QAF Limited

RESILIENCE IN CRISIS

ANNUAL REPORT 2020

CORPORATE INFORMATION

(AS AT 15 MARCH 2021)

BOARD OF DIRECTORS

Didi Dawis
  (Chairman)
Andree Halim
  (Vice-Chairman)
Lin Kejian
  (Joint Group Managing Director)
Goh Kian Hwee
  (Joint Group Managing Director)
Tan Teck Huat
Tan Hang Huat
Gianto Gunara
Choo Kok Kiong
Triono J. Dawis
Lee Kwong Foo Edward
Dawn Pamela Lum
Ong Wui Leng Linda
Rachel Liem Yuan Fang
  (Alternate Director to Andree Halim)

AUDIT AND RISK COMMITTEE

Ong Wui Leng Linda
  (Chairman)
Dawn Pamela Lum
Lee Kwong Foo Edward
Triono J. Dawis

NOMINATING COMMITTEE

Dawn Pamela Lum
  (Chairman)
Andree Halim
Ong Wui Leng Linda

REMUNERATION COMMITTEE

Dawn Pamela Lum
  (Chairman)
Didi Dawis
Andree Halim

EXECUTIVE COMMITTEE

Andree Halim
Lin Kejian
Goh Kian Hwee
Tan Teck Huat

COMPANY SECRETARY

Serene Yeo Li-Wen

REGISTERED AND CORPORATE OFFICE

150 South Bridge Road
#09-03 Fook Hai Building
Singapore 058727

Tel: (65) 6538 2866
Fax: (65) 6538 6866

PLACE & DATE OF INCORPORATION

Singapore, 3 March 1958

COMPANY REGISTRATION NO.

195800035D

REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

Tel: (65) 6236 3333
Fax: (65) 6236 4399

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner In-charge: Terry Wee Hiang Bing
(since the financial year ended
31 December 2017)

PRINCIPAL BANKERS

DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
United Overseas Bank Limited

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CHAIRMAN'S STATEMENT

In 2020, all three business segments saw revenue and EBITDA growth.

Dear Shareholders,

Covid-19 dominated news in 2020. Its impact on global economy and businesses was far-reaching. Unprecedented restrictions in physical movements imposed in critical stages of the pandemic in many countries resulted in severe consequences for the economy and numerous companies. Those dependent on the travel industry, especially airlines, hotels, high street retailers and food service, were hard hit and many have since ceased or curtailed operations.

In such turbulent times, QAF Group, like many others, faced challenges arising from the pandemic. However, being mainly in the consumer staples sector, it performed credibly and recorded a robust set of results, reflecting the resilience of the business. Overall, group revenue from continuing operations increased by 13% from $497.0 million in 2019 to $561.8 million in 2020. Group EBITDA from continuing operations of $90.5 million was 59% higher than 2019's $56.8 million. As our Primary Production business is undergoing a sale process, a non-cash remeasurement loss of $28.7 million was recognised for the year. Excluding this loss, Primary Production achieved an EBITDA of $35.9 million in 2020, 35% higher than $26.6 million in 2019.

In 2020, all three business segments saw revenue and EBITDA growth. The Bakery segment was particularly strong, with spikes in demand especially during the earlier period of the pandemic. Distribution and Warehousing segment benefited from significantly higher sales to major retailers although food service, airlines and hospitality sectors were adversely affected. Primary Production in Australia continued its turnaround and recorded steady growth.

The Group did well but the business outlook for 2021 remains uncertain. The pandemic is a sharp reminder of the importance of prudency. Accordingly, the Board recommends a final four cents dividend. Including the one cent interim dividend paid in 2020, this will maintain a total dividend of five cents per share.

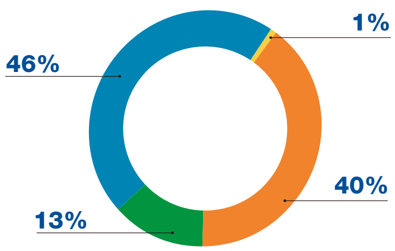
I must extend my sincere appreciation to all our employees, totalling more than 10,000, many having stepped up beyond the call of duty, ranging from those in delivery and operations and to those in management, for your extraordinary efforts to meet the needs of the community. Let me also place on record my utmost thanks to shareholders, customers and business partners for your continuing support in the past year.

Lastly, I wish to announce that I would be stepping down as Chairman of your company after the coming AGM. It is an honour to be your Chairman since 1990 and a privilege to have worked with all in the QAF family. I am happy to see the Group grow through the years. It is now time for me to hand over the Chairmanship. A new Chairman will be appointed by the Board. I wish the Group continued success in the many years ahead.

Didi Dawis
Chairman
15 March 2021

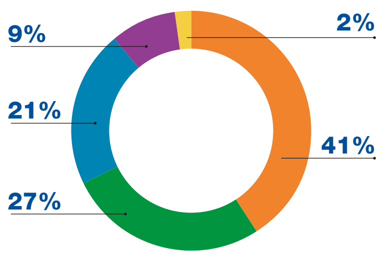
BUSINESS OVERVIEW

Segment Revenue



- Bakery
- Distribution and Warehousing
- Investments and Others
- Primary Production

Geography Revenue



- Singapore
- Philippines
- Australia
- Malaysia
- Others

CONTINUING OPERATIONS

REVENUE	EBITDA[1]	PAT
$562m	**$90.5m**	**$42.3m**
GBKL[2] Revenue $354m	GBKL[2] EBITDA $33.9m	GBKL[2] PAT $11.1m

DISCONTINUING OPERATIONS

PAT[3]
$15.0m

BAKERY

REVENUE 2020
$433m

EBITDA 2020
$79.6m

EBITDA MARGIN 2020
18%

DISTRIBUTION AND WAREHOUSING

REVENUE 2020
$124m

EBITDA 2020
$7.0m

EBITDA MARGIN 2020
6%

PRIMARY PRODUCTION

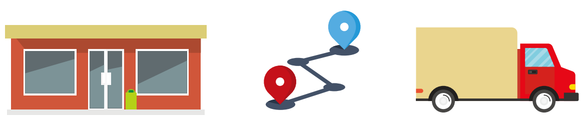
REVENUE 2020
$373m

EBITDA 2020
$35.9m

EBITDA MARGIN 2020
10%

16 Plants

Produced > **1.2 billion** loaves of bread products annually



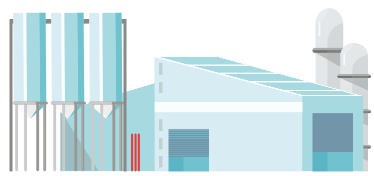
c.68,000 Third party outlets

c.1,900 routes

c.1,700 trucks

3 Warehouses & cold store facilities

c.19,000 sqm of gross floor area



7 Owned piggery farms

c.30 Grow-out contractors

c.7,600 ha of agricultural and commercial freehold land

Produced **c.800,000** heads annually

2 Processing plants

3 Feed mills

Processed **c.1,400,000** heads annually

Produced **c.320,000** MT of feed

[1] Includes segment EBITDA of Bakery, Distribution and Warehousing, and Investments and Others.
[2] Reflects 100% of Gardenia Bakeries (KL) Sdn Bhd of which QAF's share of 50% has been reflected in the Group's EBITDA and PAT.
[3] Excludes remeasurement loss of $28.7 million.

JOINT GROUP MANAGING DIRECTORS' REPORT

CONTINUING OPERATIONS

REVENUE	EBITDA	PBT
$562m	$90.5m	$54.4m
PAT	**PAT MARGIN**	**UNDERLYING EARNINGS**
$42.3m	7.5%	$42.6m

On behalf of the Board of Directors of QAF Limited, we present the Annual Report for 2020.

	FY2020 $' millions	FY2019 $' millions	% Change
Revenue	561.8	497.0	13
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	90.5	56.8	59
– EBITDA margin (%)	*16.1%*	*11.4%*	
Profit before Taxation ("PBT")	54.4	22.8	139
Profit after Taxation ("PAT")	42.3	18.3	131
– PAT margin (%)	*7.5%*	*3.7%*	
Underlying earnings	42.6	23.1	84
– Underlying earnings margin (%)	*7.6%*	*4.6%*	

The Group, like many other companies, faced many challenges posed by the Covid-19 pandemic. Singapore's economy contracted by 5.4% in 2020 while Malaysia and Australia fell 5.6% and 1.1% respectively. At the same time, the latest official estimates for the Philippines was -9.5%. The pandemic, however, did give rise to certain market opportunities. Our employees worked hard to put loaves on the shelves to meet the needs of the community daily. As we are a major supplier of consumer staples in the region, demand for our products spiked, especially in the early stages of the pandemic when there was panic buying.

Although the pandemic has affected operations, being in the consumer staples sector, the financial performance of the Group has not been adversely affected. The resilience of the business, coupled with its agility in responding to changing market conditions, is reflected in the strong FY2020 results.

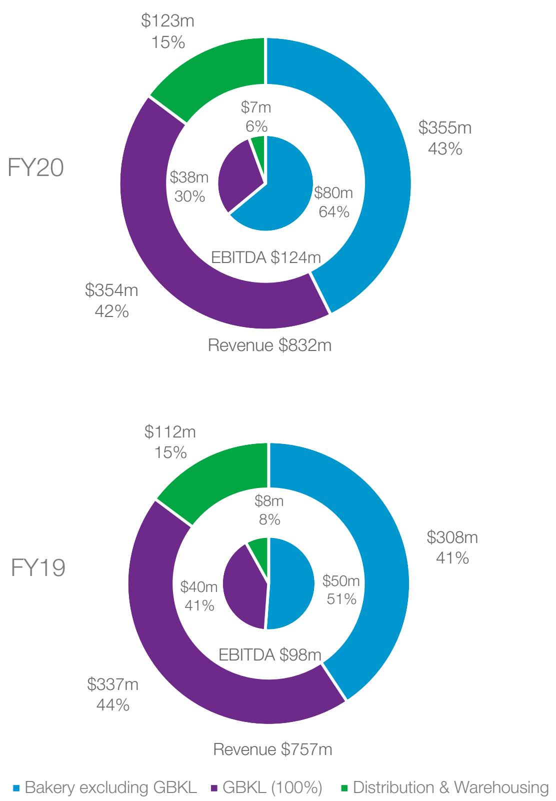
The Group remains committed to its corporate social responsibility and continues to give back to the community amidst this pandemic. In 2020, products were distributed to essential service, healthcare and frontline workers in Singapore, Malaysia and the Philippines. Including our joint-venture company GBKL, more than S$3.6 million additional staff allowances and donations were incurred by the Group. This amount does not include additional expenses incurred such as overtime and cost of temporary workers because of the pandemic. GBKL has pledged RM1 million in products and cash to help those financially affected by the Covid-19 pandemic. Part of the pledge was fulfilled in the financial year 2020 while the balance is expected to be fulfilled in financial year 2021. It is also working closely with government agencies and NGOs to distribute more products to people in need.

All business segments saw growth with Bakery up 14%, Distribution and Warehousing (+10%) and Primary Production (+2%). In constant currency terms, Bakery was 11% higher while Primary Production increased 1%. Excluding Primary Production segment, the Group's continuing operations achieved revenue of $561.8 million, a growth of 13% from $497.0 million in 2019.

EBITDA for Group's continuing operations increased by $33.7 million to S$90.5 million, 59% higher than the $56.8 million achieved in previous year. This was largely driven by Bakery's strong performance growth of 47% from $61.1 million to $90.0 million. Distribution and Warehousing segment EBITDA was $7.0 million, 11% lower than the $7.9 million in 2019, after a one-off non-cash impairment loss of $1.0 million.

Including GBKL but excluding head office, the Group's companies generated total proforma revenue of $832 million in 2020 from continuing operations, 10% higher than in 2019. Proforma EBITDA and royalty income to QAF Limited, generated by the Group's companies for continuing operations including GBKL but excluding head office, improved from $98.2 million in 2019 to $124.3 million in 2020. Please see chart below.

Proforma Revenue & EBITDA from continuing operations excluding head office



Discontinuing operations, Primary Production segment, continued to show EBITDA improvement with a growth of 35% from $26.6 million to $35.9 million.

BAKERY

Despite operational challenges caused by the various forms of lockdowns imposed by governments, bakery businesses in Singapore, Malaysia and the Philippines remained resilient. Heavy investment in expanding bakery capacity in recent years, particularly in Malaysia and the Philippines, has enabled the Group to meet short-term demand spikes during the Covid-19 pandemic.

Higher sales were achieved in Singapore, Malaysia and the Philippines. Quick and nimble production and distribution responses met changing consumption patterns caused by the pandemic. Supply chain challenges due to movement control restrictions imposed resulted in additional operational costs being incurred. During the year, the Group prioritised and stepped up its safety and health measures for employees. Although the Group has received some governmental support, it has incurred significant expenses in staff costs such as use of temporary services, increased overtime costs, care and support payments for employees, additional housing allowances, and additional hardship bonuses. In addition, the Group has incurred expenses to support the community especially front-line personnel.

In 2020, the Bakery segment achieved an $28.9 million improvement in EBITDA from $61.1 million in 2019 to $90.0 million in 2020. Although revenue for Bakery has increased by 14%, EBITDA has increased by 47% mainly because of better utilisation of plants from higher sales and more streamlined production, lower bread returns, government support and cutback of marketing expenses in the Philippines.

The Group continued to invest in the *Gardenia* brand name using traditional media and increasingly via social media platforms. New products were introduced, including *Gardenia Little Bites Soft Buns, Gardenia Croissants* and *Gourmet Selections* range with sourdough in Singapore, and *Gardenia Multigrain Soft Bun* and *Gardenia Pandesal* in the Philippines.

GBKL, our joint venture in Malaysia, maintained its one-billion-ringgit annual revenues for the second consecutive year with a 5% growth. This was helped by both the launch of new products and unprecedented demand for bread products during the lockdown period. During the year, GBKL introduced *Traditional Kaya* flavour to its popular range of *Gardenia Fluffy Buns*. GBKL's new bun and rolls plant will start operations by end 2021. This will enable GBKL to reach more customers with an expanded range of buns and rolls.

JOINT GROUP MANAGING DIRECTORS' REPORT

Bakers Maison Australia achieved higher sales due to higher meal kit sales which mitigated a decline in its sales to food service segment, with its EBITDA almost doubling.

DISTRIBUTION AND WAREHOUSING

Owing to established relationships built over many years, Ben Foods Group was able to rely on its long-standing suppliers for continued trading. There was no material disruption to our supply chains resulting from the pandemic. Strong sales to major supermarket and export markets had more than offset a decline in sales to food service customers, whose businesses were adversely affected by lockdowns.

In 2020, Ben Foods aggressively promoted its *Farmland* products and expanded its *Cowhead* product range. With these initiatives and taking advantage of market opportunities, Ben Foods managed to achieve yet another record year in sales.

Overall, the Distribution and Warehousing business grew by 10% in sales from $112.3 million to $124.0 million. Segment EBITDA was $7.0 million and would have been $8.0 million (which would have been higher than the $7.9 million in 2019) if not for a $1.0 million non-cash impairment on fixed assets, arising from repair of a structure in the warehouse. Excluding the impairment, last year's insurance income of $1.1 million and various grants by the government in 2020, the segment EBITDA would have decreased by 6% from $6.8 million in 2019 to $6.4 million in 2020.

DISCONTINUING OPERATIONS

REVENUE $373m	EBITDA $35.9m	PBT[1] $19.8m
PAT[1] $15.0m	PAT[1] MARGIN 4.0%	UNDERLYING EARNINGS[1] $20.4m

PRIMARY PRODUCTION

In spite of Covid-19 challenges, the Primary Production business did well in 2020, achieving sales of $373.2 million and EBITDA of $35.9 million. Although sales went up by 2%, EBITDA improved significantly by 35% as the business benefited from lower grain prices in 2020 after the severe drought that lasted from 2018 to 2019. The pandemic had an adverse impact on pork sales to food service customers in Australia but Rivalea's overall business performed positively.

We had earlier announced our intention to sell the Primary Production business in 2019. A sale process was launched in 2H 2020 and is ongoing. If the sale materializes, the Group intends to recycle some of the proceeds to support the growth of the core Bakery and Distribution and Warehousing businesses of Singapore, Malaysia and the Philippines and the expansion of such businesses in ASEAN within the growing 650 million population.

Following the Group's decision to pursue a sale of the Primary Production business, the Group has reclassified the business as a disposal group held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. In connection with such reclassification and based on management's current estimates, the Group recorded as an exceptional item, a non-cash loss on remeasurement of $28.7 million on the Primary Production business. This resulted in a loss from discontinuing operations of $13.7 million for FY 2020. This remeasurement loss is taken at Group consolidated accounts level and does not affect the financial results of Rivalea. Excluding this remeasurement loss of $28.7 million, Primary Production business would have recorded a Profit after tax[1] of $15.0 million.

The sale process for the Group's Primary Production business is currently ongoing. Following receipt of preliminary bidding information furnished by potential buyers, several interested parties have been invited to conduct, and are conducting, due diligence on the business. It is expected that following completion of due diligence, negotiation phase for the sale and purchase agreement (SPA) will take place. Subject to successful negotiation and signing of the SPA, completion will take place in the event conditions to be agreed upon, including any requisite regulatory approvals, are satisfied. It is the intention of the Company that upon successful closing of the transaction, the Company will propose payment of a special dividend of 2 cents per share. It is highlighted that there is no assurance that a sale of the Primary Production business or payment of a special dividend will materialise in due course. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

1 Excludes remeasurement loss of $28.7 million.

OVERALL GROUP

The outlook for 2021 is uncertain with the Covid-19 situation continuing in many countries as new virulent strains have emerged and roll-out of available vaccines is facing challenges. New restrictions are also being imposed on economic activities because of subsequent waves of Covid-19 outbreaks. Certain countries, including Malaysia, have imposed states of emergency which will hinder economic recovery. Unemployment situation and business environment in markets we operate may continue to deteriorate further, especially given the high level of borrowings incurred by the relevant countries to fund the unprecedented costs of the pandemic.

Growth of our continuing operations in 2021 is expected to moderate as our business has started to normalise in 2H 2020. For prudence, the Group will continue to adopt a conservative capital management strategy and in particular, to watch operating cashflow closely.

For example, the Group expects capital expenditure to come down going forward. However, there is a need in the coming year to upgrade the Singapore bakery plants due to the age of the facilities. These upgrades will improve productivity, food safety and quality, and help to reduce future maintenance costs and manpower requirements. In the Philippines, Malaysia and Australia, significant bakery production facilities have already been built up and future plans will be reviewed taking into account the post-pandemic situation.

The performance of the discontinuing operations in 2021 is expected to remain comparable to 2020 with the business benefiting from lower feed prices following the recent strong grain harvest. The trading performance for the processing division for 2021 is expected to improve with volume growth following the completion of its expansion works.

Finally, on behalf of the Board, we would like to put on record our heartfelt thanks to Pak Didi Dawis for being our Chairman over the past 30 years. His business acumen and wise counsel has guided the Group through the numerous ups and downs in economic cycles, including the Asian financial crisis in 1997, the dotcom crash in 2000 and the Global financial crisis in 2008. Pak Didi Dawis' presence will be missed by the Board and the Group. We wish him good health and many more enjoyable years ahead, especially with his family and friends. The Company will later this year be looking into the composition of the Board as a whole, in particular in light of the nine-year rule relating to directors' independence.

Lin Kejian
Goh Kian Hwee
Joint Group Managing Directors
15 March 2021

FINANCIAL HIGHLIGHTS

No restatements made for FY2016 to FY2018 between continuing and discontinuing operations.

	FY2020	FY2019 (restated)	FY2018	FY2017	FY2016
INCOME STATEMENT (S$'000)					
Revenue from continuing operations(Note 1a)	561,785	497,041	814,868	825,804	889,520
Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations(Note 1b)					
– before exceptional items	90,474	56,805	50,032	74,437	105,244
– after exceptional items	90,474	56,805	50,032	74,437	164,619
Profit before taxation from continuing operations(Note 1b)					
– before exceptional items	54,400	22,761	13,298	40,648	71,240
– after exceptional items	54,400	22,761	13,298	40,648	130,615
Profit from continuing operations attributable to owners of the Company					
– before exceptional items	42,066	18,171	8,129	32,385	61,015
– after exceptional items	42,066	18,171	8,129	32,385	120,390
STATEMENT OF FINANCIAL POSITION (S$'000)					
Total assets	868,081	850,473	783,633	821,459	772,407
Total liabilities	351,162	350,153	278,614	290,898	244,255
Total equity	516,919	500,320	505,019	530,561	528,152
Equity attributable to owners of the Company	516,310	507,585	511,404	536,928	527,067
PER SHARE DATA (CENTS)					
Earnings from continuing operations					
– before exceptional items	7.3	3.2	1.4	5.7	10.9
– after exceptional items	7.3	3.2	1.4	5.7	21.4
Net asset value(Note 2)	89.8	88.2	88.9	94.3	93.8
Net tangible asset(Note 3)	89.7	88.2	88.9	94.3	93.8
Total dividends	5.0	5.0	5.0	5.0	5.0
OTHER FINANCIAL INFORMATION					
EBITDA margin from continuing operations (%)					
– before exceptional items	16%	11%	6%	9%	12%
– after exceptional items	16%	11%	6%	9%	19%
Return from continuing operations on average shareholders' equity (%)					
– before exceptional items	8%	4%	2%	6%	13%
– after exceptional items	8%	4%	2%	6%	25%
Return from continuing operations on average assets (%)					
– before exceptional items	5%	2%	1%	4%	8%
– after exceptional items	5%	2%	1%	4%	16%
Dividend payout on continuing operations (%)(Note 4)					
– before exceptional items	68%	158%	351%	87%	46%
– after exceptional items	68%	158%	351%	87%	23%
Current ratio (no. of times)(Note 5)	1.9	1.5	1.6	1.9	2.2
Net gearing ratio (no. of times)(Note 6)	(0.02)	0.18	0.10	(0.04)	(0.04)
Gross debt (S$'000)(Note 7)	71,329	165,655	109,969	113,137	86,226
Total cash and cash equivalents (S$'000)	81,362	73,167	60,259	136,454	104,903
Net debt/(cash) (S$'000)	(10,033)	92,488	49,710	(23,317)	(18,677)
Net debt to EBITDA from continuing operations (no. of times)	n.m.	1.6	1.0	n.m.	n.m.

Notes:

1a. GBKL's revenue was no longer consolidated from April 2016 onwards when QAF reduced its stake in GBKL from 70% to 50%. For 2019 and 2020, the decrease in Group revenue is due to reclassification of Primary Production business to discontinuing operations following the Group's decision to pursue a sale

1b. Group's EBITDA and PBT includes 50% share of GBKL's net profit from April 2016 onwards. For 2019 and 2020, Group's EBITDA and PBT excludes Primary Production business EBITDA upon reclassification to discontinuing operations following the Group's decision to pursue a sale

2. Net asset value per share is computed based on total assets less total liabilities and non-controlling interests

3. Net tangible asset per share is computed based on total assets less total liabilities, non-controlling interests and intangibles

4. Dividend payout is calculated by dividing total dividends against profit from continuing operations attributable to owners of the Company

5. Current ratio is computed based on total current assets and total current liabilities

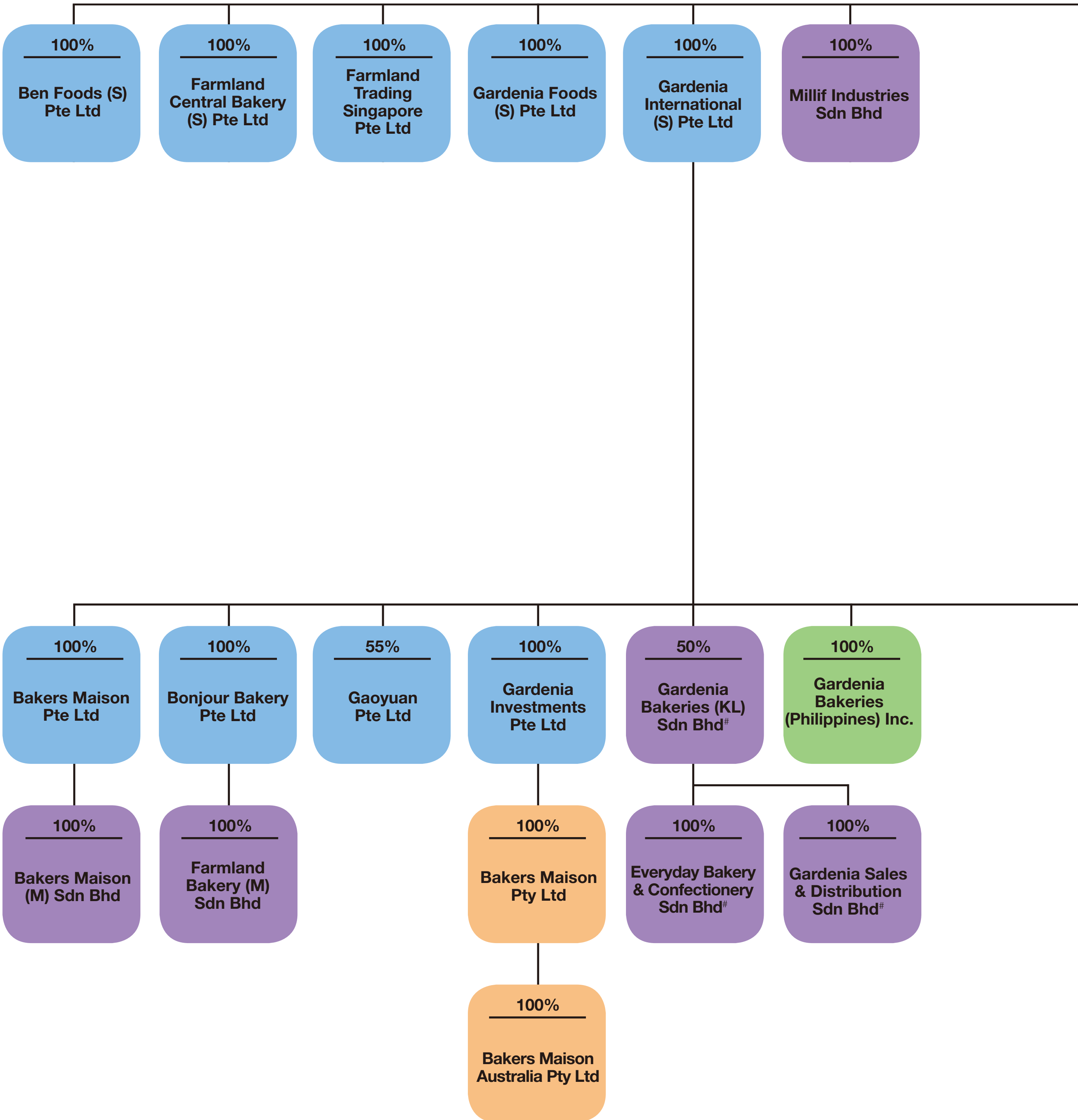
6. Net gearing ratio is calculated by dividing net debt against equity attributable to owners of the Company

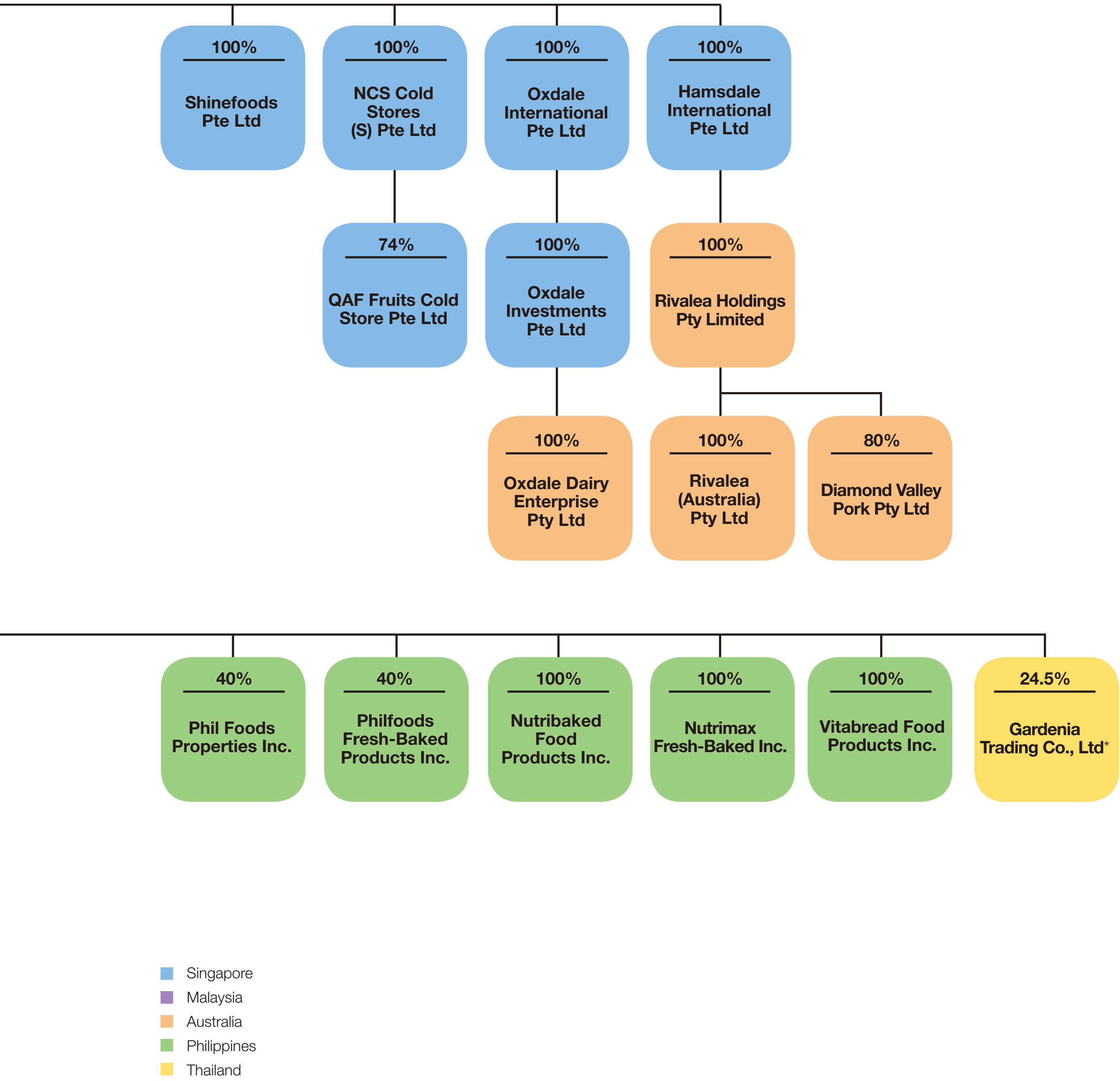
7. Gross debt is calculated as bank borrowings, lease liabilities and loans from non-controlling interests, excluding those captured under liabilities belonging to disposal group classified as held for sale

Gardenia Singapore offers a wide range of Gardenia bakery products to meet different consumer needs.

QAF GROUP

QAF Limited





Notes: This chart shows the operating entities of the QAF Group

Joint venture of the QAF Group

* Associated company of the QAF Group

BOARD OF DIRECTORS

DIDI DAWIS, 75
Chairman
Non-executive/Independent Director

Date of last election:
26 April 2019
Board Committee:
Remuneration Committee (Member)

Mr Dawis was appointed as a Director of the Company on 15 March 1988 and has held the position of Chairman of the Company since July 1990.

