of US$168 to US$248 (2020: US$108 to US$179) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield (annual) is 19.6 (2020: 20.4) metric tonne per hectare	The estimated fair value increases as the estimated average yield increases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks & licenses and others US$'000	Brands US$'000	Total US$'000
Group				
Cost				
At 1 January 2020	3,897,405	34,589	1,544,267	5,476,261
Additions	–	1,145	–	1,145
Acquisition of subsidiaries	23,966	140	3,584	27,690
Currency translation differences	63,293	(2,254)	4,803	65,842
At 31 December 2020 and and 1 January 2021	**3,984,664**	**33,620**	**1,552,654**	**5,570,938**
Additions	**–**	**551**	**–**	**551**
Acquisition of subsidiaries	**75**	**–**	**–**	**75**
Disposal of subsidiaries	**(1,470)**	**–**	**–**	**(1,470)**
Currency translation differences	**(54,205)**	**1,827**	**(193)**	**(52,571)**
At 31 December 2021	**3,929,064**	**35,998**	**1,552,461**	**5,517,523**
Accumulated amortisation and impairment loss				
At 1 January 2020	105,886	7,482	–	113,368
Amortisation during the year	–	2,554	–	2,554
Impairment charge	272	–	–	272
Currency translation differences	10,469	(1,417)	–	9,052
At 31 December 2020 and and 1 January 2021	**116,627**	**8,619**	**–**	**125,246**
Amortisation during the year	**–**	**3,454**	**–**	**3,454**
Currency translation differences	**(6,710)**	**1,649**	**–**	**(5,061)**
At 31 December 2021	**109,917**	**13,722**	**–**	**123,639**
Net carrying amount				
At 31 December 2020	3,868,037	25,001	1,552,654	5,445,692
At 31 December 2021	**3,819,147**	**22,276**	**1,552,461**	**5,393,884**

Amortisation expense

The amortisation of trademarks & licenses and others is included in other operating expenses in the consolidated income statement.

Brands

Brands include 'Arawana', 'CSR', 'Madhur' and various brand names held under the Group's subsidiaries. As explained in Note 2.14(b)(i), the useful lives of the brands are estimated to be indefinite.

15. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands have been allocated to individual cash-generating units ("CGU") which are also the reportable operating segments for impairment testing.

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Food Products US$'000	Feed and Industrial Products US$'000	Plantation and Sugar Milling US$'000	Others US$'000	Total US$'000
2021					
Goodwill	**913,406**	**1,104,758**	**1,784,899**	**16,084**	**3,819,147**
Brands	**1,544,369**	**8,092**	**–**	**–**	**1,552,461**
2020					
Goodwill	952,832	1,107,111	1,792,021	16,073	3,868,037
Brands	1,549,070	3,584	–	–	1,552,654

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five to ten years period for Food Products, Feed and Industrial Products and Sugar Milling segments. For Palm Oil Plantation, management has used cash flow projections based on the age of the plantations. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year to ten-year period are as follows:-

	Food Products		Feed and Industrial Products		Plantation and Sugar Milling	
	%	%	**%**	%	**%**	%
	2021	2020	**2021**	2020	**2021**	2020
Terminal growth rates	**1.9 – 3.4**	1.9 – 3.4	**2.0 – 3.0**	2.0 – 3.0	**1.5 – 2.0**	1.0
Pre-tax discount rates	**5.9 – 19.0**	6.2 – 19.2	**11.0 – 14.4**	11.0 – 14.4	**7.6 – 12.0**	7.0 – 12.0

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted profit margin based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The forecasted growth rates were based on published industry research and did not exceed the long-term average growth rate for the industries relevant to the CGU.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	US$'000	US$'000
Unquoted equity shares, at cost	**10,468,178**	10,141,987

Details of the list of significant subsidiaries are included in Note 39.

Acquisition of subsidiaries

The list of major acquisition of subsidiaries during the financial year:

Name of subsidiaries acquired	Equity interest acquired %	Consideration US$'000	Month of acquisition
Global Eco Chemicals Singapore Pte. Ltd.	50	4,080	Jan 2021
Yihai Chenke (Maoming) Agriculture Co., Ltd (formerly known as Chenke Yihai (Maoming) Agriculture Co., Ltd)	11	–*	Jul 2021
PT Agri Hikay Indonesia[1]	100	–*	Jul 2021
PT Agri Indomas[1]	100	8,451	Jul 2021
Wuan Chuang Arawana (Taizhou) Foods Industries Co., Ltd	20	5,200	Dec 2021

* The consideration is less than US$1,000.

(1) The entities were acquired from a related party. Further, the Group also completed a conditional asset purchase agreement to acquire assets and inventory of approximately US$65,016,000 from the same related party, based on terms agreed between both parties.

In addition to the above, the Group acquired a 75% interest in the registered capital of Arawana Jinchu (Guangdong) Condiments Co., Ltd ("AJGC") by way of cash contribution of approximately US$65,900,000 into the registered capital and capital reserve of AJGC on 22 June 2021.

The fair values of the identifiable assets and liabilities of the subsidiaries acquired and the effect thereof as at the date of above acquisition were as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	106,408
Inventories	77,835
Deferred tax assets	6,515
Trade receivables and other assets	227,498
Cash and cash equivalents	27,173
	445,429
Trade and other payables (including provision for employee gratuity)	338,674
Loans and borrowings	42,933
	381,607
Net identifiable assets	63,822
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(27,225)
Identifiable net assets acquired	36,597
Less: Transfer from investment in joint ventures	(15,295)
Less: Transfer from investment in an associate	(1,767)
	19,535
Positive goodwill arising from acquisition recognised as part of intangible assets	75
Fair value gain arising from changes of interest in joint ventures resulting in change of control	(1,879)
Total consideration for acquisition	**17,731**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Total cost of business combination

The total cost of the business combination is as follows:

	Cashflow on acquisition US$'000
The effects of acquisition on cash flow are as follows:	
Consideration settled in cash	17,731
Less: Cash and cash equivalents of subsidiaries acquired	(27,173)
Net cash inflow on acquisition	**(9,442)**

Impact of acquisitions on consolidated income statement

From the respective dates of acquisition, the acquirees have contributed additional revenue and net profit of approximately US$166,378,000 and US$8,741,000 respectively for the financial year ended 31 December 2021. If the combinations had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$66,034,745,000 and net profit would have been approximately US$1,893,295,000.

Acquisition of non-controlling interests

During the year, the Group acquired additional interests in certain subsidiaries. The list of major acquisition of non-controlling interests:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration US$'000	Book value US$'000	Premium/ (discount) arising from acquisition US$'000	Month of acquisition
Yihai Kerry Arawana Holdings Co., Ltd	Yihai Kerry (Zhengzhou) Logistic Co., Ltd	11	85+	–*	1,169	(1,169)	Sep 2021
Yihai Kerry Arawana Holdings Co., Ltd	Liaoning Yihai Kerry Starch Technology Co., Ltd (formerly known as Liaoning Yihai Kerry Tereos Starch Technology Co., Ltd)	49	100	35,000	7,934	27,066	Nov 2021
Yihai Kerry Arawana Holdings Co., Ltd	Dongguan Yihai Kerry Starch Co., Ltd (formerly known as Dongguan Yihai Kerry Syral Starch Technology Co., Ltd)	49	100	12,500	(7,289)	19,789	Nov 2021
Wilmar International Limited	Wilmar Rice Trading Pte. Ltd. (formerly known as Wilmar Riceland Trading Pte. Ltd.)	40	100	441	6,157	(5,716)	Dec 2021

\+ Rounded to the nearest whole % as indicated.

* The consideration is less than US$1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal/liquidation of subsidiaries

During the year, the interests in the following major subsidiaries were disposed/liquidated:

Name of subsidiaries disposed/liquidated	Equity interest disposed/ liquidated %	Proceeds US$'000	Month of disposal/ liquidation
Yihai (Chongqing) Foodstuffs Co., Ltd	80	10,352	Feb 2021
Yihai (Jiamusi) Properties Management Co., Ltd	100	55	Aug 2021
Yihai Kerry (Qinzhou) Food Industries Co., Ltd	100	11	Sep 2021
Wilmar Yuanda BioTech (Lianyungang) Co., Ltd	100	1,993	Sep 2021

The carrying amounts of assets and liabilities of the subsidiaries disposed/liquidated and the effect thereof as at date of disposal/liquidation were as follows:

	Cashflow on disposal US$'000
Intangible assets	1,470
Cash and cash equivalents	14,999
	16,469
Trade and other payables	18
Net carrying amounts of assets disposed	16,451
Less: Non-controlling interest	(2,590)
Net assets disposed	13,861
Net assets disposed	13,861
Less: Foreign currency translation reserve realised upon disposal/liquidation of subsidiaries	(875)
Loss on disposal/liquidation	(575)
Sales proceeds, net	12,411
Less: Cash and cash equivalents of subsidiaries disposed/liquidated	(14,999)
Net cash outflow on disposal/liquidation of subsidiaries	**(2,588)**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES

The Group's investment in joint ventures are summarised below:

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Adani Wilmar Limited	**264,377**	226,727	**–**	–
Other joint ventures	**367,195**	397,432	**–**	3,800
Investment in joint ventures	**631,572**	624,159	**–**	3,800

Details of the list of significant joint ventures are included in Note 40.

The summarised financial information of material joint venture is as follows:

	Adani Wilmar Limited	
	2021	2020
	US$'000	US$'000
Assets and liabilities:		
Current assets	**1,959,650**	1,251,944
Non-current assets	**720,200**	608,529
Total assets	**2,679,850**	1,860,473
Current liabilities	**1,922,866**	1,238,227
Non-current liabilities	**235,752**	233,615
Total liabilities	**2,158,618**	1,471,842
Shareholders' equity	**494,898**	419,598
Proportion of the Group's ownership interest	**50%**	50%
Group's share	**247,449**	209,799
Goodwill on acquisition	**16,928**	16,928
Carrying amount of the investment	**264,377**	226,727
Revenue	**6,626,080**	4,570,316
Profit for the year	**82,284**	93,266
Other comprehensive income	**(651)**	(189)
Total comprehensive income	**81,633**	93,077
Cash and cash equivalents	**24,530**	6,682
Current financial liabilities (excluding trade and other payables and provisions)	**240,822**	205,332
Non-current financial liabilities (excluding other payables and provisions)	**188,321**	203,883
Depreciation and amortisation	**38,779**	36,019
Finance income	**10,643**	11,182
Finance expense	**72,317**	68,831
Income tax expense	**14,879**	36,172

The activities of Adani Wilmar Limited ("AWL") is strategic to the Group's activities. No dividends were received during the financial year ended 31 December 2021 (2020: US$Nil).

On 8 February 2022, AWL, a 50% owned joint venture of the Group, was listed on BSE Limited and National Stock Exchange of India Limited. Subsequent to the listing of AWL, the Group will be accounting AWL as an associate and will continue to account for its investment in AWL using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENT IN JOINT VENTURES INVESTMENT IN ASSOCIATES (CONTINUED)

Aggregate information about the Group's shares in joint ventures that are not individually material are as follows:

	Group	
	2021	2020
	US$'000	US$'000
Share of the joint ventures' profit for the year	**22,406**	24,490
Share of the joint ventures' total comprehensive income	**22,406**	24,490

The Group's investment in associates are summarised below:

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	**603,251**	587,941	**–**	–
Cosumar S.A.	**342,811**	338,727	**–**	–
Other associates	**1,928,894**	1,799,654	**13,677**	13,677
Investment in associates	**2,874,956**	2,726,322	**13,677**	13,677
Fair value of investment in associates for which there are published price quotations (Level 1 in the fair value hierarchy)	**870,780**	705,180	**18,605**	16,113

Details of the list of significant associates are included in Note 40.

The summarised financial information of material associates are as follows:

	COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd		Cosumar S.A.	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Assets and liabilities:				
Current assets	**561,611**	519,965	**710,213**	869,820
Non-current assets	**323,592**	263,346	**577,567**	613,664
Total assets	**885,203**	783,311	**1,287,780**	1,483,484
Current liabilities	**213,139**	146,107	**595,686**	800,756
Non-current liabilities	**1,084**	1,634	**115,056**	121,355
Total liabilities	**214,223**	147,741	**710,742**	922,111
Shareholders' equity	**655,582**	620,787	**577,585**	563,764
Proportion of the Group's ownership interest	**44%**	44%	**30%+**	30%+
Group's share	**288,456**	273,146	**170,699**	166,615
Goodwill on acquisition	**314,795**	314,795	**172,112**	172,112
Carrying amount of the investment	**603,251**	587,941	**342,811**	338,727
Revenue	**3,501,773**	2,620,866	**1,001,245**	895,059
Profit for the year	**25,293**	19,994	**104,554**	89,566
Total comprehensive income	**25,293**	19,994	**104,554**	89,566

\+ The effective interest of the Group has been rounded to the nearest whole % as indicated

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES (CONTINUED)

The activities of COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd and Cosumar S.A. are strategic to the Group's activities. Dividend of approximately US$3,544,000 (2020: US$Nil) was received from COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd during the financial year ended 31 December 2021. Dividend of approximately US$19,056,000 (2020: US$21,516,000) was received from Cosumar S.A. during the financial year ended 31 December 2021.

Aggregate information about the Group's shares in associates that are not individually material are as follows:

	Group	
	2021	2020
	US$'000	US$'000
Share of the associates' profit for the year	**114,720**	94,939
Share of the associates' total comprehensive income	**114,720**	94,939

18. INVESTMENT SECURITIES

	Group	
	2021	2020
	US$'000	US$'000
At fair value through other comprehensive income		
Non-current:		
Quoted equity instruments*	**215,687**	216,552
Unquoted equity instruments	**39,512**	33,697
Investment funds	**110,102**	120,559
	365,301	370,808
At fair value through profit or loss		
Current:		
Quoted equity instruments	**326,846**	286,706
	326,846	286,706

* Included in the quoted equity instruments is an investment in shares quoted on National Stock Exchange of Australia. As the sale and purchase of this investment is restricted, the valuation is determined using discounted cash flow projections.