Mr Dawis is an established entrepreneur and has various business interests in Indonesia including the trading and distribution of building materials, and real estate development for malls, mixed-use, resorts and golf course. Mr Didi Dawis is a member in the councils of several charitable and civic associations in Indonesia, the Chairman of the Governing Board of Indonesia Chinese Entrepreneur Association, the Permanent Honorary Chairman of the International Fuqing Clansmen and Chairman of Fujian Indonesia Association.

ANDREE HALIM, 73
Vice-Chairman
Non-executive/Non-independent Director

Date of last election:
26 April 2019
Board Committee:
Nominating Committee (Member)
Remuneration Committee (Member)
Executive Committee (Member)

Mr Halim was appointed as a Director and Vice-Chairman of the Company on 11 October 2003.

Mr Halim holds a diploma in Business Studies from the South East London Technical College of United Kingdom. Mr Halim is an established entrepreneur and has investments in a wide range of businesses. He also sits on the board of directors of various private enterprises that he invested in.

Mr Andree Halim is a controlling shareholder of the Company, with a deemed interest of 68.60% in the total issued shares of the Company as at 15 March 2021.

LIN KEJIAN, 42
Joint Group Managing Director
Executive Director

Date of last election:
Not applicable
Board Committee:
Executive Committee (Member)

Mr Lin Kejian was first appointed as a non-executive Director of the Company on 1 December 2007. On 1 October 2010, he became an executive Director of the Company holding the post of Operations director. He assumed the position of Deputy Group Managing Director of the QAF Group in September 2014 and thereafter Joint Group Managing Director of the QAF Group with effect from 1 January 2017.

Prior to joining the Company, Mr Lin was the business manager of Culindo Livestock (1994), a family-owned private enterprise, whose principal activity is that of importer and supplier of live pigs to Singapore.

Mr Lin holds a degree in Business Administration (major in Finance) from California State University, Los Angeles.

Mr Lin is the son of Mr Andree Halim, a Director and Vice-Chairman of the Company. He is also a controlling shareholder of the Company, with a deemed interest of 48.22% in the total issued shares of the Company as at 15 March 2021.

In light of Rule 720(5) of the SGX-ST Listing Manual, Mr Lin is proposed to be re-elected at the Annual General Meeting. For further information on Mr Lin information as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 226 to 229 of this Annual Report.

GOH KIAN HWEE, 66
Joint Group Managing Director
Executive Director

Date of last election:
Not applicable
Board Committee:
Executive Committee (Member)

Mr Goh was first appointed as a non-executive independent Director of the Company on 1 December 2014. He assumed the position of Joint Group Managing Director of the QAF Group with effect from 1 January 2017.

Mr Goh was a senior partner of Rajah & Tann Singapore LLP, a legal firm, with over 30 years' experience in corporate and capital markets law. He holds a LLB (Honours) degree from the University of Singapore and had been a practicing lawyer since 1980. Mr Goh also has extensive corporate experience from, amongst others, directorships previously held in several listed companies (including CapitaLand Commercial Trust Management Limited and Hong Leong Asia Limited) and other non-listed companies since 1989. Mr Goh is a member of the Listings Advisory Committee of the Singapore Exchange Limited.

In light of Rule 720(5) of the SGX-ST Listing Manual, Mr Goh is proposed to be re-elected at the Annual General Meeting. For further information on Mr Goh as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 226 to 229 of this Annual Report.

TAN TECK HUAT, 59
Finance Director
Executive Director

Date of last election:
26 April 2019
Board Committee:
Executive Committee (Member)

Mr Tan was appointed as a non-executive independent Director of the Company on 12 February 2016. He assumed the position of Finance Director of the Company with effect from 1 January 2017.

Mr Tan holds a Master of Arts and a Bachelor of Arts in Economics from the University of Cambridge. Mr Tan was the Chief Financial Officer of GuocoLand Limited, a major listed company, for some 7 years and Director and Adviser of J Trust Asia Pte Ltd prior to joining the Company. He has had over 29 years of working experience in major listed companies holding various positions in corporate development and communications, corporate finance, corporate treasury and accounting.

Mr Tan is a member and chairs the Risk and Audit Committee of the Board of Trustees of a Singapore superannuation plan, Home Affairs Uniformed Services INVEST Fund. He is also a member of the Advisory Committee on Accounting Standards for Statutory Boards, which advises the Singapore Accountant-General on prescribing accounting standards for Statutory Boards.

TAN HANG HUAT, 64
Non-executive/
Non-independent Director

Date of last election:
24 April 2020
Board Committee:
Nil

Mr Tan was appointed as a non-executive non-independent Director of the Company on 17 July 2014.

Mr Tan started his career with KMP Private Ltd ("KMP") as a project manager in 1990 and is currently the Group Managing Director of KMP. He was a non-executive director of Guthrie GTS Limited, a Singapore-listed company, from 2007 to 2014. He was previously a member of the Board of Commissioners of PT Nippon Indosari Corpindo Tbk, listed in Indonesia.

He holds a Bachelor of Commerce degree and Master of Business Administration degree from the University of Newcastle (Australia).

BOARD OF DIRECTORS

GIANTO GUNARA, 58
Non-executive/ Non-independent Director

Date of last election:
26 April 2018
Board Committee:
Nil

Mr Gunara was appointed as a non-executive non-independent Director of the Company on 17 July 2014.

Mr Gunara started his career with Haagtechno BV, Den Bosch, Holland as a Management Trainee in 1984. He is currently the Executive Director/Group Chief Operating Officer of Gallant Venture Ltd and is a director of most of the subsidiaries of Gallant Venture Ltd. He also sits on the board of directors of various private enterprises.

He holds a Bachelor in Business Administration degree from Simon Fraser University, Vancouver, Canada.

Mr Gunara is the cousin of Mr Andree Halim, a Director and Vice-Chairman of the Company.

Mr Gunara is proposed to be re-elected at the Annual General Meeting. For further information on Mr Gunara as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 226 to 229 of this Annual Report.

Directorships in other listed companies:
Gallant Venture Ltd.

CHOO KOK KIONG, 51
Non-executive/ Non-independent Director

Date of last election:
24 April 2020
Board Committee:
Nil

Mr Choo was appointed as a non-executive non-independent Director of the Company on 17 July 2014.

Mr Choo is the Executive Director/Group Chief Financial Officer of Gallant Venture Ltd overseeing the group and its corporate services. He has over 20 years of finance experience. Prior to joining Gallant Venture Ltd, he held various management positions in the Sembcorp group including Vice-President of Finance at two Sembcorp group companies.

He holds a Master in Business Administration from the University of Wales (UK)/Manchester Business School (UK). He had also qualifications from the Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).

Directorships in other listed companies:
Gallant Venture Ltd.

DAWN PAMELA LUM, 67
Non-executive/ Independent Director

Date of last election:
26 April 2019
Board Committee:
Audit and Risk Committee (Member)
Nominating Committee (Chairman)
Remuneration Committee (Chairman)

Ms Lum was appointed as a non-executive independent Director of the Company on 12 February 2016. She was appointed Lead Independent Director in January 2018.

Ms Lum holds a LLB (Honours) degree from the University of Singapore. She was admitted to the Rolls of the Supreme Court of Singapore as an advocate and solicitor in 1977 and had been a practicing lawyer for several years. Ms Lum has had over 38 years of working experience and had assumed key roles in the corporate and management functions, including being the General Manager, Corporate Affairs and Group Company Secretary of GuocoLand Limited, a major listed company, and its subsidiaries.

TRIONO J. DAWIS, 39
Non-executive/
Independent Director

Date of last election:
26 April 2018
Board Committee:
Audit and Risk Committee (Member)

Mr Triono Dawis was appointed as a non-executive non-independent Director of the Company on 17 July 2014. He was re-designated an independent Director of the Company on 25 May 2016.

Mr Triono Dawis had previously been appointed as an executive Business Development director of QAF Limited on 1 October 2010 and resigned on 31 December 2012 to pursue his own business interests.

Mr Triono Dawis is the Managing Director of Amand Ventures, a venture capitalist outfit targeting promising start-ups in multiple sectors: financial, insurance, education, O2O, robotics and industry 4.0.

He holds a Bachelor of Science degree in Business Administration with concentration in Accounting and Finance from the Haas School of Business in the University of California, Berkeley, California.

Mr Triono Dawis is the son of Mr Didi Dawis, a Director and Chairman of the Company.

Mr Dawis is proposed to be re-elected at the Annual General Meeting. For further information on Mr Dawis as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 226 to 229 of this Annual Report.

LEE KWONG FOO EDWARD, 73
Non-executive/
Independent Director

Date of last election:
26 April 2018
Board Committee:
Audit and Risk Committee (Member)

Mr Lee was appointed as a non-executive independent Director of the Company on 1 December 2014.

He was Singapore's High Commissioner in Brunei Darussalam (1984 to 1990), Ambassador to the Philippines (1990 to 1993) and Ambassador to Indonesia (1994 to 2006).

Mr Lee was awarded the Public Administration Medal (Gold) in 1998 and the Meritorious Service Medal in 2006 by the Singapore Government. In 1993, the Philippines Government bestowed on him the Order of Sikatuna, Rank of Datu (Grand Cross).

In 2007, the Indonesian Government awarded him the highest civilian honour, the Bintang Jasa Utama (First Class).

Mr Lee is a member of the Board of Trustees of the Institute of South-East Asian Studies – Yusof Ishak Institute.

Mr Lee holds a Bachelor of Arts (Honours) from the University of Singapore and a Master of Arts from Cornell University. He is the recipient of the Distinguished Alumni Service Award, 2013 and the Distinguished Arts and Social Sciences Alumni Award, 2018 from the National University of Singapore.

Mr Lee is proposed to be re-elected at the Annual General Meeting. For further information on Mr Lee as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 226 to 229 of this Annual Report.

Directorships in other listed companies:
Indofood Agri Resources Ltd

BOARD OF DIRECTORS

ONG WUI LENG LINDA, 60
Non-executive/
Independent Director

Date of last election:
24 April 2020
Board Committee:
Audit and Risk Committee (Chairman)
Nominating Committee (Member)

Ms Ong was appointed as a non-executive independent Director of the Company on 1 January 2017.

She is a Director of BlackInk Corporate Partners Pte Ltd having spent more than 10 years in corporate banking. She also has many years of experience in corporate finance and management.

Ms Ong currently sits on the board of SiS International Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited.

Ms Ong graduated from the University of London, United Kingdom with a Bachelor of Science (Economics) in Management Studies in 1990 and has since completed her Master of Practising Accounting from the Monash University, Australia.

Directorships in other listed companies:
– SiS International Holdings Limited

RACHEL LIEM YUAN FANG, 25
Alternate Director to
Mr Andree Halim

Date of last election:
Not applicable
Board Committee:
Nominating Committee (Alternate)
Remuneration Committee (Alternate)
Executive Committee (Alternate)

Ms Liem was appointed as alternate director to Mr Andree Halim, a Director and Vice-Chairman of the Company, on 21 January 2018. Ms Liem holds a Bachelor of Science Degree (Magna Cum Laude) with concentrations in Strategic Management and Business Analytics from Babson College, United States. Ms Liem is the daughter of Mr Andree Halim.

QAF MANAGEMENT STAFF

DEREK CHEONG KHENG BENG
Group Corporate Development

Mr Cheong was appointed Head of Corporate Development for the QAF Group in 2002, taking charge of matters in relation to mergers, acquisitions and business development of the Group. He is now focused on the Group's Primary Production business. Prior to joining the QAF Group, he was the senior vice president of Business Development with the KMP Private Ltd group of companies for 7 years. He had also worked as a treasury manager in a Singapore listed construction and engineering company, a corporate manager of United Industrial Corporation Limited as well as an assistant manager for Loans & Syndications in a merchant bank in Singapore, before joining KMP Private Ltd. Mr Cheong graduated with a Bachelor of Commerce degree from the University of Toronto, Canada and holds a Master of Business Administration from the University of British Columbia, Canada.

SERENE YEO LI-WEN
Group Legal Counsel/ Company Secretary

Ms Yeo oversees the legal and corporate secretarial functions of our Group. She was appointed Group Legal Counsel and Company Secretary in January 2017. Ms Yeo holds a LLB (Honours) degree from the National University of Singapore and has more than 25 years of experience in legal practice, handling corporate work for many listed groups. She started her legal career in the corporate department of a major Singapore law firm, later joined Rajah & Tann as a partner in 2002 and remained with Rajah & Tann Singapore LLP till the end of 2016. Ms Yeo was a senior member of the firm's corporate practice (capital markets and mergers and acquisitions practice group). She was ranked or recognised in legal guides such as Chambers Asia Pacific, Asia Pacific Legal 500, AsiaLaw Profiles, Best Lawyers International and International Who's Who Legal.

WONG CHIN CHIN
Group Financial Controller

Ms Wong was appointed Group Financial Controller in May 2019 and is responsible for the Group's financial and accounting matters including compliance with financial reporting. Ms Wong has been with the QAF Group since 2005 and was the Group Deputy Financial Controller from January 2018 to April 2019 and Assistant Financial Controller from January 2009 to December 2017. Ms Wong has more than six years of audit experience in providing audit and advisory services to clients in diverse industries and SGX-ST listed companies. Prior to joining the QAF Group, she was a manager (corporate financial services) with Raffles International Limited. Ms Wong is a Chartered Accountant of Singapore and holds a Bachelor degree from the Nanyang Technological University.

OUR KEY BRANDS

BAKERY

DISTRIBUTION & WAREHOUSING

PRIMARY PRODUCTION

OPERATIONAL REVIEW
Bakery

	FY2020	FY2019	Increase/(decrease)	
	$' millions	$' millions	$' millions	%
Revenue	433.3	379.4	53.9	14
Segment EBITDA	79.6	50.2	29.4	59
EBITDA margin (%)	18.4	13.2		
Share of profits and royalty income from joint venture	10.4	10.9	(0.5)	(5)
Segment EBITDA and joint venture contribution	90.0	61.1	28.9	47

SINGAPORE
Gardenia Foods (S) Pte Ltd (“Gardenia Singapore”)

The Covid-19 pandemic has caused disruptions, in particular on consumer habits and the business environment. Despite these disruptions and operational challenges, Gardenia Singapore had achieved record sales in 2020. Gardenia Singapore remains the market leader in the local packaged bread industry.

The unprecedented events of 2020 caused a fundamental change in consumer behaviour and mindset. Work-From-Home became the new norm and more consumers switched to convenient grocery purchases from e-commerce platforms, vending machines and neighbourhood retail stores.

With uncertainty from the economic downturn, consumers were more cautious with their spending, even for staple foods. There was increased demand for more affordable basic white and wholemeal loaves, especially bigger and better-valued loaves.

While certain safe distancing restrictions are gradually lifted or eased, life may not return to what it was before this worldwide pandemic. The continuous shift in lifestyles and budgets as markets recover will cause consumers to re-assess how their food purchases are able to offer value-for-money and absolute savings while providing benefits to enhance their health.

Gardenia Singapore continues to be the market leader in the packaged bread industry and secured the No.1 status in four categories based on ScanTrack data certified by NielsenIQ SG, namely No.1 in White bread, Wholemeal bread, and Flavoured bread for the period of January to December 2020, and No. 1 in Bun bread for the period of July 2019 to June 2020.

During the year, Gardenia Singapore was awarded a Top Business Partner Award and Top Brand Excellence Award from FairPrice Group, a leading retailer in Singapore serving more than half a million shoppers daily through a network of over 370 outlets. The selection criteria for the awards included exceptional sales results with remarkable sales growth, as well as consistent quality assurance and brand philosophy. Other factors include contribution to top category sales, significant market share progression, strong partnership support and having a high level of customer centricity.

As Singapore's leading bakery, Gardenia Singapore treats food hygiene and workplace safety seriously. The company attained ISO 22000: 2018 in October 2020 for its bakery plants. Gardenia Singapore's production plant continued to hold Grade A status for the 26th consecutive year under the Food Safety Excellence Scheme, administered by Singapore Food Agency.

In line with consumers seeking affordable and convenient snacks, *Gardenia Little Bites Soft Buns* range was launched in July 2020, extending Gardenia Singapore's Grab-&-Go product portfolio. Targeting at the younger generation and adult consumers seeking bite-sized, calorie-friendly snacks, these 30g buns are co-developed with a Japanese research laboratory and come in two flavours – Creamy Hokkaido Cream and Rich Chocolatey Cream.

Gardenia Singapore's *Country Loaf* range and Gardenia Singapore's Focaccia bread were rebranded as part of Gardenia Singapore's *Gourmet Selections* range and baked with sourdough. Gardenia Singapore also extended its premium Gourmet Selection range with the introduction of *Gardenia Butter Croissants* made in our bakery facilities in Australia and freshly baked in Singapore.

In 2020, Gardenia Singapore began a collaboration with Minmed Group, a healthcare group specialising in nutritional programs and corporate health screenings, to showcase nutritional recipes using Gardenia Singapore's wholemeal and multi-grain loaves on Facebook Live. Virtual fitness classes were conducted by Minmed's fitness instructors to encourage the public to live a healthy and active lifestyle.

Gardenia Singapore participated in virtual events with long term corporate partners from Singapore Heart Foundation and Diabetes Singapore to promote the benefits of wholegrains to reduce cardiovascular diseases and low GI foods to decrease the risk of diabetes. On World Diabetes Day, Gardenia Singapore was presented with a "Friends of Diabetes Singapore" plaque in recognition of the company's commitment to the war on diabetes in Singapore.

Products launched by Gardenia Singapore in 2020.

OPERATIONAL REVIEW
Bakery

Affected by the Covid-19 pandemic, some consumers were more concerned about daily expenditure for their family. To promote the affordability of *Gardenia* products, Gardenia Singapore held various promotions throughout the year at various retail chains such as "*Gardenia's So Good Wholemeal Bundle*" and "*Gardenia's So Good Weekend Special Promotions*". These bundled specials included complimentary *Gardenia* wholemeal hotdog buns or limited-edition *Gardenia* premium products to promote its wholemeal breads, cream rolls and buns. On social media, Gardenia Singapore featured a series of innovative and nutritious bread recipe ideas to inspire the public to create healthy meals that cost under $2 per serving.

With Work-From-Home becoming a new norm, consumers are spending more time online and on social media platforms. Tapping on this trend, Gardenia Singapore launched branding campaigns such as "I Love Bread," "Say it with Bread" and "Spread the Love" on its social media platforms to promote positivity, gratitude and warmth to the community. The themed campaigns showcased bread as a daily staple which not only fills the stomach but warms the heart too.

Social media was a key platform to promote new product launches like redeeming *Gardenia Little Bites* buns with a promotion code on Redmart. Gardenia Singapore engaged social media influencers and used live streaming Facebook videos to launch *Gardenia Gourmet Selections* range.

The branding campaigns aimed to communicate *Gardenia* brand's extrinsic attributes and to build relevance and connection with younger tech savvy consumers to associate *Gardenia* as a family-oriented and caring brand.

Gardenia Singapore is working closely with its e-retailers partners such as Lazada, Amazon, FairPrice Online and PandaNow to make e-commerce purchase of *Gardenia* breads more attractive and accessible to online shoppers.

During the lockdown period in early days of Covid-19 pandemic, Gardenia Singapore overcame issues such as securing of raw materials, a sudden reduction of manpower, and a surge in demand from consumers arising from "panic buying". To meet the increased demand, Gardenia Singapore worked closely with retailers to add on a second delivery to retail outlets in the afternoons and placed more bread into Gardenia vending machines and e-commerce platforms.

Gardenia Singapore streamlined production by temporarily closing one smaller production line and concentrated its workers to the main production line. To meet the needs of the community, especially during the "panic buying" period, Gardenia Singapore focused on producing white and wholemeal loaves. Gardenia Singapore secured temporary workers who were displaced from various industries during the lockdown.

Gardenia Singapore implemented precautionary measures such as social distancing and physical barriers, to reduce the risk of virus transmission among employees. Measures include temperature checking twice a day, provision of masks and sanitisers, health and travel declaration, utilisation of TraceTogether and Safe Entry App, increased frequency of area cleaning and disinfection, and installation of hands-free hand sanitizers.

Gardenia Singapore introduced Work-From-Home arrangement and team segregation with staggered working hours for support staff. Safe-distancing dividers were installed at workstations and the canteen. Regulations were set up to implement restrictions on access to designated areas and limit interaction between production shifts. Production lines, office areas, delivery trucks and vending machines are sanitized regularly.

A Gardenia mascot wearing a mask was used in social media posts to encourage the public to adhere to social distancing measures and to wear a mask at all times.

Manpower was affected during the Malaysia lockdown, when approximately 30% of Gardenia Singapore's production workers did not make it across the border in time or chose to stay back in Malaysia. For Malaysian staff who managed to return into Singapore, Gardenia Singapore provided accommodation and daily transport for them. Hotel accommodation was fully paid for these affected staff from March to July. For Malaysian staff who preferred to make their own accommodation arrangement, monthly housing subsidies were provided.

To extend care and help reduce some financial burden for Gardenia Singapore's employees during the pandemic, hardship allowance was extended to all employees.

As part of Gardenia Singapore's Corporate Social Responsibility outreach, Gardenia Singapore sponsored $200,000 cash donation and supplied Gardenia loaves and buns to support underprivileged children and their families through the Children's Wishing Well, and migrant workers through the Migrant Workers' Centre. Other beneficiaries from product donations include schools and hospitals, caterers serving foreign workers in quarantined dormitories, frontline essential workers, needy families, the elderly and migrant workers.

The pandemic and its far-reaching impact will continue into 2021 as Singapore's economy remains in recession. Ongoing anxiety stemming from the economic downturn will continue to push consumers toward value-for-money products and affordable staples. Consumers will likely reassess their grocery purchases and opt for loaves which bring better value and nutrition for their families.

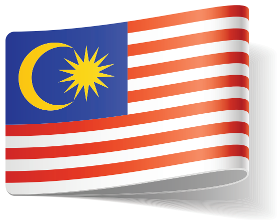
In 2020, Gardenia Singapore sustained its leadership in Singapore's bakery category by being nimble in dealing with changes brought about by the pandemic. This year, Gardenia Singapore will continue to invest in building brand equity, product innovation, and to sustain distribution, improve production capability, increase operational efficiency, and implement promotions to meet the market demands.

Gardenia Singapore's two plants in Singapore have been in operations as early as 1993. Plant equipment have aged, requiring obsolete spare parts for ongoing maintenance. The experience of the ongoing Covid-19 pandemic has also highlighted Gardenia Singapore's vulnerability to total

To encourage consumers to create restaurant inspired dishes at home, numerous recipes were shared on social media to promote the Gardenia Gourmet Selections range as a premium artisanal brand made with quality ingredients such as sourdough.

border lockdown when access to both labour supply and OEM products may be curtailed or even fully blocked. As such, Gardenia Singapore has adopted a 3-Phase Upgrading Plan for its two plants which is expected to cost approximately S$20 million. The first 2 phases of the plan which started in 2020 and expected to complete by third quarter 2021 include works to improve food safety and hygiene, automation to reduce labour requirements, improve production efficiency and expand production capabilities of existing lines. Besides allowing Gardenia Singapore to explore business opportunities with new products, expansion of production capabilities will allow the various production lines to serve as backup contingency production for one another during maintenance shutdown and improve Gardenia's self-reliance. The final phase, planned to start in first quarter 2022, will be an installation of a completely new production line to improve food safety and hygiene standards, production efficiency and help to reduce future maintenance costs and manpower requirements.

OPERATIONAL REVIEW
Bakery



MALAYSIA
Gardenia Bakeries (KL) Sdn Bhd ("GBKL")
Bakers Maison (M) Sdn Bhd ("Bakers Maison Malaysia")
Farmland Bakery (M) Sdn Bhd ("Farmland Bakery")
Millif Industries Sdn Bhd ("GBKL Group")

In 2020, the social and economic disruption, brought on by the Covid-19 pandemic, has swept across many countries and Malaysia was no exception. Malaysia has implemented movement control orders ("MCO") to flatten the Corona virus infection curve. The MCO did not impact GBKL and its contract manufacturers significantly as GBKL Group is a producer of essential goods. GBKL Group, with a combined capability of nineteen production lines housed in eight production facilities situated across Peninsular Malaysia, was able to mitigate disruption arising from the pandemic.

GBKL's sales in 2020 exceeded RM1 billion for the second consecutive year, achieving a 5% year-on-year sales growth. The sales growth was mainly driven by unprecedented demand for bread during the MCO period. The impressive Billion Ringgit sales of GBKL is a testament to the strong *Gardenia* brand, earning GBKL many awards and accolades over the past 15 years.

In 2020, GBKL won Putra Brand Platinum Award in the Foodstuff category for the eleventh time, demonstrating GBKL's premium brand equity. In addition, for the first time, *Gardenia* was selected by consumers to win the coveted, prestigious "Putra Brand of the Year" award, a testament to our focus on placing customers first and our efforts in maintaining *Gardenia*'s presence in the market amidst headwinds posed by the pandemic and in recognition of GBKL's excellence in brand communication, product innovation and corporate social responsibility activities.

In 2020, Gardenia won the "Putra Brand Platinum Award (Foodstuff Category)" for the 11th time and the prestigious "Putra Brand of the Year 2020" in recognition of its excellence in brand communication, product innovation and corporate social responsibility activities.

Products launched by Gardenia Malaysia in 2020.

Gardenia Malaysia distributed Gardenia products throughout Peninsula Malaysia to B40 families (bottom 40% household income range) on the Malaysia Department of Social Welfare's financial benefits recipients list.

GBKL launched a new flavour – *Kaya Tradisional* to its popular range of *Gardenia* Fluffy Buns in January 2020. The new kaya flavour was well received by consumers. By the middle of 2020, GBKL had upsized its creamy and tasty 200g *Gardenia* Delicia Milky Chocolate and Hazelnut Chocolate spreads to 375g per tub in response to strong market demand. Additionally, sales for its delicious *Gardenia* Roll-Up Wrap, launched at the end of 2019 and available in Classic, Wholemeal and Garlic flavour, were also impressive.

The Gardenia Roll-Up Wrap is produced by GBKL's affiliated company, Farmland Bakery. Located in Johor, Farmland had invested RM12.8m on a tortilla line four years ago. The line has a capacity of 15,000 pieces of wraps per hour which is sufficient to meet demand from both domestic and Singapore markets.

In 2021, GBKL expects a slowdown in consumers' spending amid strong headwinds arising from a global recession due to the knock-on effect of the pandemic. To maintain GBKL's pole position in the buns and rolls market and to improve operating income, there is a pressing need to enlarge its production capacity.

As such, GBKL has invested in a buns and rolls production line to expand its product range in a buns and rolls market worth RM630 million annually. The new production line has a capacity of 23,000 pieces of buns or rolls per hour and is anticipated to start operations by end 2021.

Going forward, GBKL will continue to invest in advertising and promotion to further strengthen the *Gardenia* brand. It will also intensify research and development of novel products, opening new market segments to drive revenue and income growth.

Like for many others, the Covid-19 pandemic has posed challenges and affected GBKL's operations. Various contingency plans were put in place to mitigate the adverse impact of the pandemic. This has enabled GBKL to reduce the risk of any material disruptions to the availability of manpower and the supply of its products to the community and this is reflected in GBKL's financial performance for FY 2020.

OPERATIONAL REVIEW

Bakery

THE PHILIPPINES

Gardenia Bakeries (Philippines), Inc.,
Philfoods Fresh-Baked Products, Inc.,
Philfoods Properties Inc.,
Nutribaked Food Products, Inc.,
Nutrimax Fresh-Baked Inc.,
Vitabread Food Products, Inc.
("Gardenia Philippines")

Gardenia Philippines achieved record income from operations and posted strong growth in 2020 despite lockdowns and restrictions imposed by the Philippines Government in response to the Covid-19 pandemic. It was able to respond quickly to shifts in consumer shopping behaviour and demands by aligning its product offerings to meet market preferences and product availability in retail outlets.

Gardenia Philippines maintained its dominance in the packaged bread segment with more than 65% market share as reported by Nielsen in its Metro Manila survey report. This was maintained despite the presence of new multinational competitors which have captured a combined share of less than 3%.

In 2020, a change in consumption and purchase behaviour of consumers due to the pandemic necessitated modifications in Gardenia Philippines' marketing, sales and distribution strategies. Buyer traffic in the supermarkets went down as consumers were afraid of getting infected by the virus or were affected by reduced disposable income and unemployment. Purchases of consumer products shifted to general trade and convenience stores which are nearer homes. Transaction values were lower.

While it was reported that many consumer products had double-digit drops in sales during the pandemic, bread sales for the whole market dropped by between 4-6%. Gardenia Philippines, however, managed to achieve strong growth as it expanded distribution to smaller trade outlets like community sari-sari stores, grocery stores and convenience stores. Sales routes and territorial distributors were increased for a more aggressive expansion and market penetration across the country.

Gardenia Philippines also launched an online selling program in Metro Manila and nearby provinces. Eighty accredited *Gardenia* online resellers used social media and other digital platforms for direct ordering and delivery of *Gardenia* products.

Products launched by Gardenia Philippines in 2020.

The selling and distribution efforts were complemented by thematic and integrated marketing and communications programs. Adapting to the challenges brought about by the pandemic especially on physical limitations, Gardenia Philippines launched an extensive social media campaign using apps like Facebook, Instagram, YouTube, Tiktok and others. These apps utilized storytelling digital videos that reflect current situations that touch the heart of consumers and how Gardenia Philippines plays an integral part in the lives of Filipinos amid changing market and consumer behaviours.

Gardenia Philippines also conducted an online concert featuring four major celebrity performers, creating an impact among netizens and music lovers. The event was much appreciated, creating good vibes from the gloom of an Enhanced Community Quarantine that has kept people home. It also took advantage of increased in-home food preparation and consumption to embed brand relevance and encourage bread utilization via digital video recipes like Kusina ni Gardee (Gardee's Kitchen) playlist of 145 video recipes on Facebook. In addition, region-specific efforts using integrated digital video campaigns with out-of-home advertising were implemented.

New products were added to an existing wide array of buns portfolio to further expand Filipino bread consumption and continuously promote healthy eating. Gardenia Philippines launched on-the-go *Gardenia Multigrain Soft Bun* and *Gardenia Pandesal*. Consumers commended the premium taste and nutritional value of *Gardenia Multigrain Soft Bun* and the soft and fluffy texture with a deliciously crusty taste of *Gardenia Pandesal* in a new tradition-breaking packaging format.

Gardenia Philippines' corporate social responsibility (CSR) programs and initiatives in 2020 focused on bread donations to crisis-affected poor communities and Covid-19 frontline workers in hospitals and security checkpoints, and other essential services workers.

Gardenia Philippines partnered with Philippine Red Cross, Armed Forces, media foundations, government agencies, charitable institutions, and private groups to facilitate the logistics and distribution of continuous bread donations. Outside of the pandemic, Gardenia Philippines provided immediate bread donations during calamities caused by typhoons and floods and emergencies like volcanic eruption and fire. Community outreach efforts, online healthy eating and wellness promotions in schools, offices, supermarkets and hospitals were also implemented.

Employee welfare, safety precautions and development programs were enhanced in response to the pandemic, which included protective devices, regular sanitization, health checks, additional allowances and financial assistance, transport services, medical, testing and quarantine programs, communication and social distancing innovations and practices, among others.