<u>Investments in equity instruments designated at fair value through other comprehensive income</u>

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period are as follows:

	Group	
	2021	2020
	US$'000	US$'000
At fair value through other comprehensive income		
Preference shares issued by financial institutions in China	**145,464**	132,428
Unity Foods Limited	**34,912**	46,693
Primavera Capital (Cayman) Fund I L.P.	**17,307**	39,651
Sugar Terminals Limited	**35,270**	37,415
Others	**132,348**	114,621
	365,301	370,808

The Group has elected to measure these investment securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

During the year, the Group recognised investment income of US$40,751,000 (2020: US$110,527,000) from its investment securities at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

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19. DEFERRED TAX

	Group			
	Balance sheet		Consolidated income statement	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Deferred tax assets:				
Provisions	**129,969**	107,507	**(24,034)**	(20,384)
Unutilised tax losses	**116,615**	139,179	**32,006**	(16,161)
Timing differences for tax purposes	**145,210**	179,506	**29,755**	(16,457)
Fair value adjustments on derivatives classified as cash flow hedges	**10,276**	26,799	**–**	–
Other items	**2,890**	1,260	**(157)**	286
	404,960	454,251		
Less: Deferred tax liabilities:				
Timing differences for tax purposes	**423,007**	409,556	**26,394**	107,021
Fair value adjustments on acquisition of subsidiaries	**29,727**	31,275	**(4,438)**	(1,011)
Fair value adjustments on derivatives classified as cash flow hedges	**19,155**	28,328	**–**	–
Fair value adjustments on biological assets	**14,875**	9,163	**5,712**	(111)
Undistributed earnings	**80,734**	69,386	**11,348**	423
Other items	**680**	1,866	**(1,147)**	501
	568,178	549,574		
	(163,218)	(95,323)		
Deferred income tax charge			**75,439**	54,107

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, were shown in the statements of financial position:

	Group	
	2021 US$'000	2020 US$'000
Deferred tax assets	**204,495**	203,494
Deferred tax liabilities	**(367,713)**	(298,817)
	(163,218)	(95,323)

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$937,850,000 (2020: US$902,882,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2020: US$Nil) has been recognised for taxes that would be payable on certain of the Group's subsidiaries' undistributed earnings as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately US$6,731,032,000 (2020: US$6,110,457,000). The deferred tax liability is estimated to be approximately US$539,785,000 (2020: US$468,445,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2021			2020		
	Contract/ Notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Forward currency contracts, options and cross currency interest rate swaps	**14,669,666**	**137,265**	**180,912**	10,576,276	185,348	254,837
Futures, options and swap contracts	**10,436,870**	**264,288**	**331,230**	11,447,195	341,894	596,679
Interest rate swap	**117,106**	**–**	**6,045**	1,113,978	–	10,972
Fair value of firm commitment contracts	**7,282,237**	**174,384**	**103,704**	6,952,962	175,195	81,077
Total derivative financial instruments		**575,937**	**621,891**		702,437	943,565
Less: Current portion		**(563,981)**	**(566,612)**		(641,249)	(893,729)
Non-current portion		**11,956**	**55,279**		61,188	49,836

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. The Group does not apply hedge accounting, except for those designated as hedges of commodity products, Medium Term Notes and foreign exchange risk.

Certain derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements and Long Form Confirmations. In general, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

Cash flow hedges

The Group enters into various commodities futures, options, swap and forward currency contracts in order to hedge the financial risks related to the purchases and sales of commodity products. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately US$1,149,000 (2020: loss of US$73,501,000), with related deferred tax charge of approximately US$8,683,000 (2020: tax charge of US$1,529,000), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next two financial years as follows: US$96,000 and US$1,053,000 (2020: (US$73,504,000) and US$3,000).

Fair value changes to the forward elements of forward currency contracts not designated as hedging instruments are accounted for as cost of hedging. A net fair value loss of approximately US$6,375,000 (2020: gain of approximately US$2,981,000), with related deferred tax credit of approximately US$2,089,000 (2020: tax charge of approximately US$1,416,000), is included in the cost of hedging reserve in respect of these contracts.

Fair value hedges

The Group enters into commodities future contracts to hedge the financial risk related to the carrying value of commodity products. A net fair value gain of approximately US$32,818,000 (2020: loss of US$66,458,000) is recognised in the income statement and offset with a similar loss on the inventory.

The Group also enters into cross currency interest rate swaps to hedge the financial risk related to Medium Term Notes issued by the Company. A net fair value loss of approximately US$1,458,000 (2020: gain of US$1,035,000) is recognised in the income statement with a similar decrease in the loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

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21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Non-current:				
Other non-trade receivables	**78,861**	19,400	**–**	19
Other deposits with financial institutions	**–**	12,991	**–**	–
Amounts due from subsidiaries – non-trade	**–**	–	**263,317**	247,045
Amounts due from joint ventures – non-trade	**34,764**	19,871	**49,938**	–
Amounts due from associates – non-trade	**17,643**	54,780	**–**	56,073
Amounts due from related parties – non-trade	**18,868**	20,600	**–**	–
Other financial receivables	**150,136**	127,642	**313,255**	303,137
Current:				
Deposits	**183,852**	150,027	**53**	56
Loans to non-controlling shareholders of subsidiaries	**5,017**	4,923	**–**	–
Other non-trade receivables	**397,325**	353,317	**27,247**	30,169
Other deposits with financial institutions	**3,196,798**	3,615,798	**–**	–
Amounts due from subsidiaries – non-trade	**–**	–	**5,647,029**	5,879,227
Amounts due from joint ventures – non-trade	**103,825**	121,871	**1,756**	1,215
Amounts due from associates – non-trade	**258,664**	216,531	**2,677**	2,883
Amounts due from related parties – non-trade	**37,977**	86,001	**–**	–
Other financial receivables	**4,183,458**	4,548,468	**5,678,762**	5,913,550
Non-current:				
Prepayments	**50,914**	45,356	**–**	–
Plasma investments	**12,960**	19,423	**–**	–
Other non-financial assets	**63,874**	64,779	**–**	–
Current:				
Prepayments and other non-financial assets	**267,091**	192,338	**7,473**	6,337
Biological assets (Note 14)	**66,012**	44,724	**–**	–
Tax recoverables	**130,150**	119,994	**–**	–
Advances for property, plant and equipment	**490,673**	452,142	**–**	–
Advances for acquisition of subsidiaries	**47,532**	–	**–**	–
Advances to suppliers	**825,612**	995,719	**–**	–
Other non-financial assets	**1,827,070**	1,804,917	**7,473**	6,337

Amounts due from subsidiaries, joint ventures, associates and related parties (non-current)

Other than the non-current non-trade receivables from joint ventures, associates and related parties, which bear interest rates ranging from 2.5% to 4.2% (2020: 2.5% to 7.7%) per annum, the remaining amounts are interest-free, unsecured and have no fixed terms of repayment. These balances are not expected to be repaid within the next twelve months and are expected to be settled in cash.

As at 31 December 2021, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$6,914,000 (2020: US$6,914,000).

NOTES TO THE FINANCIAL STATEMENTS

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21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS (CONTINUED)

Amounts due from subsidiaries, joint ventures, associates and related parties (current)

The current non-trade receivables from subsidiaries, joint ventures, associates and related parties are unsecured, non-interest bearing and repayable on demand except for amounts due from joint ventures and associates of approximately US$127,952,000 (2020: US$124,326,000) and US$51,768,000 (2020: US$68,891,000) respectively, which bear interest ranging from 1.5% to 12.0% (2020: 1.5% to 9.5%) per annum. These balances are expected to be settled in cash.

As at 31 December 2021, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$81,959,000 (2020: US$81,959,000).

Loans to non-controlling shareholders of subsidiaries

The current loans to non-controlling shareholders of subsidiaries are non-interest bearing and have no fixed repayment dates except for loans amounting to US$4,191,000 (2020: US$4,082,000), which bear interest ranging from 3.0% to 7.2% (2020: 3.0% to 8.9%) per annum and are expected to be settled in cash.

Other deposits with financial institutions

Other deposits with financial institutions are deposits placed with banks with high credit ratings and no history of default. The interest rates range from 1.8% to 4.5% (2020: 2.6% to 4.1%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$66,650,000 (2020: US$1,021,510,000) as security for bank borrowings.

22. INVENTORIES

	Group	
	2021	2020
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**4,029,941**	3,742,935
Consumables	**578,494**	453,565
Finished goods	**4,328,160**	3,635,725
Stock in transit	**854,176**	705,705
	9,790,771	8,537,930
At net realisable value:		
Raw materials	**701,499**	479,092
Consumables	**3,223**	5,742
Finished goods	**1,243,193**	413,387
	1,947,915	898,221
	11,738,686	9,436,151
Income Statement		
Inventories recognised as an expense in cost of sales	**50,783,356**	38,665,012
Inclusive of the following charge:		
– Provision/(write back) for net realisable value	**74,038**	(38,271)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. TRADE RECEIVABLES

	Group	
	2021	2020
	US$'000	US$'000
Trade receivables	**5,187,224**	3,907,400
Notes receivables	**221,681**	147,189
Value added tax recoverable	**832,127**	855,310
Amounts due from joint ventures – trade	**345,937**	238,111
Amounts due from associates – trade	**122,718**	116,401
Amounts due from related parties – trade	**156,984**	64,355
	6,866,671	5,328,766
Less: Allowance for expected credit losses	**(33,255)**	(50,895)
	6,833,416	5,277,871

Trade receivables, including amounts due from joint ventures, associates and related parties, are non-interest bearing and the average turnover is 32 days (2020: 32 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2021 and 31 December 2020.

The Group has pledged trade receivables amounting to approximately US$135,156,000 (2020: US$30,357,000) as security for bank borrowings.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance for expected credit losses of trade receivables are as follows:

Movement in allowance account:

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**(50,895)**	(56,176)
Write back of allowance during the year	**9,106**	4,922
Acquisition of subsidiaries	**(4,797)**	(1,832)
Bad debts written off against allowance	**13,212**	1,759
Currency translation differences	**119**	432
At 31 December	**(33,255)**	(50,895)

Financial assets carried at amortised cost

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**6,833,416**	5,277,871	**–**	–
Other financial receivables – current	**4,183,458**	4,548,468	**5,678,762**	5,913,550
Other financial receivables – non-current	**150,136**	127,642	**313,255**	303,137
Cash and bank balances – current	**6,341,541**	5,928,208	**1,033**	6,371
Other bank deposits – non-current	**2,338,437**	–	**–**	–
Total financial assets carried at amortised cost	**19,846,988**	15,882,189	**5,993,050**	6,223,058

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. OTHER BANK DEPOSITS CASH AND BANK BALANCES

	Group	
	2021	2020
	US$'000	US$'000
Non-current:		
Fixed deposits pledged with financial institutions for bank facilities	**1,999,648**	–
Other deposits with maturity more than 12 months	**338,789**	–
	2,338,437	–
Current:		
Fixed deposits pledged with financial institutions for bank facilities	**1,964,548**	1,136,131
Other deposits with maturity more than 3 months	**1,684,452**	2,085,913
	3,649,000	3,222,044
	5,987,437	3,222,044

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks and on hand	**1,945,593**	2,175,056	**1,033**	6,371
Short-term and other deposits	**746,948**	531,108	**–**	–
Cash and bank balances	**2,692,541**	2,706,164	**1,033**	6,371

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of the Group is 2.5% (2020: 2.6%) per annum.

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Other bank deposits	**5,987,437**	3,222,044	**–**	–
Cash and bank balances	**2,692,541**	2,706,164	**1,033**	6,371
Total cash and bank balances	**8,679,978**	5,928,208	**1,033**	6,371

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2021	2020
	US$'000	US$'000
Cash and bank balances	**2,692,541**	2,706,164
Bank overdrafts	**(104,898)**	(122,668)
Cash and cash equivalents	**2,587,643**	2,583,496

25. TRADE PAYABLES

	Group	
	2021	2020
	US$'000	US$'000
Trade payables	**1,840,604**	1,492,450
Value added tax payable	**24,965**	24,664
Amounts due to joint ventures – trade	**45,085**	23,983
Amounts due to associates – trade	**52,199**	72,049
Amounts due to related parties – trade	**46,220**	302
	2,009,073	1,613,448

Trade payables, including amounts due to joint ventures, associates and related parties, are non-interest bearing and the average turnover is 12 days (2020: 14 days).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. TRADE PAYABLES (CONTINUED)

Financial liabilities carried at amortised cost

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**2,009,073**	1,613,448	**–**	–
Other financial payables – current	**2,374,133**	2,084,097	**5,376,050**	5,566,865
Other financial payables – non-current	**276,525**	268,604	**1,425,000**	589,708
Loans and borrowings	**29,114,481**	23,149,472	**308,724**	486,773
Total financial liabilities carried at amortised cost	**33,774,212**	27,115,621	**7,109,774**	6,643,346

26. OTHER FINANCIAL PAYABLES

OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Current:				
Advances from non-controlling shareholders of subsidiaries	**31,929**	4,695	**–**	–
Accrued operating expenses	**1,224,356**	1,102,695	**23,657**	23,350
Amounts due to subsidiaries – non-trade	**–**	–	**5,351,258**	5,542,118
Amounts due to joint ventures – non-trade	**41,420**	42,990	**–**	346
Amounts due to associates – non-trade	**12,535**	12,289	**43**	26
Amounts due to related parties – non-trade	**2,598**	3,475	**89**	89
Deposits from third parties	**260,434**	264,537	**8**	–
Payable for property, plant and equipment	**313,520**	244,693	**–**	–
Other tax payables	**15,748**	16,621	**–**	–
Lease liabilities	**59,637**	49,307	**–**	–
Other payables	**411,956**	342,795	**995**	936
Other financial payables	**2,374,133**	2,084,097	**5,376,050**	5,566,865
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**58,560**	48,501	**–**	–
Amounts due to subsidiaries – non-trade	**–**	–	**1,425,000**	589,708
Amounts due to associates – non-trade	**5,072**	3	**–**	–
Lease liabilities	**204,857**	215,670	**–**	–
Other payables	**8,036**	4,430	**–**	–
Other financial payables	**276,525**	268,604	**1,425,000**	589,708
Current:				
Advances from customers and others	**862,926**	764,248	**–**	–
Other non-financial liabilities	**862,926**	764,248	**–**	–
Non-current:				
Provision for employee gratuity	**98,369**	113,014	**–**	–
Deferred income – government grants	**102,354**	69,664	**–**	–
Other non-financial liabilities	**200,723**	182,678	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. OTHER FINANCIAL PAYABLES

OTHER NON-FINANCIAL LIABILITIES (CONTINUED)

The current amounts due to subsidiaries by the Company and the current amounts due to associates, joint ventures and related parties by the Group are unsecured, non-interest bearing and repayable on demand except for amounts due to associates of approximately US$871,000 (2020: US$834,000) and amounts due to joint ventures of approximately US$29,511,000 (2020: US$38,498,000), which bear interest ranging from 3.0% to 5.3% (2020: 3.2% to 7.1%) per annum. These balances are expected to be settled in cash.