In 2020, the Mindanao plant, Nutrimax Fresh-Baked Inc. received its Halal Plant Accreditation from the Islamic Da'wah Council of the Philippines (IDCP), with all products obtaining Halal certification.

In the continuing effort to address the changing consumer behaviour and demanding taste preferences of different market segments, Gardenia Philippines will invest further in product innovation, augmented with strategic marketing campaigns and extensive market penetration and saturation programs. Consumers can expect more quality and nutritious products from Gardenia as it expands and diversifies its business to a total food company that aims to enhance the life of the Filipino community.

Gardenia Philippines currently operates five bakery plants – three in Luzon, one in Visayas (Cebu) and another one in Mindanao (Cagayan de Oro).

To celebrate World Bread Day and bring music and joy to people during the pandemic, Gardenia Philippines threw a free virtual concert for the public on Facebook Live. The `Laging Kasama' virtual concert featured popular local artists, singers and musicians.

Gardenia Philippines donated Gardenia Classic White Bread to the frontliners of Bayanihan Center in Bacolod City.

OPERATIONAL REVIEW
Bakery

AUSTRALIA

Bakers Maison Australia Pty Ltd (“Bakers Maison”)

White Sourdough

After a very strong start with a year-on-year sales growth of 13% in first quarter 2020, Bakers Maison’s main sales channel, foodservice distribution, was hit hard by government-imposed lockdown throughout the country. The closure of the hospitality sector and flight cancellations, both domestic and international, negatively affected the second quarter, resulting in 33% lower sales than the previous year. The second half of 2020, however, showed a strong recovery with more than 5% growth over the same period in 2019. This was achieved through a reactivation of the hospitality and foodservice channels, home delivery partners, contract manufacturing and retail sectors. Overall, sales in 2020 ended at similar levels to 2019 but with increased profitability.

Manufacturing costs had stabilized in 2020 with cost of ingredients largely steady through the year, though flour price has had a slight decline. After two years of sharp rise, utility price had reduced marginally to end up similar to 2019. Labour cost decreased by 3% and there was government job support assistance during the second quarter lockdown.

Rye Sourdough

Multigrain Sourdough

In 2020, Bakers Maison initiated a staff process improvement review to streamline production and increase output. A new Customer Relationship Management software was implemented. Besides automating work processes, this new software enables both sales team and management to obtain greater visibility over daily operations and potential sales opportunities.

With the lockdowns and social distancing measures, marketing activities were limited from March 2020 onwards. Notwithstanding, the sales team adopted social media networks and virtual meetings for reaching out to customers and maintaining brand presence in the market. These new practices have since become the new normal. An example is the number of internally produced videos published on social media networks which have received very positive responses from trade partners.

With increased hygiene concerns from consumers and demand for wrapped products, Bakers Maison successfully launched three new flavours in the Sourdough Loaf range of products. As this trend is expected to persist in the near future, additional *Bakers Maison* wrapped products are poised to be released in first quarter 2021.

OPERATIONAL REVIEW

Distribution and Warehousing

	FY2020	FY2019	Increase/(decrease)	
	$' millions	$' millions	$' millions	%
Revenue	124.0	112.3	11.7	10
Segment EBITDA	7.0	7.9	(0.9)	(11)
EBITDA margin (%)	5.6	7.1		

SINGAPORE

Ben Foods (S) Pte Ltd
NCS Cold Stores (S) Pte Ltd
QAF Fruits Cold Store Pte Ltd
("Ben Foods Group")

During the early part of 2020, certain parts of Ben Foods Group's business were adversely affected as Singapore imposed a lockdown in the economy. Food Service division, catering to airlines, hotels and restaurants, was most badly affected. However, Ben Foods Group was able to increase sales in its Retail division during this same period. There was a sharp spike in market demand caused by panic buying and increased home consumption with many working from home.

Ben Foods Group quickly repackaged products initially earmarked for Food Service division to cater to the heightened needs of the Retail division. Besides maximising its sales potential in the retail business, the quick response helped to reduce its Food Service division's inventories. Furthermore, some of the repackaged products have been given permanent listing in major supermarkets after enjoying brisk sales and they have successfully captured a strong customer base.

Ben Foods Group initiated aggressive promotions of its *Farmland* range of products in retail stores and over the media to further enhance the brand and sales. *Farmland* nuggets and chill sauce were given very positive ratings and sales had improved substantially. To further expand its *Cowhead* brand, new products like wholemeal and multi-grain croissants, Belgium waffles, pizza cheese toppings and shredded Parmesan cheese had been added to the stable. These new *Cowhead* products were introduced in both Singapore and regional markets.

Overall, these initiatives and ability to respond quickly to market opportunities had enabled the distribution business to achieve record annual sales, surpassing 2019's by 10%. Ben Foods Group will continue to remain prudent and actively develop new products and markets to become more resilient as 2021 is expected to be an extremely challenging year with the on-going pandemic. In addition, the political unrest in Myanmar that began in February 2021 will hinder Ben Foods Group's exports to the country, including long shelf-life bakery products that had started about a year ago. This development is presently not expected to have a material impact on the Group's performance in 2021.

With restrictions on land border crossings with Malaysia since March 2020 due to the pandemic, residents in Singapore are no longer able to enter Johor for groceries or dining. This has indirectly boosted the supply and storage of frozen foods in Singapore. Occupancy at its warehousing facilities remained high, above 90%, throughout 2020.

Ben Foods Group continues to support and contribute to welfare organisations, communities and schools by donating its proprietary branded products. During the year, Ben Foods Group supported NTUC's Gift from the Heart 2020 program, Anglican and Sonata Music school charity drives in Singapore. It also donated *Cowhead Croissants* to Covid-19 quarantine centres in Yangon, Myanmar for both patients and front-line workers.

OPERATIONAL REVIEW
Distribution and Warehousing

Products launched by Ben Foods in 2020.

OPERATIONAL REVIEW

Primary Production

	FY2020	FY2019	Increase/(decrease)	
	$' millions	$' millions	$' millions	%
Revenue	373.2	366.8	6.4	2
Segment EBITDA	35.9	26.6	9.3	35
EBITDA margin (%)	9.6	7.3		

AUSTRALIA

Rivalea Holdings Pty Limited
Rivalea (Australia) Pty Ltd
Diamond Valley Pork Pty Ltd
Oxdale Dairy Enterprise Pty Ltd
("Rivalea")

Rivalea's trading results returned to strong profitability, benefiting from lower wheat and barley prices, as the lagging effects of the 2018 severe drought subsided in 2020. Overall, a much-improved profit before tax of S$19.8m was achieved versus S$10.3m in 2019.

Despite the pandemic having a material adverse effect on pork sales to food service customers in Australia, Rivalea's overall business has performed positively. Market prices for commodity pork were considerably higher in the first two months of 2020 compared to that in 2019. However, pork markets were particularly weak nation-wide in May and June, and subsequently, Victorian markets in August and September. Fall in prices were due to lower demand resulting in excess livestock inventory because of the pandemic. At end of 2020, commodity pork prices recovered to about 7% above the average prices in 2019.

Although overall pork sales were flat, sales revenue for carcase and boned meat had increased by 15% and 7% respectively. The processing division saw significant increase in processing volumes during the year with processing revenues increasing 10%. However, sales for the external feed milling division fell by 19%, constrained by better pasture conditions which have increased the supply of alternative livestock feed for farmers.

Rivalea increased in profitability with all three business divisions (ie. farming, feed milling, and meat processing) recording growth in EBITDA for the year. Rivalea's performance improved in spite of Covid-19 challenges, a plant shutdown and lower commodity pork prices. Although revenue increased by 2%, EBITDA and profit before tax improved significantly. EBITDA uplift was driven by improved performance of the processing division, better margins across feed milling division and cost savings realized in pork division, in particular lower cost of grains for livestock feed. Commodity wheat and barley prices had fallen by 11% and 24% respectively in 2020 compared to 2019. Other costs including feed ingredients, meat supply for pork products, energy and freight were also reduced. These cost reductions were partially offset by increased cost for labour, repair works and insurance. The external stockfeed business remained positive and improved marginally compared with 2019. The processing division achieved an operating profit before tax of A$4.9m for 2020 (2019 A$4.4m).

Rivalea's commitment to safety remains a key management focus, with actions targeting enhanced safety measures in traffic management, working at heights and working in confined spaces. This strategy is highlighted by regular management communication to all staff. Rivalea has increased auditing of safety process and has emphasised reporting of incidents and identification of possible hazards.

Rivalea was honoured with the "Woolworths Sustainability Supplier of the year 2020" award, which recognized its wide ranging efforts towards sustainability.

Launched in 2019, *RiverView Farms* roast product remains well positioned and continues to be sold nationally through a major supermarket chain in 2020. Despite Covid-19 constraints on travel and working arrangements, Rivalea's product development and marketing teams continue to explore new opportunities in both domestic and export markets.

OPERATIONAL REVIEW

Primary Production

Trading conditions for Rivalea's pork production business for 2021 are expected to improve with higher expected sales volumes and carcass weights of pigs. In addition, the timely and widespread rainfall during winter growing season has resulted in strong harvest yields in 2020, which will reduce feed costs for 2021. The trading performance for processing division for 2021 is expected to improve with volume growth following the completion of various expansion works which had begun in 2019. In 2020, the division added a new offal collection area and increased the processing line volume capacity. Works in the slaughter line process is progressing well and expected to be completed in first quarter of 2021. Additional robots will be introduced into the slaughter process in the later part of the year to improve productivity and enhance safety workflow.

Rivalea has agreed to undertake works at its Bungowannah farming site to improve its environmental management practises. All necessary regulatory approvals have been obtained and works have commenced. In addition, plans for further expansion of our grain storage facilities are currently awaiting regulatory approvals. The grain storage capacity increase will allow greater flexibility in managing grain purchases and the cost of production for both our farming and feed milling divisions.

Launched in 2H 2020, the sale process of Rivalea is ongoing. The sale process, and preparation for it, had required significant efforts from Rivalea's management and staff during the year. The Covid-19 pandemic has added complexities to the sale process and ongoing operations. Nonetheless, Rivalea management has sought to ensure that the sale process has not materially disrupted ongoing business operations.

Rivalea's meat processing facility at Corowa, New South Wales.

QAF LIMITED
Sustainability Report 2020

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SUSTAINABILITY REPORT

ABOUT THIS REPORT

QAF Limited is pleased to present our fourth annual Sustainability Report which covers performance data and related information on our material economic, environmental, social and governance issues for the period 1 January 2020 to 31 December 2020.

Report Scope

This report covers the Group's Bakery businesses in Singapore, the Philippines and Australia under the *Gardenia* and *Bakers Maison* brands, and the Group's Primary Production business in Australia. We have also included some information relating to the Group's joint venture bakery operations in Malaysia, although not strictly part of the report scope.

Report Framework

We have prepared our report with reference to the Global Reporting Initiative's ("**GRI**") Standards 2016 and have applied the following aspects to determine relevant topics that define the report content and quality of information:

(a) GRI guiding principles for defining the content: Materiality, Stakeholder Engagement, Sustainability Context and Completeness

(b) GRI guiding principles for defining the quality: Balance, Clarity, Accuracy, Timeliness, Comparability and Reliability.

This report is also aligned with the reporting requirements of the Singapore Exchange Listing Rules 711A and 711B – Sustainability Reporting Guide.

Our last sustainability report was published in March 2020. We publish our sustainability reports annually and our reports for previous years are available on our website www.qaf.com.sg.

Feedback

If you wish to communicate feedback on our report, please send it to sustainability@qaf.com.sg.

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present our sustainability report for QAF Limited ("**QAF**" or the "**Company**"), which summarizes the Economic, Environmental, Social and Governance ("**EESG**") performance of QAF and its subsidiaries ("**Group**") for FY2020. In this report, we have shared highlights on how we have progressed and our focus going forward.

In 2015, United Nations member states adopted 17 Sustainable Development Goals ("**SDGs**"). To help better assess them, the SDGs are categorised into five dimensions: *Prosperity, Products & Process, Planet, People, and Peace & Partnerships* ("**5Ps**"). Last year, we aligned our sustainability initiatives with two of the SDGs – SDG 3 focusing on good health and well-being and SDG 12 on responsible consumption and production. This year, we intend to continue this commitment, and have prepared this report in alignment with the 5Ps.

Prosperity

Please refer to our economic performance at pages 123 to 130 of our FY2020 Annual Report.

Products and Process

Our business innovates to keep pace with market developments. We find new ways to create positive impact through our new products and make concerted efforts to improve the nutrition and quality of our products to meet ever changing consumer demands. We continue to upgrade our production facilities with hygiene, food safety, increased automation and, ultimately, improved quality in mind. These upgrades help minimise disruptions to our production and supply. During FY2020, we successfully developed various new *Gardenia* products such as *Little Bites Soft Buns*, which are high in calcium and vitamins, the new and improved *Gardenia Gourmet Selections* range, featuring nine products made with sourdough, *Gardenia Multigrain Soft Buns* and *Gardenia Pandesal*. To support the local community, Bakers Maison Australia sources over 90% of the ingredients used in its products locally. Also in FY2020, as part of its continuing efforts in the area of animal welfare, Rivalea completed a large Australian Research Council project in collaboration with other industry partners to improve pig welfare by understanding stress resilience in pigs. The results and practical experience gained through this research program is invaluable to the industry in enhancing the welfare of pigs.

Planet

We work towards having ecologically efficient operations. For example, we have taken steps to have positive environmental impact, and seek to enhance operational efficiencies to reduce our carbon footprint. Implementation of the Document Management System at Bakers Maison Australia has led to small but impactful environmental changes such as a paperless environment and decrease in energy consumption. Gardenia Singapore, being a signatory to the Singapore Packaging Agreement, seeks to reduce its packaging waste. In FY2020 it distributed larger reusable shopping bags in the *Gardenia* corporate colours to consumers for reuse during their grocery trips. Unsold and returned bread is recycled into animal feed. To reduce carbon footprint and drive renewable energy, the new extension to Bakers Maison Australia's production facility was installed in 2017 with about 1,000 sqm of solar panels. Rivalea was awarded the prestigious 2020 Australian Packaging Covenant Organization Industry Award in the Agriculture & Nurseries sector for its contribution to sustainable packaging in Australia. Rivalea was also awarded the Woolworths Sustainability Supplier of the Year 2020 for its high animal welfare standards and carbon reduction innovations. Upgrading of one of Rivalea's farms is being undertaken to improve its environmental impact by the installation of a state-of-the-art integrated biofilter system at the site. The biofilter system would enhance airflow and better manage emissions. To further strengthen its commitment to sustainability, Rivalea is now a member of REDcycle, an organisation that recycles soft plastics. Rivalea is committed to the kerbside recyclability of all thermoformed trays. It has also started to use the Australian Recycling Logo on all retail packaging.

People

We believe we are one of the largest Singapore-based regional employers, with more than 10,000 employees. The Group, including its joint venture, makes important economic and social contribution through provision of employment principally in Singapore, Philippines, Malaysia and Australia. In the Philippines and Malaysia, we have more than 4,000 employees each. For example, the Group's operations in Malaysia actively engages with community leaders and regularly holds recruitment campaigns amongst the communities surrounding its production facilities, with the aim of providing employment opportunities to the local community. Our business also supports many retailers and suppliers.

Like for many others, the Covid-19 pandemic has posed challenges and affected our operations. It has however also given rise to opportunities. As we are a major supplier of consumer staples in the region, demand for our products spiked, especially in the early stages of the pandemic when there was panic buying. Our employees worked hard to put loaves on the shelves in the face of new and constantly changing regulatory rules. Continuity of operations along with health and safety of our employees were, and remain, top priorities. Significant efforts were made to protect their safety and well-being, including the completion of the implementation of Rivalea's 3-year Workplace Health & Safety strategic "*Safety First*" plan. We are proud of the dedication and adaptability of our employees, some of whom demonstrated exceptional commitment and empathy with the general workforce, even voluntarily staying overnight at our Philippines plants to mitigate disruptions during the lockdown, both as to production and the task of distribution. Owing to travel restrictions arising from the pandemic, many of Gardenia Singapore staff from Malaysia chose to stay in Singapore. Gardenia Singapore provided them accommodation and daily transport. To help reduce the financial burden faced by employees during the pandemic, hardship allowance was extended to Gardenia Singapore employees. The learning opportunities for our staff should enable us to enhance our resilience, competitive edge and market leadership. Some information on the Group's response to the pandemic is provided on page 41 under "*Managing Business Continuity through Covid-19*".

Peace and Partnerships

We have extended financial and non-financial help and support during the Covid-19 pandemic to meet the needs of the community, including contributions to local communities where our plants operate. Tapping on our extensive and efficient distribution network, we pushed hard to minimise supply disruptions so that our products could continue to reach consumers, including those in outlying islands and more rural areas. Examples of response initiatives included delivery of loaves to the community, cash donations to the underprivileged, action taken to show appreciation of frontline workers and collaboration with suppliers to convert flour donations to loaves for distribution in communities. Gardenia Malaysia took early action, distributing in the initial stages of the pandemic bread loaves and hygienically-packed servings of mee goreng made with *Gardenia NuMee* noodles to frontline workers at hospitals and policemen at roadblocks. Cash donations were made to the needy in the Bukit Kemuning community, where two of Gardenia Malaysia's bakery operations are located. To help those affected by the pandemic, Gardenia Singapore made cash and bread donations to various charities as well as to migrant workers, and launched two branding campaigns, "*I Love Bread*" and "*Spread the Love*", to educate consumers on the importance of dietary fibre and complex carbohydrates in their diet. In Australia, Rivalea undertook joint initiatives with its business partners to provide social support for communities in need, along with support for cancer treatment and research. Gardenia Philippines also supported frontline workers in hospitals and clinics and mega-swabbing facilities, at security checkpoints, and workers from essential services with donations of *Gardenia* products. In Singapore and the Philippines, our plants have been kept "accessible" to the public through virtual plant tours. Aside from the pandemic, in FY2020 we extended support to victims of natural disasters such as fires, typhoons and floods. Gardenia Philippines distributed close to 50,000 loaves of bread to victims of the Taal volcanic eruption. In response to the devastating aftermath of Super Typhoons Rolly and Ulysses, approximately 53,000 loaves of bread were donated to the hardest hit communities.

SUSTAINABILITY REPORT

In Malaysia, in addition to winning the "*Putra Brand Platinum Award (Foodstuff Category)*" for the eleventh time, *Gardenia* was selected by consumers to win the coveted and prestigious "*Putra Brand of the Year*" award, a testament to our focus on placing customers first and our efforts in maintaining *Gardenia's* presence in the market amidst headwinds posed by the pandemic.

We collaborated with an independent sustainability consultant to refresh our materiality assessment in FY2020, using a structured process to prioritize EESG factors that we consider have the greatest impact on our performance. The Board is committed to overseeing the management and monitoring of EESG issues. Based on the materiality assessment, additional factors such as occupational health and safety, resource management and climate change were determined to be material.

We wish to thank all who have been with us during our sustainability journey. We look forward to your continued partnership and support. Please refer to pages 47 to 81 for our sustainability progress across the 5Ps during the year.

The Board of Directors
QAF Limited

Gardenia Singapore's range of 15 wholemeal and multi-grain products carry the Health Promotion Board's "Healthier Choice Symbol" to help consumers make healthier food choices during grocery shopping.

QAF – AT A GLANCE

QAF is a leading multi-industry food company and has extensive food-related operations and/or distribution networks across the Asia Pacific region, including Singapore, Malaysia, the Philippines, Australia, Myanmar, Thailand, Cambodia, Hong Kong, Taiwan, Macau, Brunei, Indonesia, Vietnam, Laos and the Pacific Islands. The Group, together with our joint venture in Malaysia, currently employs over 10,000 employees. We are listed on the Singapore Exchange Securities Trading Limited.

Our Vision

We are committed to enhancing shareholder value by pursuing a strategy of long-term sustainable growth and value creation. In this respect, we engage with the communities in which we operate and seek to, amongst others, strengthen our market position and brand equity and expand the operations of our core businesses and distribution networks.

Our Brands

Gardenia

Gardenia is the leading packaged bread brand in Singapore, the Philippines and Malaysia. The brand is commonly associated with qualities such as good taste, freshness, nutritional value, trust and reliability. All these are crucial to the brand's continued success in the competitive packaged bread industry.

Bakers Maison

Bakers Maison Australia is a French-style bread specialist manufacturer in Australia that produces par and full-baked frozen bread, pastries and sweets. *Bakers Maison* products are sold to the foodservice sector across Australia. Most *Bakers Maison* products contain no added fat, no preservatives, no added sugar or artificial flavours, and use only natural ingredients (some of which may be imported). A number of *Bakers Maison* products have been endorsed as gluten-free by Coeliac Australia since 2018.

Rivalea

Rivalea is one of Australia's leading vertically integrated industrial pork companies. Rivalea group's notable brands include *Family Chef, Murray Valley Pork, St Bernard's Free Range and Riverview Farms*. Rivalea also produces and markets stockfeed under established brands such as *Optimilk*, *Veanavite*, *Slingshot*, *Grolean*, *Nutrimax* and *Eggstra*.

Singapore's No.1 BUN BREAD BRAND
NIELSEN SINGAPORE MAT JULY 2019 – JUNE 2020

Singapore's No.1 WHITE BREAD BRAND
NielsenIQ SG Jan – Dec 2020

Singapore's No.1 WHOLEMEAL BREAD BRAND
NielsenIQ SG Jan – Dec 2020

Singapore's No.1 FLAVOURED BREAD BRAND
NielsenIQ SG Jan – Dec 2020

SUSTAINABILITY REPORT

1

In 2H2020, Gardenia Singapore was presented with a commemorative plaque signed by Dr Ng Eng Hen, Minister for Defence, in appreciation of its contribution to NDP2020 through its sponsorship of approximately 15,000 *Gardenia Cream Rolls* to parade participants at the National Day Parade 2020 rehearsals.

2

QAF employees participated in the National Steps Challenge: Corporate Challenge 2020 organised by the Singapore Health Promotion Board ("**HPB**") to encourage the workforce to be more active and walk more. QAF was awarded a Platinum supporter award (for workforce size less than 200) for its participation.

3

Gardenia Singapore continued to lead the market in the packaged bread industry by securing No. 1 status in four categories, namely, "*Bun Bread*" for the period July 2019 to June 2020, and "*White Bread*", "*Wholemeal Bread*" and "*Flavoured Bread*" for the period January to December 2020.

4

Gardenia Singapore was awarded NTUC FairPrice's "*Top Business Partner Award*" and "*Top Brand Excellence Award*", respectively, for exceptional sales results with remarkable sales growth and consistent quality assurance and brand philosophy. Other factors included contribution to top category sales, significant market share progression, providing strong partnership support and having a high level of customer centricity.

5

On World Diabetes Day, Gardenia Singapore was presented with a "*Friends of Diabetes Singapore*" plaque in recognition of its commitment in the war on diabetes in Singapore.

6

Gardenia Singapore holds Grade A status for 26 consecutive years under the Singapore Food Agency's Food Establishment Licensing Scheme which covers food hygiene and safety standards.

7

Rivalea was awarded the prestigious 2020 Australian Packaging Covenant Organization ("**APCO**") Industry Award in the Agriculture & Nurseries sector for its contribution to packaging sustainability in Australia. The award is given to the highest performing APCO member in each major industry sector and celebrates the Australian industry's commitment to building a circular economy approach to packaging in Australia.

8

Rivalea was named "*Woolworths' Sustainability Supplier of the Year*" for its high animal welfare standards and impressive carbon reduction innovations through its methane capture program. Rivalea has partnered with Woolworths for over 30 years and the award recognises excellence in suppliers who deliver high quality food and everyday needs to its customers.

9

In Malaysia, in 2020, in addition to winning the "*Putra Brand Platinum Award (Foodstuff Category)*" for the eleventh time, our *Gardenia* brand won the prestigious "*Putra Brand of the Year*" in recognition of its excellence in brand communication, product innovation and corporate social responsibility activities. Since the Putra Brand Awards started in 2011, *Gardenia* has won gold and platinum awards. Attaining both awards is a strong reflection of the credibility of our brand. Also known as the People's Choice Awards, brands are picked by consumers via a robust survey.

MANAGING BUSINESS CONTINUITY THROUGH COVID-19

The Covid-19 pandemic has affected all aspects of our daily lives: workplaces, social interactions, family life, communities and businesses. The Group's *Gardenia* Bakery business and Primary Production business have however to-date managed to mitigate these challenges.

Alignment of business with social needs

The implementation of various forms of lockdowns by governments in Singapore, Malaysia and the Philippines led to an unexpected upsurge in demand for consumer staples, including bread offered by the Group. To meet the sudden surge in the needs of the community, bakery production facilities of the Group and its joint venture in Malaysia increased production and adapted its product mix to focus on production of white and wholemeal bread, which were in high demand during the lockdowns. To allay fears of food shortage and dissuade panic buying, consumers were reassured on social media that adequate quantities of fresh bread would be available daily. To meet the increased demand of our products, alternative and additional sources of raw materials were sourced and additional warehouse space for the storage of raw materials was secured within a very short period of time.

The lockdowns, which implemented various movement restrictions, also led to manpower shortages as workers were unable to travel to some of the Group's production facilities. In response, staff housing and stay-in facilities were provided to some employees whilst others were provided with free temporary accommodation in hotels. Subsidies were also provided to workers who preferred to find their own accommodation. In some cases, additional temporary workers were hired from individuals who were displaced from other industries. To reward employees for their hard work during the pandemic, various hardship allowances were paid to employees in FY2020.

As the Group is not immune to disruptions arising from the pandemic, various contingency plans were put in place to mitigate the adverse impact of the pandemic. This enabled the Group to reduce the risk of any material disruptions to the availability of manpower and the supply of our products to the community.

Keeping safety and people a priority

The safety and well-being of our employees is of utmost importance. Following the outbreak of the Covid-19 pandemic, the Group implemented mandatory health and safety protocols issued by various government agencies. These protocols are regularly updated with the latest relevant public health advisories and restrictions and are communicated to employees; advisories from the Singapore authorities were shared with the overseas units. Examples of safety and precautionary measures include telecommuting where possible, the appointment of Safe Management Officers at workplaces, the wearing of masks at work, team segregation and staggered working hours, provision of disinfectants, safe distancing measures and installation of physical barriers and partitions to allow for physical distancing at workplaces. In the early stages of the pandemic, the business units received internal advisories from the Singapore head office to stock up on safety equipment such as personal protective equipment, thermometers and disinfectants. In 1Q2020, face masks were sent to our business units in Australia as they faced a shortage.

Social responsibility during Covid-19

The Group remains committed to its corporate social responsibility and continues to give back to the community. Recognising that the pandemic has significantly impacted livelihoods, we have actively contributed to the social and economic development of the communities in which we operate in various ways, financially and non-financially.

To read more about our initiatives for communities and societal contribution during the Covid-19 pandemic, refer to Peace and Partnerships on pages 73 to 81.

To encourage Singaporeans to do their part to reduce the spread of Covid-19, Gardenia Singapore launched a series of social media posts to remind the public to remain vigilant and to adopt good personal hygiene practices such as washing their hands frequently.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder engagement

Stakeholder engagement is aimed at ensuring that our approach towards sustainable growth is relevant and effective. We maintain close contact with our key stakeholders while partnering with international organisations, government bodies and NGOs, to understand relevant pressing concerns of the industry.

The primary objective of stakeholder engagement process is to attain a better understanding on their perspectives on key issues and building strong relationships.

Key Stakeholders	Key Topics and Concerns	Engagement Methods	Frequency of Engagement
Employees	• Career progression/ development	• Training and career development initiatives	• Periodically during the year
	• Compensation and other Benefits	• Health and wellness related initiatives • Discussion of performance and achievements	• Quarterly "*Wellness Week*" event at Gardenia Philippines • Annual 'R U OK Rivalea' Week • Annual performance reviews are held
		• Social and team building activities	• Periodically during the year
		• Engagement with applicable trade unions	• As and when required
	• Sustainability Reporting	• Materiality reviews	• Annually
Shareholders	• Business and financial performance, strategy and outlook	• Release of financial results and other announcements and other relevant disclosures through SGXNet and QAF's website • Publish Annual Report • Annual General Meeting • Extraordinary General Meeting(s), where necessary	• Half-yearly results announcements • An Annual General Meeting is held once a year • Extraordinary General Meetings are held as and when required
		• Responding to questions raised through channel provided (info@qaf.com.sg)	• Ongoing as and when relevant questions/concerns are raised
Customers	• Quality of products	• Participation in in-store promotions and interactive roadshows held in conjunction with health promotion campaigns or initiatives • Customer satisfaction surveys	• Periodically during the year • Quarterly
	• Nutritional content of products • Use of trans-fat free and non-GMO products • Availability/accessibility of products	• Advertisements, and marketing and sales promotion activities • Interaction between brands and customers via websites and social media platforms • Customer surveys	• Regular interaction throughout the year

Key Stakeholders	Key Topics and Concerns	Engagement Methods	Frequency of Engagement
	• Customer and business partner relationships	• Bakers Maison Australia conducts business reviews and updates with key customers	• Periodically during the year
	• Consumer and community ethical concerns, market insight, market conditions, company development	• Rivalea interacts with customers via formal and informal meetings and presentations	• Periodically during the year
Suppliers and Business Partners	• Supplier and business partner relationships • Quality of materials supplied • On-time delivery of products	• Supplier meetings • Regular audits of production facilities	• Periodically during the year
Government and Regulators	• Compliance with relevant rules and regulations	• Routine and ongoing communication and collaboration • Compliance with mandatory reporting requirements	• As and when required
	• Submissions regarding policy impact and changes in laws affecting Rivalea's business activities	• Representations to government departments	• As and when required
Local Communities	• Promote healthier lifestyles and raise awareness for food nutrition	• Participation in on-site events and interactive roadshows held in conjunction with health promotion campaigns or initiatives • School health outreach activities • Educational tours of bread production facilities • Gardenia Philippines' "*Corporate Wellness Movement*" and "*Supermarket Wellness Camp*" programs and Hospital Activations	• Periodically during the year
	• Help improve the livelihoods and living quality of the local community	• Activities to support various philanthropic, community and charitable causes • Rivalea's employee community volunteering program	• Periodically during the year

SUSTAINABILITY REPORT

Key Stakeholders	Key Topics and Concerns	Engagement Methods	Frequency of Engagement
Industry Bodies	• Short and long-term interests of the industry body groups	• Co-operation and/or collaboration with industry bodies and industry distribution channels such as Australian Pork Limited	• Periodically during the year
Animal welfare Groups	• Ethical treatment of animals	• Work with recognised animal welfare groups such as the Animal Welfare Science Centre to determine animal welfare program research strategies and direction	• Periodically during the year

Memberships and Associations

The Group has memberships and involvement in industry organisations to participate in and contribute to the food industry. Some of our memberships and involvements which were added in the reporting year are mentioned below:

- Federation of Malaysian Manufacturers
- Australian Packaging Covenant Organisation
- REDcycle membership

For detailed list of Memberships and Associations please visit our QAF Sustainability Report 2019.

Materiality Determination Process

The assessment of material topics is an ongoing process which helps the Group determine the topics depending on how critical they are to the business to create value. A formal materiality assessment was conducted by us to identify and prioritise the material ESG risks and opportunities in 2020. An independent sustainability consultant was engaged to facilitate a three-step process as summarised in the table below. The materiality assessment was guided by the GRI Materiality Principle.

Selection of topics	• Topics of concern in food industry • Understanding best practices to determine the common issues across the businesses (Gardenia, Bakers Maison Australia, Rivalea) • Sustainability topics disclosed by peers • Identification of topics based on risks and opportunities at an organisational level • Sustainability topics identified in reporting frameworks i.e. Global Reporting Initiative, Sustainability Accounting Standards Board (SASB)[1]
Assessment of topics	• Material topics were rated on a scale of 1-5 by internal stakeholders through a survey, based on the significance of the economic, environmental and social impact and substantive influence on the assessments and decisions of the stakeholders
Prioritization of topics	• Validation and interaction with senior management and representatives in the organisation • Validation of the materiality matrix

1 SASB standards enable businesses around the world to identify, manage and communicate financially material sustainability information to their investors.

Material Mapping and Topic Boundary

The material topics have been organised to depict how the eight EESG topics are relevant to each of the businesses which form part of our report scope. The table below shows relevance of the prioritised material topics to the respective stakeholders and businesses along with references to the GRI Standards:

Alignment with 5Ps	**Material Topic**	**Materiality to QAF**	**GRI Material Topic**	**Stakeholder/s**	**Business**	
					Bakery	**Primary Production**
Prosperity	Governance and ethics	Our governance structure, ethics and integrity, anti-corruption policies and procedures, compliance against laws and regulations	GRI 205-3: Confirmed incidents of corruption and actions taken	• Employees • Shareholders • Government and Regulators	✓	✓
	Economic Sustainability	Our financial performance, and economic value generated and distributed		• Shareholders • Employees	✓	✓
Products and Processes	Promoting healthy eating and lifestyles[2]	Catering to customers' varying nutritional needs and tastes, spreading the benefits of a healthy diet and lifestyle		• Customers	✓	
	Product responsibility	Product safety, hygiene and nutritional value		• Customers • Government and Regulators	✓	✓
	Animal welfare	Our commitment to the respectful and humane treatment of animals throughout their life cycle		• Animal Welfare Groups • Customers		✓
Planet	Resource management	Going beyond environmental compliance and run environmentally sustainable operations	GRI 306-1: Water discharge by quality and destination	• Shareholders, Suppliers and Business Partners • Government and Regulators	✓	✓

2 Only applicable for Bakery business (Gardenia Singapore and Philippines).

SUSTAINABILITY REPORT

Alignment with 5Ps	Material Topic	Materiality to QAF	GRI Material Topic	Stakeholder/s	Business: Bakery	Business: Primary Production
People 	Our People 	Creating safe working environments and investing in developing skills and capabilities of our workforce	Disclosure 403-5: Worker training on occupational health and safety	• Employees	✓	✓
Peace and Partnerships 	Enriching communities[3] 	Contributing our resources towards the welfare of the less fortunate and fostering strong ties within the communities in which we operate		• Local Communities	✓	✓

Gardenia's Jumbo 600g loaves such as the Gardenia Jumbo 600 Enriched White Bread and the Gardenia Jumbo 600 Super Soft Wholemeal White Bread provide consumers with more slices of bread at better value. The bigger loaves are especially suitable for bigger families.

As Singapore's No.1 Wholemeal Bread Brand, Gardenia cares for the health of Singaporeans and actively educates consumers about the importance of including wholegrains in their daily diets.

3 Non-material EESG topic.

APPROACH TOWARDS SUSTAINABLE GROWTH – THE 5Ps

We have aligned our focus areas with the global outlook, adopting Sustainable Development Goals (SDGs) which are relevant and current with international objectives for sustainability.

The SDGs are a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The SDGs represent an opportunity for sustainable business growth, promoting new opportunities and partnerships while contributing to societal development and environmental protection. In FY2019, QAF identified two priority SDGs for which we believe there exist opportunities for us to make positive impact through our business practices, products and community programs.

We seek to embed the SDGs into our business planning and activities, with a focus on those SDGs that have greater relevance to our business. Our approach and activities to support the SDGs are summarised below:

3 GOOD HEALTH AND WELL-BEING

Goal 3: Good Health and Well Being

Ensure healthy lives and promote well-being for all at all ages

Why it matters?

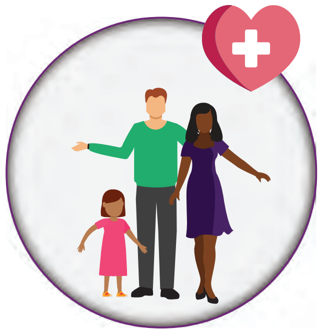
Global commitment to universal health coverage is an opportunity to integrate nutrition carefully into health systems as stated in the Global Nutrition Report. Through some of our brands, we have created a portfolio of healthy products and continually seek to enhance their nutritional profile. Beyond products, we also work with partners to promote healthy and active lifestyles.

SUSTAINABILITY REPORT

Our Contribution

Consumer Health and Well-being

- Gardenia Singapore actively encourages consumption of products with more fibre and less sugar in one's daily diet through its product range of wholemeal and multi-grain and low in sugar bread and buns.
- Gardenia Singapore collaborated with Minmed Group to showcase different recipes made with its wholemeal and multi-grain loaves on Facebook Live.
- Gardenia Singapore collaborated with its long-term corporate partner, the Singapore Heart Foundation, to promote the importance of good heart health in support of World Heart Day and National Heart Week. On World Diabetes Day, Gardenia Singapore encouraged consumers to lead a healthier lifestyle and promoted the benefits of Low GI bread.
- Gardenia Philippines conducted "*Corporate Wellness Movement*" programs for government and BPO employees and "*Supermarket Wellness Camps*" for market shoppers and hospital activations for doctors, patients and hospital visitors.



- Gardenia Philippines collaborated with the Philippine Red Cross and the Department of Education in a nutrition and sanitation campaign to promote proper hand washing and healthy eating habits to schoolchildren.
- Gardenia Philippines' '*School Nutri-Tour*' program benefitted approximately 29,800 schoolchildren from 77 schools in the Philippines. '*School Nutri-Tour*' is a health and wellness program that focuses on nutrition education, sandwich recipe demonstration, entertainment activities and bread sampling.
- Most *Bakers Maison* products do not contain added fat, preservatives, sugar or artificial flavours and selected products are high in fibre and gluten free.

Employee Health and Well-being

- QAF employees were encouraged to be more physically active and participate in the "*National Steps Challenge: Corporate Challenge 2020*", a 4-month long walking challenge.w
- Bakers Maison Australia encouraged employees to participate in "*The March Charge*", an individual month-long step-tracking challenge.
- Employees of Bakers Maison Australia and Rivalea are provided with free influenza vaccinations.
- Rivalea completed the implementation of its 3-year comprehensive Workplace Health & Safety strategic "*Safety First*" plan.

- Provision of mental health support to Rivalea employees and their families through the annual '*R U OK Rivalea?*' program in partnership with the Amaranth Foundation.

Read more on the following pages of this report for contributions through the Group's Bakery and Primary Production businesses.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns

Why it matters?

Asia Pacific region plays a central role in global value chains with large opportunities for resource-efficient production practices as per the UNESCAP report. The region has regressed on its sustainable consumption and production pathway and urgently needs to renew its efforts. The rising constraints in the availability of natural resources and access to energy is a serious challenge. Responsible use of resources is centric to sustainable business practices.

Our Contribution

Transformation in business practices such as procurement, energy management and disposal help in improved resource efficiency. At QAF, we have undertaken multiple initiatives towards responsible consumption and production through the following areas:

Energy management

We seek to manage and reduce our energy consumption where practicable.

- To promote energy efficiency, Gardenia Singapore installed LED lights at both its plants, its corporate office and warehouse which resulted in combined savings of approximately $13,000 for 2020.
- At Bakers Maison Australia, the 2,100 sqm of solar panels on the rooftops of its production facility are 'green rated' and generate over 15% of its electricity requirements.
- Our Primary Production business has three biogas collection facilities that capture and burn methane generated from its farming operations to produce electricity. Rivalea also supplies Australian Carbon Credits under contract to the Australian government through the Commonwealth Emissions Reduction Fund.

Waste management

- Gardenia Singapore and Rivalea are signatories to the Singapore Packaging Agreement and the Australian Packaging Covenant, respectively, and aim to reduce packaging wastes through product packaging development. Rivalea is a member of REDcycle for soft plastic recycling.
- In 4Q2020, Rivalea was awarded the prestigious 2020 APCO Industry Award in the Agriculture & Nurseries sector for its contribution to packaging sustainability in Australia. Through product innovation, Rivalea's packaging was optimized for minimum material use while maintaining industry safety standards. It was also awarded the *Woolworths Sustainability Supplier of the Year 2020* for its high animal welfare standards and carbon reduction innovations.

SUSTAINABILITY REPORT

- Bakers Maison Australia rolled out a food waste reduction and composting system with an aim to reuse waste and reduce its carbon footprint.

Sustainable sourcing

- We strive to source responsibly through our supply chain, for example, assessing suppliers' business practices and preferring locally produced raw materials, where applicable.

- Gardenia Singapore uses sustainable palm oil from a source that practices a policy of "No Deforestation, No Development on Peat and No Exploitation of People and Local Communities" for selected bakery products.
- In Australia, Bakers Maison primarily sources local Australian raw materials.

Read more on the following pages of this report for contributions through the Group's Bakery business and Primary Production business.

Gardenia Singapore's "Spread the Love" campaign was launched to spread positivity, gratitude and warmth to people in all parts of Singapore during the difficult and uncertain period of the Covid-19 pandemic.

PROSPERITY

We aspire to the Group being resilient to material external challenges and our vision guides us in considering or developing opportunities for a sustainable future.

Material Topics*	FY2020 Achievements	Target 2021
Governance and Ethics	Zero confirmed incidents of corruption based on internal audits conducted	Continue to maintain zero confirmed incidents of corruption

* For Economic Sustainability, please refer to the section entitled "*Prosperity*" on page 36 of this report.

GOVERNANCE AND ETHICS

Our corporate governance is guided by the Singapore Code of Corporate Governance. More information can be found in our Corporate Governance Report on pages 83 to 112 of our FY2020 Annual Report.

In 2020, QAF maintained its place in the Singapore Exchange's Fast Track list for continuing to uphold high corporate governance standards and for maintaining a good compliance track record. Fast Track companies can expect prioritised clearance for corporate action submissions to the regulator, such as for circulars and requests for waivers from relevant listing rules.

Ensuring strong Sustainability Governance

The Company's Audit and Risk Committee ("**ARC**") is responsible for overseeing and making recommendations to the Board on sustainability matters. The ARC is also responsible for approving the material EESG factors identified. The Group has appointed an external consultant to advise it on this report. The ARC is supported by the Sustainability Working Group that consists of executives of the Company who work with employees from the relevant business units.

Anti-Corruption

The Group adopted the Code of Business Conduct which emphasises commitment to conduct business with integrity and good ethical standards, in compliance with applicable anti-bribery and anti-corruption laws. Corrupt practices could subject the Group and individuals concerned to criminal and civil liabilities and negatively impact the Group's reputation and the confidence of material stakeholders. In addition to the Code of Business Conduct, some of our Group members have implemented policies specific to their operations and jurisdictions.

The Group has put in place a Whistleblowing Policy that provides an avenue for its employees and officers to raise, in confidence, any concerns about actual or suspected improprieties on financial reporting, corruption, bribery, fraud and other matters, directly to the Chairman of the ARC.

SUSTAINABILITY REPORT

Gardenia

In Singapore, employees are required to maintain high standards of integrity and to adhere to the company's Employee Code of Conduct, which covers, *inter alia*, proper conduct and behaviour and food hygiene. New employees are informed of the Employee Code of Conduct including the Group's code of business ethics, which covers anti-corruption, and are required to confirm they understand them when they join the company.

In the Philippines, Gardenia established an Employee Code of Conduct that sets out expectations in relation to issues such as fraud and bribery. To monitor compliance, spot audits are carried out on departments within the company. Gardenia is also a signatory to the Philippine Integrity Initiative program for the promotion of common ethical and acceptable integrity standards in the business community. Its suppliers are required to sign commitments adhering to the company's integrity initiative.

Bakers Maison

Bakers Maison Australia is committed to maintaining high level of integrity and ethical standards in its business practices. It has put in place an Ethics Code, an Anti-Corruption and Fraud Policy and Code of Conduct Policy. Its anti-corruption and fraud policy are applicable to all employees and contractors of the Company. Bakers Maison Australia also conducted a training needs analysis where appropriate employees were selected to be trained on the importance of compliance with the policy.

Existing practices are reviewed against department policies annually. For new staff, these are raised at the one-month, three-month and six-month marks during probationary review meetings.

Bakers Maison Australia does not employ young people under the age of eighteen and will only deal with suppliers and their sub-suppliers who uphold the same values and have fair working conditions in safe and hazard-free working environments. To achieve accreditation and compliance with its stringent customer standards, Bakers Maison Australia has established a formal framework for the handling and management of any suspected violation of child labour laws by any supplier or sub-supplier.

Rivalea

Rivalea has a strong commitment to ethical business practices and operates an Ethical Sourcing Policy with the objective of ensuring that its labour, health, safety and environmental practices are all in accordance with regulations. In 2019, Rivalea adopted the Group's Code of Business Ethics policy and a whistle-blower policy compliant with Australian legislation. Rivalea also has a Privacy Policy.

Water storage dams at Rivalea's Corowa site in New South Wales.

PRODUCTS AND PROCESS

We are committed to providing high quality, safe and nutritious food to the diverse communities which we serve through innovation, R&D, compliance and community outreach. Our people and best practice systems at Rivalea deliver high standards in "caring for every animal, every day".

Material Topics	FY2020 Achievements	Target 2021
Product responsibility (Producing safe and high-quality products)	Total production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards. 1. Gardenia: 65%* 2. Bakers Maison Australia: 100% 3. Rivalea: 100% *The percentage for Gardenia was 65% compared to 67% in 2019 as the production volumes in Gardenia Philippines' two new bakery plants at Mindanao and North Luzon (which, in FY2020, were not yet HACCP and ISO certified) increased. The North Luzon plant was certified earlier in 2021 and the Mindanao plant is targeted to be HACCP and ISO certified in 2H2021. Please see the write-up for the Philippines in the section "Product Responsibility" on page 54 of this report.	For the Group's Bakery and Primary Production business, to maintain the FY2020 percentage of total production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.
Promoting healthy eating and lifestyles[4]	1. To meet consumers' demand for healthier products, Gardenia Singapore launched the *Gardenia Little Bites Soft Buns* which are high in calcium and vitamins and relaunched its *Country Loaf* range as '*Gardenia Gourmet Selections*', baked with sourdough made from natural starter culture containing Lactobacteria. 2. Gardenia Philippines launched the *Gardenia Multigrain Soft Bun* with 6 types of grains and is high in Vitamin B1 and *Gardenia Pandesal* which is high in Folate and Vitamin A. 3. Gardenia Singapore conducted numerous in-store and online promotions for its healthier choice of wholemeal and multi-grain products. 4. Gardenia Philippines conducted free educational tours of its factories until the first quarter of 2020 due to the Covid-19 pandemic.	1. Gardenia Singapore aims to sustain its leadership position in the wholemeal bread segment by developing more variants of healthier choice products and promoting the health benefits of its range of wholemeal and multi-grain products to consumers. 2. Gardenia Philippines will continue to produce more innovative and healthier product offerings for different target markets.

4 Only applicable for Bakery business (Gardenia Singapore and Philippines).

SUSTAINABILITY REPORT

Material Topics	FY2020 Achievements	Target 2021
Animal welfare[5]	For the Group's Primary Production business under Rivalea, zero incidents of significant non-compliance with Australian laws and regulations related to transportation, handling and slaughtering practices for live terrestrial animals.	Rivalea intends to maintain zero incidents of significant non-compliance with Australian laws and regulations related to transportation, handling and slaughtering practices for live terrestrial animals.

PRODUCT RESPONSIBILITY

Our commitment to food safety and quality

Gardenia

Gardenia is committed to producing food that is consistently high in quality, nutritious and meets the requirements of all applicable food safety standards. The Group maintains a stringent set of standard operating procedures with the aim of ensuring that products and production processes are safe, hygienic and compliant with the relevant regulations and quality standards.

Singapore

Our bakery operations in Singapore comply with Good Manufacturing Practice ("**GMP**") hazard management procedures so that our products are produced consistently and controlled according to quality standards. They also fulfil the stringent requirements of the Hazard Analysis and Critical Control Point ("**HACCP**") certification, an internationally recognised food safety management system.

Gardenia Singapore continues to hold Grade A status for the 26th consecutive year under the SFA Food Establishment Licensing Scheme which covers food hygiene and safety standards. It is accredited with BizSAFE Level 4 by the Workplace Safety and Health Council and attained ISO 22000:2018 in October 2020. Gardenia Singapore adheres to Singapore Food Agency legislation with the implementation of comprehensive programs with food safety and quality control foremost in mind. It has mechanisms within its sourcing practices to only source from suppliers that meet its stringent supplier screening requirements. Gardenia engages with about 200 suppliers both locally and internationally.

The Group's bakery plant in Johor upgraded its food safety management system to FSSC 22000 v.5 in November 2020. FSSC 22000 is based on existing ISO standards and consists of ISO 22000:2018, ISO TS/22002-1:2009 and additional FSSC 22000 requirements (version 5). The plant has also attained Halal certification for all its products. Its compliance with stringent plant hygiene standards was recognised by the City Council of Iskandar Puteri with a silver medal award for the Cleanest Food Premise 2019 under the food processing plant category in 2019.

Philippines

Gardenia Philippines has maintained its HACCP and ISO certifications since 2003. The Gardenia plant at Laguna was upgraded to ISO 9001:2015 Quality Management System in 2018. It has also obtained Halal Plant Accreditation from the Islamic Da'wah Council of the Philippines (IDCP). A number of Gardenia Philippines' products have also obtained Halal certification. In 2020, the Gardenia plant at Mindanao was granted Halal Accreditation by the Islamic Da'wah Council of the Philippines ("**IDCP**"). All products produced in the Mindanao plant were also given Halal Certification by the IDCP Halal Certification and Accreditation Authority. All the Philippines operations comply with strict GMP procedures to ensure that products are manufactured with consistency and meet high quality standards.

Internal Quality Audits are performed regularly for compliance with quality management systems, food safety and Halal standards. With a view to ensuring quality consistency, Gardenia Philippines has also established stringent procedures for its supplier accreditation process. As part of this supplier accreditation process, it conducts supplier audits and site visits to check that suppliers are compliant with the company's requirements, product specifications and standards. There were no significant findings during the supplier audits conducted in 2020. Environmental and product microbial analyses are conducted by external laboratories accredited by the Food and Drug Administration of the Philippines.

5 Only applicable for Primary Production business.

Malaysia

The Group's joint-venture operations in Malaysia are HACCP-certified by the Ministry of Health of Malaysia. Gardenia Malaysia is in the process of upgrading its Food Management System to ISO22000:2018. All Gardenia Malaysia's production plants and products have received Halal certification from the Department of Islamic Development Malaysia ("**JAKIM**") and are included in JAKIM's White List, a list which recognises companies that are committed to the requirements of halal certification in Malaysia.

Bakers Maison Australia

Bakers Maison Australia is committed to delivering safe and high-quality products and has attained both HACCP certification and Safe Quality Food ("**SQF**") Version 8 certification, the highest available level. Its operations also apply the GMP hazard management procedures. Bakers Maison Australia has obtained Halal certification for most of its products from the Australian Federation of Islamic Councils Incorporated, Australia's National Islamic Organisation.

Through its Quality Assurance Team, Bakers Maison Australia practices stringent internal quality control checks and regular product checks to maintain high standards. The company also undergoes annual audits by the certifying bodies of SQF and HACCP, and by key customers.

Rivalea

Rivalea possesses certifications such as SQF Food Safety Code for Manufacturing, Australian Livestock Animal Welfare Certification, Australian Pork Industry Quality Assurance Program, HACCP and GMP certification under the Australian Government approved arrangement and FeedSafe accreditations. Rivalea is also accredited by many of Australia's leading supermarket chains. It supports high quality standards and its food processing plants operate under Australian Government approved arrangements. The export registered processing plants maintain various accreditations including the Australian Meat Industry National Animal Welfare Standards, the Food Safety Assessment, Hazard Analysis and Critical Control Point, the International Food Safety Standard, and Safe Quality Food Institute Level 3. Rivalea's farms are accredited under the Australian Pig Industry Program ("**APIQ**") and its feed milling operations are certified under the Australian Feed Manufacturers FeedSafe® program. The food processing plants and farms also hold accreditations with many of Australia's leading supermarket chains.

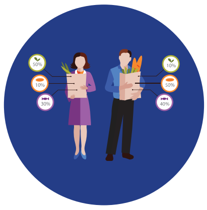
Rivalea has a team of quality assurance officers who conduct daily inspection and sampling of both products and equipment to comply with food safety and customer standards. To ensure that its products and processes meet the highest quality, Rivalea collaborates with industry bodies, associations and organisations to constantly improve industry standards with a strong focus on research, innovation, environment, welfare, safety and training. The samples are evaluated at Rivalea's onsite microbiology laboratory accredited with the National Association of Testing Authorities ("**NATA**").

The company's quality program is verified through independent auditing. A comprehensive training and awareness program for staff promotes understanding of its quality systems.

Rivalea has provided updated African Swine Fever ("**ASF**") awareness training for all Meat Processing inspection staff. Key members of the Rivalea management team continue to actively participate in ASF workshops, consultative groups and preparedness exercises with federal and state government organisations. Rivalea works closely with the Australian pork industry association ("**APL**") and is in constant dialogue with government officials to enhance preparedness against ASF. Currently, Rivalea's farming operations are spread over 29 piggeries in New South Wales and Victoria, 7 of which are Rivalea-owned farms, 18 are owned by Contract Farmers and 4 are leased by Rivalea. The geographical diversification of the farming operations assists in mitigating the spread of disease.

SUSTAINABILITY REPORT

Innovating and developing wholesome and nutritious food



GARDENIA

- To keep abreast of consumers' demands for great tasting, wholesome and nutritious foods, Gardenia regularly reviews its product range and develops new products to satisfy the changing tastes and demands of consumers. The Group's in-house laboratories handle the development of new products, including nutritional values, shelf-life, compliance of new products and ingredients with local food legislation, labelling requirements, and initiating the Halal certification process.

- Together with its joint venture in Malaysia, the Group's laboratories currently employ a total of 29 staff to undertake research and development and compliance responsibilities for Gardenia. These staff comprise 10 professional staff, 6 laboratory technicians, 10 baking technologists and 3 support staff.

SINGAPORE

Gardenia Singapore takes pride in producing safe, wholesome and healthy food that does not contain trans-fat. Since the early 2000s, *Gardenia* products do not contain Partially Hydrogenated Oils ("**PHOs**"), an ingredient which is a major source of artificial trans-fat. According to the World Health Organization, artificial trans-fats increase the risk of heart disease.

MALAYSIA

In Malaysia, *Gardenia* products do not contain PHOs. *Gardenia* sandwich bread is low in fat and free from artificial preservatives. The *Gardenia Fibremeal* range of bread meets the requirements of Malaysia's Ministry of Health for "high fibre" and "source of fibre" content. *Gardenia* bread that is high in fibre contains 6g of fibre per 100g, and bread that is a source of fibre contains 3g of fibre per 100g loaf. All *Gardenia* cream rolls do not contain artificial colouring.

BAKERS MAISON AUSTRALIA

In Australia, most *Bakers Maison* products contain no added fat, preservatives, sugar or artificial flavours and use only natural ingredients some of which may be imported. To support the local community, over 90% of the ingredients used in the products are locally sourced and produced. A selection of the products is also high in fibre and gluten free. In 2020, the bakery's gluten free certification was renewed by the Coeliac Association. Bakers Maison Australia conducts daily swabs of its gluten free manufacturing section to check that it is free from gluten contamination.

RIVALEA

Rivalea's research and development efforts are focused on improving the nutrition and quality of its products.

Gardenia Singapore's Gourmet Selections range is a premium artisanal brand made with high quality ingredients such as sourdough.

Engaging people around great taste

Gardenia

Singapore

- Owing to the Covid-19 outbreak, new *Gardenia* products were launched after the circuit breaker lockdown. During the year, Gardenia Singapore extended its premium *Country Loaf* range with the introduction of *Gardenia Croissants*. The croissants are made with premium ingredients from Australia and are freshly baked in Singapore.

- Gardenia Singapore launched the *Gardenia Little Bites Soft Buns* as an extension of its *Grab&Go* bun category. The buns cater to consumers who are looking for a bite-sized, calorie-friendly nutritious snack. Co-developed with a Japanese R&D laboratory, the new 30g buns are high in Calcium and Vitamins B1, B2 and B3 and come in two flavours, *Creamy Hokkaido Cream* and *Rich Chocolatey Cream.* The buns are packaged in a fun packaging with lively bun visuals and are retailed at an affordable price.

- In 2H2020, the *Gardenia Country Loaf* range and the *Gardenia Focaccia* bread were rebranded under a new premium sub-brand, "*Gardenia Gourmet Selections*". To drive visibility and awareness of the new "*Gardenia Gourmet Selections*" range, dedicated racks bearing the "*Gardenia Gourmet Selections*" brand were installed in key retail stores. This promoted the brand as a premium artisanal brand made with high quality ingredients such as sourdough. The sourdough is made from natural live starter culture and fermented for 16 hours to give a distinct, delicious and airy texture to the loaves. To further promote the premium "*Gardenia Gourmet Selections*" range, a live cook-off session between a Michelin-starred French chef and an ambassador from Singapore Home Cooks was streamed on Facebook. The live cook-off session, entitled "Around the World with *Gardenia Gourmet Selections*" showcased how products from the range may be used to create high quality fine dining-inspired meals at home.

Philippines

Recognizing the needs of Filipino consumers for high quality pandesal, Gardenia Philippines launched *Gardenia Pandesal*, soft and fluffy buns which are high in Folate and Vitamin A. The buns are also a source of Vitamins B1, B2, Calcium and Iron.

SUSTAINABILITY REPORT

Malaysia

In Malaysia, the Group's joint-venture introduced a new variant to its *Fluffy Buns* range, the *Gardenia Fluffy Buns – Traditional Kaya* bun. It also launched a larger 375g-sized jar of its popular *Gardenia Delicia Chocolate Spread* in two variants, *Milky Chocolate* and *Hazelnut Chocolate*. The spreads do not contain artificial colours or preservatives.

During the year, Gardenia Malaysia was awarded "*Putra Brand Platinum Award (Foodstuff Category)*". This award is the eleventh win for the company and is a testament to its quality products and strength in brand building. The Putra Brand Awards 2020 also crowned *Gardenia* "*Putra Brand of the Year*" in recognition of its excellence in brand communication, product innovation and corporate social responsibility activities.

PROMOTING HEALTHY EATING AND LIFESTYLES

Making our products accessible

GARDENIA

With 16 production facilities located in four countries, Singapore, Philippines, Malaysia and Australia, the Group's network of extensive distribution channels includes supermarkets, hypermarkets, convenience stores, mini marts, petrol kiosks, caterers, restaurants, hotels, hospitals, airlines and schools.

SINGAPORE

- In Singapore, Gardenia delivers fresh bread daily to close to 3,500 distribution outlets including supermarkets, hypermarkets, convenience stores, mini marts, petrol kiosks, caterers, restaurants, hotels, hospitals, airlines and schools. Nearly 300 *Gardenia* bread-vending machines located in selected high-density residential areas, corporations and schools also provide customers with greater convenience and accessibility to *Gardenia* bread and bun products 24 hours a day, rain or shine.

- To cater to the fast-paced lifestyle of today's tech-savvy consumers in Singapore and overseas, *Gardenia* products are sold online through e-retailers such as *Redmart, Amazon, FairPrice Online, PandaNow* and *Alibaba*. Gardenia actively advertised and promoted its products on these e-commerce platforms.

BAKERS MAISON AUSTRALIA

In Australia, *Bakers Maison* products are distributed as far as Tasmania, Western Australia and the Northern Territories, using third party transport companies. The products are delivered frozen, enabling them to remain fresh and to retain their quality and taste for longer periods of time before they are freshly baked for consumption. Frozen products also reduce the need for frequent deliveries thereby reducing environmental impact.

Making our products affordable

Gardenia

Singapore

- To encourage customers to purchase healthier wholemeal loaves, weekend giveaway promotions such as the "*Gardenia's So Good Wholemeal Bundle*" were launched at selected retail chains to promote *Gardenia 100% Wholemeal Extra Soft & Fine Bread* loaves. Affected by the current pandemic, many consumers were more concerned about their daily expenses. To promote the affordability of *Gardenia* products, Gardenia held various promotions throughout the year such as *"Gardenia's So Good Wholemeal Bundle"* and *"Gardenia's So Good Weekend Special Promotions"*. Under these promotions, complimentary *Gardenia* wholemeal hotdog buns or limited-edition *Gardenia* premiums were given away to consumers to promote its wholemeal breads, cream rolls and buns.

- Gardenia Singapore collaborated with *FairPrice* to provide consumers a savings voucher of 40 cents for the purchase of the *Gardenia Low GI Nutri Multi-Grain Loaf*. The savings vouchers were distributed to 1,000 consumers at selected *FairPrice* outlets.

- During the year-end festive period, a discount of 40 cents on the *Gardenia Fruit & Nut Loaf* and *Gardenia California Raisin Loaf* was given under the "*Spread the Love*" Festive Promotion. Special bulk discounts on the two loaves were also extended to corporations and institutions.

- Gardenia Singapore held various promotions throughout the year at various retail chains, especially for its cream rolls and buns, which were sold at discounted prices. Gardenia Singapore also collaborated with various FMCG brands for bundle deal promotions that offered greater savings to consumers.

- To help consumers save on their daily expenses, Gardenia Singapore featured a series of innovative and nutritious bread recipe ideas on social media where healthy meals could be created for under $2 per serving.

Promoting the benefits of whole grains

Gardenia

Singapore

- As Singapore's No. 1 wholemeal bread brand, *Gardenia* actively collaborates with government agencies, healthcare organisations and community partners to encourage the public to consume more fibre and wholegrains in their daily diet through regular promotions, collaborations and community outreach. In 2020, approximately 43,000 *Gardenia* loaves and buns have been sponsored to the community, of which approximately 16,700 were healthier choice wholemeal products.

To encourage customers to purchase healthier wholemeal loaves, weekend giveaway promotions such as the "Gardenia's So Good Wholemeal Bundle" promoted Gardenia 100% Wholemeal Extra Soft & Fine Bread loaves and gave away complimentary Gardenia wholemeal hotdog buns.

To help consumers save on their daily expenses, Gardenia Singapore featured a series of innovative and nutritious recipe ideas on social media to help consumers create healthy and affordable meals for under $2 per serving.

SUSTAINABILITY REPORT

Gardenia Singapore's wholemeal and multi-grain range carry HPB's "*Healthier Choice Symbol*" to help consumers make healthier food choices during grocery shopping. Gardenia currently has 15 wholemeal products certified as "*Healthier Choice*". These products contain no trans-fat and at least 25% of wholegrains per loaf. Gardenia also offers ten "*Low in Sugar*" white bread and wholemeal loaves, and two "*Low GI*" loaves. Products featuring the Low in Sugar logo contain less than 5g of sugar per 100g of bread. The Low GI loaves have a GI value of less than 55 per loaf.

To support the fight against cardiovascular disease, Gardenia Singapore took part in the Singapore Heart Foundation's National Heart Week/World Heart Day virtual event as a virtual exhibitor to promote the benefits of wholegrains and the consumption of *Gardenia Low GI* bread. Gardenia Singapore also participated in the World Diabetes Day virtual event held in November 2020 as a virtual booth exhibitor to encourage consumers to lead a healthier lifestyle and to promote the benefits of low GI bread.