The advances from non-controlling shareholders are unsecured and non-interest bearing except for amounts of approximately US$27,823,000 (2020: US$17,369,000), which bear interest rate at 2.8% to 7.0% (2020: 2.4% to 7.0%) per annum. These balances are expected to be settled in cash.

There are no unfulfilled conditions or contingencies attached to the deferred government grants.

27. LOANS AND BORROWINGS

			Weighted average interest rate		Group		Company	
	Note	**Maturity**	**2021**	2020	**2021**	2020	**2021**	2020
			%	%	**US$'000**	US$'000	**US$'000**	US$'000
Current:								
Bank term loans	(a)	**2022**	**1**	2	**2,792,099**	1,952,723	**–**	–
Short-term/pre-shipment loans	(a)	**2022**	**2**	2	**11,515,403**	10,099,340	**–**	–
Trust receipts/bill discounts	(a)	**2022**	**1**	1	**7,562,699**	4,801,154	**–**	–
Bank overdrafts	(b)	**2022**	**7**	5	**104,898**	122,668	**–**	–
Medium Term Notes	(c)	**2022**	**1**	3	**308,724**	163,593	**308,724**	163,593
Redeemable non-convertible debentures	(d)	**2022**	**12**	12	**8,012**	6,416	**–**	–
					22,291,835	17,145,894	**308,724**	163,593
Non-current:								
Bank term loans	(a)	**2023–2029**	**2**	2	**6,723,374**	5,654,487	**–**	–
Medium Term Notes	(c)	**2024**	**3**	1	**78,417**	323,180	**–**	323,180
Redeemable non-convertible debentures/redeemable preference shares/ optionally convertible preference shares	(d)	**2024**	**12**	12	**20,855**	25,911	**–**	–
					6,822,646	6,003,578	**–**	323,180
Total loans and borrowings					**29,114,481**	23,149,472	**308,724**	486,773

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. LOANS AND BORROWINGS (CONTINUED)

The terms and conditions and securities for interest bearing loans and borrowings are as follows:

(a) Bank term loans/short-term/pre-shipment loans/trust receipts/bill discounts

A portion of the Group's loans is secured by a pledge over property, plant and equipment, fixed deposits, trade receivables, inventories, other deposits with financial institutions and corporate guarantees from the Company and certain subsidiaries.

(b) Bank overdrafts

Certain bank overdrafts are secured by corporate guarantees from the Company.

(c) Medium Term Notes

The Company issued the following notes:

- on 26 April 2017, a 5-year Medium Term Note of Japanese Yen 10 billion at a fixed rate of 0.58% per annum;
- on 20 July 2020, a 2-year Medium Term Note of Singapore Dollars 100 million at a fixed rate of 0.90% per annum; and
- on 9 November 2020, a 2-year Medium Term Note of Singapore Dollars 200 million at a fixed rate of 0.90% per annum.

On 29 November 2021, a subsidiary issued a 3-year Medium Term Note of Chinese Renminbi 500 million at a fixed rate of 3.14% per annum.

(d) Redeemable non-convertible debentures/redeemable preference shares/optionally convertible preference shares

The redeemable non-convertible debentures ("NCD") are secured by certain immovable and movable properties and current assets of a subsidiary. The NCD issued to Life Insurance Corporation of India ("LIC") are repayable in 20 structured quarterly instalments, bearing effective interest rates between 11.3% to 11.7%. The subsidiary is in the process of obtaining regulatory approval to restructure the NCD issued to LIC.

The remaining non-convertible debentures, redeemable preference shares and optionally convertible preference shares have been redeemed in 2021.

(e) The bank facilities, up to a limit of approximately US$13,573,627,000 (2020: US$11,399,616,000), are guaranteed by the Company and certain subsidiaries.

(f) The Group has bank loans and other bank deposits amounting to approximately US$3,493,302,000 (2020: US$3,094,565,000), disclosed off-balance sheet for the financial year ended 31 December 2021 as the Group has transferred substantially all the risks and rewards of the cash flows arising from the deposits and have also legally been released from the responsibility for the loans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. SHARE CAPITAL TREASURY SHARES

(a) Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**6,403,402**	**8,458,995**	**6,403,402**	**8,895,134**

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as and when declared by the Company. All ordinary shares, except for treasury shares, carry one vote per share without restrictions. The ordinary shares have no par value. All the above issued ordinary shares are fully paid.

The Company has granted options to both directors and executives of the Group to subscribe for the Company's ordinary shares.

(b) Treasury shares

	Group and Company	
	Number of shares '000	US$'000
At 1 January 2020	(62,529)	(122,579)
Acquired during the financial year	(44,716)	(141,009)
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	20,075	43,888
– Transferred from employee share option reserve	–	8,382
– Transferred to general reserve on reissuance of treasury shares	–	(10,721)
	20,075	41,549
At 31 December 2020 and 1 January 2021	**(87,170)**	**(222,039)**
Acquired during the financial year	**(28,047)**	**(97,503)**
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	**6,987**	**15,877**
– Transferred from employee share option reserve	**–**	**2,905**
– Transferred to general reserve on reissuance of treasury shares	**–**	**(4,126)**
	6,987	**14,656**
At 31 December 2021	**(108,230)**	**(304,886)**

Treasury shares relate to ordinary shares of the Company that are held by the Company.

28,047,000 shares (2020: 44,716,000) had been acquired during the financial year.

Options for a total of 6,987,000 ordinary shares (2020: 20,075,000) were exercised during the financial year pursuant to Wilmar ESOS 2009.

NOTES TO THE FINANCIAL STATEMENTS

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29. OTHER RESERVES

(a) Composition:

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Capital reserve	**145,383**	145,383	**145,379**	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	**–**	–
Foreign currency translation reserve	**733,637**	571,997	**–**	–
General reserve	**646,199**	493,957	**31,886**	27,760
Equity transaction reserve	**388,767**	426,452	**–**	–
Hedging reserve	**1,149**	(73,501)	**–**	–
Employee share option reserve	**28,163**	24,197	**28,163**	24,197
Fair value reserve	**29,822**	24,496	**–**	–
Asset revaluation reserve	**5,514**	5,514	**–**	–
Cost of hedging reserve	**(6,375)**	2,981	**–**	–
Total other reserves	**42,945**	(307,838)	**205,428**	197,336

(b) Movements:

(i) Capital reserve

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
At 1 January and 31 December	**145,383**	145,383	**145,379**	145,379

Capital reserve includes both ordinary shares granted to employees and the equity component of convertible bonds.

Capital reserve arising from granting of ordinary shares to employees represents the difference between the market price and the settlement price on ordinary shares which were transferred from Wilmar Holdings Pte Ltd ("WHPL"), former holding company of the Company, to employees of Wilmar group of companies as a reward for their service with the Group.

Equity component of convertible bonds represents the residual amount included in shareholders' equity in capital reserve.

(ii) Merger reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January and 31 December	**(1,929,314)**	(1,929,314)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the acquisition of all WHPL interests in its subsidiaries and associated companies, save for its interests in the Company, and shares owned by Archer Daniels Midland Asia-Pacific Limited ("ADM") and/or its affiliated companies ("ADM Group") in companies where ADM Group holds shares with WHPL, together with non-controlling interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method in 2007.

NOTES TO THE FINANCIAL STATEMENTS

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29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(iii) Foreign currency translation reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**571,997**	(156,377)
Currency translation differences of foreign operations	**162,515**	728,139
Disposal/liquidation of subsidiaries	**(875)**	235
At 31 December	**733,637**	571,997

(iv) General reserve

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**493,957**	359,282	**27,760**	17,039
Transferred from retained earnings	**148,653**	98,950	**–**	–
Gain on reissuance of treasury shares	**4,126**	10,721	**4,126**	10,721
(Loss)/gain on remeasurements of defined benefit plan	**(537)**	25,004	**–**	–
At 31 December	**646,199**	493,957	**31,886**	27,760

(a) In accordance with the Group's China subsidiaries' Articles of Association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund and the Enterprise Expansion Fund are determined by the Board of Directors of the China subsidiaries. For the other China subsidiaries, the entities are required to appropriate not less than 10% of the net profits to the statutory capital reserve, as long as the statutory capital reserve is below 50% of registered capital.

(b) In accordance with "The Law of Republic of Indonesia" No. 40/2007 concerning Limited Liability Companies, a company must allocate a portion of its net profits in each year as reserves. Allocation of net profit shall be made until the reserves have aggregated at least 20% of the issued capital and paid up capital.

(c) Gain or loss on remeasurements of defined benefit plan arises from remeasurements of defined benefit plan. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to income statement in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

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29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(v) Equity transaction reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**426,452**	(241,115)
Disposal of subsidiaries	**–**	(1,062)
Acquisition of additional interest in subsidiaries	**(37,998)**	(154,864)
Dilution of interest in subsidiaries	**313**	823,493
At 31 December	**388,767**	426,452

(vi) Hedging reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**(73,501)**	(50,789)
Fair value adjustment on cash flow hedges	**78,035**	(16,522)
Recognised in the income statement on derivatives contracts realised	**(3,385)**	(6,190)
At 31 December	**1,149**	(73,501)

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivatives contracts designated as cash flow hedges.

(vii) Employee share option reserve

	Group and Company	
	2021	2020
	US$'000	US$'000
At 1 January	**24,197**	71,335
Grant of equity-settled share options	**6,871**	3,467
Expiry of employee share options transferred to retained earnings	**–**	(42,223)
Reissuance of treasury shares pursuant to exercise of equity-settled share options	**(2,905)**	(8,382)
At 31 December	**28,163**	24,197

Employee share option reserve represents the equity-settled share options granted to employees (including directors) (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(viii) Fair value reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**24,496**	112,698
Fair value adjustment on investment securities at FVOCI	**5,326**	(88,202)
At 31 December	**29,822**	24,496

Fair value reserve represents the cumulative fair value changes, net of tax, of investment securities at FVOCI until they are disposed or impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(ix) Asset revaluation reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January and 31 December	**5,514**	5,514

(x) Cost of hedging reserve

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**2,981**	(4,174)
Fair value adjustment on forward elements of forward contracts	**(9,356)**	7,155
At 31 December	**(6,375)**	2,981

30. PROVISION FOR EMPLOYEE GRATUITY

The estimated liabilities for employee gratuity based on the actuarial report have been determined using the following assumptions:

	Group	
	2021	2020
Discount rate	**7.55% per annum**	7.5% per annum
Wages and salaries increase	**7% per annum**	7% per annum
Retirement age	**57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reach 65 years of age**	57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reach 65 years of age
Mortality rate	**TMI 2019**	TMI 2019
Method	**Projected unit credit**	Projected unit credit

The details of the employee gratuity expense recognised in the income statement are as follows:

	Group	
	2021	2020
	US$'000	US$'000
Current service costs	**4,123**	9,666
Adjustment of new entrant employees/transfers	**158**	630
Interest costs	**7,215**	9,353
Curtailment loss	**–**	(573)
Past service costs	**(17,912)**	(35)
	(6,416)	19,041

The provision for employee gratuity recognised in the balance sheet represent the present value of the defined benefit obligation. The movement in provision for employee gratuity is as follows:

	Group	
	2021	2020
	US$'000	US$'000
At 1 January	**113,014**	131,340
Acquisition of subsidiaries	**588**	110
(Write back)/provision made for the year	**(6,416)**	19,041
Payments during the year	**(7,339)**	(5,477)
Currency translation differences	**(1,455)**	(88)
Remeasurements of defined benefit plan during the year	**(23)**	(31,912)
At 31 December	**98,369**	113,014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. EMPLOYEE BENEFITS

	Group	
	2021	2020
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**1,709,340**	1,507,669
Defined contribution plans	**205,025**	113,787
Share-based payments	**6,871**	3,467
Other short-term benefits	**171,418**	144,147
Other long-term benefits	**(980)**	23,157
	2,091,674	1,792,227
Less: Amount capitalised as bearer plants	**(6,820)**	(9,577)
	2,084,854	1,782,650

Share option schemes

Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009")

The Wilmar ESOS 2009 was adopted to replace the Wilmar Executive Share Option Scheme 2000 ("Wilmar ESOS 2000"). Wilmar ESOS 2009 was approved by shareholders at the Company's extraordinary general meeting ("EGM") held on 29 April 2009 and it expired on 28 April 2019.