In support of World Diabetes Day 2020, Gardenia Singapore pledged support to Diabetes Singapore through product sponsorships in Diabetes Singapore's community screening programmes. In recognition of Gardenia Singapore's commitment to the war on diabetes, Diabetes Singapore presented the company with a plaque.

- To encourage consumers to create healthier meals at home, recipes using Gardenia Singapore's range of wholemeal and multi-grain loaves were featured every month on social media.

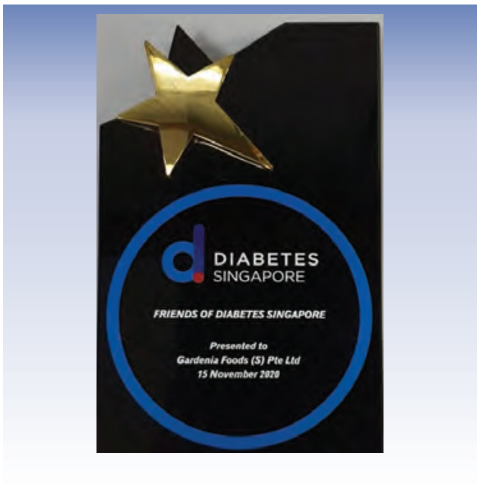
Philippines

- In 2H2020, Gardenia Philippines launched the *Gardenia Multigrain Soft Bun* which was positioned as a healthier option featuring 6 types of grains: wheat, sunflower, linseed, oat, millet and chia. The bun is high in Vitamin B1 and is a source of Vitamin A, Iron and Folate.

Reaching out to the community

* Gardenia Philippines continued its health and wellness campaign in offices, supermarkets and hospitals. The company's Nutrition and Wellness team conducted "*Corporate Wellness Movements*" for government and BPO employees and "*Supermarket Wellness Camps*" for market shoppers. In 2020, approximately 31,000 beneficiaries from 125 offices attended a Gardenia Philippines-initiated webinar on nutrition and wellness. Participants received free nutrition counselling, diet prescription and product sampling. Gardenia Philippines visited 19 outlets and counselled approximately 1,200 clients or market shoppers under this campaign.

* Gardenia Philippines also conducted hospital drives to promote healthy eating, active lifestyles and proper nutrition to doctors, patients and hospital visitors. During the year, Gardenia Philippines visited 20 hospitals and reached out to approximately 35,000 beneficiaries.



In recognition of Gardenia Singapore's commitment to the war on diabetes, Diabetes Singapore presented the company with a "Friends of Diabetes Singapore" plaque.

Gardenia Philippines' "Corporate Wellness Movement" provided free nutrition counselling, diet prescriptions and product sampling to approximately 31,000 government and BPO employees from 125 offices in 2020.

Reaching out to schools

- In 2020, Gardenia Philippines collaborated with the Philippine Red Cross and the Department of Education in a nutrition and sanitation campaign to promote proper hand washing and healthy eating habits to schoolchildren. The campaign, "*Nutrisyon at Kalinisan para sa Maayos na Kinabukasan*" (Nutrition and Proper Hygiene for a Better Future) reached out to about 9,100 students from 54 public elementary schools in Laguna.

- Gardenia Philippines' School Nutri-Tour program is a health and wellness program for private and public schools in the Philippines. During the year, Gardenia visited some 29,800 schoolchildren from 77 schools in the one-day activity. The program focused on nutrition education, sandwich recipe demonstration, entertainment activities and bread sampling.

- Community quarantines, lockdowns and strict health protocols were imposed by the Philippine authorities to contain the spread of Covid-19. People had limited movement outside their homes and children had to stay indoors. Gardenia Philippines however remained committed to continue its outreach activities and facilitated online Kiddie Workshops to highlight the importance of eating a well-balanced diet and practicing good hygiene, particularly during the pandemic. More than 1,000 children participated in the two-hour sessions that comprised a virtual plant tour, lecture on healthy eating habits, proper hand washing demonstration and bread and sandwich making.

- In partnership with the Department of Education (DepEd) – Division of Laguna, Gardenia Philippines initiated an educational program in primary and secondary public schools dubbed "*I Learn with Gardenia*" in 2H2020. Gardenia Philippines provided educational video materials on nutrition, proper hand washing and hygiene, and the modern bread-making process. These materials were incorporated into the schools' online lectures and asynchronous learning sessions in Health, Science and Technology and Livelihood (TLE) subjects. During the launch, 25 schools in Biñan participated in the program. The "*I Learn with Gardenia*" initiative will continue in Laguna and other DepEd divisions until the end of the 2020-2021 school year.

SUSTAINABILITY REPORT

In partnership with the Philippine Red Cross and the Department of Education, Gardenia Philippines' "Nutrisyon at Kalinisan para sa Maayos na Kinabukasan" (Nutrition and Proper Hygiene for a Better Future) campaign benefitted some 9,100 public elementary school students in 2020.

Educating through bread plant tours

- Owing to the Covid-19 pandemic, Gardenia Singapore's daily educational bakery tours were suspended. To continue its engagement with the public during the pandemic, Gardenia Singapore will launch virtual bakery tours. A soft launch of the virtual bakery tour was conducted in December 2020 and the official virtual bakery tours will be launched in early 2021.

- Up till March 2020 when social distancing measures were not mandatory, Gardenia Philippines' bakery plants in Laguna, Cebu and Cagayan de Oro conducted free plant tours with supplementary activities such as lectures on healthy eating and hygienic practices, values enhancement activities, sandwich-making demonstrations and entertainment programs. During the 1Q2020, approximately 46,000 visitors toured Gardenia's state-of-the-art bread making facilities. Subsequently, in compliance with the Education Department's Memorandum, all off-campus activities including educational field trips were suspended until further notice, as part of measures for the prevention and control of Covid-19. Gardenia commenced its virtual plant tours from September 2020 and more than 7,000 students from 51 schools joined via Zoom video conferencing.

ANIMAL WELFARE

Rivalea

Rivalea is committed to "*caring for every animal, every day*" and has systems and practices that deliver high standards of welfare for its animals. This means a commitment to the respectful and humane treatment of all animals throughout their entire life cycle. Rivalea breeds and raises animals within systems that deliver high standards of animal welfare.

Rivalea is well recognised for operating one of the largest private sector pig research groups in Australia and is proud to work alongside industry bodies, universities and various animal welfare groups to conduct research, produce recommendations and establish best practices in the area of animal welfare. Rivalea continued its best practice and leadership in animal welfare in 2020, including:

- Rivalea completed a large Australian Research Council project in collaboration with other industry partners to improve pig welfare by understanding stress resilience in pigs. Rivalea's animal welfare strategy is focused on reducing confinement, promoting environmental enrichment and increasing the positive affective state of animals.

- Continued to implement enrichment programs across farms and training its people in animal handling programs that foster positive interactions between people and pigs. Through its Animal Welfare Awards Program, Rivalea recognised the contributions of its four employees who strived to deliver high standards of welfare and commitment to continuous improvement in this area.

Rivalea is accredited under the Australian Pork Industry Quality Assurance Program (APIQ®, APIQ® Free Range, APIQ® Gestation Stall Free and APIQ® Customer Specifications Verification for Coles Supermarkets Australia). All Rivalea sites handling livestock are accredited under the Australian Pork Industry Quality Program ("**APIQ**") or the Australian Livestock Animal Welfare Certification. This includes auditing for compliance to the program's animal welfare Standard that is externally audited by AUSMEAT.

PLANET

We strive to protect our environment from degradation through sustainable consumption and production, improving our management of natural resources in our business.

Material Topics	FY2020 Achievements	Target 2021
Resource management (Energy, Waste)	1. Rivalea was awarded the prestigious 2020 APCO Industry Award in the Agriculture & Nurseries sector. The award is given to the highest performing APCO Member in each major industry sector for its contribution to packaging sustainability in Australia. 2. Rivalea was awarded the Woolworths Sustainability Supplier of the Year 2020 for its wide-ranging efforts towards sustainability. 3. Creation of the role of Continuous Improvement Manager in Bakers Maison Australia to advise and implement environmental changes in the operations. 4. Implementation of a Document Management System at Bakers Maison Australia to replace paper with e-forms thereby reducing waste and energy usage. 5. No incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.	To maintain no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.

SUSTAINABILITY REPORT

RESOURCE MANAGEMENT

We recognise the importance of reducing material negative impact on the natural environment. We depend on the availability of natural resources such as energy and water for our operations and as our business grows, our requirements will increase. However, we strive for greater efficiencies in our operations to reduce or mitigate such environmental impact.

Energy management

Gardenia

The Gardenia operations in Singapore and the Philippines use liquefied petroleum gas as a fuel for their main ovens. Delivery trucks also undergo regular maintenance to ensure that they are running in good condition and are fuel efficient.

Gardenia Singapore's Engineering Department has laid down the energy-saving measures that are required to be implemented in all facility upgrades and renovations, such as movement sensors for toilet lighting.

Some of Gardenia's other energy management initiatives:

- Replacement of all metal halide lights in Gardenia Singapore's corporate office, warehouse and both its production plants with LED lights, resulting in a combined savings of approximately $13,000 for 2020.
- In Malaysia, five out of seven bread production lines use natural gas and liquified petroleum gas as a fuel for ovens. Gardenia Malaysia intends to further reduce negative impact on the environment by converting more of its production lines to natural gas in the future.
- In 4Q2020, Gardenia Malaysia completed the replacement of the sodium vapour lights along the streets and surrounding areas of its Bukit Kemuning 1 Plant with LED lights. The initiative is expected to save the company in terms of its energy costs.
- The installation of a new heat recovery system at the Group's Bakers Maison Malaysia plant in September 2020 enables hot water to be produced from the condensers of the plant cooling system and the hot water is used to clean the cream roll injectors and bread cooler conveyors instead of using electrical heaters. The investment has enabled us to qualify for a 24% tax allowance exemption under green technology initiatives and resulted in an annual saving of approximately RM30,000 from September to December 2020. A similar heat recovery system installed at Bukit Kemuning Plant 1 provided energy savings of approximately RM120,000 in 2020.

Bakers Maison Australia

During the year, the Environmental Policy was updated to include a newly created role of Continuous Improvement Manager who is responsible for upholding the company's Policy and Action Plan and advising management staff on new proposals and implementations. The company's Environmental Policy was also updated to enable office stationery and supplies to be sourced from the local Officeworks branch. Officeworks had embarked on a year-long Positive Difference Plan to operate a socially responsible and sustainable business which is in line with the values held by Bakers Maison Australia.

Bakers Maison Australia uses natural gas instead of electricity where possible and is gradually shifting its fuel mix to cleaner fuels. It has reduced its energy consumption by some 30% over the past two years and continues to monitor its carbon footprint. In this regard, its solar panel system generates renewable energy over 15% of Bakers Maison Australia's electricity requirements. Liquified petroleum gas is used as a source of direct energy and the remaining requirements are fulfilled by indirect energy (electricity) from authorised utility vendors.

Bakers Maison Australia sources approximately 90% of its raw materials locally and believes that this practice indirectly reduces carbon emissions from transportation of raw materials for the business.

Some of its other energy management initiatives are mentioned below:

- The company implemented Document Management System to automate the Finance process and replace paper forms with e-forms. This paperless initiative has not only increased efficiency in transaction processing and reduced processing time and costs but has also led to small but impactful environmental changes, with less energy consumption required for printers, fax machines and scanners.

- To further reduce paper consumption, a Human Resource Information System was implemented to enable employees to submit their leave applications, update training and development records, and access personnel particulars, through a mobile phone application.

- It has implemented various energy efficiency initiatives on its premises, such as the installation of LED lighting and sensor-activated lighting that automatically turn off when there is no activity.

Rivalea

Rivalea employs a dedicated Environmental Management team that oversees its Environmental Management System in managing compliance with environmental laws and regulations, identifying and managing environmental risks, energy consumption and water resources, and advising operational groups on key issues.

The Rivalea group has various site-specific licences, permits, approvals and consents with the relevant environmental authorities, such as the Environmental Protection Authority, and local councils/shires. These licences/permits regulate a range of environmental matters, and includes the monitoring and recording of data, completion of audits and providing annual reports to the regulatory authorities.

Rivalea is focused on reducing emissions and has taken significant steps towards reduction of carbon emissions. It is registered under the National Greenhouse and Energy Reporting Act and the National Pollutant Inventory pursuant to which it has undertaken reporting for the relevant reporting period.

Some of the energy management initiatives undertaken are mentioned below:

- Rivalea's biogas power generators and methane capture facilities at Corowa produce clean power on site, enabling it to reduce carbon emissions and reliance on external energy providers. Biogas from the two Corowa collection facilities supply fuel for three 500KW power units (generators) that supply power to the site, offsetting the demand from grid supplied energy. The three generators will provide up to approximately 75% of the power requirements of the Corowa processing, farm and administration sites.

- Rivalea has contractual arrangements with the Australian Government to deliver Australian carbon credit units from the three facilities.

Rivalea's biogas power generators at Corowa, New South Wales.

Rivalea is upgrading one of its farms to improve its environmental impact by the installation of a state-of-the-art integrated biofilter system at the site, with completion scheduled in December 2023.

Waste and effluents management

Gardenia

Singapore

Gardenia Singapore's production plants are both located in a designated Food Zone and all wastewater discharge is handled by the Public Utilities Board ("**PUB**"). Gardenia commits to comply with the rules and regulations set by the Singapore government through the PUB Sewerage and Drainage Act and the Sewerage and Drainage (Trade Effluent) Regulations. The Operations team monitors the daily waste from production for compliance with government regulations.

Some of the waste management initiatives undertaken by Gardenia Singapore are set out below:

- Gardenia Singapore is a signatory to the Singapore Packaging Agreement and seeks to reduce its packaging wastes through product packaging development. It recycles its returned bread packaging into trash bags.

- Gardenia Singapore actively encourages consumers to reduce the use of plastic bags. During the year, larger reusable shopping bags in *Gardenia's* corporate colours were given to consumers for use during their grocery shopping. *Gardenia* sandwich boxes were also distributed through retail promotions to encourage consumers to pack their food in reusable containers.

SUSTAINABILITY REPORT

Rivalea was awarded the 2020 APCO Industry Award in the Agriculture & Nurseries sector for its contribution to packaging sustainability in Australia.

At the Johor bakery plant, wastewater discharge from production is treated to Standard A of the Environmental Quality Act 1974, the highest standard required by the Department of Environment ("**DOE**") for the discharge of industrial effluent. Wastewater analysis is performed weekly and test reports are submitted online to the DOE on a monthly basis. All tests are carried out at an accredited laboratory. Waste disposal at the plant is undertaken by a licensed collector authorized by the DOE.

Philippines

In the Philippines, wastewater discharge from the Gardenia plants is treated at wastewater facilities before being discharged into the sewers. In compliance with the requirements of the Department of Environment and Natural Resources, Gardenia Philippines conducts monthly testing and regular monitoring of standard effluent parameters like pH value, discharge temperature, oil and grease, biological oxygen demand and total suspended solids to ensure that the effluents meet water quality standards. Gardenia Philippines also submits Self-Monitoring Reports and Compliance Monitoring Reports on a quarterly and semi-annually basis to the relevant authorities.

In response to waste management, the company strictly implements recycling and waste segregation activities in plants and offices to reduce residual waste volume.

Bakers Maison Australia

Bakers Maison Australia's wastewater discharge complies with the Sydney Water Board regulations. Wastewater is discharged through grease traps before being released into the sewer. The company undertakes the inspection and cleaning of grease traps every quarter and a quarterly review is carried out by its maintenance manager, approved contractors and service providers. The outcomes of the review are discussed with senior management.

During the year, Bakers Maison Australia rolled out a food waste reduction and composting system to encourage staff to reduce their carbon footprint and contribute to the creation of renewable energy. Employees were encouraged to place organic materials in designated composting bins in the workplace.

Bakers Maison Australia is committed to reducing cardboard waste during bulk packaging of its products and has been recycling its cardboard since 2017. In 2020, it recycled almost 40,000 kg of cardboard. Bakers Maison Australia supports local farmers with regular donations of edible waste from production, which are then mixed with grains and recycled into animal feed.

Gardenia Singapore actively encourages consumers to reduce the use of plastics by distributing free reusable shopping bags and sandwich boxes through various retail promotions.

Rivalea

Rivalea has been working towards reducing its packaging footprint for many years through reducing dependency on single-use packaging and increasing the use of recyclables. Rivalea is a strong advocate for innovation and sustainability of commercial packaging within the pork industry. Rivalea's packaging has been optimized for minimum material use while maintaining industry safety standards. In 2H2020, Rivalea was rewarded with the prestigious 2020 APCO Industry Award in the Agriculture & Nurseries sector for its contribution to packaging sustainability in Australia. The award is given to the highest performing APCO member in each major industry sector and celebrates the Australian industry's commitment to building a circular economy approach to packaging in Australia.

By actively engaging with peers, suppliers and customers, Rivalea has further increased its solid waste diversion from landfills. By focusing on business-to-business relationships, Rivalea has also increased recycled content throughout all secondary cardboard packaging and PET distribution trays as well as increasing the use of reusable crates.

To further strengthen its commitment, Rivalea is now a member of REDcycle, an organisation that recycles soft plastics. Rivalea is committed to the kerbside recyclability of all thermoformed trays. It has also started to use the Australian Recycling Logo on all retail packaging. Rivalea intends to increase the usage of reusable crates for its boned meat products and will encourage suppliers and stakeholders to reduce non-recyclable packaging.

To meet its environmental and sustainability objectives, Rivalea recovers nutrients and water from its farming operations. Across many of its farming sites, treated wastewater is used to grow crops on its own land and on neighbouring properties. Compost is used on its properties as a nutrient supplement or sold to other agricultural enterprises.

Wastewater samples are taken at regular scheduled intervals at various points through the treatment process, from raw effluent through to treated water used for irrigation. Schedules of sampling are determined based on regulatory requirements, relative risk of reuse of treated wastewater in local environmental context. Samples are analysed by NATA accredited labs and results are reviewed by the Environmental team and referred to external consultants for review where required by licence conditions or identified need.

In Rivalea's piggeries, wastewater is treated biologically via its wastewater treatment system (typically in anaerobic and aerobic lagoons). After treatment, the wastewater is either evaporated or stored in tertiary storage ponds to allow disposal by irrigation onto agricultural land (either owned by Rivalea or third parties). At the processing plant in Laverton, Melbourne, wastewater is collected and pre-treated onsite using a Dissolved Air Flotation ("**DAF**") process which clarifies the water and removes suspended material such as solids (sludge) and oil. The sludge from the DAF is disposed of as prescribed waste and is transported offsite to be processed at a dedicated compost facility. The remaining wastewater is then pumped from the site and discharged to the sewer in line with the Trade Waste agreement with the local water authority.

Biogas collection and effluent ponds at Rivalea's Corowa site in New South Wales.

SUSTAINABILITY REPORT

PEOPLE

We strive to provide a workplace where our people may perform and achieve in a healthy, safe and inclusive environment.

Material Topics

Our People (Health and safety, Training and Education)

FY2020 Achievements

1. QAF was awarded Platinum Supporter in the National Steps Challenge: Corporate Challenge 2020.
2. Bakers Maison Australia's employees participated in *"The March Charge"*, an individual month-long step-tracking challenge.
3. Provision of free influenza vaccinations for employees of Bakers Maison Australia and Rivalea.
4. Rivalea completed the implementation of its 3-year comprehensive Workplace Health & Safety strategic *"Safety First"* plan.

Target 2021

Health and Safety:

1. Gardenia Singapore plans to organize in-house Occupational First Aid training for its employees and refresher Food Hygiene/Hazard Control Plan & Food Allergy training for its production workers. It is scaling up to conduct more monthly Workplace Safety and Health training for different groups of employees and organise Hygiene talks and Audiometric tests for production workers.
2. Gardenia Philippines is committed to providing Basic Occupational Safety and Health training in compliance with the Philippines Department of Labor & Employment requirements.
3. Rivalea is committed to the ongoing implementation of various health and safety initiatives and the continuous improvement of workplace health and safety across all sites.

Training and Education:

Bakers Maison Australia and Rivalea are committed to investing in the education and development of its people to build knowledge, skills and internal capabilities.

Health, safety and well-being

We are committed to efforts in creating a work environment that fosters the well-being of our employees.

Gardenia

- In Singapore, QAF employees were encouraged to participate in the National Steps Challenge: Corporate Challenge 2020. This was organised by the HPB to encourage the workforce to be more physically active. The campaign ran for four months and QAF was awarded a Platinum Supporter award (for workforce size less than 200) for its participation. During the Covid-19 pandemic when it was not possible or feasible for QAF employees to utilise their annual leave due to movement restrictions, employees were allowed to encash a portion of their unutilised annual leave.

- At Gardenia Malaysia's Johor plant, employees working in areas with high noise levels were provided with earplugs and earmuffs to reduce noise exposure. Chemical health risk assessments were also conducted to assess the level of chemical exposure and appropriate personal protective equipment was issued to employees to reduce or eliminate the risk of chemical exposure.

- At our joint venture bakery operation in Malaysia, Gardenia organised a team-building training activity to enhance productivity and strengthen working relationships between staff from different departments. The activity improved bonds between team members and intensified employees' sense of belonging to the company.

Bakers Maison Australia

- In 1Q2020, employees of Bakers Maison Australia participated in "Clean Up Day" at the Georges River National Park. "Clean Up Day" is a community-based environmental event to inspire local communities to get involved by helping to clean up and conserve the environment. Employees collected and separated recyclable and non-recyclable rubbish across picnic areas of the Georges National Park and were presented with participation certificates.

- For the company's End-Of-Year celebrations, employees were invited to participate in the decision making by voting on their preferred activity in a *"2020 End of Year Party Survey"*. The survey enabled the company's Social Committee to gain an insight on what the staff really wanted as a token of the company's appreciation

- To encourage workplace health and well-being, all employees were encouraged to participate in an individual month-long step-tracking challenge to complete the universally recommended 10,000 steps a day. Employees were encouraged to walk more and spend more time outdoors. The initiative was accompanied by regular emails to staff containing information on healthy weight management, bone and muscle strengthening and reducing the risks of heart disease. Each week "The March Charge" leader board with the names of the Top 7 Fittest Staff was posted in the staff common area. The top two "Chargers" were recognised.

An employee team-building training activity at Gardenia Malaysia to enhance productivity and strengthen working relationships between staff from different departments.

Employees of Bakers Maison Australia participate in "Clean Up Day" at Georges River National Park. "Clean Up Day" is a community-based environmental event to encourage local communities to clean up and conserve the environment.

SUSTAINABILITY REPORT

- Bakers Maison Australia employees across all shifts and departments were given the opportunity to take an influenza vaccination before the start of winter. A medical practitioner came on site to give the vaccinations and distribute flyers containing health tips on how to reduce the chances of catching influenza.

Rivalea

Rivalea completed the implementation of its 3-year comprehensive Workplace Health & Safety strategic *"Safety First"* plan in 2020. The company's new Safety Management System has enabled the transition into a phase of review, audit and continuous improvement of the system. Rivalea engaged a specialised Workplace Health and Safety ("**WHS**") lawyer to review its higher risk procedures such as work at height and confined space entry to ensure they met legislative compliance. In addition, external consultants were engaged to review compliance with higher-risk workplace practices. WHS training remains a high priority for Rivalea and an ongoing commitment to ensure that all leaders and employees have the knowledge and skills required to undertake their roles safely.

Rivalea's "Safety First" poster reminds employees of the importance of workplace health and safety.

A major focus for Rivalea during the year was maintaining the health and wellbeing of its employees during the Covid-19 pandemic. The company provided free influenza vaccinations to about 460 employees. Its on-site physiotherapist spent a significant time reviewing tasks and advising on injury prevention opportunities.

The company's annual *'R U OK Rivalea?'* program in partnership with the Amaranth Foundation, provided invaluable mental health support to many employees and their families throughout the year and continued to provide active support to employees, especially during the pandemic.

To promote workplace health and safety, Rivalea has committed to provide all operational supervisors and managers training under the nationally accredited "Risk Management for Supervisors & Management" (BSBWHS404A) training course. Rivalea has also committed to providing at least 30 of Rivalea's contractors and/or community members complimentary work-at-heights training. In addition, an external workplace health and safety consultant was engaged to audit the work-from-height procedures and practices on Rivalea's New South Wales sites.

Training and education

We recognise the need to keep our people updated to keep abreast with changing market requirements and developments. The training and developing of our human capital not only improve their professional skills but also enhances their overall personal development. We believe in empowering our employees with the right skills and relevant work experience.

Gardenia

Singapore

Gardenia Singapore implements an annual departmental training plan and engages external training providers to customise training content for its employees. There are various online and classroom-based programmes and employees are encouraged to provide feedback on completion of the training.

To uphold its commitment towards health and safety, Gardenia Singapore organized various occupational health and safety training sessions for employees relating to road safety driving, occupational first aid, and workplace safety and health training. All employees attend a food hygiene, quality & safety talk once a year and undergo a mandatory annual audiometric examination.

With a majority of its workforce working from home during the pandemic, staff attended numerous online courses on topics such as project management, engineering courses such as machine learning, marketing management, data science, emotional intelligence and strategies towards changing consumer behaviour.

Philippines

Gardenia Philippines provides training to ensure that staff are equipped for their respective roles. All newly hired employees are required to undergo the BOSH training, an 8-hour in-house training program. Other programs are National Examination Board in Occupational Safety and Health for appointed safety officers, Occupational First Aid CPR/AED training, a two-day program conducted by the Philippine Red Cross for employees who are the First Aid responders of the company, and fire safety training, an 8-hour program conducted by the Bureau of Fire for employees who are part of the fire brigade team.

To further enhance the skills and knowledge of its employees, Gardenia Philippines sent many of its staff for internal and external webinars and training during the year. Employees also took advantage of the free webinars sponsored by organizations such as the Employers' Confederation of the Philippines, Philippine Chamber of Commerce and Industry, Makati Business Club, Management Association of the Philippines and People Management Association of the Philippines. Gardenia Philippines also sponsored one employee for professional certification.

Malaysia

At our joint venture bakery in Malaysia, employees undergo mandatory training in food safety and workplace health and safety management to ensure that they comply with Gardenia Malaysia's stringent standard operating procedures. All new Van Sales Merchandisers are required to undertake formal sales operations training, in addition to on-the-job training. The training covers the fundamentals of sales operations to give them a better understanding of the sales system and increases job efficiency.

During the year, Gardenia Malaysia continued its partnership with Shell Malaysia Trading Sdn Bhd and TC Trucks After Sales Sdn Bhd in conducting the Intelligent Defensive Driving Course and Basic Truck Operation Course for its drivers. The course has improved the drivers' techniques and has enabled them to be fuel-efficient.

In compliance with regulatory requirements, employees at Gardenia Malaysia's Johor plant received training as health and safety officers, authorised entrants for confined spaces, food handlers, certified environmental professionals in scheduled waste management and operators of industrial effluent treatment systems in physical chemical processes.

Bakers Maison Australia

In 2020, Bakers Maison Australia's employees successfully completed the *'Food Safety Update'* training conducted by Australian Food Microbiology. The course covered topics such as food safety programs, the risks of food poisoning, food safety programs and different types of contaminations. Participants were required to take a quiz in order to pass the course.

Bakers Maison Australia's manufacturing manager and production supervisors underwent a *'Frontline Leadership Program'* where they were required to concurrently apply skills learnt to real life workplace situations. Topics covered included goal setting, team skills, problem-solving and change management. Employees from multiple departments were enrolled in the Microsoft Excel Advanced Training Course to provide them with advanced skills to complete their tasks more efficiently.

A professional firefighter was engaged to conduct quality emergency response training for eight managers, office staff and production staff who had volunteered to be fire wardens. The training took place onsite and the trainees were taught how to respond to real-life building evacuations and bomb threats, and how to operate a fire extinguisher. After the theoretical training was completed, the volunteers were required to demonstrate what they had learnt and conduct a site-wide fire drill. All volunteers successfully completed the training and were certified to perform fire warden duties for Bakers Maison Australia for a period of 12 months.

Eight Bakers Maison Australia employees who had volunteered to be fire wardens received fire warden and emergency response training from a professional firefighter.

SUSTAINABILITY REPORT

The Continuous Improvement Manager, a newly created role, supports the production department in identifying, verifying, analysing and implementing process improvement re-engineering opportunities. A cross-skills training matrix is currently being developed to enable production staff to learn new skills, multi-task and train others so as to boost levels of productivity and improve staff retention rate.

Rivalea

Rivalea introduced a new training record management system called *"I Leader"* to streamline the recording of all safety training and learning and development records of employees. This system is designed specifically to meet organisational training needs and can be used on any device. The system allows Rivalea to maintain a detailed training history of every employee, provide comprehensive training records, create training plans, and schedule employees for refresher training. The implementation of the *"I Leader"* management system supports the streamlining and standardising of training processes across all parts of the business.

Rivalea continued to facilitate personal development in its workforce in 2020. 40 employees were enrolled in the Certificate III Pork Production programme. Opportunities continued to be provided to employees in its Agricultural Graduate program. Further, a new workplace program designed to develop young employees who show potential, *"The Young Leaders Program"*, was implemented.

PEACE AND PARTNERSHIPS

We believe in supporting and uplifting the communities in which we operate.

Material Topics	FY2020 Achievements
Enriching Communities[6]	1. Giving back to society through our support of philanthropic, community and charitable causes such as cash sponsorships to Children's Wishing Well and Migrant Workers Centre. 2. Gardenia Singapore was presented with a commemorative plaque by the Ministry of Defence in appreciation of its contribution to NDP2020 through its sponsorship of about 15,000 *Gardenia Cream Rolls* to the parade participants at the National Day Parade 2020 rehearsals. 3. Gardenia Singapore collaborated with Minmed Group to showcase different recipes made with its wholemeal and multi-grain loaves on Facebook Live. 4. Gardenia Singapore launched two branding campaigns, "*I Love Bread*" and "*Spread the Love*" on social media to foster strong family relationships and promote love and positivity within the community. 5. To share the spirit of togetherness, Gardenia Philippines threw a free virtual concert for the public on Facebook Live. The '*Laging Kasama*' virtual concert was held in 3Q2020 in celebration of World Bread Day.

ENRICHING COMMUNITIES

We seek to impact lives through our corporate social responsibility initiatives which support a range of philanthropic, community and charitable causes. Our initiatives resonate with the SDGs agenda outlined in the United Nations 2030 Agenda for Sustainable Development. In 2020, staff allowances and donations distributed by the Group and its joint venture totalled approximately $3.6 million.

Supporting philanthropic, community and charitable causes

Gardenia

Singapore

- **Delivering wholesome of goodness and love**
  In Singapore, the *"Gardenia Cares" Programme* was set up to actively support community initiatives that foster a loving, kind and caring society. Through the programme, Gardenia Singapore contributes to the community through cash donations and healthier wholemeal loaves to charitable organizations that support community sectors badly affected by the pandemic. During the year, beneficiaries of the programme included the Children's Wishing Well and Migrant Workers' Centre, schools and hospitals, caterers serving foreign workers in quarantined dormitories, frontline essential workers, needy families, the elderly and migrant workers. As of December 2020, about 43,000 *Gardenia* loaves and buns had been sponsored to the community.

- **Sponsorships to underprivileged communities**
  Gardenia Singapore provided sponsorships to various communities in 2020 such as the Ang Mo Kio Family Service Centre Community Services Ltd to help needy families, New Hope Community Services to provide shelter for the homeless, Man Fut Tong Welfare Society

6 Non-material EESG topic

SUSTAINABILITY REPORT

to support the elderly, and St. John Ambulance of Malaysia and Singapore to help ferry pregnant Malaysian women and the vulnerable elderly across Singapore-Malaysia border in light of travel restrictions arising from the pandemic.

Gardenia Singapore celebrated World Bread Day by collaborating with the South West Community Development Council ("**CDC**") to spread love through a distribution of bread to vulnerable families in the South West District. Gardenia Singapore management and staff, together with VIPs and volunteers from Hong Kah North Grassroots Organisations, distributed *Gardenia Super Soft Wholemeal White Bread* and *Gardenia Little Bites Buns* to the doorsteps of residents. The VIPs of the event were Dr Amy Khor, Senior Minister of State, Ministry of Sustainability and the Environment and Ministry of Transport, and Adviser to Hong Kah North Grassroots Organisations and Ms Low Yen Ling, Mayor of South West District.

- **Supporting the nation's National Day celebrations**
  In support of the National Day celebrations, Gardenia Singapore sponsored about 15,000 pieces of *Gardenia Cream Rolls* to parade participants at the National Day Parade 2020 rehearsals. A commemorative plaque signed by Dr Ng Eng Hen, Minister for Defence, was presented to Gardenia Singapore in appreciation of its contribution to NDP2020.

  In celebration of National Day, Gardenia Singapore collaborated with Limbang Grassroots Organisations on 1 August to sponsor *Gardenia Super Soft Wholemeal White Bread* as part of the 'Limbang National Day Care Pack Distribution' event. The loaves were distributed to lower-income families residing at rental blocks in the constituency. Together with Mr. Lawrence Wong, Minister for Education and Second Minister for Finance (Adviser to Marsiling-Yew Tee GRC Grassroots Organisations), Gardenia Singapore's staff volunteers and Limbang volunteers helped in the distribution of the care packs to the beneficiaries. A video recording of the event was shared on the *'Friends of Gardenia'* Facebook Page.

- **The *Gardenia Bursary* programme**
  Gardenia had established the *Gardenia Bursary* in 2017 involving the pledge of a gift of $100,000 to each of the National University of Singapore, Faculty of Science, and Nanyang Technological University's School of Mechanical and Aerospace Engineering and School of Biological Sciences, Food Science and Technology Programme. The *Gardenia Bursary* seeks to help talented students achieve their educational and career aspirations and is awarded over a period of five years. In 2020, the bursary amounts were disbursed to award recipients.

Philippines

During the year, Gardenia Philippines continued to pursue its philanthropic and charitable giving under the *Daily Bread, Nutrition Assistance Program and Quick Response* disaster relief program.

- ***Daily Bread***
  Gardenia Philippines donated more than 87,000 loaves to 65 charitable institutions and organizations under its *Daily Bread* nutrition program.

- ***Nutrition Assistance Program***
  Through its regular feeding program, the *Nutrition Assistance Program*, Gardenia Philippines helped some 1,600 malnourished students in public elementary

Gardenia Singapore celebrated World Bread Day by distributing bread with Dr Amy Khor, Ms Low Yen Ling and grassroots volunteers to vulnerable families in the South West District.

In celebration of National Day, Mr. Lawrence Wong, Minister for Education and Second Minister for Finance (Adviser to Marsiling-Yew Tee GRC Grassroots Organisations) together with Gardenia Singapore's staff volunteers and Limbang volunteers distributed care packs consisting of Gardenia bread to the beneficiaries.

schools in Biñan, Laguna improve their nutritional intake. During the 2020-2021 school year, approximately 660 public elementary students in four schools within Biñan will receive one loaf of bread a week.

- ***Quick Response* disaster relief**
  Gardenia Philippines is at the forefront of efforts to respond to victims of fires, typhoons, floods and other natural calamities and disasters. Under its *Quick Response* disaster relief program, Gardenia Philippines distributed nearly 50,000 loaves of bread to victims of the Taal volcanic eruption in 1Q2020. The loaves were distributed in heavily affected areas of the provinces of Batangas, Laguna and Cavite with the help of the Philippine Red Cross, Philippine Army, Local Government Units ("**LGUs**") and private organizations. Gardenia Philippines also distributed about 1,100 loaves to 800 families affected by fires. As part of calamity relief efforts and in response to the devastating aftermath of the Super Typhoons Rolly and Ulysses, Gardenia Philippines donated 53,000 bread loaves in 4Q2020 to hardest hit communities.

Malaysia

- Gardenia Malaysia made cash donations to those in the Bukit Kemuning community who had lost their livelihoods due to the pandemic. The Bukit Kemuning area is where two of Gardenia Malaysia's bakery operations are located and the donation reinforced the close bond that Gardenia Malaysia enjoys with the community.

- Gardenia Malaysia supports many charitable causes through product donations. During the year, it made donations of fresh bread to more than 70 selected charity homes, including old folks' homes, children's homes, rehabilitation centres and shelters. It also delivered nutritious breakfasts to help alleviate hunger and provide better nutrition to more than 350 under-privileged students in several schools in Kuala Lumpur and Selangor.

- To help local university undergraduates prepare for future employment, Gardenia Malaysia offered 19 internship positions to students from different fields of study to provide them with real-life working experience.

Bakers Maison Australia

- Bakers Maison Australia supported the Cancer Council Australia by ordering its corporate *'Thank You'* cards from Charity Greeting Cards. The card company has been working with Australian charities since 1999 and donates a portion of the price of the card to the sender's charity of choice.

- As part of its ongoing waste management initiative, Bakers Maison Australia continued to support local farmers with regular donations of edible waste from the production process. The edible waste is mixed with grains and recycled into animal feed.

- In 2H2020, Bakers Maison Australia supported the Rotary Club in the launch of its newly-upgraded facilities at Milperra Community Hall. The event was attended by a local state MP, and the CEO of Playgroup NSW. The contribution of Bakers Maison was well appreciated by the Rotary Club of Padstow.

Gardenia Philippines' Nutrition Assistance Program helped some 1,600 malnourished students in public elementary schools in Biñan, Laguna improve their nutritional intake in 2020.

Distribution of Gardenia bread to victims of Super Typhoon Ulysses in Marikina City. Gardenia Philippines donated some 53,000 bread loaves to calamity-stricken communities affected by Super Typhoons Rolly and Ulysses under its "Quick Response" disaster relief program in 2020.

SUSTAINABILITY REPORT

Rivalea

Rivalea continued to support local communities through its Community Support Model which focuses on five pillars: mental health services, cancer treatment and research, the disadvantaged, community groups and community projects.

- **Mental Health Services**
  Rivalea has been supporting the Amaranth Foundation since 2012, an organisation established in response to an identified need in rural and regional communities for social, emotional and psychological support. The Foundation provides much needed counselling services to Corowa and surrounding areas.

- **Cancer treatment and research**
  Rivalea has been a 'Shine' supporter of The Albury Wodonga Regional Cancer Centre since 2016. The Centre services the local region with invaluable cancer treatments, and conducting research on cancer diseases. For the second year in a row Rivalea employees volunteered their own time and effort to form a team to participate in the "Sunshine Walk" – the Centre's major annual fundraiser. The amount raised by Rivalea team exceeded previous year's fundraising efforts and the team won the coveted "2020 Corporate Cup".

- **The disadvantaged**
  Rivalea has been providing support to FoodShare since 2017. FoodShare provides support services across the local region to disadvantaged people experiencing food shortages, poverty and homelessness.

- **Community projects**
  In 2020, Rivalea partnered with The Amaranth Foundation and FoodShare in a charitable initiative to support the local community through the donation of food to those in need. During the year, the food donations delivered by FoodShare to the Amaranth Foundation benefitted over 200 individuals and families-in-need.

  In February 2021, Rivalea will be hosting "Farmsafe", an event for members of the local Corowa and surrounding regional communities. "Farmsafe" aims to provide attendees with an increased awareness and understanding of the importance of health and safety, specifically on and around a farm. Attendees will also learn practical measures to reduce the risk of injury.

Contributions to the community during the Covid-19 pandemic

Gardenia

Singapore

- **Donation to Children's Wishing Well**
  Gardenia made a cash donation and gave away almost 2,000 *Gardenia* loaves and buns to Children's Wishing Well, a Social Service Agency for children from low-income families or whose parents had lost their jobs due to the Covid-19 pandemic. The donation supported the immediate needs of the children and their families by funding weekly grocery expenses and daily lunch expenses and providing online learning assistance for the children.

- **Donation to Migrant Workers' Assistance Fund**
  As a gesture of support and appreciation to the migrant worker community, Gardenia Singapore extended a cash donation to the Migrant Workers' Assistance Fund, the charity of the Migrant Workers' Centre. The donation provided for the workers' daily needs such as accommodation and meals, as well as interim financial assistance for workers who were displaced and unable to recover their salaries.

Bakers Maison Australia supported the Rotary Club of Padstow in the launch of its newly upgraded facilities at Milperra Community Hall.

Employees of Rivalea participated in The Albury Wodonga Regional Cancer Centre's annual "Sunshine Walk" fundraiser and in 2020 were honoured to be awarded the 2020 Corporate Cup.

- **Appreciating our frontline healthcare workers**
  In appreciation of the hard work of frontline healthcare workers and essential workers during the pandemic, handwritten notes of appreciation from *Gardenia* Singapore employees and healthier *Gardenia* wholemeal loaves and buns were distributed to frontline workers at many healthcare organisations, including National Healthcare Group, Tan Tock Seng Hospital, Ng Teng Fong General Hospital and Healthcare Services Employees' Union.

- **Bringing cheer to our cleaners and essential workers**
  To show appreciation to the cleaners who kept Singapore clean during the pandemic, loaves of *Gardenia Super Soft Wholemeal White Bread* were distributed to cleaners in the North East estates through the North East CDC. Gardenia Singapore also collaborated with the National Environment Agency to reach out to cleaners from the Block 20/21 Marsiling Lane Market and Marsiling Mall Hawker Centre. Together with the *Gardenia* mascot, staff volunteers from Gardenia Singapore distributed gift packs to the cleaners. A video featuring this community outreach was featured on the *'Friends of Gardenia'* Facebook Page.

- **Singapore Kindness Day**
  In celebration of Singapore Kindness Day, a social media giveaway contest was conducted on Facebook to encourage the public to create the iconic yellow gerbera of the Singapore Kindness Movement using the packaging of *Gardenia 100% Wholemeal Extra Soft & Fine Bread*. Participants of the contest were invited to pen a thank you note or encouraging message to show appreciation to any individual important to them or to "silent heroes" who worked tirelessly during the pandemic. A collage of all entries received was featured on social media as part of the celebration for Singapore Kindness Day.

- **Activities to keep people healthy whilst working from home**
  To encourage people to live healthy and active lives, nutritionists from Minmed Group, a healthcare group specialising in nutrition programs and corporate health screenings, hosted four recipe videos on Facebook Live showcasing recipes using *Gardenia* wholemeal, multi-grain and Country loaves. Two sessions of virtual fitness classes were also conducted on Zoom by Minmed's fitness instructors who educated viewers on the health benefits of *Gardenia Low GI Nutri Multi-Grain Loaf* and *Low GI Soft Grain Loaf*.

- **Creation of affordable and healthy meals**
  To help consumers affected by the pandemic, Gardenia featured a series of innovative and nutritious bread recipe ideas on social media to inspire the public to create healthy meals under $2 per serving.

Philippines

- Gardenia Philippines supported frontline workers in hospitals and medical clinics, military, police and LGUs at security checkpoints, and workers from essential services with donations of *Gardenia* products. It also donated *Gardenia* bread to frontliners at the mega swabbing facilities at the World Trade Center, Ninoy Aquino Stadium and Rizal Memorial Coliseum. Over the course of 2020, Gardenia Philippines donated more than 637,000 loaves of bread to frontliners and under-privileged communities across the country.

Gardenia Singapore made a cash donation and gave away almost 2,000 Gardenia loaves and buns to Children's Wishing Well, a Social Service Agency for children.

As a gesture of support and appreciation to the migrant worker community, Gardenia Singapore made a cash donation to the Migrant Workers' Assistance Fund to help provide for the workers' daily needs.

SUSTAINABILITY REPORT

- Gardenia Philippines collaborated with organisations such as the Philippine Red Cross, Armed Forces, media foundations, government agencies, charitable institutions, and private groups to coordinate the distribution of bread products to various beneficiaries. With the help of its partner agencies, Gardenia Philippines' bread donations have reached areas outside of National Capital Region and Region 4A (CALABARZON) which is an administrative region in the Philippines occupying the central section of Luzon including Abra, Ilocos Sur, Mountain Province in the North and as far as Davao City, Zamboanga City, General Santos City and Marawi City in Mindanao.

- Gardenia Philippines partnered with its major flour suppliers such as Asian Grains, Mabuhay Interflour, Morning Star and Pilmico Food Corporation in an initiative where flour donated by these suppliers were baked into bread loaves and distributed to hospitals, checkpoints and affected communities.

- In a collaboration with the United Architects of the Philippines, Gardenia Philippines donated an emergency quarantine facility equipped with 28 beds to Ospital ng Biñan (Biñan Community Hospital) in Laguna for Covid-19 patients. The facility increased the hospital's capacity.

- To share the spirit of togetherness and bring music and joy during the pandemic, Gardenia Philippines threw a free virtual concert for the public on Facebook Live. The *'Laging Kasama'* virtual concert was held in 3Q2020 in celebration of World Bread Day and featured popular local artists, singers and musicians. Viewers were treated to a variety of live performances of Pop, Pinoy Rap & Hip Hop, Ballad, and alternative Indie Rock songs. A raffle was also hosted, and viewers stood a chance to win special *Gardenia* bread packs.

Gardenia Philippines supported the military at a security checkpoint in General Santos City with donations of Gardenia bread.

Gardenia Singapore supported healthcare frontliners with gifts of healthier Gardenia wholemeal loaves and buns and handwritten notes of appreciation from Gardenia Singapore employees.

Gardenia Singapore collaborated with the National Environment Agency to show appreciation to cleaners from the Block 20/21 Marsiling Lane Market and Marsiling Mall Hawker Centre.

Malaysia

- Gardenia Malaysia pledged products and cash to the *Gardenia Covid-19 Aid Programme* to help alleviate some of the hardship faced by low-income households and daily-wage earners. The donation was distributed throughout Peninsula Malaysia to B40 households (bottom 40% household income range), the Food Bank, 'orang asli' and front liners. The *Gardenia Covid-19 Aid Programme* is an initiative of Gardenia Malaysia and the company intends to rally the support of more partners to extend the charitable initiative to benefit more needy households.

- Gardenia Malaysia supported the Muslim Consumers Association of Malaysia's *'Zero Hunger Project'* and collaborated with the Department of Social Welfare (JKMM), Department of Federal Territory Islamic Affairs (JAWI), Food Bank Foundation, Centre for 'Orang Asli' Concerns and the Retired Senior Police Association to distribute gift packs and products to more than 30,000 households and the homeless.

- Through the Federal Territory Education Department, *NuMee Gardenia* and the Ministry of Education collaborated in the *'KitaJagaKita'* campaign launched in selected schools. The *'KitaJagaKita'* campaign taught students the *"3W"* way to keep themselves safe during Covid-19 by (1) Washing hands with water and soap, (2) Wearing face masks, and being (3) Warned to take precautions in public places. The campaign also taught students to avoid 3Cs (crowded places, confined places and close conversation). Gardenia Malaysia donated pre-packed packets of *NuMee* yellow noodles to the students in these schools.

- To provide support and show appreciation to frontline workers who had worked tirelessly to contain Covid-19 during the Movement Control Order, Gardenia Malaysia distributed bread loaves, buns and hygienically-packed servings of mee goreng made with *Gardenia NuMee* noodles to frontline healthcare professionals and police officers in 12 hospitals, 8 police stations and 2 health clinics under the *'NuMeeKasih'* campaign.

- Gardenia Malaysia launched the *#AlwaysWithYou* campaign to provide hope and comfort to Malaysians who were experiencing challenging and difficult times. The campaign evoked nostalgic memories of *Gardenia* as a caring brand that had gone through thick and thin with Malaysians, over the years.

In a collaboration with the United Architects of the Philippines, Gardenia Philippines donated an air-conditioned emergency quarantine facility equipped with 28 beds to Ospital ng Biñan (Biñan Community Hospital) in Laguna for Covid-19 patients.

Medical frontliners at Caloocan City Medical Center with gifts of Gardenia bread donated by Gardenia Philippines.

Gardenia Philippines distributed free Gardenia bread loaves to indigent families in Mabalacat, Pampanga.

SUSTAINABILITY REPORT

Gardenia Malaysia donated gifts of bakery products to cheer up medical frontliners after a hard day's work.

Branding campaigns to foster strong family relationships and promote love and positivity within the community

Singapore

During the Covid-19 pandemic, work from home arrangements became the "new normal" and consumers spent more time on social media platforms. Recognising this trend, Gardenia Singapore launched two branding campaigns on social media, *"I Love Bread"* (from March to July 2020) and *"Spread the Love"* from (August to December 2020).

"I Love Bread" branding campaign

To encourage bread consumption, Gardenia Singapore launched the *"I Love Bread"* campaign to promote the consumption of packaged bread. The campaign focused on educating consumers about the different ways of enjoying bread through creative recipes and fun activities.

To connect with consumers who were working from home, Gardenia Singapore conducted weekly contests by encouraging consumers to share photos of delicious meals that they had created with *Gardenia* products on social media using the hashtag *#StayhomewithGardenia*. Winners of these weekly contests were given shopping vouchers.

Gardenia Malaysia supported the Muslim Consumer Association's "Zero Hunger Project" by distributing more than 10,000 food gift packs to the urban poor community.

Gardenia Malaysia's donation of fried Gardenia NuMee yellow noodles to provide comfort and support to frontliners in their efforts in containing Covid-19.

"*Spread the Love*" branding campaign

- With the community facing difficult and uncertain times due to the Covid-19 pandemic, Gardenia Singapore made effort to spread positivity, gratitude and warmth to the community through its *"Spread the Love"* campaign.

- The *"Spread the Love"* campaign was officially launched on Gardenia Singapore's social media channels with a digital mural on Singapore's National Day. The digital mural was created using images submitted by the public to form the outline map of Singapore. Together with the "*Spread the Love*" logo and images of a *Gardenia* truck and the *Gardenia* mascot, the digital mural represented Gardenia Singapore's commitment to spread love through the supply of *Gardenia* bakery products to different parts of Singapore.

- The highlight of the campaign was a Facebook contest with the grand prize of a three-month supply of *Gardenia* bread. The contest encouraged the public to spread love by writing a message of appreciation to any individual important to them or to the "silent heroes" who worked tirelessly during the pandemic. Five chosen winners and their nominated recipients received three months' supply of *Gardenia* bread worth up to S$90. Winners had the option of donating their prizes to the underprivileged community.

The *"Spread the Love"* campaign was promoted on Instagram with an Augmented Reality game filter to reach out to younger consumers. To strengthen awareness and engagement, the *"Spread the Love"* campaign was widely promoted on social media and on many radio stations in different languages.

Gardenia Malaysia showed its appreciation to frontliners, including Grab riders and taxi drivers, with gifts of Gardenia products.

Gardenia Malaysia donated pre-packed packets of Gardenia NuMee yellow noodles to students in selected schools during the "KitaJagaKita" campaign which taught students how to keep themselves safe during the Covid-19 pandemic.

Spread the Love

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2021)

In this Corporate Governance Report, QAF Limited ("**QAF**" or the "**Company**") describes its corporate governance practices for the financial year ended 31 December 2020 ("**FY2020**") with specific reference to the principles and provisions of the Code of Corporate Governance 2018 ("**Code**"). This report makes cross-references to certain sections of the Annual Report such as information on our Directors on pages 12 to 16 and our sustainability approach on pages 33 to 81. For completeness, this report should be read in conjunction with the other reports and information in the Annual Report.

The Company recognizes the importance of sound corporate governance practices. It focuses on the substance and objective of the Principles underpinning the Code's Provisions whilst pursuing its corporate objectives and strategy of long-term sustainable growth and value creation. Where there were variations in the Company's corporate governance practices from the Provisions, explanation as to how the Company's practices were consistent with the intent of the Principle in question is provided in the relevant paragraph of this report.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

(1) *Provisions 1.1, 1.3, 1.4 and 1.5*

The Board of Directors of QAF ("**Board**") is responsible for overall corporate governance, strategic direction and formulation of broad policies to oversee the business performance and affairs of the Group, with a view to achieving long-term success for the Company. The Board also provides leadership, reviews the performance of the Management, and has oversight of the proper conduct of the Group's business including the framework for the Group's system of internal controls and risk management. Please also refer to the Company's Sustainability Report found on pages 33 to 81 of this Annual Report which sets out the Board's Statement and other information on the Company's sustainability approach as well as information on the Group's Code of Business Conduct.

The functions of the Board are carried out by the Board or delegated by it to various Board Committees. The Board has established the following Board Committees: Audit & Risk Committee, Nominating Committee, Remuneration Committee and Executive Committee. The members of these Committees are set out in the Corporate Information page of this Annual Report.

Each Committee has written terms of reference including the authority to examine issues relevant to its terms of reference and to approve and/or make recommendations to the Board for consideration. A summary of the terms of reference and the activities of the Committees are more particularly described in other sections of this report. The Executive Committee, which comprises members of Management and our non-executive Vice Chairman, is responsible for the overall management of the operations and affairs of the Company and has overall oversight of the operations and affairs of its subsidiaries and associated companies and joint venture(s) in which the Group has an interest, save for, amongst others, interested person transactions, transactions which constitute major transactions under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2021)

("**SGX-ST**") and any matter which the Executive Committee considers to be material for deliberation by the Board. Please refer to page 98 of this report (Principle 9 "Provisions 9.1 and 9.2") for more information on matters where decisions require Board approval. During FY2020, the Executive Committee reported to the Board on significant decisions and developments relating to the Group on at least a half-yearly basis. The long-term vision and strategy for the Company is formulated and discussed at the Executive Committee and Board level, and its implementation, including articulation to shareholders and employees, is tasked to the executive Directors. Management works with, and is accountable to, the Board. In its review of the performance of Management, the Nominating Committee and the Remuneration Committee consider several factors such as those set out on pages 91 to 94 of this report under Principle 5 "Provisions 5.1 and 5.2" and Principle 7 "Provisions 7.1 and 7.3".

During FY2020, in light of the cessation of quarterly reporting, the Board held two scheduled meetings in connection with the review of the Group's financial results announcements. The Company's practice is to hold additional board meetings as and when circumstances warrant. Where a Director faces conflicts of interest, he shall recuse himself from discussions and decisions on the relevant matter. The FY2020 attendance and participation of the Directors at Board and Committee meetings as well as the Company's Annual General Meeting in June 2020 ("**AGM**"), is set out below:

Number of meetings held in FY2020	**Board**	**Audit & Risk Committee**	**Nominating Committee**	**Remuneration Committee**	**AGM**
	2	2	1	1	1
Name of Director	**Number of meetings attended in FY2020**				
Didi Dawis	2	N/A	N/A	1	1
Andree Halim	2	N/A	1	1	1
Lin Kejian	2	N/A	N/A	N/A	1
Goh Kian Hwee	2	N/A	N/A	N/A	1
Tan Teck Huat	2	N/A	N/A	N/A	1
Tan Hang Huat	2	N/A	N/A	N/A	1
Gianto Gunara	1	N/A	N/A	N/A	1
Choo Kok Kiong	1	N/A	N/A	N/A	1
Dawn Pamela Lum	2	2	1	1	1
Triono J. Dawis	2	2	N/A	N/A	1
Lee Kwong Foo Edward	2	2	N/A	N/A	1
Ong Wui Leng Linda	2	2	1	N/A	1

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The Executive Committee does not have scheduled meetings. Its members individually and collectively actively engage with one another throughout the year.

The other directorships and principal commitments held by the Directors have not compromised the time and attention devoted by them to the discharge of their duties to the Company. Please also refer to the disclosures under Principle 4 "Provision 4.5" at page 90 of this report.

(2) *Provision 1.2*

Newly-appointed Directors to the Company are given orientation including briefings to familiarize them with the business and operations of the Group. They are furnished with information on their fiduciary and other general duties and obligations, on the Company's governance framework, policies and/or processes.

Directors are provided the opportunity to develop and maintain their skills and knowledge on areas relevant to their duties as directors of a public-listed company and to their roles on Board Committees, such as those organised by the Singapore Institute of Directors, Accounting and Corporate Regulatory Authority and/or the SGX-ST. The Company funds and makes arrangements for the Directors to attend such training. The Management (with the assistance of external consultants, where considered appropriate) furnishes the Directors with information pertinent to the Group's business, including information to keep them apprised of issues and developments, both locally and in other jurisdictions, relevant to the Group's businesses, changes in laws, listing rules or accounting matters and regulatory and compliance issues. In addition, Directors are at liberty to request for further explanations, briefings or information as and when required.

(3) *Provisions 1.6 and 1.7*

The Management provides Directors with periodic management financial information relating to the Group. Board papers are prepared for each meeting of the Board and are normally circulated at least five days in advance of each meeting to allow sufficient lead time for Directors to review the items tabled at the meetings. The Management is required to supply the Board with papers containing adequate information pertaining to the agenda (including, where applicable, budgets, forecasts and analyses) to assist the Directors' review of the issues to be considered at Board meetings and to facilitate discussion at such meetings. Directors are at liberty to request from the Management additional information as needed to make an informed decision.

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and her responsibilities include checking that board procedures are followed, applicable rules and regulations, including the listing rules and the Code, are complied with and that minutes of meetings are fairly recorded. The Company Secretary is also tasked with handling information flow within the Board and its Committees. The Constitution of the Company provides that the Company Secretary shall be appointed and may be removed by the Directors.

If Directors, whether as a group or individually, in furtherance of their duties need independent professional advice, assistance is available to help them obtain such advice at the Company's expense.

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(AS AT 15 MARCH 2021)

BOARD COMPOSITION AND GUIDANCE

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

(1) *Provisions 2.1, 2.2, 2.3 and 2.4*

The Board comprises 12 Directors, five of whom are in the Board's judgment independent Directors, constituting more than one-third of the Board. Our independent Directors are Mr Didi Dawis, Ms Dawn Pamela Lum, Mr Triono J. Dawis, Mr Lee Kwong Foo Edward and Ms Ong Wui Leng Linda. Ms Dawn Pamela Lum is the Lead Independent Director. The majority of the Board comprises non-executive Directors, namely, nine out of 12.

The independence of each Director is reviewed annually by the Nominating Committee. In its deliberation on the independence of Directors in FY2020, the Nominating Committee took into account, amongst others, each independent Director's confirmation of his or her independence based on the applicable provisions of the SGX-ST Listing Manual and the Code. Under the Listing Manual, a director is not independent if (a) he is or has, in the last three financial years, been employed by the company or any of its related corporations or (b) he has an immediate family member who is or has, in the last three financial years, been employed by the company or any of its related corporations, and whose remuneration is or was determined by the remuneration committee. These disqualifying provisions do not apply to our five Independent Directors. The new Rule 210(5)(d)(i) of the Listing Manual affecting the independence of directors who have served for more than nine years will apply from 1 January 2022. The Nominating Committee and Board are cognizant of the need for progressive refreshing of the Board and will be looking into the composition of the Board as a whole, in particular in light of the nine-year rule. As stated in our Chairman's Statement on page 2 of this Annual Report, Mr Didi Dawis will be stepping down as Chairman after the Company's Annual General Meeting. The Company will appoint a new Chairman in due course.

The principle-based definition of "independence" in the Code is set out in Provision 2.1, which states that an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. Applying this definition as well as taking into consideration the relevant practice guidance in the Code, the Nominating Committee, with which the Board concurred, was of the view that Mr Didi Dawis' long tenure on the Board did not interfere with the exercise of his independent business judgement in the best interests of the Company and that he and his son, Mr Triono J. Dawis, may each continue to be regarded as independent. Mr Didi Dawis ceased to be a substantial shareholder in 2019. He has demonstrated strong independence in conduct, character and judgement in the discharge of his responsibilities as a Director of the Company. Mr Didi Dawis, together with Mr Triono J. Dawis, contributes proactively at Board meetings and discussions, by providing additional or differing views and perspectives to, and engaging in robust debates with (including constructively challenging) Management and/or the controlling shareholders.

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The Board is made up of members with diverse backgrounds, skillsets and experience (including extensive and in-depth corporate experience involving listed companies), ranging from accounting, finance, regulatory and legal expertise to entrepreneurial business skills and experience in regional investment and strategic matters, which are essential and/or valuable for decision-making. Our two female Directors were selected taking into account, amongst others, their qualifications, extensive experience and expertise in relevant areas such as role in senior management or boards of listed companies, due understanding of listing compliance requirements, ability to add to the depth of Board and Committee discussions and as part of refreshing our Board. Three of our Board Committees are chaired by our female Directors. The Audit & Risk Committee is chaired by Ms Ong Wui Leng Linda, whilst the Nominating and Remuneration Committees are chaired by Ms Dawn Pamela Lum, who is also Lead Independent Director. Our Board has two directors below 45 years of age, Mr Lin Kejian (age 42) and Mr Triono J. Dawis (age 39). Mr Lin Kejian is Joint Group Managing Director, who focuses on strategic matters. Mr Triono J. Dawis' contribution of fresh perspectives and to robust debates during Board and Audit & Risk Committee discussions has been noted above. Ms Rachel Liem Yuan Fang, aged 25, alternate Director to Mr Andree Halim, is being nurtured for future leadership role. Further information on our Directors is found in the section of this Annual Report entitled "Board of Directors" at pages 12 to 16.

Whilst the Board consists of 12 members, to facilitate operational efficiency, it has an Executive Committee consisting of four Directors to whom it has delegated overall supervision and management of the Group's operations and affairs. At the same time, the Board continues to benefit from the business knowledge, commercial and industry experience, as well as extensive business network of the other Board members. The four non-independent, non-executive Directors have elected not to receive director's fees, as stated under Principle 8 "Provisions 8.1 and 8.3".

The Board is therefore of the view that its size, and that of the Board Committees, and level of independence is appropriate and comprise Directors who as a group have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge and experience, and diversity of thought, so as to foster constructive and robust debate and avoid "groupthink".

The Board supports diversity as part of its policy for the selection, appointment and re-appointment of Directors, for the purpose of enhancing Board effectiveness. The Board does not intend to appoint persons as Directors by reason of their gender or age as token representatives on the Board or simply to meet quotas. The Diversity Action Committee had in 2017 set a target of having a 20% female representation on the boards of Singapore listed companies by 2020 and 25% of such female representation by 2025. The Diversity Action Committee has been succeeded by the Council for Board Diversity ("**CBD**"). According to a 2020 report published by the CBD, the 100 largest SGX-ST-listed companies achieved 16.2% women's participation on boards as of 31 December 2019. The *Singapore Directorship Report 2019* published by the Singapore Institute of Directors ("**SID**") states that 39% of listed companies which responded to the survey have no female directors and, for mid-cap companies (S$300 million to S$1 billion) who responded to the survey, only 13% have two or more female directors. Based on the inaugural Singapore Board Diversity Index 2020 launched by SID and Willis Towers Watson, which assessed Board diversity across eight attributes (age, gender, tenure, board independence, cultural ethnicity, international experience, domain

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and functional expertise and industry expertise), QAF was amongst the top 10 mid-cap SGX-ST listed companies (ranked 6th). The Company's two female Directors represent about 16.7% of our Board. The Board has reservations on setting a quota as a target, as it may detract from the more fundamental principle that the candidate must be of the right fit and meet the relevant needs and vision of the Board and Company at the material time. The Board's policy is that the Nominating Committee shall undertake an annual review of the Board's composition. During such review, it shall articulate key selection criteria (including succession planning) as well as differing channels for sourcing candidates, being conscious of the need to consider varying criteria and channels, and report and make recommendations to the Board accordingly. The Board will continue to review its diversity policy.