For the entire duration of the Wilmar ESOS 2009, the Company granted options for a total of 221,555,000 ordinary shares of the Company in accordance with the rules of the aforesaid scheme. As at 31 December 2021, options for a total of 54,445,100 ordinary shares were exercised, options for a total of 153,151,500 ordinary shares had lapsed/expired and options for a total of 13,958,400 ordinary shares remain valid until their respective expiry dates.

2017 Grant

On 8 September 2017, the Company granted options to subscribe for a total of 62,585,000 ordinary shares of the Company at S$3.04 per share (at a 7.32% discount to the Market Price (as defined at the next page)) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2021, the number of outstanding options that were not exercised under this option grant was 13,958,400.

All options granted under the 2017 Grant are valid for a period of five years from the date of the grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of options granted
- After 3rd anniversary of the date of grant – 33% of options granted
- After 4th anniversary of the date of grant – 34% of options granted

For Non-Executive Directors

All options are exercisable after 2nd anniversary of the date of grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019")

The Wilmar ESOS 2019, the rules of which were set out in a circular to shareholders dated 4 April 2019, was approved by shareholders at the Company's EGM held on 24 April 2019. It was adopted to replace the Wilmar ESOS 2009 which expired on 28 April 2019.

Under the rules of the Wilmar ESOS 2019:

(a) the eligible participants may be granted options to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the Company's shares traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market days immediately preceding the date of the grant of the option ("Market Price") or at a discount to the Market Price up to a maximum of 20%;

(b) the maximum number of ordinary shares (in respect of the options) that may be granted under the Wilmar ESOS 2019, after taking into account (i) the total number of new ordinary shares issued and issuable in respect of all other share-based incentive schemes of the Company; and (ii) the number of treasury shares and subsidiary holdings delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) on the date immediately preceding the relevant date of grant;

(c) controlling shareholders and associates of controlling shareholders will not be eligible to participate in the Wilmar ESOS 2019; and

(d) there is no restriction on the eligibility of any participant to participate in any other share options or share incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

The Wilmar ESOS 2019 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Kwah Thiam Hock (Chairman), Mr Tay Kah Chye and Mr Lim Siong Guan, all of whom are Independent Directors. The RC is authorised to determine, inter alia, the persons to be granted options, the number of options to be granted, whether the options continue to be valid in the event of cessation of employment (as provided under the rules of Wilmar ESOS 2019), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2019 (if deemed appropriate).

2020 Grant

On 29 September 2020, the Company granted options to subscribe for a total of 40,380,000 ordinary shares of the Company at S$3.94 per share (at a 10% discount to the Market Price) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2021, the number of outstanding options that were not exercised under this option grant was 39,755,000. The options are valid for a period of five years (including the respective vesting periods) from the date of grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of options granted
- After 3rd anniversary of the date of grant – 33% of options granted
- After 4th anniversary of the date of grant – 34% of options granted

For Non-Executive Directors

All options are exercisable after 2nd anniversary of the date of grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options lapsed/ expired	Options exercised	Closing balance	Exercise price	Exercise period
2021							
Wilmar ESOS 2009							
08.09.2017	**6,585,400**	**–**	**(24,700)**	**(2,304,000)**	**4,256,700**	**S$3.04**	**09.09.2019 to 08.09.2022**
08.09.2017	**5,249,200**	**–**	**(24,700)**	**(2,234,100)**	**2,990,400**	**S$3.04**	**09.09.2020 to 08.09.2022**
08.09.2017	**9,246,300**	**–**	**(86,400)**	**(2,448,600)**	**6,711,300**	**S$3.04**	**09.09.2021 to 08.09.2022**
	21,080,900	**–**	**(135,800)**	**(6,986,700)**	**13,958,400**		
Wilmar ESOS 2019							
29.09.2020	**16,541,400**	**–**	**(541,200)**	**–**	**16,000,200**	**S$3.94**	**30.09.2022 to 29.09.2025**
29.09.2020	**11,741,400**	**–**	**(41,200)**	**–**	**11,700,200**	**S$3.94**	**30.09.2023 to 29.09.2025**
29.09.2020	**12,097,200**	**–**	**(42,600)**	**–**	**12,054,600**	**S$3.94**	**30.09.2024 to 29.09.2025**
	40,380,000	**–**	**(625,000)**	**–**	**39,755,000**		
Total	**61,460,900**	**–**	**(760,800)**	**(6,986,700)**	**53,713,400**		
2020							
Wilmar ESOS 2009							
18.06.2015	4,709,964	–	(883,964)	(3,826,000)	–	S$3.05	19.06.2017 to 18.06.2020
18.06.2015	3,283,564	–	(62,914)	(3,220,650)	–	S$3.05	19.06.2018 to 18.06.2020
18.06.2015	4,693,472	–	(93,622)	(4,599,850)	–	S$3.05	19.06.2019 to 18.06.2020
	12,687,000	–	(1,040,500)	(11,646,500)	–		
08.09.2017	12,175,450	–	(906,000)	(4,684,050)	6,585,400	S$3.04	09.09.2019 to 08.09.2022
08.09.2017	9,370,350	–	(376,200)	(3,744,950)	5,249,200	S$3.04	09.09.2020 to 08.09.2022
08.09.2017	9,654,300	–	(408,000)	–	9,246,300	S$3.04	09.09.2021 to 08.09.2022
	31,200,100	–	(1,690,200)	(8,429,000)	21,080,900		
Wilmar ESOS 2019							
29.09.2020	–	16,541,400	–	–	16,541,400	S$3.94	30.09.2022 to 29.09.2025
29.09.2020	–	11,741,400	–	–	11,741,400	S$3.94	30.09.2023 to 29.09.2025
29.09.2020	–	12,097,200	–	–	12,097,200	S$3.94	30.09.2024 to 29.09.2025
	–	40,380,000	–	–	40,380,000		
Total	43,887,100	40,380,000	(2,730,700)	(20,075,500)	61,460,900		

No options (2020: 40,380,000 ordinary shares) were granted during the financial year ended 31 December 2021.

Options for a total of 6,986,700 ordinary shares (2020: 20,075,500 ordinary shares) were exercised by option holders during the financial year under review pursuant to Wilmar ESOS 2009.

The weighted average share price at the date of exercise of the options during the financial year was S$4.77 (2020: S$4.05).

The range of exercise prices for options outstanding at the end of the financial year were from S$3.04 to S$3.94 (2020: S$3.04 to S$3.94). The weighted average contractual life for these options was 3.0 years (2020: 3.7 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

The fair values of the options are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Option Valuation Module, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

Grant year	2021	2020
Dividend (S$ per share)	**No issuance**	0.16
Expected volatility	**No issuance**	0.24
Risk-free interest rate (% p.a.)	**No issuance**	0.46
Expected life of option (years)	**No issuance**	5.00
Weighted average share price at date of grant (S$)	**No issuance**	4.14

32. LEASES

COMMITMENTS AND CONTINGENCIES

The Group has entered into commercial leases on certain premises and equipment. The Group also has certain leases with lease terms of 12 months or less and leases with low value, which the Group applied the recognition exemptions for these leases.

Lease liabilities

	Group	
	2021	2020
	US$'000	US$'000
Balance at beginning	**264,977**	210,828
Currency translation differences	**(6,354)**	7,858
Acquisition of subsidiaries	**4,770**	26,900
Additions	**82,265**	81,435
Accretion of interest	**11,849**	11,228
Payments	**(81,951)**	(69,371)
Disposals	**(11,062)**	(3,901)
	264,494	264,977
Lease liabilities – current	**59,637**	49,307
Lease liabilities – non-current	**204,857**	215,670
	264,494	264,977

Amounts recognised in income statement

	Group	
	2021	2020
	US$'000	US$'000
Depreciation of right-of-use assets	**112,561**	98,267
Interest expense on lease liabilities	**11,849**	11,228
Expense relating to short-term leases	**129,874**	93,766
Expense relating to leases of low-value assets	**1,000**	430
Total amounts recognised in income statement	**255,284**	203,691

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. LEASES

COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments and contingencies

(a) Capital commitments

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

	Group	
	2021	2020
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**1,834,852**	1,247,455

(b) Commitments for sales and purchases contracts

The Group has the following committed sales and purchases contracts that are entered into for the use of the Group. The contractual or underlying principal amounts of the committed contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	Group	
	2021	2020
	US$'000	US$'000
Committed contracts		
Purchases	**7,523,731**	8,648,977
Sales	**10,360,412**	8,532,943

(c) Corporate guarantees

The following are the corporate guarantees for the credit facilities extended by banks to:

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Subsidiaries	**–**	–	**11,747,044**	9,676,108
Joint ventures	**3,871**	9,221	**3,871**	9,221
Associates	**250,020**	157,000	**250,020**	157,000
	253,891	166,221	**12,000,935**	9,842,329

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2021	2020
	US$'000	US$'000
Related parties		
Dividend income	**–**	6,427
Dividend paid	**2**	2,000
Freight charges	**106,698**	114,233
Interest expense	**105**	180
Interest income	**3,311**	4,451
Other income	**4,277**	3,871
Other expense	**3,508**	3,120
Purchase of goods	**1,110,708**	970,947
Sale of goods	**492,549**	226,089
Ship charter income	**8,952**	5,945
Joint ventures		
Dividend income	**11,339**	27,766
Freight charges	**3,387**	90,060
Interest expense	**1,450**	1,903
Interest income	**3,257**	4,092
Other income	**31,614**	36,052
Other expense	**19,913**	179
Purchase of goods	**1,119,880**	999,339
Sale of goods	**2,022,374**	1,232,831
Ship charter income	**7,082**	3,181
Associates		
Dividend income	**58,383**	55,700
Freight charges	**2,453**	2,002
Interest expense	**264**	198
Interest income	**4,827**	8,828
Other income	**33,867**	19,181
Other expense	**19,668**	25,201
Purchase of goods	**1,022,030**	787,304
Sale of goods	**1,101,038**	860,827
Ship charter income	**77,687**	66,035

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Group	
	2021	2020
	US$'000	US$'000
Defined contribution plans	**156**	160
Salaries and bonuses	**34,360**	30,899
Short-term employee benefits (including grant of share options)	**3,016**	1,503
	37,532	32,562
Comprise amounts paid to:		
Directors of the Company	**14,136**	11,445
Other key management personnel	**23,396**	21,117
	37,532	32,562

34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Group			
2021	**Quoted prices in active markets for identical instruments (Level 1) US$'000**	**Significant other observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**	**Total US$'000**
Assets measured at fair value				
Financial assets:				
Investment securities at FVOCI	**35,058**	**263,557**	**66,686**	**365,301**
Investment securities at FVPL	**326,846**	**–**	**–**	**326,846**
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**137,265**	**–**	**137,265**
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	**232,664**	**206,008**	**–**	**438,672**
At 31 December 2021	**594,568**	**606,830**	**66,686**	**1,268,084**
Non–financial assets:				
Biological assets	**–**	**–**	**66,012**	**66,012**
Investment properties	**–**	**–**	**38,286**	**38,286**
At 31 December 2021	**–**	**–**	**104,298**	**104,298**
Liabilities measured at fair value				
Financial liabilities:				
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**180,912**	**–**	**180,912**
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	**298,379**	**142,600**	**–**	**440,979**
At 31 December 2021	**298,379**	**323,512**	**–**	**621,891**

NOTES TO THE FINANCIAL STATEMENTS

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34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

	Group			
2020	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Assets measured at fair value				
Financial assets:				
Investment securities at FVOCI	46,826	252,869	71,113	370,808
Investment securities at FVPL	286,706	–	–	286,706
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	–	185,348	–	185,348
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	270,805	246,284	–	517,089
At 31 December 2020	604,337	684,501	71,113	1,359,951
Non-financial assets:				
Biological assets	–	–	44,724	44,724
Investment properties	–	–	32,475	32,475
At 31 December 2020	–	–	77,199	77,199
Liabilities measured at fair value				
Financial liabilities:				
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	–	254,837	–	254,837
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	551,599	137,129	–	688,728
At 31 December 2020	551,599	391,966	–	943,565

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values as mentioned in Note 34(b), are as follows:

Assets and liabilities	Methods and assumptions
• Quoted equity instruments	Other than the quoted equity instruments disclosed in level 3, fair value is determined directly by reference to their published market bid price at the balance sheet date.
• Investment funds	The fair value is determined by reference to valuation provided by non-related fund managers.
• Unquoted equity instruments	The fair value is derived using valuation methods which includes earnings multiple approach and discounted cash flows.
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swap contracts, interest rate swap and firm commitment contracts	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.
• Biological assets	Fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. Please refer to Note 14(d) for more details.
• Investment properties	The fair value of investment property is based on current and estimated future rental income generated from comparable properties. Please refer to Note 13 for more details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3).

	Group			
	Investment securities US$'000	Biological assets US$'000	Investment properties US$'000	Total US$'000
At 1 January 2020	186,515	38,641	33,181	258,337
Total gain/(loss) recognised in the income statement:				
– Net gain arising from changes in fair value of biological assets	–	6,107	–	6,107
– Net loss arising from changes in fair value of investment properties	–	–	(2,834)	(2,834)
Additions	132	–	–	132
Disposals	(41,079)	–	–	(41,079)
Total (loss)/gain recognised in the other comprehensive income:				
– Net loss arising from changes in fair value	(78,023)	–	–	(78,023)
– Foreign currency translation	3,568	(24)	2,128	5,672
At 31 December 2020	71,113	44,724	32,475	148,312
At 1 January 2021	**71,113**	**44,724**	**32,475**	**148,312**
Total gain recognised in the income statement:				
– Net gain arising from changes in fair value of biological assets	**–**	**21,335**	**–**	**21,335**
– Net gain arising from changes in fair value of investment properties	**–**	**–**	**2,129**	**2,129**
Additions	**1,114**	**–**	**–**	**1,114**
Transfer from property, plant and equipment	**–**	**–**	**2,758**	**2,758**
Transfer to level 2	**(8,096)**	**–**	**–**	**(8,096)**
Total gain/(loss) recognised in the other comprehensive income:				
– Net gain arising from changes in fair value	**4,820**	**–**	**–**	**4,820**
– Foreign currency translation	**(2,265)**	**(47)**	**924**	**(1,388)**
At 31 December 2021	**66,686**	**66,012**	**38,286**	**170,984**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2021 and 31 December 2020.

There has been transfer of investment securities from Level 3 to Level 2 for the financial year ended 31 December 2021 based on offer received.

NOTES TO THE FINANCIAL STATEMENTS

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34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Impact of changes to key assumptions Level 3 fair value measurement of financial instruments

The following table shows the impact on Level 3 fair value measurement of financial instruments by using reasonably possible alternative assumptions:

	Group			
	2021 US$'000		2020 US$'000	
	Carrying amount	**Effect of reasonably possible alternative assumptions**	Carrying amount	Effect of reasonably possible alternative assumptions
Investment securities				
– Quoted equity instruments	**35,270**	**(i)**	37,416	(i)
– Unquoted equity instruments	**31,416**	**(ii)**	33,697	(ii)

(i) The fair value of the quoted equity instruments is estimated using a discounted cash flow model, which includes some assumptions that are not supported by observable market data, including future estimated dividend income.

(ii) The estimated fair value of unquoted equity instruments were determined based on valuation methods including the earnings multiple approach and discounted cash flow model.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other financial receivables and payables, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group			
	2021 US$'000		2020 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**150,136**	**#**	127,642	#
Financial liabilities:				
Other financial payables	**276,525**	**#**	268,604	#

	Company			
	2021 US$'000		2020 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**313,255**	**#**	303,137	#
Financial liabilities:				
Other financial payables	**1,425,000**	**#**	589,708	#

Fair value information has not been disclosed for these financial instruments because fair value cannot be measured reliably.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2021 and 31 December 2020.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group. Wilmar's risk governance structure comprises three levels:

- The Risk Management Committee at the Board level;
- The Executive Risk Committee; and
- Risk management by the respective operating units.

The Board level Risk Management Committee is responsible for

- overseeing the Executive Risk Committee;
- reviewing the overall risk management guidelines/framework;
- reviewing and recommending risk limits; and
- assessing the adequacy and effectiveness of the risk management policies and systems.

The Executive Risk Committee comprises Senior Executives and its responsibilities include, amongst others, the monitoring and improvement of the overall effectiveness of the risk management system and the review of positions and limits to manage overall risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For other financial assets (including investment securities, cash and deposits and derivatives), the Group minimises credit risk by dealing with high credit rating counterparties. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit rating counterparties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Financial assets are written off when there is no reasonable expectation of recovery. Where financial assets are written off, the Group continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in the income statement.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of assets recognised in the balance sheets, including derivatives with positive fair values.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for expected credit losses) at the balance sheet date is as follows:

	Group			
	2021		2020	
	US$'000	**%**	US$'000	%
By country:				
People's Republic of China	**2,321,778**	**34**	1,877,599	36
South East Asia	**1,813,221**	**27**	1,367,316	26
Europe	**359,243**	**5**	272,057	5
Africa	**471,217**	**7**	308,720	6
Australia/New Zealand	**349,682**	**5**	293,820	5
India	**283,124**	**4**	210,870	4
Others	**1,235,151**	**18**	947,489	18
	6,833,416	**100**	5,277,871	100

	Group			
	2021		2020	
	US$'000	**%**	US$'000	%
By segment:				
Food Products	**1,992,534**	**29**	1,647,812	31
Feed and Industrial Products	**4,419,581**	**65**	3,334,764	64
Plantation and Sugar Milling	**330,614**	**5**	125,701	2
Others	**90,687**	**1**	169,594	3
	6,833,416	**100**	5,277,871	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities at FVOCI/FVPL and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 23.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flow. Due to the dynamic nature of its underlying business, the Group adopts prudent liquidity risk management policies in maintaining sufficient credit facilities, including the use of trade finance for the Group's raw material purchases. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted amounts.

	2021 US$'000				2020 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial assets:								
Investment securities at FVOCI	**–**	**365,301**	**–**	**365,301**	–	370,808	–	370,808
Investment securities at FVPL	**326,846**	**–**	**–**	**326,846**	286,706	–	–	286,706
Trade and other financial receivables	**11,053,365**	**151,692**	**–**	**11,205,057**	9,875,655	130,028	–	10,005,683
Derivative financial instruments	**563,981**	**11,956**	**–**	**575,937**	641,249	61,188	–	702,437
Total cash and bank balances	**6,386,542**	**2,393,782**	**118,745**	**8,899,069**	6,031,651	–	–	6,031,651
Total undiscounted financial assets	**18,330,734**	**2,922,731**	**118,745**	**21,372,210**	16,835,261	562,024	–	17,397,285
Financial liabilities:								
Trade and other financial payables	**4,391,927**	**230,036**	**99,503**	**4,721,466**	3,715,713	430,795	111,061	4,257,569
Derivative financial instruments	**566,612**	**55,279**	**–**	**621,891**	893,729	49,836	–	943,565
Loans and borrowings	**22,420,897**	**7,088,047**	**7,521**	**29,516,465**	17,245,956	6,170,688	10,268	23,426,912
Total undiscounted financial liabilities	**27,379,436**	**7,373,362**	**107,024**	**34,859,822**	21,855,398	6,651,319	121,329	28,628,046
Total net undiscounted financial (liabilities)/ assets	**(9,048,702)**	**(4,450,631)**	**11,721**	**(13,487,612)**	(5,020,137)	(6,089,295)	(121,329)	(11,230,761)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2021 US$'000				2020 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total
Company								
Financial assets:								
Other financial receivables	**5,680,380**	**313,255**	**–**	**5,993,635**	5,915,929	303,137	–	6,219,066
Total cash and bank balances	**1,033**	**–**	**–**	**1,033**	6,371	–	–	6,371
Total undiscounted financial assets	**5,681,413**	**313,255**	**–**	**5,994,668**	5,922,300	303,137	–	6,225,437
Financial liabilities:								
Other financial payables	**5,453,320**	**1,461,561**	**–**	**6,914,881**	5,657,472	604,349	–	6,261,821
Loans and borrowings	**308,724**	**–**	**–**	**308,724**	163,593	323,180	–	486,773
Total undiscounted financial liabilities	**5,762,044**	**1,461,561**	**–**	**7,223,605**	5,821,065	927,529	–	6,748,594
Total net undiscounted financial (liabilities)/ assets	**(80,631)**	**(1,148,306)**	**–**	**(1,228,937)**	101,235	(624,392)	–	(523,157)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2021 US$'000				2020 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**253,891**	**–**	**–**	**253,891**	157,350	8,871	–	166,221
Company								
Financial guarantees	**4,876,443**	**6,820,667**	**303,825**	**12,000,935**	4,179,347	5,614,954	48,028	9,842,329

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to joint ventures, associates, related parties and non-controlling shareholders of subsidiaries and deposits with financial institutions.

At the balance sheet date, if the interest rates had been 50 (2020: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit before tax will be higher/lower by approximately US$76,852,000 (2020: US$59,201,000), as a result of lower/higher interest expense on these net borrowings. As most of the Group's borrowings are short-term and trade related, any interest rate costs are typically priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Indonesia, Malaysia, Australia, Europe, Ghana, Nigeria, Vietnam, India and others. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar (USD), Chinese Renminbi (RMB), Malaysian Ringgit (MYR), Indonesian Rupiah (IDR), Indian Rupees (INR) and Australian Dollar (AUD).

Currency risk arises when transactions are denominated in foreign currencies. The Group seeks to manage its foreign currency exposure by constructing natural hedges when it matches sales and purchases in any single currency or through financial instruments, such as foreign currency forward exchange contracts. To manage the currency risk, individual entities within the Group consult with Group Treasury to enter into currency forwards, either in their respective countries or with Group Treasury itself. Group Treasury in turn manages the overall currency exposure mainly through currency forwards.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Indonesia, People's Republic of China, Australia, Europe, Ghana, Nigeria, Vietnam, India and others. The Group's net investments in these countries are not hedged as currency positions in these foreign currencies are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

A 5% (2020: 5%) strengthening of the United States dollar against the following currencies at the balance sheet date would have (decreased)/increased profit before tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Profit before tax		**Equity (Hedging Reserve including cost of hedging)**	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Chinese Renminbi	**(2,995)**	(6,793)	**–**	–
Malaysian Ringgit	**(1,347)**	(1,602)	**(30,961)**	(23,042)
Indonesian Rupiah	**15,423**	(8,766)	**(20,391)**	(17,677)
Others	**(11,251)**	(10,924)	**(997)**	(423)

(e) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise its risks arising from such fluctuations by hedging its sales either through direct purchases of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are generally quoted up to twelve months forward.

In the course of hedging its sales either through direct purchases or through futures, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Commodity price risk (continued)

At the balance sheet date, a 1% (2020: 1%) increase/decrease of the commodities price indices, with all other variables held constant, would have (decreased)/increased profit before tax and equity by the amounts as shown below:

	Group	
	2021	2020
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(23,698)**	(8,315)
Equity (hedging reserve)	**(153)**	(2,683)
Effect of decrease in commodities price indices on		
Profit before tax	**23,698**	8,315
Equity (hedging reserve)	**153**	2,683

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). The Group is exposed to equity price risk arising from its investment in equity instruments. These instruments are classified as investment securities at FVPL or investment securities at FVOCI.

<u>Sensitivity analysis for equity price risk</u>

At the balance sheet date, if the market price had been 5% (2020: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$16,343,000 (2020: US$14,336,000) higher/lower, arising as a result of higher/lower fair value gains of investment securities, and the Group's other reserves in equity would have been approximately US$18,266,000 (2020: US$18,541,000) higher/lower, arising as a result of an increase/decrease in the fair value of the investment securities.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new ordinary shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using net gearing ratio and adjusted net gearing ratio.

(a) Net gearing ratio

Net gearing ratio is net debt to equity, which equals net debt divided by total capital. The Group includes within net debt, loans and borrowings less total cash and bank balances and other deposits with financial institutions. Capital includes equity attributable to owners of the Company, i.e. shareholders' funds.

	Group	
	2021	2020
	US$'000	US$'000
Shareholders' funds	**19,923,875**	18,882,355
Loans and borrowings	**29,114,481**	23,149,472
Less: Cash and bank balances	**(8,679,978)**	(5,928,208)
Less: Other deposits with financial institutions – current	**(3,196,798)**	(3,615,798)
Net debt	**17,237,705**	13,605,466
Net gearing ratio (times)	**0.87**	0.72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. CAPITAL MANAGEMENT (CONTINUED)

(b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity attributable to owners of the Company, i.e. shareholders' funds.

	Group	
	2021	2020
	US$'000	US$'000
Shareholders' funds	**19,923,875**	18,882,355
Liquid working capital:		
Inventories (excluding consumables)	**11,156,969**	8,976,844
Trade receivables	**6,833,416**	5,277,871
Less: Current liabilities (excluding loans and borrowings)	**(6,101,396)**	(5,687,262)
Total liquid working capital	**11,888,989**	8,567,453
Adjusted net debt	**5,348,716**	5,038,013
Adjusted net gearing ratio (times)	**0.27**	0.27

37. SEGMENT INFORMATION

Reporting format

For management purposes, the Group is organised into reporting segments based on the types of products and services, and has four reportable operating segments as follows:

Food Products

This segment comprises the processing, branding and distribution of a wide range of edible food products, which includes vegetable oil produced from palm and oilseeds, sugar, flour, rice, noodles, specialty fats, snacks, bakery and dairy products. These food products are sold in either consumer and medium packaging or in bulk depending on customer requirements.

Feed and Industrial Products

This segment comprises the processing, merchandising and distribution of products, which includes animal feeds, non-edible palm and lauric products, agricultural commodities, oleochemicals, gas oil and biodiesel.

Plantation and Sugar Milling

This segment comprises oil palm plantation and sugar milling activities, which includes the cultivation and milling of palm oil and sugarcane.

Others

This segment includes logistics & jetty port services and investment activities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. SEGMENT INFORMATION (CONTINUED)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax, deferred tax assets and liabilities, loans and borrowings, corporate assets and related expenses.