(2) *Provision 2.5*

The non-executive and/or independent Directors communicate at Board Committee meetings and as and when necessary without the presence of Management and are also provided with the opportunity annually to meet without Management's presence. They provide feedback to the Management of their views including on the Group's operations and processes, from time to time. The independent Directors of the Company may communicate periodically without the presence of the other Directors as and when they see the need for issues to be discussed separately from the entire Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

(1) *Provisions 3.1 and 3.2*

The roles of Chairman and the chief executive officer of the Company are separate. Mr Didi Dawis is the Chairman of the Board and is an independent non-executive Director. Mr Lin Kejian and Mr Goh Kian Hwee are the Joint Group Managing Directors and they are not related to Mr Didi Dawis.

The Chairman performs his duties as a non-executive Director of the Company and is responsible, *inter alia*, for facilitating constructive workings of the Board as a whole, promoting a culture of openness and debate at the Board, oversight as to whether the Directors receive adequate and timely information and facilitating the effective contribution of the non-executive Directors. The Joint Group Managing Directors are responsible for the leadership and overall management of the affairs of the Company and overall oversight of the Group and, together with the Executive Committee, are tasked to set strategic objectives and implement strategies to achieve the long term sustainable growth of the Group and value creation. No one individual director has unfettered powers of decision making, as reflected in the disclosures under Principle 1 "Provisions 1.1, 1.3, 1.4 and 1.5".

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(2) Provision 3.3

The Company has a Lead Independent Director whose role encompasses that of spokesman and providing leadership among the Directors in a way that enhances the objectivity and independence of the Board. Our Lead Independent Director, Ms Dawn Pamela Lum, has extensive experience from her previous role as company secretary in a major listed company and is familiar with procedures for general meetings, also chairs general meetings of the Company. Our Lead Independent Director may also respond to shareholders who seek out a different channel of communication with the Company from Management or the Chairman.

BOARD MEMBERSHIP

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

(1) *Provisions 4.1 and 4.2*

The Nominating Committee consists of Ms Dawn Pamela Lum (chairman and Lead Independent Director), Mr Andree Halim and Ms Ong Wui Leng Linda. The majority of the Nominating Committee, including the chairman, are independent Directors.

Under its written terms of reference, the Nominating Committee is empowered, *inter alia*, to review and make recommendations to the Board on the following matters:

(a) setting up and implementation of procedures to facilitate a formal and transparent process for the appointment of new directors;

(b) review of the suitability of the directors due for re-election and re-nomination each year;

(c) the independence of each director;

(d) the training needs of the Board members; and

(e) the process and criteria for the evaluation of the performance and effectiveness of the Board as a whole, and ascertain whether any aspects of the Board's oversight can be strengthened and improved.

In addition, the Nominating Committee is responsible for making recommendations to the Board on relevant matters relating to, amongst others, the review of succession plans for Directors and key management personnel, and the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors.

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(2) *Provision 4.3*

As part of the selection process for the appointment of new directors, the Nominating Committee reviews the composition of the Board, taking into account, amongst others, the need to refresh Board membership progressively, the requirement under the Code for independent directors and the needs of the Board taking into account need for diversity in matters such as skillsets, experience and expertise (taking into consideration breadth and depth of experience) so as to enhance the Board's effectiveness. The Nominating Committee typically identifies and searches for candidates through various contacts and recommendations (including proposals and recommendations of substantial shareholders and Board members) and reviews the suitability of candidates with reference to the appropriate qualifications, expertise, skillsets, experience and characteristics of the candidates. The Nominating Committee's recommendation is subject to the Board's approval.

In deciding the Directors who are to stand for re-election, the Nominating Committee evaluates the contribution and performance of each Director to the effectiveness of the Board and also considers the need for progressive renewal of the Board. The review parameters for evaluating each Director include attendance, preparedness, candour and participation at board/committee meetings, professional skills, knowledge and experience relevant to management or operation of the business, entrepreneurial business skills and regional investment experience.

(3) *Provision 4.4*

The independence of each Director is reviewed annually by the Nominating Committee and, as and when circumstances require, whether there is a change to the independent status previously accorded to the relevant Directors. For the Nominating Committee's review on the independence of Directors in FY2020, please refer to the section dealing with Principle 2 "Provisions 2.1, 2.2, 2.3 and 2.4" on pages 86 to 87 of this report.

(4) *Provision 4.5*

The Nominating Committee is assisted by the Legal Department of the Company in providing new Directors with information on their duties and obligations as directors (please refer to the section dealing with Principle 1 "Provision 1.2" of this report). The Nominating Committee evaluates the performance of the Directors annually, as described under Principle 5 "Provisions 5.1 and 5.2".

The Directors' board representations (if any) on other listed companies and other principal commitments are set out on pages 12 to 16 of the Annual Report. The Board takes the view that such other listed company board representations have not compromised any of the relevant Directors' ability to carry out and discharge his/her duties adequately. The number of directorships in other listed companies held by each of the Directors (if any) does not give rise to material concern and the Board considers the experience that our Directors may have in other listed companies to be an asset.

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BOARD PERFORMANCE

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

Provisions 5.1 and 5.2

The Nominating Committee recommends to the Board the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board Committee separately as well as the contribution of the Chairman of the Board and each individual Director.

The Nominating Committee believes that in evaluating the Board's effectiveness, both quantitative and qualitative criteria of a long-term perspective are to be taken into account. Criteria considered by the Nominating Committee include the pursuit of strategy of long-term sustainable growth (in terms of revenue, EBITDA and profitability) and value creation to enhance shareholder value, the financial performance of the Group including by reference to revenue growth, EBITDA and profitability; financial position and returns to shareholders; any business opportunities introduced by the Board; readiness of the Board to redefine and modify corporate strategies in a changing business environment and its ability to lend support to the Management in steering the Group towards the objectives set.

The Nominating Committee has established a formal evaluation process for assessing the Board as a whole, the Board Committees and individual Directors. For FY2020, no external facilitator was engaged. Each Director was requested to complete an evaluation form to assess the effectiveness of the Board in key areas including board composition, procedures, strategy, performance and training. The Nominating Committee also undertook an evaluation of the Board Committees based on, amongst others, certain assessment criteria recommended by the Singapore Institute of Directors. Information on the contributions and performance of individual Directors including on Board Committees was collated, incorporating any comments of the Directors by way of self-assessment, and reviewed by the Nominating Committee. In its evaluation of individual Directors, the Nominating Committee considered, amongst others, the specific criteria set out under Principle 4 "Provision 4.3" and under Principle 7 "Provisions 7.1 and 7.3". The results of the evaluation exercise were reviewed by the Nominating Committee, and reported to the Board with any relevant recommendations where applicable. When deliberating on the performance of a particular Director who is also a member of the Nominating Committee, that member abstains from the discussions.

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies/Level and Mix of Remuneration/Disclosure on Remuneration

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

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

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

(1) *Provisions 6.1 to 6.4*

The Remuneration Committee consists of Ms Dawn Pamela Lum (chairman), Mr Didi Dawis and Mr Andree Halim. All of them are non-executive Directors and the majority, including the chairman, are independent Directors.

Under its written terms of reference, the Remuneration Committee, amongst others, shall assist the Board in the review of the framework for remuneration of the Board and key management personnel, set up procedures to facilitate a process by which the remuneration of executive Directors is determined and adopt the criteria by which their performance and contribution is to be assessed in an objective and fair manner. Remuneration includes salary, discretionary bonuses and other benefits such as Central Provident Fund ("**CPF**") contributions. The Remuneration Committee shall also review service contracts to be entered into between the Company and an executive Director or other key management personnel of the Company including the provisions relating to remuneration, the duration of appointment and early termination, to ascertain that such service contracts do not provide for excessively long periods of employment or onerous removal clauses. No remuneration consultant was engaged by the Company in FY2020.

The Remuneration Committee reviews and makes recommendations to the Board on the remuneration packages of the Directors and key management personnel (who are not also Directors). Any Director who has an interest in the matter in question is required to abstain from participating in the decision-making.

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(2) *Provisions 7.1 and 7.3*

The Remuneration Committee's review and recommendations to the Board on the remuneration packages of the executive Directors and key management personnel (who are not also Directors) are undertaken with objective of ensuring that their remuneration is competitive and sufficient to attract, retain and motivate persons of the required caliber, skills and integrity to provide good stewardship and run the Company and the Group successfully, as well as motivate competent, committed and loyal key executives. For FY2020, the Remuneration Committee determined that the factors to be taken into account for this purpose include the individual performance and contribution of the employee to the Group including towards pursuit of the Company's long term strategic objectives and vision, level and extent of responsibility and accountability, the level of experience, expertise, skillsets, competency and potential of the individual, the prevailing market remuneration and the performance of the Group based not on a single year in isolation but over a period of time to take into account matters such as the effect of the cyclical nature of the Primary Production segment, all with a view to encouraging focus on long-term sustainable growth and value creation, over short-termism. This longer-term approach is consistent with Provision 7.3 of the Code which states that remuneration is appropriate to attract, retain and motivate key management personnel to manage the company for the long term and is consistent with the Company's approach in recommending an annual dividend of 5 cents per share for FY2020 amounting to approximately S$28.8 million although the Group's earnings attributable to shareholders for such financial year amounted to approximately S$27.7 million (excluding the non-cash remeasurement loss of S$28.7 million, the earnings attributable to shareholders would have been S$56.4 million). Consideration was given, amongst others, to promotion of the culture of teamwork and cohesiveness amongst senior management of the Group and within the Executive Committee; focus on strategic policies and direction and key business, regulatory and risk management issues for the Group to continue to build a solid foundation for growth and sustainability, including succession planning; continuing to promote better transparency of the Group's strengths and weaknesses with the objective of assisting the Company's shareholders to make informed decisions and articulation to shareholders, as well as to the Group's business units, of the Board's longer term view for sustainable growth; continuing improvement of rigor in management processes and analyses (including financial analyses and stress testing) of the Group; continuing emphasis on importance of value creation and investment in QAF Group's talent and other assets, including promotion of culture of learning/awareness to keep up and improve professional knowledge all with a view to enhancing quality of work, deliverables and for risk management purposes (for example, with respect to transactional due diligence process and promoting continuing professional/industry education and training for employees of the Company and business units), and emphasis on enhancing protection of Group's intellectual property for example through educating the business units of the importance of intellectual property protection; and emphasizing product innovation for, in particular, the mature Singapore bakery market; and the extensive scale of the Group's operations (including Gardenia Bakeries (KL) Sdn Bhd, the Group's Malaysian joint venture, and the discontinuing operations) which span several countries and generated revenue of approximately S$1.2 billion in FY2020.

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For FY2020, the Company identified three employees (other than Directors) who constitute key management personnel within the definition of the Code (ie, the chief executive officer and other persons having authority and responsibility for planning, directing and controlling the activities of the company).

The remuneration of the executive Directors and key management personnel (who are not also Directors) generally comprises two components. One component is fixed in the form of a base salary. The other component is variable in the form of discretionary bonus (determined taking into consideration the factors set out above). In addition, the executive Directors and certain key management personnel receive benefits such as car benefits. In relation to long term incentive schemes, the Company does not have any employees' share incentive plan to avoid short-termism. It previously had an employee share option scheme, which is no longer in force. None of the executive Directors' and key management personnel's remuneration is tied solely and specifically to the profitability of the Company or the Group. Executive Directors and the key management personnel (other than Directors) receive remuneration as employees of the Company and do not receive directors' fees or other remuneration from the Company or its subsidiaries.

The long-term interests of the Company and its risk policies are therefore taken into account in structuring and determining remuneration. Board endorsement is sought for the remuneration packages of the executive Directors and the key management personnel (who are not also Directors).

The Company did not have contractual provisions to reclaim incentive components of remuneration from FY2020 executive Directors and key management personnel (other than Directors) in exceptional cases of mis-statement of financial results or of misconduct resulting in financial loss to the Company. The executive Directors owe fiduciary, statutory as well as contractual duties to the Company and the Company considered that it may avail itself of remedies against the executive Directors in the event of breach of their relevant duties. Further, none of the executive Directors' and other key management personnel's remuneration is tied solely and specifically to the profitability of the Company or the Group, as explained above.

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(3) *Provision 7.2*

Non-executive Directors are paid a basic fee and an additional fee for serving as the Chairman of the Board or as chairman or member of the Audit & Risk, Nominating and Remuneration Committees, as set out below, which amounts take into account the responsibilities and expected time spent for the respective roles:

Board Membership (base fee)	S$30,000
Board Chairman	S$30,000
Audit & Risk Committee	
Chairman	S$30,000
Other members	S$20,000
Nominating/Remuneration Committee	
Chairman	S$20,000
Other members	S$15,000
Executive Committee	Nil
Lead Independent Director	S$5,000

Such fees are subject to approval by the shareholders of the Company as a lump sum payment at each AGM of the Company. In the interest of maintaining the objectivity and independence of the non-executive Directors, the Company applied a cash-based fixed fee at a rate comparable with those that are adopted by a majority of other SGX-ST listed companies with similar market capitalization.

The total fees payable to each non-executive Director for FY2020 (subject to shareholders' approval) is set out in the sub-section below under "*Provisions 8.1 and 8.3*".

(4) *Provisions 8.1 and 8.3*

In considering the disclosure of remuneration of the executive Directors and of the key management personnel (who are not also Directors) in the manner set out in Provision 8.1 of the Code, the Remuneration Committee considered, amongst others, the importance of maintaining the cohesion, spirit of team work and morale prevailing among senior management executives of the Group, the competitive industry conditions and the sensitive and confidential nature of employees' remuneration. In particular, apart from the key management personnel, the Group has other senior management executives who are the chief executive officers of the Group's business units. The Company had previously already disclosed heightened competition faced by the Group, not just in Singapore but also in other jurisdictions where it operates. In the Company's annual reports since FY2016, it has been disclosed that one of the key categories of risks faced by the Group is competition (such risk having been identified by the management, reviewed by an external professional consultant engaged to assist the Group to formulate an enterprise risk management framework and considered by the

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Audit & Risk Committee). The Group's competitors include groups that are unlisted and who do not publish details of the remuneration of its key executives. The matter is therefore not an academic, but a real risk, for the Group. In light of these matters, the Remuneration Committee, with which the Board concurs, remains of the view that disclosure of its executive Directors and other key management personnel's remuneration in such detail as is provided for under Provision 8.1(a) and (b) of the Code is not in the interests of the Company and the Group, and has therefore deviated from this Provision to the extent that the remuneration of the executive Directors is disclosed in bands, and that the names, remuneration in bands no wider than $250,000, breakdown of remuneration and total remuneration of the key management personnel (who are not Directors) are not disclosed. It is noted that the *Singapore Directorship Report 2019* discloses that one of the highlights of the findings of the survey was that "Key challenges to business growth in Singapore are intense competition, manpower constraints and limited domestic market continue to be cited as the top three factors."

The Company is of the view that its corporate governance practice on this aspect is consistent with the intent of Principle 8. The Company has disclosed in the Notes to the Financial Statements under the Financial Contents of this Annual Report, the total FY2020 remuneration of its five key management personnel (including the executive Directors). It has also disclosed the FY2020 remuneration of such key management personnel in band(s) as set out below. The total FY2020 remuneration of QAF's five key management personnel (including the executive Directors) was S$5.02 million (versus S$4.94 million for FY2019). The Company has also given detailed disclosure on its remuneration policy including criteria for assessment of performance and the relationship between remuneration, performance and value creation (see Principle 7 "Provisions 7.1 and 7.3"). The Company therefore believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of its key management personnel including the executive Directors.

Executive Directors

Remuneration Band/Name of Executive Director	Fixed Salary	Variable Bonus	Other Benefits[1]	Total
S$2,000,000 to S$3,000,000				
Goh Kian Hwee	76%	23%	1%	100%
S$500,000 to S$750,000				
Tan Teck Huat	90%	6%	4%	100%

Key Management Personnel (other than Directors)

Remuneration[1] Band	Number of Key Management Personnel
Below S$550,000	3

(1) Includes employer's CPF contribution and (where applicable) car benefits

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The fees payable to the non-executive Directors of the Company who served in FY2020, subject to the approval of Shareholders at the AGM, are set out below:

Name of Director		Directors' Fees
Didi Dawis	Chairman of the Board Member of Remuneration Committee	S$75,000
Andree Halim	Vice-Chairman of the Board Member of Nominating Committee Member of Remuneration Committee	Has elected not to receive Directors' fees
Dawn Pamela Lum	Member of the Board Chairman of Nominating Committee Chairman of Remuneration Committee Member of Audit & Risk Committee Lead Independent Director	S$95,000
Ong Wui Leng Linda	Member of the Board Chairman of Audit & Risk Committee Member of Nominating Committee	S$75,000
Lee Kwong Foo Edward	Member of the Board Member of Audit & Risk Committee	S$50,000
Tan Hang Huat	Member of the Board	Has elected not to receive Directors' fees
Gianto Gunara	Member of the Board	Has elected not to receive Directors' fees
Choo Kok Kiong	Member of the Board	Has elected not to receive Directors' fees
Triono J. Dawis	Member of the Board Member of Audit & Risk Committee	S$50,000
	Total	**S$345,000**

(5) *Provision 8.2*

Save as disclosed below, the Group did not employ any immediate family member of a Director, the Joint Group Managing Directors or substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2020. Mr Batuhan Guven, spouse of Ms Rachel Liem Yuan Fang, is employed in a subsidiary of the Group. His remuneration (including benefits in kind) for FY2020 was between S$200,000 to S$300,000.

Mr Lin Kejian, the Joint Group Managing Director, had elected not to receive remuneration. Mr Lin Kejian is an immediate family member of Mr Andree Halim.

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ACCOUNTABILITY AND AUDIT

Risk management and Internal Controls

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

Provisions 9.1 and 9.2

The Board is overall responsible for the governance of risk. To assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, the Audit & Risk Committee, with the assistance of internal and external auditors and Management, assumes the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews significant policies and procedures and highlights significant matters to the Audit & Risk Committee.

The Board has determined the nature and extent of the significant risks that the Company is willing to take to achieve its strategic objectives and value creation. It has determined that the following approval thresholds shall apply, and shall be observed by the Executive Committee and Management:

(a) Major transactions (as defined in the Listing Manual) require Board approval. Generally, under the Listing Manual, major transactions are acquisitions or disposals of assets or the provision of financial assistance where the 20% threshold, based on the prescribed benchmarks, are exceeded. Examples are where the net profit attributable to the relevant asset exceeds 20% of the Group's net assets and where the aggregate value of the consideration for the asset exceeds 20% of the market capitalization of the Company;

(b) (i) Interested person transactions of value below 3% of the latest audited consolidated NTA of the Group requires the approval of the Audit & Risk Committee;

(ii) Interested person transactions of value equal to or more than 3% of the latest audited consolidated NTA of the Group require Audit & Risk Committee and Board approval;

(c) Investments or divestments with a value more than 10% of the market capitalization of the Company require Board approval; and

(d) Any matter which the Executive Committee considers to be material for deliberation by the Board.

For each of (a) to (d) above, shareholders' approval shall also be sought where required by law or the Listing Manual.

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The Group's financial performance and operations are influenced by a wide range of risk factors and some of these risks are beyond the Group's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material. The Group aims to mitigate these risks through appropriate risk management strategies and internal controls. Based on our Enterprise Risk Management framework, the key categories of risks faced by the Group, which are not listed in the order of significance, as at 31 December 2020 are summarized as follows:

Risk	
Competition	The Group faces competitive risk in all markets and business segments in which it operates. The inability to remain efficient and competitive is a key risk. The Bakery segment faces direct competition from local bakery chains, new industrial bakeries as well as supermarket chain stores with their own "in-house" brands. The Primary Production segment faces competition from local producers and cheap imports.
Fluctuating commodity prices	Fluctuation in flour and fuel prices affects the Bakery and the Distribution and Warehousing segments. The Primary Production segment is affected by the cost of grain and feed ingredients.
Environmental laws and regulations	The operations of the Primary Production segment are subject to government environmental laws, regulations and licensing requirements dealing with, amongst others, management of effluent, hazardous material, general waste control, odour management and other waste, which require regular maintenance and monitoring. Breaches of such requirements may lead to consequences such as claims, increased costs (including relocation cost and cost of restoration of the site to meet environmental requirements), fines, suspension or revocation of permits, licences and approvals and negative publicity. For example, as previously disclosed by the Company, one of the Group's pig farms, which is approximately 94 hectares has been the subject of a number of odour complaints and received show cause letters and official cautions from the NSW Environmental Protection Agency.
Prolonged, adverse weather conditions	Extreme weather events can impact on production sites and raw material supply and cost of the Primary Production and Bakery segments. Drought impacts the cost of grain and other feed ingredients.
Increasing cost of operations and distribution	Increase in costs of operations including labour, maintenance, energy, transportation and distribution costs in relation to the Bakery and the Distribution and Warehousing segments, and increase in labour, processing, compliance, insurance and utilities costs in relation to the Primary Production segment.
Fluctuating foreign exchange rates	The Group is exposed to foreign exchange fluctuations, from its operations and through subsidiaries and joint venture operating in foreign countries, which relate to the translation of the foreign currency earnings and carrying values of the overseas operations (including intercompany loans extended to these entities). In addition, the Group's subsidiaries' ingredient costs are correlated to movements in foreign currencies and are therefore impacted by fluctuations of these currencies.

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Risk	
Changing regulations in the meat industry	The Primary Production segment is regulated by numerous health and food safety organisations and subject to regulatory sanctions. In Australia, changes in these regulations will have an impact on the segment's cost and operations.
Food safety and livestock health	Food safety risks in relation to the Primary Production, Bakery and Distribution & Warehousing segments include products not satisfying product or food safety requirements and the contamination of ingredients due to non-compliance of product handling procedures. The Primary Production segment is also exposed to variable livestock health issues which include occurrences of diseases, which may lead to reduction in volume, higher mortality or culling rates, increased costs, and may in turn adversely affect the production, sales and margins of the Group's products. Food safety and health issues may also affect consumer confidence in our business and result in reduced demand which may in turn lead to downward pressure on prices.
Health, safety and security	Lack of or inadequate maintenance or health, safety and security measures on the Group's facilities including its older facilities or during or in connection with operational activities, can lead to disruption of operations and injuries to employees and the public, and may lead to lower productivity, higher cost, enforcement actions and sanctions by regulators such as penalties, prosecutions and suspension of operations. The Group's plants, facilities and IT infrastructure are also at risk of shutdown from natural disasters, breakdowns, epidemics and cyberattacks. • The Group's operating entities have, in particular in light of the Covid-19 pandemic, adopted stringent health and safety measures as a risk management measure. Nevertheless, business risks remain as the situation may worsen with multiple waves of infection and increased restrictions in movement of goods and people. Such risks include, but are not limited to, emergence of Covid-19 variants, challenges to rolling-out of available vaccines, disruption of supply chains, temporary closure of production, processing and warehousing facilities in case a cluster is detected, labour shortages, transition to split operations/additional shifts resulting in higher costs, increased sanitation requirements and production downtime, higher cost of raw materials, as well as credit risks, especially for retail food service sector, as more companies go into financial difficulties. • The Rivalea Group does not have insurance coverage for disease risks as previous review for coverage indicated limited coverage and prohibitive premium cost.

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Risk	
	Costs of an Emergency Animal Disease response African Swine Fever (ASF) is a Category 3 emergency animal disease in the Government and Livestock Industry Cost Sharing Deed in respect of Emergency Animal Disease Responses (EADRA) (2002)[1]. The EADRA is an agreement between Australian Government and various industry bodies which covers the management and funding of responses to emergency animal diseases (EAD). The EADRA was developed to facilitate rapid responses to, and control and eradication or containment of, certain EADs. Parties to the EADRA have agreed to a mechanism for sharing certain costs of an EAD response (which include the costs of the statutory compensation schemes where compensation might be paid to the owner of any livestock or property that is destroyed for the purpose of eradication or prevention of the spread of the EAD, and livestock that has died of the EAD (this needs to be certified)), the proportions of which depend on the disease category. In the case of ASF, the proportion of costs between the Australian Government and Pork Industry is 50/50. Australian Pork Limited (APL), the Pork Industry body, is a party to the EADRA and the Rivalea Group is a member of APL. It is not known how APL might fund any contribution it is obliged to make to the costs-sharing exercise. *Potential Compensation* To the extent that the Rivalea Group suffer loss by reason of an ASF outbreak, there is a statutory entitlement under the various State legislation for producers to apply for compensation for certain losses. These losses tend to be limited to the value of any animals or property that have been lost to ASF or destroyed in accordance with an emergency order. There is also potential for further compensation to be paid, including for the loss of animals destroyed on welfare grounds and a top up amount if the cost of the re-stocking exercise is greater than the compensation paid for the animal(s) destroyed. The draft EAD response plan for ASF is yet to be released so the extent of any compensation that might be available beyond the statutory regime is unknown. Concerns have also been raised about the valuation formulae for compensation and the absence of a link between any additional compensation provisions that might exist in the ASF EAD response plan and a producer's entitlement to access that compensation (particularly in respect of New South Wales and Victoria). In any event, it is unlikely that any compensation will be available for any loss of profits, any loss occasioned by a breach of contract or any consequential loss. *1 – Information obtained from www.animalhealthaustralia.com.au, the website of Animal Health Australia (AHA). AHA manages the EADRA and has members from the Australian Government, state and territory governments, and Livestock Industries.*

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Risk	
	• There are ongoing issues relating to older facilities. Gardenia Singapore will be undertaking an exercise to upgrade the equipment capability for its production facilities in Singapore. As existing facilities have been in operation for many years, it is necessary to upgrade the facilities. The Group is undertaking a repair of its warehousing facility and a one-off non-cash impairment loss of $1.0 million to write down net book values of certain Properties, Plant and Equipment in the Distribution and Warehousing segment. Please refer to pages 7 and 23 of this Annual Report.
Intellectual property	The Group's trademarks, brands, patents and other intellectual property rights are important assets of the Group. Challenge to or infringement of the Group's intellectual property rights, including trademarks, brands, designs, patents and copyright, or the Group's proprietary information, technology and business and trade secrets, or absence of or insufficient protection, for example due to cost constraints, of any of the foregoing, can adversely affect the Group.
Reputational damage from adverse publicity	With increasing use of social media, negative publicity published on social media and difficulties in addressing the issues promptly and effectively can adversely affect the Group's reputation and business.

Further, in performing its function, the Audit & Risk Committee met with internal and external auditors, reviewed the audit plans of both internal and external auditors and the assistance given by Management to the auditors, to assess sufficiency of coverage in terms of the scope of audit. Audit findings and recommendations in respect of FY2020 were presented to the Audit & Risk Committee for discussion. The following key audit matters in respect of FY2020 were presented by the external auditor, Ernst & Young LLP ("**E&Y**"), to the Audit & Risk Committee for consideration and action:

Key audit matter	How Audit & Risk Committee reviewed these matters and what decisions were made
Disposal group held for sale	• ARC considered and is satisfied with the approach applied in concluding the classification of the Primary Production business as a disposal group held for sale, and the assumptions used to estimate the fair value of the disposal group. • The classification of the Primary Production business as a disposal group held for sale was an area of focus for E&Y. This item was included as a key audit matter in its audit report for FY2020. Please refer to page 118 of this Annual Report.
Recoverability of investment in joint venture	• ARC considered and is satisfied with the valuation methodology and reasonableness of key assumptions used to estimate the recoverable amount of the investment in joint venture. • The assessment of the recoverable amount of the investment in joint venture was a key area of focus for E&Y. This item was included as a key audit matter in its audit report for FY2020. Please refer to page 119 of this Annual Report.

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The review of the Group's internal controls and risk management systems is a continuing process. The internal controls (including in respect of the financial, operational, compliance and information technology controls) and risk management systems as adopted by the Group are designed to manage rather than eliminate the risk of failure to achieve key business objectives. Part of the Group's business is located in regional countries which are challenging with different control environments to operate in and where laws, practices and cultures differ from those in Singapore. The internal controls and risk management systems are designed to provide reasonable, but not absolute, assurance as to material financial, operational, compliance and information technology risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board and/or Management including matters arising from human and/or system errors, poor judgement in decision making, fraud or other irregularities. Management continues to review and look at areas of improvement.

Based on the internal controls and risk management systems established and maintained by the Group, the work performed by the internal and external auditors and consultant(s), reviews performed by Management and relevant Board Committees, the assurances of the senior management of the various business units and the assurances of the personnel referred to below and where applicable having regard to the matters above, the Board is of the opinion that in respect of FY2020:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and financials; and

(b) the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2020 to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business operations.

The Board had received assurances from the Joint Group Managing Directors, Finance Director, Group Financial Controller and relevant key management personnel of the Company confirming the matters in (a) above and from the Joint Group Managing Directors, Finance Director, Group Financial Controller, the Head of Internal Audit and relevant key management personnel of the Company confirming the matters in (b) above. The Audit & Risk Committee concurs with the Board's opinion.

AUDIT COMMITTEE

Principle 10: *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

(1) *Provisions 10.1, 10.2 and 10.3*

The Audit & Risk Committee consists of four non-executive independent Directors, namely Ms Ong Wui Leng Linda (chairman), Ms Dawn Pamela Lum, Mr Lee Kwong Foo Edward and Mr Triono J. Dawis.

At least two members, including the ARC chairman, have recent and relevant accounting or related financial management expertise or experience. The Company's Audit & Risk Committee chairman, Ms Ong Wui Leng Linda, has experience as a director on the board of listed entities in Singapore and Hong Kong. She has spent more than 10 years in corporate banking and has extensive experience in

CORPORATE GOVERNANCE REPORT

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corporate finance and management. She has a Master of Practising Accounting degree from Monash University, Australia. Ms Dawn Pamela Lum has extensive working experience and had assumed key roles in corporate and management functions, including as the group company secretary of a major listed company. Mr Lee Kwong Foo Edward has been a board member of other listed entities and is conversant with the roles and responsibilities as director of a listed company. Mr Triono J. Dawis is involved in managing the various business enterprises and has business and accounting and related financial management experience. He also holds a Bachelor of Science in Business Administration with concentration in Accounting and Finance from the Haas School of Business in the University of California, Berkeley, California. His business acumen and entrepreneurial skills and experience in these areas contribute to providing an added dimension to discussions of the Committee.

None of the members of Audit & Risk Committee was appointed to the Committee within two years of the date he/she ceased (if applicable) to be a partner or director of E&Y, or holds financial interest in E&Y.