Inter-segment sales took place on terms agreed between the various business segments. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

2021

	Food Products US$'000	Feed and Industrial Products US$'000	Plantation and Sugar Milling US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue:						
Sales to external customers	28,966,864	35,227,767	1,468,943	130,045	–	65,793,619
Inter-segment	541,286	3,666,756	2,181,996	168,428	(6,558,466)	–
Total revenue	29,508,150	38,894,523	3,650,939	298,473	(6,558,466)	65,793,619
Results:						
Segment results	680,936	1,261,026	564,051	47,224	–	2,553,237
Share of results of joint ventures	2,583	60,731	–	234	–	63,548
Share of results of associates	50,829	27,650	59,980	17,488	–	155,947
Unallocated expenses						(6,871)
Profit before tax						2,765,861
Income tax expense						(699,602)
Profit for the year						2,066,259
Assets and Liabilities:						
Segment assets	23,133,013	23,903,379	6,914,459	8,688,934	(7,762,512)	54,877,273
Investment in joint ventures	304,662	326,220	–	690	–	631,572
Investment in associates	1,021,406	842,309	489,376	521,865	–	2,874,956
Unallocated assets						334,645
Total assets						58,718,446
Segment liabilities	15,498,435	15,911,456	2,760,326	8,664,906	(7,762,512)	35,072,611
Unallocated liabilities						1,043,506
Total liabilities						36,116,117
Other segment information:						
Additions to non-current assets	1,259,528	999,801	191,635	218,480	–	2,669,444
Depreciation, impairment and amortisation	413,892	455,929	224,695	52,140	–	1,146,656
Finance income	205,691	124,530	16,727	236,789	(248,450)	335,287
Finance costs	(338,735)	(304,027)	(31,258)	(169,104)	248,450	(594,674)#

Including non-operating finance costs amounting to approximately US$6,252,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. SEGMENT INFORMATION (CONTINUED)

2020

	Food Products US$'000	Feed and Industrial Products US$'000	Plantation and Sugar Milling US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue:						
Sales to external customers	23,208,554	26,068,395	662,369	587,476	–	50,526,794
Inter-segment	388,125	2,864,195	1,492,038	193,119	(4,937,477)	–
Total revenue	23,596,679	28,932,590	2,154,407	780,595	(4,937,477)	50,526,794
Results:						
Segment results	1,152,398	795,877	104,832	59,237	–	2,112,344
Share of results of joint ventures	18,189	51,081	–	1,853	–	71,123
Share of results of associates	79,563	(2,149)	42,437	11,211	–	131,062
Unallocated expenses						(3,467)
Profit before tax						2,311,062
Income tax expense						(620,088)
Profit for the year						1,690,974
Assets and Liabilities:						
Segment assets	19,234,743	19,612,155	5,667,814	8,901,258	(6,069,963)	47,346,007
Investment in joint ventures	341,091	279,824	–	3,244	–	624,159
Investment in associates	951,533	808,946	478,813	487,030	–	2,726,322
Unallocated assets						323,488
Total assets						51,019,976
Segment liabilities	12,571,693	11,493,671	1,639,478	8,884,460	(6,069,963)	28,519,339
Unallocated liabilities						1,117,330
Total liabilities						29,636,669
Other segment information:						
Additions to non-current assets	826,044	869,959	176,048	293,601	–	2,165,652
Depreciation, impairment and amortisation	318,854	411,442	265,944	61,755	–	1,057,995
Finance income	243,459	165,233	16,492	196,921	(202,279)	419,826
Finance costs	(312,105)	(375,997)	(31,466)	(142,927)	202,279	(660,216)#

Including non-operating finance costs amounting to approximately US$9,106,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. SEGMENT INFORMATION (CONTINUED)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following item is deducted from segment results to arrive at "profit before tax" presented in the consolidated income statement:

	2021 US$'000	2020 US$'000
Share-based payments (executive share options)	**(6,871)**	(3,467)

C Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets, intangible assets and bearer plants.

D The following items are added to segment assets to arrive at "total assets" reported in the balance sheet:

	2021 US$'000	2020 US$'000
Deferred tax assets	**204,495**	203,494
Tax recoverable	**130,150**	119,994
	334,645	323,488

E The following items are added to segment liabilities to arrive at "total liabilities" reported in the balance sheet:

	2021 US$'000	2020 US$'000
Deferred tax liabilities	**367,713**	298,817
Tax payable	**288,652**	331,740
Medium Term Notes	**387,141**	486,773
	1,043,506	1,117,330

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 US$ million	2020 US$ million	2021 US$ million	2020 US$ million
People's Republic of China	**34,228**	27,570	**12,935**	9,255
South East Asia	**12,311**	10,097	**8,230**	8,080
India	**1,853**	1,251	**999**	987
Europe	**2,548**	1,649	**330**	309
Australia/New Zealand	**2,711**	2,315	**2,189**	2,332
Africa	**5,036**	3,154	**1,236**	1,123
Others	**7,107**	4,491	**403**	375
	65,794	50,527	**26,322**	22,461

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, investment properties, investment in joint ventures and associates, plasma investments, bearer plants, intangible assets, other financial receivables, other non-financial assets and other bank deposits as presented in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. DIVIDENDS

	Group and Company	
	2021	2020
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2020: S$0.090 (2019: S$0.095) per share	**427,664**	432,671
– Special tax-exempt (one-tier) dividend for 2020: S$0.065 (2019: S$Nil) per share	**308,869**	–
– Interim tax-exempt (one-tier) dividend for 2021: S$0.050 (2020: S$0.040) per share	**231,768**	185,907
	968,301	618,578
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final tax-exempt (one-tier) dividend for 2021: S$0.105 (2020: S$0.090) per share	**487,923**	427,566
– Special tax-exempt (one-tier) dividend for 2021: S$Nil (2020: S$0.065) per share	**–**	308,798
	487,923	736,364

39. SUBSIDIARIES OF THE GROUP

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest	
			2021	2020
			%	%
Calofic Corporation (formerly known as Cai Lan Oils & Fats Industries Company Ltd)[3]	Vietnam	Manufacture and sale of vegetable oils and related products	**76**	76
PGEO Group Sdn Bhd[2] & its subsidiaries	Malaysia	Investment holding, processing, manufacturing and sale of edible oils, specialty fats, oleochemicals and related products, and manufacturing and trading of fertilisers and vegetarian foods	**100**	100
PPB Oil Palms Berhad[2] & its subsidiaries	Malaysia	Investment holding and provision of agricultural and technical advisory services, oil palm cultivation, operation of palm oil mills, cultivation and sale of clonal oil palm plantlets	**100**	100
PT Sentratama Niaga Indonesia[2] & its subsidiaries	Indonesia	Management consulting company, investment company, processing, manufacturing and selling of edible oils and its related products and other consumer goods, oil palm cultivation and palm oil milling, manufacturing and selling of fertilisers, industrial estate, manufacturing and selling of biofuel and/or gasoline and related products, rice milling and trading in rice products, warehousing and e-commerce	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest 2021 %	2020 %
Shree Renuka Sugars Limited(2) & its subsidiaries	India	Refining of raw sugar, production of sugar and ethanol derived from sugarcane, sale, distribution, trading and/or branding of sugar and ethanol and generation, distribution, sale and trading of electricity/power	**62+**	62+
Wilmar Africa Limited(3) & its subsidiary	Ghana	General trading of all kinds of goods and related trade activities, agriculture and plantation, fertiliser manufacturers, agro processing, refinery, special fats and oleo chemicals, grains and pulses productions, warehousing and distribution	**72+**	72+
Wilmar Sugar Australia Limited(2) & its subsidiaries	Australia	Investment holding, manufacturing and merchandising of raw and refined sugar products, molasses, co-generated electricity, ethanol and its by-products and distribution of oleochemicals and a range of other traded products	**100**	100
Wii Pte. Ltd.(1) & its subsidiaries	Singapore	Investment holding, finance and treasury centre	**100**	100
Yihai Kerry Arawana Holdings Co., Ltd(2) & its subsidiaries	People's Republic of China	Investment holding, processing, and merchandising of oilseeds, edible oils and grains	**90+**	90+
Wilmar Europe Holdings B.V.(4) & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading, marketing and distribution of edible oils, oleochemicals and biodiesel	**100**	100
Wilmar Ship Holdings Pte. Ltd.(3) & its subsidiaries	Singapore	Investment holding, ship-owning, ship chartering, ship brokering and ship management	**100**	100
Wilmar Trading Pte Ltd(1)	Singapore	International trading in edible oils and commodities	**100**	100
Wilmar GF Singapore Holdings Pte. Ltd.(1) & its subsidiaries	Singapore	Investment holding, manufacturing, marketing and distribution of food ingredients and consumer branded food, beverage and related products and intellectual property holding and management	**100**	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
(4) Not audited as it is not required under local requirements
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP

The following is the list of the significant joint ventures of the Group.

Name of joint ventures	Place of incorporation	Principal activities	Proportion of ownership interest	
			2021	2020
			%	%
Adani Wilmar Limited[(3)] & its subsidiaries[^]	India	Manufacturing, refining, processing and trading of edible oils, non-edible oils and various agro based products like rice, pulses, besan, nuggets, wheat flour, sugar etc	**50**	50
Global Amines Company Pte. Ltd.[(1)] & its subsidiaries	Singapore	Investment holding and production and sale of fatty amines and selected amines derivatives	**50**	50
Olenex Holdings B.V.[(2)] & its subsidiaries	The Netherlands	Investment holding and manufacturing, marketing and distribution of edible oils	**63[+]**	63[+]
Vietnam Agribusiness Holdings Pte. Ltd.[(3)] & its subsidiary	Singapore	Trading, selling, distributing, marketing, processing and investing in agribusiness activities and related products	**50**	45

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated
^ On 8 February 2022, Adani Wilmar Limited ("AWL"), a 50% owned joint venture of the Group, was listed on BSE Limited and National Stock Exchange of India Limited. Subsequent to the listing of AWL, the Group will be accounting AWL as an associate and will continue to account for its investment in AWL using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group.

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Bidco Uganda Limited[3] & its subsidiaries	Uganda	Manufacture and sale of edible vegetable oils, fats, soaps, ghee and related products and oil palm cultivation	**48**	48
Changshu Luhua Edible Oil Co., Ltd[3]	People's Republic of China	Edible oils refining and packaging	**30+**	30+
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd[3] & its subsidiaries	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging, flour and rice milling, specialty fats processing and warehousing	**44**	44
Cosumar S.A.[2][3] & its subsidiaries	Morocco	Processing of sugarcane and sugar beet, refining of raw sugar, and marketing, trading and distribution of such products, creation and operation of specialised laboratories and design offices in the sugar industries	**30+**	30+
DelMar Pte. Ltd.[1] & its subsidiaries	Singapore	Investment holding, production and trading of edible oils and fats	**52+**	52+
FFM Berhad[2] & its subsidiaries	Malaysia	Investment holding, flour milling, animal feed manufacturing, grains trading and trading in rice products	**20**	20
Laiyang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Murzah Wilmar East Africa Limited[3]	Tanzania	Manufacturers and traders of cooking oil, cooking fat, soaps & detergents, plastic containers and furnitures	**49**	49
Perennial Group Private Limited[3] & its subsidiaries	Singapore	Investment holding, real estate investment and development, asset and property management services, and healthcare services	**20+**	20+

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group.

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest	
			2021	2020
			%	%
Shandong Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Sifca SA[2][3] & its subsidiaries	Ivory Coast	Investment holding, processing and cultivation of palm oil, sugar cane and natural rubber	**27+**	27+
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**30+**	30+
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**44+**	44+

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated

41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 15 March 2022.

STATISTICS OF SHAREHOLDINGS

AS AT 3 MARCH 2022

SHARE CAPITAL

Issued and Paid-Up Capital	:	S$8,259,123,645.08
Number of Shares (Including Treasury Shares)	:	6,403,401,106
Number and Percentage of Treasury Shares	:	107,519,400 (1.71%*)
Number of Shares (Excluding Treasury Shares)	:	6,295,881,706
Number and Percentage of Subsidiary Holdings#	:	0 (0%)
Class of Shares	:	Ordinary Shares ("Shares")
Voting Rights	:	One vote per Share. The Company cannot exercise any voting rights in respect of Shares held by it as Treasury Shares.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares (Excluding Treasury Shares)	%*
1 to 99	63	0.25	1,323	0.00
100 to 1,000	5,655	22.37	4,520,187	0.07
1,001 to 10,000	15,626	61.82	66,801,801	1.06
10,001 to 1,000,000	3,877	15.34	175,674,390	2.79
1,000,001 and above	55	0.22	6,048,884,005	96.08
Total	**25,276**	**100.00**	**6,295,881,706**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total Interest	%*
Kuok Khoon Hong(1)	2,500,000	805,307,435	807,807,435	12.83
Longhlin Asia Limited(2)	69,009,921	462,242,571	531,252,492	8.44
Archer Daniels Midland Company(3)	–	1,404,173,054	1,404,173,054	22.30
Archer Daniels Midland Asia-Pacific Limited(4)	615,415,916	788,757,138	1,404,173,054	22.30
ADM Ag Holding Limited	356,461,795	–	356,461,795	5.66
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.66
Kuok Brothers Sdn Berhad(5)	230,000	1,183,151,955	1,183,381,955	18.80
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.63
Kerry Group Limited(6)	–	700,154,586	700,154,586	11.12
Kerry Holdings Limited(7)	–	347,915,639	347,915,639	5.53

Notes:

(1) Mr Kuok Khoon Hong is deemed to be interested in 1,000,000 Shares held by his spouse, 187,364,671 Shares held by Hong Lee Holdings (Pte) Ltd ("Hong Lee"), 228,461,271 Shares held by HPR Investments Limited, 20,660,773 Shares held by HPRY Holdings Limited, 343,887,821 Shares held by Longhlin Asia Limited ("Longhlin"), 6,650,932 Shares held by Pearson Investments Limited, 5,137,967 Shares held by Jaygar Holdings Limited, 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd and 12,000,000 Shares held through trust accounts controlled by him.

(2) Longhlin is deemed to be interested in 274,877,900 Shares held in the names of nominee companies and 187,364,671 Shares held by Hong Lee.

(3) Archer Daniels Midland Company ("ADMC") is deemed to be interested in 615,415,916 Shares held by Archer Daniels Midland Asia-Pacific Limited ("ADMAP"), 356,461,795 Shares held by ADM Ag Holding Limited ("ADM Ag") and 356,399,775 Shares held by Global Cocoa Holdings Ltd ("Global Cocoa"). ADMC is deemed to be interested in 75,895,568 Shares in which ADMAP has a deemed interest.

(4) ADMAP is deemed to be interested in 356,461,795 Shares held by ADM Ag, 356,399,775 Shares held by Global Cocoa and 75,895,568 Shares which were loaned to a financial institution.

(5) Kuok Brothers Sdn Berhad is deemed to be interested in 1,172,614,755 Shares held by PPB Group Berhad, 1,274,200 Shares held by Gaintique Sdn Bhd, 100,000 Shares held by Min Tien & Co Sdn Bhd, 23,000 Shares held by Hoe Sen (Mersing) Sdn Bhd, and 9,140,000 Shares held by Trendfield Inc.

(6) Kerry Group Limited is deemed to be interested in 23,678,425 Shares held by Ace Time Holdings Limited, 14,966,453 Shares held by Alpha Model Limited, 500,000 Shares held by Athena Equities Holding Limited ("Athena"), 45,579,446 Shares held by Bright Magic Investments Limited, 593,899 Shares held by Crystal White Limited, 31,335,900 Shares held by Dalex Investments Limited ("Dalex"), 256,211,778 Shares held by Harpole Resources Limited ("Harpole"), 23,188,079 Shares held by Kerry Asset Management Limited ("KAM"), 20,617,169 Shares held by Macromind Investments Limited, 203,555 Shares held by Marsser Limited, 33,760,355 Shares held by Natalon Company Limited ("Natalon"), 246,600,000 Shares held by Noblespirit Corporation, 564,562 Shares held by Star Medal Limited ("Star Medal") and 2,354,965 Shares held by Total Way Investments Limited ("TWI").

(7) Kerry Holdings Limited is deemed to be interested in 500,000 Shares held by Athena, 31,335,900 Shares held by Dalex, 256,211,778 Shares held by Harpole, 23,188,079 Shares held by KAM, 33,760,355 Shares held by Natalon, 564,562 Shares held by Star Medal and 2,354,965 Shares held by TWI.

STATISTICS OF SHAREHOLDINGS

AS AT 3 MARCH 2022

TWENTY LARGEST SHAREHOLDERS

(As shown in the Register of Members and Depository Register)

No.	Name of Shareholders	No. of Shares	%*
1	Raffles Nominees (Pte) Limited	1,805,285,845	28.67
2	PPB Group Berhad	1,172,614,755	18.63
3	Citibank Nominees Singapore Pte Ltd	675,954,572	10.74
4	DBSN Services Pte Ltd	298,001,378	4.73
5	HSBC (Singapore) Nominees Pte Ltd	272,652,701	4.33
6	DBS Nominees Pte Ltd	259,175,426	4.12
7	Kuok (Singapore) Limited	256,951,112	4.08
8	Harpole Resources Limited	256,211,778	4.07
9	Noblespirit Corporation	242,600,000	3.85
10	DB Nominees (Singapore) Pte Ltd	131,744,674	2.09
11	UOB Kay Hian Pte Ltd	107,301,029	1.70
12	Longhlin Asia Limited	69,009,921	1.10
13	United Overseas Bank Nominees Pte Ltd	58,584,663	0.93
14	Morgan Stanley Asia (Singapore) Securities Pte Ltd	40,474,124	0.64
15	Hong Lee Holdings (Pte) Ltd	36,204,971	0.58
16	Natalon Company Limited	33,760,355	0.54
17	Kefkong Limited	32,400,000	0.51
18	Phillip Securities Pte Ltd	31,669,330	0.50
19	Dalex Investments Limited	31,335,900	0.50
20	OCBC Securities Private Ltd	29,475,071	0.47
	Total	**5,841,407,605**	**92.78**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 3 March 2022, 29.78%* of the issued Shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

* Based on 6,295,881,706 Shares (excluding Treasury Shares) as at 3 March 2022.

\# "Subsidiary Holdings" has the meaning given to it in the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

WILMAR INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199904785Z)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be convened and held at Level 1, Auditorium, 28 Biopolis Road, Wilmar International, Singapore 138568 and by way of electronic means on Thursday, 21 April 2022 at 10.00 a.m. (Singapore time) ("**AGM**") to transact the following business:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

1. To receive and adopt the Directors' Statement, Audited Financial Statements and the Auditor's Report for the financial year ended 31 December 2021. (Resolution 1)

2. To declare a final dividend of S$0.105 per ordinary share for the financial year ended 31 December 2021. (Resolution 2)

3. To approve the payment of Directors' fees of S$1,035,396 for the financial year ended 31 December 2021 (2020: S$1,040,000).

   (See Explanatory Note 1) (Resolution 3)

4. To re-elect the following Directors pursuant to the Constitution of the Company (the "**Constitution**"):

   <u>Retiring by rotation under Article 105 of the Constitution</u>

   (a) Ms Teo La-Mei (Resolution 4)

   (b) Mr Raymond Guy Young (Resolution 5)

   (c) Mr Teo Siong Seng (Resolution 6)

   (d) Mr Soh Gim Teik (Resolution 7)

   <u>Retiring by rotation under Article 106 of the Constitution</u>

   (e) Dr Chong Yoke Sin (Resolution 8)

   (See Explanatory Note 2)

5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **Authority to issue and allot shares in the capital of the Company**

   That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), approval be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue (as well as adjustments to) of securities, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force (notwithstanding that such authority conferred by this resolution may have ceased to be in force),

provided always that:

(I) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (I) above, the percentage of the issued Shares is based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution after adjusting for:

(i) any new Shares arising from the conversion or exercise of any convertible securities;

(ii) any new Shares arising from the exercise of any share options or vesting of share awards which were issued and are outstanding or subsisting at the time of passing of this resolution; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares,

and, in sub-paragraph (I) above and this sub-paragraph (II), "subsidiary holdings" has the meaning given to it in the Listing Manual;

(III) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and

(IV) the authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note 3) (Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to grant options and issue and allot shares under Wilmar Executives Share Option Scheme 2019**

That authority be and is hereby given to the Directors of the Company to:

(a) offer and grant share options from time to time in accordance with the provisions of the Wilmar Executives Share Option Scheme 2019 of the Company ("**Wilmar ESOS 2019**"); and

(b) issue and allot from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the share options granted or to be granted under the Wilmar ESOS 2019,

provided always that the aggregate number of Shares to be issued, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the share options granted under the Wilmar ESOS 2019 and in respect of any other share-based incentive schemes of the Company, then in force, shall not exceed 5% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual)) from time to time.

(See Explanatory Note 4) (Resolution 11)

8. **Renewal of Interested Person Transactions Mandate**

That:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and associated companies (within the meaning of the said Chapter 9) that are "entities at risk", or any of them to enter into any of the transactions falling within the categories of interested person transactions described in the Company's Letter to Shareholders dated 30 March 2022 (the "**Letter to Shareholders**"), with any party who is of the class or classes of Interested Persons described in the Letter to Shareholders, provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures described in the Letter to Shareholders (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this resolution.

(See Explanatory Note 5) (Resolution 12)

NOTICE OF ANNUAL GENERAL MEETING

9. **Renewal of Share Purchase Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Share Purchase Committee of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Share Purchase Committee from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Share Purchase**") if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Share Purchase Committee as it may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Share Purchase Committee pursuant to the Share Purchase Mandate may be exercised by the Share Purchase Committee at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date by which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which the purchases of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this resolution:-

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 market days on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made, or as the case may be, the date of the making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day of the On-Market Share Purchase or, as the case may be, the date of the making of the offer for an Off-Market Share Purchase;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Limit**" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual)) as at the date of the passing of this resolution;

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price, and

(d) the Directors of the Company and/or each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

All capitalised terms used in this resolution which are not defined herein shall have the same meaning ascribed to them in the Letter to Shareholders.

(*See Explanatory Note 6*) (Resolution 13)

NOTICE OF RECORD DATE AND PAYMENT DATE FOR THE PROPOSED FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Register and Register of Members of the Company will be closed on 28 April 2022 for the purposes of determining shareholders' entitlements to the proposed final dividend of S$0.105 per ordinary share for the financial year ended 31 December 2021 (the "**Proposed Dividend**").

Duly completed and stamped transfers in respect of ordinary shares not registered in the name of The Central Depository (Pte) Limited, together with all relevant documents of title thereto, received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on 27 April 2022 will be registered to determine shareholders' entitlement to the Proposed Dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares as at 5.00 p.m. on 27 April 2022 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved by shareholders at the Company's AGM will be paid on 6 May 2022.

By Order of the Board

Teo La-Mei
Director and Company Secretary

Singapore
30 March 2022

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT INFORMATION:

1. The AGM is being convened, and will be held physically at Level 1, Auditorium, 28 Biopolis Road, Wilmar International, Singapore 138568 (pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020) ("**Physical Meeting**") and by electronic means (pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020) ("**Virtual Meeting**").

2. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be disseminated by electronic means via publication on the Company's website at the URL https://ir-media.wilmar-international.com/shareholders-meetings/, and will also be made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Shareholders of the Company ("**Shareholders**", including proxy(ies) where applicable) should take note of the following arrangements for the conduct of the AGM on 21 April 2022:

   (a) **Attendance**

   Due to current COVID-19 restrictions, the Company will restrict the number of attendees at the Physical Meeting with reference to applicable Ministry of Health ("**MOH**") advisories and safe-distancing guidelines.

   The key dates for the AGM are summarised below:-

Key Dates	Virtual Meeting	Physical Meeting
	Proceedings of the AGM will be broadcast through live audio-visual and audio-only feeds ("**Live Webcast**").	The AGM will be held at Level 1, Auditorium, 28 Biopolis Road, Wilmar International, Singapore 138568.
30 Mar 2022 (Wed) 10.00 a.m.	All Shareholders*, proxy(ies), Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors may begin to pre-register online at the URL: https://conveneagm.sg/wilmar2022agm	
7 Apr 2022 (Thu) 10.00 a.m.	Deadline for Shareholders*, proxy(ies), CPF and SRS investors to submit questions in advance of the AGM.	
11 Apr 2022 (Mon) 5.00 p.m.	Deadline for CPF or SRS investors who wish to appoint Chairman of the Meeting as proxy to vote on their behalf at the AGM should approach their respective CPF Agent Banks or SRS Operators to submit their votes.	
On or before 14 Apr 2022 (Thu)	The Company will publish its responses to the questions which were submitted by 7 April 2022 on SGXNET and the Company's corporate website.	

* Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), other than CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the Live Webcast; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Key Dates	Virtual Meeting	Physical Meeting
18 Apr 2022 (Mon) 10.00 a.m.	Deadline for the submission of Proxy Form Deadline for pre-registration for attendees of Virtual Meeting All Shareholders to pre-register online at the URL: https://conveneagm.sg/wilmar2022agm by 10.00 a.m. on 18 April 2022 for verification purposes. Shareholders who are appointing proxy(ies) to attend the Virtual Meeting should inform his/her proxy(ies) to pre-register at the URL: https://conveneagm.sg/wilmar2022agm not less than seventy-two (72) hours before the time appointed for the holding of the AGM (i.e. by 10.00 a.m. on 18 April 2022), failing which the appointment shall be invalid.	Deadline for the submission of Proxy Form Deadline for pre-registration for attendees of Physical Meeting All Shareholders to pre-register online at the URL: https://conveneagm.sg/wilmar2022agm by 10.00 a.m. on 18 April 2022 for verification purposes. Due to limited number of attendees at the AGM venue in compliance with the MOH advisories, the Company reserves the right to limit authenticated Shareholders for attendance at the AGM venue. Shareholders who are appointing proxy(ies) to attend the Physical Meeting on his/her behalf should inform his/her proxy(ies) to pre-register and specify his/her intention to attend the Physical Meeting at the URL: https://conveneagm.sg/wilmar2022agm not less than seventy-two (72) hours before the time appointed for the holding of the AGM (i.e. by 10.00 a.m. on 18 April 2022), failing which the appointment shall be invalid.
19 Apr 2022 (Tue)	Following verification, the Company will provide authenticated Shareholders and proxy(ies) with a confirmation email by 19 April 2022 ("**Confirmation Email for Virtual Meeting**") via the email address provided during pre-registration or as indicated in the Proxy Form to access the Live Webcast of the AGM proceedings via the login credentials created during pre-registration or login with their Singpass account. Shareholders who have registered by 10.00 a.m. on 18 April 2022 but have not received the Confirmation Email for Virtual Meeting by 19 April 2022, please contact the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) (the "Share Registrar") at +65 6236 3550 or +65 6236 3555 or email to: is.WilmarAGM@sg.tricorglobal.com.	Authenticated Shareholders and proxy(ies) who are successful in the pre-registration to attend the Physical Meeting will receive a confirmation email by 19 April 2022 ("**Confirmation Email for Physical Meeting**") via the email address provided during pre-registration or as indicated in the Proxy Form. Shareholders who are unsuccessful in the pre-registration to attend the Physical Meeting will receive a Confirmation Email for Virtual Meeting by 19 April 2022 to attend the Live Webcast of the AGM proceeding via the login credentials created during pre-registration or login with their Singpass account. Shareholders who have registered by 10.00 a.m. on 18 April 2022 but have not received the Confirmation Email for Physical Meeting or the Confirmation Email for Virtual Meeting, as the case may be, by 19 April 2022, please contact the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) (the "Share Registrar") at +65 6236 3550 or +65 6236 3555 or email to: is.WilmarAGM@sg.tricorglobal.com.
Date and time of AGM 21 Apr 2022 (Thu) 10.00 a.m.	Please use the registered identification credentials to access the Live Webcast. Shareholders must not forward the Confirmation Email for Virtual Meeting or credentials to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.	Details as set out in the Confirmation Email for Physical Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(b) **Questions Relating to the Agenda of the AGM**

(i) **Submitting questions in advance of the AGM:**

Shareholders may submit questions relating to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by 10.00 a.m. on 7 April 2022:

(a) if submitted electronically, be submitted via the Company's pre-registration website at the URL https://conveneagm.sg/wilmar2022agm;

(b) if submitted by email, be submitted to the Company's Share Registrar at is.WilmarAGM@sg.tricorglobal.com; or

(c) if submitted by post, be sent to the Company's Share Registrar at 80 Robinson Road, #11-02, Singapore 068898.

When sending in questions via email or by post, please also provide the following details:

(i) the Shareholder's full name;

(ii) the Shareholder's address; and

(iii) the manner in which the Shareholder holds shares in the Company (e.g., via The Central Depository (Pte) Limited, scrip, CPF or SRS.

The Company will publish the responses to the substantial and relevant questions on or before 14 April 2022 on SGXNET and the Company's corporate website. After the cut-off time for the submission of questions, if there are subsequent clarifications sought, or follow-up questions, these may be addressed at the AGM.

(ii) **Submitting questions during the AGM:**

Virtual Meeting	**Physical Meeting**
Shareholders and proxy(ies) who pre-registered and are verified to attend the Virtual Meeting will be able to ask questions relating to the agenda of the AGM during the AGM by: Submitting text-based questions via the Live Webcast by clicking the "Ask a Question" feature and then clicking "Type Your Question" to input their queries in the questions text box.	Authenticated Shareholders and proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue. Authenticated Shareholders and proxy(ies) attending the Physical Meeting will also be able to ask questions relating to the agenda of the AGM during the AGM by submitting text-based questions via the Live Webcast by clicking the "Ask a Question" feature and then clicking "Type Your Question" to input their queries in the questions text box.

(iii) Where there are substantially similar questions submitted, the Company will consolidate these questions. As such, not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

(c) <u>**Voting**</u>

Live voting will be conducted during the AGM for Shareholders and proxy(ies) attending the Physical Meeting and Virtual Meeting. It is important for Shareholders and proxy(ies) to bring their own web-browser enabled devices for voting at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting.

Shareholders and proxy(ies) will be required to log-in via the email address provided during pre-registration or as indicated in the Proxy Form.

(i) **Live Voting**: Shareholders and proxy(ies) may cast their votes in real time for each resolution to be tabled via the Live Webcast via the login credentials created during pre-registration or via their Singpass account. Shareholders and proxy(ies) attending the Physical Meeting will have the opportunity to cast their votes via the live voting feature. Shareholders and proxy(ies) must bring a web-browser enabled device to the Physical Meeting in order to cast their votes.

(ii) **Voting via appointing Proxy**: A Shareholder (other than a relevant intermediary as defined by Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such Shareholder appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

Persons who hold the Company's share(s) through relevant intermediaries, including CPF and SRS investors, should not use the Proxy Form and should instead approach their respective relevant intermediary as soon as possible to specify voting instructions, submit questions ahead of the AGM and/or participate in the AGM. CPF/SRS investors should approach their respective CPF Agent Banks/SRS Operators at least seven (7) working days before the AGM (i.e. by 11 April 2022) if they wish to be appointed as proxies for the AGM.

In appointing the proxy(ies), a Shareholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) may vote or abstain from voting at their discretion.

The Proxy Form must be submitted in the following manner:

(a) if submitted electronically, be submitted via the Company's pre-registration website at the URL: <u>https://conveneagm.sg/wilmar2022agm</u>;

(b) if submitted via email, be submitted to the Company's Share Registrar at <u>is.WilmarAGM@sg.tricorglobal.com</u>; or

(c) if submitted by post, be sent to the office of the Company's Share Registrar at 80 Robinson Road, #11-02, Singapore 068898,

in any case, by 10.00 a.m. on 18 April 2022, being **seventy-two (72) hours** before the time appointed for holding the AGM.

A member who wishes to submit a Proxy Form via email or by post must first download, complete and sign the Proxy Form, before scanning and sending it by email to the email address provided above, or before sending it by post to the address provided above.

(iii) **In view of the Covid-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via the pre-registration website or email.**

NOTICE OF ANNUAL GENERAL MEETING

(d) **Access to documents or information relating to the AGM**

(i) The Company's Annual Report for the financial year ended 31 December 2021 ("**Annual Report 2021**") has been published on the Company's corporate website at the URL: https://ir-media.wilmar-international.com/shareholders-meetings/ and on SGXNET.

(ii) All other documents and information relating to the business of the AGM (including the Proxy Form and the Letter to Shareholders) have been published on SGXNET at the URL: https://www.sgx.com/securities/company-announcements and the Company's website at the URL: https://ir-media.wilmar-international.com/shareholders-meetings/.

Printed copies will not be sent to Shareholders.

(e) **Precautionary measures to minimise the risk of COVID-19**

The following steps will be taken for Shareholders and others attending the AGM to help minimise the risk of community spread of the virus:

1. All attendees attending the Physical Meeting will be required to check-in using SafeEntry before entering the AGM venue and will be subject to Vaccination-Differentiated Safe Management Measures.

2. All persons attending the Physical Meeting will be required to wear face masks.

3. All attendees must maintain at least 1 metre safe distancing between individual attendees. Seats will be spaced at least 1 metre apart.

4. Shareholders and proxy(ies) who received the Confirmation Email for Physical Meeting but who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting.

5. Shareholders and proxy(ies) who received the Confirmation Email for Physical Meeting are also advised to arrive at the Physical Meeting early, as the measures mentioned above may cause delay in the registration process.

The Company seeks the understanding and co-operation of all Shareholders and proxy(ies) to safeguard public health and safety and minimise the risk of community spread of the COVID-19 virus.

(f) **Other notes**

1. No food or beverage will be served at the AGM.

2. As parking at the AGM venue is extremely limited, Shareholders attending the Physical Meeting are encouraged to take the MRT to the nearest station at "One-North" along the Circle Line. If driving, Shareholders will need to find parking at nearby buildings.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. The Ordinary Resolution 3 proposed in item no. 3 is to approve the payment of Directors' fees of S$1,035,396 for the financial year ended 31 December 2021 for services rendered by non-executive Directors. The amount of the proposed Directors' fees is based on the same fee structure as that for the financial year ended 31 December 2020.

   Information on the fee structure can be found in the "Corporate Governance" section of the Company's Annual Report 2021.

2. The Ordinary Resolutions 4 to 8 proposed in item nos. 4 (a) to (e) are to approve the re-election of Directors:

   (a) in relation to Ordinary Resolution 4, Ms Teo La-Mei is considered an executive and non-independent Director;

   (b) in relation to Ordinary Resolution 5, Mr Raymond Guy Young is considered a non-executive and non-independent Director;

   (c) in relation to Ordinary Resolution 6, Mr Teo Siong Seng is considered a non-executive and independent Director;

   (d) in relation to Ordinary Resolution 7, Mr Soh Gim Teik is considered a non-executive and independent Director; and

   (e) in relation to Ordinary Resolution 8, Dr Chong Yoke Sin is considered a non-executive and independent Director.

   Please refer to the "Supplemental Information on Directors Seeking Re-election" section of the Company's Annual Report 2021 for information relating to Ms Teo, Mr Young, Mr Teo, Mr Soh and Dr Chong as set out in Appendix 7.4.1 of the Listing Manual respectively.

3. The Ordinary Resolution 10 proposed in item no. 6, if passed, will empower the Directors of the Company from the date of the AGM until the next annual general meeting to issue Shares and to make or grant instruments (such as securities, warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments. The aggregate number of Shares which the Directors may issue (including Shares to be issued pursuant to convertible instruments) must not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 10% may be issued other than on a *pro rata* basis. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that Ordinary Resolution 10 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Ordinary Resolution 10 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

4. The Ordinary Resolution 11 proposed in item no. 7, if passed, will empower the Directors of the Company from the date of the AGM until the next annual general meeting to offer and grant share options under the Wilmar ESOS 2019 and to issue and allot Shares pursuant to the exercise of such share options under the aforesaid option scheme, provided that the aggregate number of Shares to be issued, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the share options granted under the Wilmar ESOS 2019 and in respect of any other share-based incentive schemes of the Company, if any, shall not exceed 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. The Ordinary Resolution 12 proposed in item no. 8, if passed, will renew the IPT Mandate for the Company, its subsidiaries and associated companies that are "entities at risk" to enter into certain types of transactions with specified classes of the Interested Persons set out in the Letter to Shareholders until the date of the next annual general meeting of the Company unless such authority is earlier revoked or varied by the Company in general meeting. More details relating to the renewal of the IPT Mandate can be found in the Letter to Shareholders.

6. The Ordinary Resolution 13 proposed in item no. 9, if passed, will empower the Share Purchase Committee of the Company to purchase up to 10% of its Shares at the Maximum Price until the date of the next annual general meeting of the Company unless such authority is earlier revoked or varied by the Company in a general meeting. The rationale for the authority and limitation on the sources of funds to be used for the purchase, including the amount of financing and the financial effects of the purchase of Shares by the Company pursuant to the Share Purchase Mandate are set out in the Letter to Shareholders.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the proxy(ies) and representative(s) for the AGM (including any adjournment thereof) and the preparation, compilation and publication (where relevant) of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulators and/or guidelines.

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WILMAR INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199904785Z)

PROXY FORM

IMPORTANT
1. Electronic Dissemination – This Proxy Form will be disseminated by electronic means and may be accessed at the Company's website at the URL https://ir-media.wilmar-international.com/shareholders-meetings/ and will also be made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements together with the Notice of AGM dated 30 March 2022 ("Notice of AGM"). **Printed copies of this Proxy Form and the Notice of AGM will *not* be sent to members**.
2. AGM – The AGM (as defined below) is being convened physically and by electronic means: (a) physically at Level 1, Auditorium, 28 Biopolis Road, Wilmar International, Singapore 138568 (pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020); and (b) by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Arrangements relating to attendance at the AGM are set out in the Notice of AGM.
3. Further Details – **Please read the notes overleaf and the Notice of AGM which contain instructions on, inter alia, the appointment of a proxy to attend, speak and vote on his/her/its behalf at the AGM physically or by electronic means.**
4. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("CPF")/Supplementary Retirement Scheme ("SRS") investors. CPF and SRS investors:
   (a) may attend and cast his/her vote(s) at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 11 April 2022, being 7 working days before the date of the AGM.
5. Personal Data – By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

I / We ______________________________ (Name), NRIC/Passport No./Co. Regn. No.: ____________________

of ____ (Address)

being a member/members of Wilmar International Limited (the "**Company**"), hereby appoint:

Name	Address	Email Address	NRIC/ Passport No.	Proportion of Shareholding	
				No. of Shares	%

and/or (please delete as appropriate)

Name	Address	Email Address	NRIC/ Passport No.	Proportion of Shareholding	
				No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company on 21 April 2022 at 10.00 a.m. ("**AGM**") as my/our proxy(ies) to vote for me/us on my/our behalf at the AGM and at any adjournment thereof.

I/We direct my/our proxy(ies) to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy(ies) may vote or abstain from voting at their discretion.

No.	Ordinary Resolutions	For*	Against*	Abstain*
	ORDINARY BUSINESS			
1	To receive and adopt the Directors' Statement, Audited Financial Statements and the Auditor's Report for the financial year ended 31 December 2021			
2	To declare a final dividend of S$0.105 per ordinary share			
3	To approve the payment of Directors' fees			
4	To re-elect Ms Teo La-Mei as a Director			
5	To re-elect Mr Raymond Guy Young as a Director			
6	To re-elect Mr Teo Siong Seng as a Director			
7	To re-elect Mr Soh Gim Teik as a Director			
8	To re-elect Dr Chong Yoke Sin as a Director			
9	To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
10	To authorise Directors to issue shares and to make or grant instruments convertible into shares pursuant to Section 161 of the Companies Act 1967 of Singapore			
11	To authorise Directors to offer and grant share options and to issue and allot shares pursuant to the Wilmar Executives Share Option Scheme 2019			
12	To approve the renewal of Interested Person Transactions Mandate			
13	To approve the renewal of Share Purchase Mandate			

* If you wish to use all your votes "For", "Against" or "Abstain", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For", "Against" or "Abstain" for each resolution within the box provided. If you mark "X" in the "Abstain" box for a particular resolution, you are directing your proxy(ies) not to vote on that resolution.

Total Number of Shares Held (see Note 1)

______________________________ ____________________
Signature(s) of Member(s) or Common Seal **Date**
IMPORTANT – Please read notes overleaf

NOTES TO PROXY FORM:

1. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
2. (a) A member (other than a Relevant Intermediary as defined below) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "Relevant Intermediary" means:

   (i) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board (the "CPF Board") established by the Central Provident Fund Act 1953 of Singapore (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
4. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted electronically, be submitted via the Company's pre-registration website at the URL https://conveneagm.sg/wilmar2022agm;

   (b) if submitted via email, be submitted to the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at is.WilmarAGM@sg.tricorglobal.com; or

   (c) if submitted by post, be sent to the office of the Company's Share Registrar at Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #11-02, Singapore 068898,

   by **10.00 a.m. on 18 April 2022**, being 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit a Proxy Form via email or by post must first download, complete and sign the Proxy Form, before scanning and sending it by email to the email address provided above, or before sending it by post to the address provided above.
5. The Proxy Form, if submitted by post or via email, be executed under the hand of the appointor or of his/her attorney duly authorised in writing or, if submitted electronically via the pre-registration website, be authorised by the appointor via the online proxy appointment process through the website. Where the Proxy Form is executed by a corporation, it must, if submitted by post or via email, be executed either under its common seal or under the hand of its attorney or a duly authorised officer or, if submitted electronically via the pre-registration website be authorised by the appointor via the online proxy appointment process through the website.
6. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof must (failing previous registration with the Company), if a Proxy Form is submitted via email, be emailed with the Proxy Form or, if a Proxy Form is submitted by post, be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Any reference to a time of day is made by reference to Singapore time.

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Affix
Postage
Stamp

WILMAR INTERNATIONAL LIMITED

c/o Tricor Barbinder Share Registration Services

80 Robinson Road #11-02
Singapore 068898

Fold this flap here to seal