The Audit & Risk Committee performs the functions set out in the Companies Act and the Code relating to audit committees. It has written terms of reference which sets out its authority and duties. Its responsibilities include:

- To review at least annually the independence and objectivity of the external auditors, taking into consideration the non-audit services provided to the Company

- To make recommendations to the Board on the appointment or re-appointment, terms of engagement and remuneration of the external auditors

- To review the effectiveness of the external audit function and the audit plans of the Company's external auditors

- To review and discuss with the external auditors their annual audit report including key audit matters

- To review and discuss with the external auditors, *inter alia*, the assistance given by the Group's officers to the external auditors and the findings arising from their audit including their evaluation of the Group's internal controls

- To review the significant financial reporting issues and judgements so as to obtain reasonable assurance as to the integrity of the financial statements of the Company and the consolidated financial statements of the Group before making recommendations to the Board

- To review the assurance provided to the Board by the management (including the Group Managing Director(s) and chief financial officer or their equivalent) on the financial records and financial statements

- To oversee the Management in the implementation of the risk management framework of the Group

- To review interested person transactions pursuant to the Listing Manual of the SGX-ST

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- To review and report to the Board at least annually on the adequacy and effectiveness of the internal controls and risk management system of the Group with respect to financial, operational, compliance and IT risks, and the internal audit function

- To review the Group's sustainability policies, practices, performance and targets

- To review the effectiveness of the internal audit function, the independence of the Head of Internal Audit, scope of work of the internal auditor and periodic findings of the internal auditors

- To review whether the internal audit function is adequately resourced, the qualifications and experience of the internal auditor and whether the Head of Internal Audit has appropriate standing within the Company to enable performance of the internal audit function

- To review policies and procedures for detecting fraud and whistle-blowing policy, and arrangements that are in place by which employees and officers of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters.

The Audit & Risk Committee is empowered by its terms of reference to investigate any matter within its terms of reference. It is also to be given full access to and the co-operation of the Management, including the internal auditors, and has full discretion to invite the external auditors, any Director and executive officer to attend its meetings.

(2) *Provisions 10.4 and 10.5*

The Group has in place two suitably qualified and experienced internal auditors. The Head of Internal Audit is a member of CPA Australia and the Information Systems Audit and Control Association (ISACA). The Head of Internal Audit reports primarily to the Audit & Risk Committee. The Audit & Risk Committee reviews and approves the annual internal audit plan proposed by the Head of Internal Audit. The internal auditors perform their work in accordance with the standards set by Institute of Internal Auditors and report independently their findings and recommendations to the Audit & Risk Committee. The Audit & Risk Committee's terms of reference provide for it to review and approve the appointment, termination and remuneration of the Head of Internal Audit. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the Audit & Risk Committee, and has appropriate standing within the Company. Taking into account the foregoing matters and the work performed by the internal auditors, the Audit & Risk Committee is of the view that the internal audit function is independent, effective and adequately resourced.

The Company appoints E&Y which is a firm registered with the Accounting and Corporate Regulatory Authority to conduct audit on its financial statements. The Company also engages E&Y for audit of its Singapore-incorporated subsidiaries and member firms of E&Y for its significant foreign incorporated subsidiaries and associated company/joint venture. The Company is in compliance with Rule 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of its audit firms for the Group.

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With respect to the re-appointment of the external auditor, the Audit & Risk Committee considers, amongst others, the independence of the external auditor, the standard of work, the quantum of non-audit fees for non-audit services provided to the Group and the external auditor's confirmation of its independence. The fees for audit and non-audit services in FY2020 amounted to approximately S$871,000 and S$31,000, respectively. The Audit & Risk Committee reviewed the non-audit services provided to the Group by the external auditor and was satisfied that the independence of the external auditor has not been compromised. Taking into consideration the foregoing, the Audit & Risk Committee recommended to the Board the re-appointment of the external auditor for FY2021 (subject to shareholders' approval).

The Audit & Risk Committee meets with the Head of Internal Audit and the external auditor, without the presence of Management, at least annually.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

(1) *Provisions 11.1 and 11.2*

The Company is committed to treating its shareholders fairly and equitably. It believes in timely corporate disclosure as prescribed in Appendix 7.1 (Corporate Disclosure Policy) of the Listing Manual. Material information with respect to the Group is released to shareholders via SGXNET and not to a selected group only, pursuant to the listing rules. Emphasis has been placed on further enhancing the level and quality of disclosures in the Company's announcements, including results announcements, and annual report, including giving a balanced and understandable assessment of the Group's performance and prospects (in particular the competitive landscape and the key factors affecting the Group's performance, information of which has been provided at pages 3 to 7 and 20 to 32 of the Annual Report).

Communication is made principally through:

- annual reports to shareholders issued before the AGM. The annual report, which contains the notice of annual general meeting, includes key relevant information about the Company and the Group including a review of the Group's major operations and their general outlook, disclosures required by the Companies Act, Listing Manual and the Accounting Standards;

- financial announcements on the financial performance of the Group for the period in question;

CORPORATE GOVERNANCE REPORT

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- circulars for extraordinary general meetings where applicable ("**EGM**");
- announcements and disclosures to the SGX-ST via SGXNET; and
- the Company's website at www.qaf.com.sg at which our shareholders can access information on the Group.

The full annual report of the Company is made available to Shareholders.

In line with the Company's sustainability efforts and as permitted by the Companies Act and the listing rules, the Company makes annual reports and circulars of the Company available to shareholders by way of electronic communications via posting these documents on the Company's website. Subject to applicable law, shareholders may request for a printed copy of such documents by submitting a request form to the Company's share registrar. Subject to applicable law, printed copies of the notice of AGM/EGM, proxy form and such request forms are sent to shareholders. The notice of AGM/EGM is also advertised in a local newspaper as required by the Company's Constitution, unless otherwise permitted by applicable law.

Shareholders are entitled to vote at general meetings in person or by proxy in accordance with its Constitution. Resolutions are put forth with a view to each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled" (if any), the Company will explain the reasons and material implications in the notice of meeting pursuant to the relevant requirements. Each item of special business included in the notice of the meeting is accompanied by a statement regarding the effect of the proposed resolution in respect of such business. At each general meeting, the procedure for voting is explained to shareholders by the scrutineer appointed by the Company.

Subject to any alternative arrangements permitted by law, the Company implements electronic poll voting for resolutions tabled at an AGM and/or EGM. This entails shareholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by show of hands), thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. Votes cast for, or against, each resolution will be made known to shareholders at the meeting. The total number and percentage of votes cast for or against the resolutions will also be announced after the meetings via SGXNET pursuant to requirements of the listing rules.

(2) *Provision 11.3*

All the Directors attended the AGM of the Company in FY2020, as shown in the table set out in relation to Principle 1 "Provisions 1.1, 1.3, 1.4 and 1.5" of this report. The external auditors were also present to address shareholders' queries, if any, about the conduct of audit and the preparation and content of the auditors' report.

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(3) *Provision 11.4*

Under the Constitution, a shareholder may appoint up to two proxies to attend and vote on his/her behalf at the meeting through proxy forms deposited with the Company at least 72 hours before the meeting. A member who is a "relevant intermediary" may appoint more than two proxies each at the AGM. "Relevant intermediary" includes certain corporations holding licenses for the provision of custodial services for securities and the CPF Board in respect of purchases of shares on behalf of CPF investors.

The Company's Constitution permits voting in absentia by appointment of proxy. Voting via mail, email or fax is however not being considered by the Company at present as the authentication of shareholder identity information and other related security issues remain a concern.

(4) *Provision 11.5*

The Company Secretary prepares minutes of general meetings that include substantive and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. In FY2020, the Company published minutes of general meetings of shareholders on its corporate website as required by the listing rules and/or applicable laws in light of the Covid-19 pandemic. In general, however, the Company's practice is not to publish such minutes. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting or of disclosure of sensitive information to the Group's competitors. The Company is of the view that its aforesaid position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

(5) *Provision 11.6*

The Company does not have a formal policy on the payment of dividends (and to that extent its practice varies from Provision 11.6 of the Code which states that a "company has a dividend policy"). However, consistent with Provision 11.6, the Company has communicated to Shareholders that this is to maintain flexibility to support the growth of the Group. The Company is of the view that a fixed dividend policy can hinder a long-term sustainable growth strategy. Although there is no formal dividend policy, the Board considers the sustainability of dividends to be paid based on the Group's balance sheet, cash generating capability and performance over several years, after setting aside appropriate capital expenditure needed for the businesses. The Company aims to pay consistent and sustainable dividends having regard, amongst others, to the long-term nature of the Group's business. Dividends recommended or declared for payment are announced on SGXNET.

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The Company pays dividends in a timely manner after they have been declared or approved at the AGM, as the case may be. If the QAF Limited Scrip Dividend Scheme is applied to any dividend, the payment date will be in compliance with the SGX-ST Listing Rules (that is, the payment date will be not more than 35 market days after the relevant record date). The Company is accordingly of the view that it gives its Shareholders a balanced and understandable assessment of its position on a dividend policy, as well as on the Company's performance, financial position and prospects through its disclosures in its results and other announcements and its annual report, and its practice is consistent with the intent of Principle 11.

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

(1) *Provision 12.1*

Shareholder meetings are the principal forum for dialogue and interaction with shareholders including soliciting and understanding their views. During these meetings, shareholders are given the opportunity to air their views and ask Directors and/or Management relevant questions regarding the Company and the Group.

The Company has also designated one of its personnel to attend to communications with shareholders and, as a matter of policy, Management engages with shareholders from time to time on relevant matters including where individual shareholders reach out to provide feedback or seek clarification on matters relating to the Group's business. Shareholders may provide feedback through the Company's designated email address, info@qaf.com.sg, provided in the Company's corporate website. Where arising from such queries any material information is proposed to be disclosed, the Company releases the information on SGXNET pursuant to the listing rules, so that such information is available to all shareholders. The Company also has a Lead Independent Director whose role includes attending to communications with shareholders who seek out a different channel of communication with the Company from Management or the Chairman.

(2) *Provisions 12.2 and 12.3*

The Company has an investor policy which encourages shareholders to regularly communicate with it including through the Company's designated email address, info@qaf.com.sg, provided in the Company's corporate website. The Company's objective is to encourage constructive comments and exchange of views so that it may take into account or address such comments and concerns when preparing its results announcements and annual report. In addition, where necessary, the Company may issue announcement(s) in response to comments and concerns raised, so that the information is available to all shareholders.

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MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

(1) *Provision 13.1*

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. This is done by the different business units on an on-going basis (for example, with their suppliers, customers and the local community in which they operate) as such matters have to be tailored to their differing needs, and on an annual basis in conjunction with the Company's preparations for sustainability reporting.

(2) *Provision 13.2*

The Company's Sustainability Report at pages 33 to 81 discloses its strategy and key areas of focus in relation to the management of stakeholder relationships during FY2020.

(3) *Provision 13.3*

The Company maintains a current corporate website (www.qaf.com.sg) to communicate and engage with its stakeholders.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2021)

Interested Person Transactions for FY2020

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual) (S$'000)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000) (S$'000)
Salim Group – Sale of unsold and returned bread	See Note (1)	N.A.	967
Tiong Lian Food Pte Ltd – Sale of products (pork products)	See Note (2)	N. A.	2,812
Austral Dairy Group Sdn. Bhd. – Sale of products (cheese)	Entity in which Mr Andree Halim has an interest	N.A.	3,004
Salim Group – Purchase of raw materials including flour	See Note (1)	N.A.	17,906
Salim Group – Purchase of finished products (noodles)	See Note (1)	N.A.	483
Austral Dairy Group Sdn. Bhd. – Purchase of finished products (processed cheese)	Entity in which Mr Andree Halim has an interest	N.A.	1,142
Mr Lin Kejian – Waiver by a 100%-owned subsidiary of proportionate shareholder's loan owing to it by a subsidiary in which Mr Lin has a 45% shareholding interest	See Note (3)	4,412	N.A.
TOTAL		**4,412**	**26,314**

Notes:

(1) Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim. Mr Anthoni Salim is an immediate family member of Mr Andree Halim.

(2) Entity in which the Salim Group has shareholding interest.

(3) As disclosed elsewhere in the Annual Report, Mr Andree Halim and Mr Lin Kejian are immediate family members.

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Save as may be disclosed in this Annual Report including the Appendix relating to the proposed renewal of the interested person transactions mandate, there were no material contracts entered into by the Company or its subsidiaries involving the interests of any Directors or controlling shareholders of the Company which were still subsisting at the end of FY2020, or if not then subsisting, entered into since the end of FY2019.

DEALINGS IN SECURITIES

The Company has internal guidelines on dealings in the shares of the Company by key executives of the Group. The guidelines are issued to all Directors of the Company and the relevant executives of the Group before the start of each prohibition period to remind them to refrain from dealing in the shares of the Company on short term considerations, and to refrain from any dealings during the period commencing one month prior to the release of each of the half-yearly and full year financial results of the Group.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors have pleasure in presenting their statement together with the audited financial statements of QAF Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows together with notes thereto 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 2020 and of the financial performance of the business, changes in equity and cash flows of the Group 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 of the Company

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

Didi Dawis	(Chairman)
Andree Halim	(Vice-Chairman)
Lin Kejian	(Joint Group Managing Director)
Goh Kian Hwee	(Joint Group Managing Director)
Tan Teck Huat	
Tan Hang Huat	
Gianto Gunara	
Choo Kok Kiong	
Dawn Pamela Lum	
Triono J. Dawis	
Lee Kwong Foo Edward	
Ong Wui Leng Linda	
Rachel Liem Yuan Fang	(Alternate director to Andree Halim)

DIRECTORS' STATEMENT

Directors of the Company (cont'd)

Based on information recorded in the register kept by the Company pursuant to Section 164 of the Singapore Companies Act Chapter 50 (the "Act"), and/or information received by the Company from director(s), particulars of interests of directors of the Company who held office at the end of the financial year in the shares of the Company or its related corporations are as follows:

	Direct interest			Deemed interest		
Names of directors	At 1.1.2020	At 31.12.2020	At 21.1.2021	At 1.1.2020	At 31.12.2020	At 21.1.2021
Number of shares in QAF Limited						
Andree Halim	–	–	–	394,629,813	394,629,813	394,629,813
Lin Kejian	–	47,600	47,600	277,369,871	277,369,871	277,369,871
Tan Hang Huat	5,637	5,637	5,637	–	–	–
Rachel Liem Yuan Fang	32,900	432,900	432,900	–	–	–

Save as disclosed above and save that Mr Lin Kejian has an interest in 3,600,000 issued shares which constitute 45% of the total share capital of Gaoyuan Pte Ltd (a 55% held subsidiary of the Company), no director who held office at the end of the financial year had an interest in any shares or debentures or rights or options over the shares in the Company or in any related corporations of the Company, either at the beginning of the financial year, or at the end of the financial year.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangements, to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

Options

No options were granted by the Company or its subsidiaries during the financial year to subscribe for unissued shares of the Company or its subsidiaries. No shares were issued during the financial year by the Company by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option as at 31 December 2020.

Audit & Risk Committee

The Audit & Risk Committee performed the functions specified in the Act in respect of audit committees. The functions performed are dealt with in the Corporate Governance Report.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Goh Kian Hwee
Director

Tan Teck Huat
Director

Singapore
15 March 2021

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report to the members of QAF Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of QAF Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2020, the statements of changes in equity, 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 and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report to the members of QAF Limited (cont'd)

Key audit matters (cont'd)

Disposal group held for sale

During the year ended 31 December 2020, the Company announced its decision to pursue the sale of the entire Primary Production business, which represents a separate major line of the Group's business.

In accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations, given that the carrying amount of the Primary Production business will be recovered principally through a sale transaction rather than through continuing use, the Group has classified the Primary Production business as a disposal group held for sale ("disposal group") in the consolidated statement of financial position and measured the disposal group at the lower of its carrying amount and fair value less costs to sell as at 31 December 2020. The Group recorded a loss of $28.7 million on re-measurement of the disposal group held for sale to fair value less costs to sell.

The classification of the Primary Production business as a disposal group held for sale required management to exercise significant judgement and the measurement of the disposal group at the lower of carrying amount and fair value less costs to sell is subject to significant estimation uncertainty. As such, we determined this to be a key audit matter.

How our audit addressed the key audit matter

As part of our audit procedures, we held discussions with management and obtained explanations to understand the bases for the classification of the Primary Production business as a disposal group held for sale and reviewed Board meeting minutes and relevant internal and external documents in relation to the ongoing sale process of the Primary Production business. Based on our understanding of the progress of the sale process at the reporting date and our observation of evidence of interest from potential buyers, we assessed the appropriateness of management's classification of the Primary Production business as a disposal group held for sale against the criteria for classification within SFRS(I) 5.

In relation to management's measurement of the disposal group at the lower of carrying amount and fair value less costs to sell as at 31 December 2020, we evaluated the reasonableness of management's assumptions used to estimate the disposal group's fair value less costs to sell by reviewing currently available information, including information obtained by management from its financial advisor in relation to the ongoing sale process and preliminary bidding information furnished by potential buyers, and other factors we considered relevant, such as carrying amounts of biological assets and long-lived assets, and financial performance. We reviewed the reasonableness of management's estimation of the costs to be incurred to complete the sale of the disposal group and the computation of the loss on re-measurement of disposal group held for sale to fair value less costs to sell. We also reviewed the Group's presentation of the disposal group held for sale and the adequacy of related disclosures set out in Note 9 in the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report to the members of QAF Limited (cont'd)

Key audit matters (cont'd)

Recoverability of investment in joint venture

The Group has an investment in joint venture which amounted to $78.3 million as of 31 December 2020. Note 20 to the financial statements provides details of the contractual agreement with the partner of the joint venture.

The Group estimates the recoverable amount of the investment in the joint venture based on value-in use model when there is objective evidence that the investment in joint venture may be impaired. This requires management to make a number of valuation assumptions and this involves the use of significant judgement. As such, we determined this to be a key audit matter.

How our audit addressed the key audit matter

As part our audit procedures, we assessed the valuation methodology and the reasonableness of key assumptions used to estimate recoverable amount. The key assumptions include the revenue growth rates and discount rate at the end of the term of contractual agreement with the partner of the joint venture. We considered the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and evaluated the revenue growth rates by comparing them to recent and actual performance and available external industry data. We involved our internal valuation specialists to independently develop expectations for discount rate to assess reasonableness of management's assumptions. We further reviewed management's sensitivity analysis in relation to how reasonable changes in the key assumptions could impact the estimation of recoverable amount.

We also reviewed the adequacy of disclosures set out in Note 20 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report to the members of QAF Limited (cont'd)

Other information (cont'd)

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 FRSs, 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

FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report to the members of QAF Limited (cont'd)

Auditor's responsibilities for the audit of the financial statements (cont'd)

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report to the members of QAF Limited (cont'd)

Auditor's responsibilities for the audit of the financial statements (cont'd)

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 Terry Wee Hiang Bing.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
15 March 2021

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000 (Restated)
Continuing operations			
Revenue	3	561,785	497,041
Costs and expenses			
Costs of materials		277,542	260,714
Staff costs	4	109,871	99,260
Amortisation and depreciation	5	33,875	31,340
Repairs and maintenance		13,696	12,545
Utilities		15,545	16,285
Advertising and promotion		7,427	8,469
Other operating expenses		52,415	48,255
Total costs and expenses		(510,371)	(476,868)
Profit from operating activities	6	51,414	20,173
Finance costs	7	(2,576)	(3,432)
Share of profits of joint venture		5,562	6,020
Profit before tax from continuing operations		54,400	22,761
Income tax expense	8	(12,147)	(4,484)
Profit after tax from continuing operations		42,253	18,277
Discontinuing operations			
(Loss)/profit after tax from discontinuing operations	9	(13,693)	9,961
Profit after tax		28,560	28,238
Attributable to:			
Owners of the parent			
– Profit after tax from continuing operations		42,066	18,171
– (Loss)/profit after tax from discontinuing operations		(14,330)	9,408
		27,736	27,579
Non-controlling interest			
– Profit after tax from continuing operations		187	106
– Profit after tax from discontinuing operations		637	553
		824	659
		28,560	28,238
Earnings per ordinary share (basic and diluted):			
From continuing operations	10	7.3 cents	3.2 cents
From continuing and discontinuing operations	10	4.8 cents	4.8 cents

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 2020

	2020 $'000	2019 $'000 (Restated)
Profit after tax	28,560	28,238
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit plans	(469)	(804)
Items that may be reclassified subsequently to profit or loss:		
Currency translation arising on consolidation	10,498	(371)
Net fair value loss on investment securities at fair value through other comprehensive income	–	(70)
Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	21	(97)
Share of other comprehensive income of joint venture	(318)	(243)
Other comprehensive income for the year, net of tax	9,732	(1,585)
Total comprehensive income for the year	38,292	26,653
Total comprehensive income attributable to:		
Owners of the parent	37,542	25,935
Non-controlling interests	750	718
	38,292	26,653
Total comprehensive income attributable to owners of the parent:		
From continuing operations, net of tax	45,048	18,012
From discontinuing operations, net of tax	(7,506)	7,923
	37,542	25,935

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
ASSETS					
Current assets					
Biological assets	11	–	58,573	–	–
Inventories	12	45,150	75,745	–	–
Trade receivables	13	77,536	106,847	–	–
Other receivables	14	17,520	30,479	88,275	46,468
Tax recoverable		4,546	3,054	–	–
Cash and cash equivalents	15	81,362	73,167	36,488	22,186
Assets belonging to disposal group classified as held for sale	9	293,824	–	–	–
		519,938	347,865	124,763	68,654
Non-current assets					
Property, plant and equipment	16	238,567	355,550	3,600	3,770
Right-of-use assets	17	25,837	41,328	267	354
Investment in subsidiaries	18	–	–	100,132	100,132
Advances to subsidiaries	19	–	–	97,530	152,091
Investment in joint venture and associate	20	78,497	79,814	–	–
Pension assets	21	–	2,795	–	–
Long-term investments	22	–	1,618	–	1,618
Intangibles	23	158	109	55	942
Deferred tax assets	24	5,084	21,394	–	–
		348,143	502,608	201,584	258,907
Total assets		868,081	850,473	326,347	327,561

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
LIABILITIES					
Current liabilities					
Trade payables	25	43,062	88,855	87	173
Other payables	26	53,846	65,398	4,384	4,359
Short-term borrowings	27	6,114	58,522	–	–
Long-term borrowings – current portion	28	5,666	6,679	–	–
Lease liabilities – current portion	17	3,538	8,629	94	94
Income tax payable		3,744	3,652	692	708
Liabilities belonging to disposal group classified as held for sale	9	160,181	–	–	–
		276,151	231,735	5,257	5,334
Non-current liabilities					
Other payables	26	11,962	15,009	4,214	4,826
Long-term borrowings	28	32,354	57,577	–	–
Lease liabilities	17	23,657	34,248	183	266
Deferred tax liabilities	24	7,038	11,584	856	1,164
		75,011	118,418	5,253	6,256
Total liabilities		351,162	350,153	10,510	11,590
Net assets		516,919	500,320	315,837	315,971
CAPITAL AND RESERVES					
Share capital	29	277,043	277,043	277,043	277,043
Reserves	30	239,267	230,542	38,794	38,928
Equity attributable to owners of the parent		516,310	507,585	315,837	315,971
Non-controlling interests		609	(7,265)	–	–
Total equity		516,919	500,320	315,837	315,971

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the parent									
	Note	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2020		277,043	244	(3,306)	(21)	245,427	(11,802)	–	507,585	(7,265)	500,320
Total comprehensive income for the year											
Net profit for the year		–	–	–	–	27,736	–	–	27,736	824	28,560
Other comprehensive income for the year:											
– Currency translation arising on consolidation		–	–	–	–	–	10,610	–	10,610	(112)	10,498
– Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss		–	–	–	21	–	–	–	21	–	21
– Actuarial (loss)/gain on defined benefit plans		–	–	–	–	(507)	–	–	(507)	38	(469)
– Share of other comprehensive income of joint venture		–	–	–	–	(313)	(5)	–	(318)	–	(318)
Other comprehensive income for the year, net of tax		–	–	–	21	(820)	10,605	–	9,806	(74)	9,732
Total comprehensive income for the year		–	–	–	21	26,916	10,605	–	37,542	750	38,292
Transactions with owners in their capacity as owners											
Contributions by and distributions to owners											
Waiver of debt from shareholder of a subsidiary		–	–	–	–	–	–	–	–	8,021	8,021
Transfer to other payables		–	–	–	–	–	–	–	–	(624)	(624)
Dividends	31	–	–	–	–	(28,817)	–	–	(28,817)	(273)	(29,090)
Total transactions with owners in their capacity as owners		–	–	–	–	(28,817)	–	–	(28,817)	7,124	(21,693)
Others											
Reserve attributable to disposal group classified as held for sale	9	–	(244)	1,795	–	–	3,493	(5,044)	–	–	–
Total others		–	(244)	1,795	–	–	3,493	(5,044)	–	–	–
Balance at 31 December 2020		277,043	–	(1,511)	–	243,526	2,296	(5,044)	516,310	609	516,919

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Attributable to owners of the parent								
		Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2019		277,043	244	(2,410)	146	247,429	(11,048)	511,404	(6,385)	505,019
Total comprehensive income for the year										
Net profit for the year		–	–	–	–	27,579	–	27,579	659	28,238
Other comprehensive income for the year:										
– Currency translation arising on consolidation		–	–	–	–	–	(511)	(511)	140	(371)
– Net fair value loss on investment securities at fair value through other comprehensive income		–	–	–	(70)	–	–	(70)	–	(70)
– Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss		–	–	–	(97)	–	–	(97)	–	(97)
– Actuarial loss on defined benefit plans		–	–	–	–	(723)	–	(723)	(81)	(804)
– Share of other comprehensive income of joint venture		–	–	–	–	–	(243)	(243)	–	(243)
Other comprehensive income for the year, net of tax		–	–	–	(167)	(723)	(754)	(1,644)	59	(1,585)
Total comprehensive income for the year		–	–	–	(167)	26,856	(754)	25,935	718	26,653
Transactions with owners in their capacity as owners										
Contributions by and distributions to owners										
Transfer to other payables		–	–	–	–	–	–	–	(530)	(530)
Dividends	31	–	–	–	–	(28,858)	–	(28,858)	(284)	(29,142)
Total contributions by and distributions to owners		–	–	–	–	(28,858)	–	(28,858)	(814)	(29,672)
Change in ownership interest in subsidiary										
Acquisition of non-controlling interests without a change in control		–	–	(896)	–	–	–	(896)	(784)	(1,680)
Total change in ownership interest in subsidiary		–	–	(896)	–	–	–	(896)	(784)	(1,680)
Total transactions with owners in their capacity as owners		–	–	(896)	–	(28,858)	–	(29,754)	(1,598)	(31,352)
Balance at 31 December 2019		277,043	244	(3,306)	(21)	245,427	(11,802)	507,585	(7,265)	500,320

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000 (Restated)
Cash flows from operating activities:		
Profit before tax from continuing operations	54,400	22,761
(Loss)/profit before tax from discontinuing operations	(8,910)	10,317
Profit before tax, total	45,490	33,078
Adjustments for:		
Amortisation and depreciation	48,064	45,313
(Gain)/loss on disposal of property, plant and equipment	(97)	541
Impairment loss on property, plant and equipment	1,035	–
Fair value changes on biological assets	1,836	(7,304)
Interest expense	4,566	5,841
Share of profits of joint venture	(5,562)	(6,020)
Impairment loss (written back)/charged on investment securities	(362)	21
Gain on disposal of investment securities	–	(34)
Loss allowance for receivables charged and bad debts written off, net	5,466	883
Remeasurement loss on disposal group classified as held for sale	28,664	–
Interest income	(472)	(801)
Exchange differences	(5,619)	995
Operating profit before working capital changes	123,009	72,513
Decrease/(increase) in trade and other receivables	10,398	(5,997)
Increase in inventories and biological assets	(11,118)	(9,124)
(Decrease)/increase in trade and other payables	(12,694)	16,262
Cash from operations	109,595	73,654
Interest paid	(4,639)	(5,815)
Interest received	472	801
Income tax paid	(9,448)	(9,260)
Net cash from operating activities	95,980	59,380
Cash flows from investing activities:		
Purchase of property, plant and equipment	(31,149)	(35,472)
Proceeds from disposal of property, plant and equipment	422	1,103
Purchase of intangibles	(55)	–
Investment in associate	(8)	(140)
Proceeds from redemption of investment securities	2,000	4,706
Dividends received from joint venture	9,851	8,196
Net cash used in investing activities	(18,939)	(21,607)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000 (Restated)
Cash flows from financing activities:		
Dividends paid during the year	(28,763)	(28,763)
Dividends paid to non-controlling interests	(327)	(379)
Proceeds from borrowings	14,965	23,227
Repayment of borrowings	(10,914)	(8,421)
Repayment of lease liabilities	(8,646)	(8,809)
Proceeds from long-term loans from non-controlling interests	294	71
Acquisition of non-controlling interest in a subsidiary	–	(1,680)
Net cash used in financing activities	(33,391)	(24,754)
Net increase in cash and cash equivalents	43,650	13,019
Cash and cash equivalents at beginning of year	73,167	60,259
Effect of exchange rate changes on cash and cash equivalents	3,290	(111)
Cash and cash equivalents at end of year (Note 15)	120,107	73,167

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 2020

1. GENERAL

Corporate information

QAF Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore. The registered address and principal place of business of QAF Limited is 150 South Bridge Road, #09-03 Fook Hai Building, Singapore 058727.

The principal activities of the Company are those of an investment holding and management company. The principal activities of the Group consist of the manufacture and distribution of bread, bakery and confectionery products; provision for warehousing logistics for food items; trading and distribution of food and beverages; production, processing and marketing of meat; feedmilling and sale of animal feeds and related ingredients and investment holding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS (I) 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations (cont'd)*

(A) *Basis of consolidation (cont'd)*

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.

If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

(B) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations (cont'd)*

(B) *Business combinations (cont'd)*

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 liability, will be recognised in accordance with SFRS(I) 9 *Financial Instruments* either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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 profit or loss.

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 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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Acquisitions of subsidiaries that includes put options to acquire non-controlling interests in the future are accounted for in accordance with SFRS(I) 10 *Consolidated Financial Statements*. During the period the non-controlling interests put options remain unexercised, the non-controlling interests are calculated and immediately derecognised as though it was acquired at that date. A financial liability with respect to put options is recognised in accordance with SFRS(I) 9. The difference between derecognition of the non-controlling interests and recognition of the financial liabilities is accounted for as an equity transaction, and disclosed under capital reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Foreign currencies*

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions arising in foreign currencies during the year are translated into functional currencies at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into functional currency at exchange rates ruling at the end of the reporting period. All exchange differences arising from such translations are included in the profit or loss. 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. Exchange differences arising from long-term inter-company balances which are effectively part of the net investments are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign entities are translated into Singapore dollars at the exchange rates ruling at the end of the reporting period and the results of foreign entities are translated into Singapore dollars at the average exchange rates for the year. Exchange differences due to such currency translations are included in foreign currency translation reserve. On disposal of a foreign entity, such foreign currency translation reserve is recognised in profit or loss.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.6 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are included in the profit or loss. When assets are sold or retired, their cost and accumulated depreciation are removed from the statement of financial position and any gain or loss resulting from their disposal is included in the profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *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 to make lease payments and right-of-use assets representing the right to use the underlying assets.

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, 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. The principal annual rates used for this purpose are:

		%
Leasehold land and buildings	–	$3\frac{1}{3}$ – 50
Plant and machinery	–	20 – 50
Office equipment	–	20 – 50
Motor vehicles	–	$12\frac{1}{2}$ – 50

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.

The right-of-use assets are also subject to impairment. Refer to section 2.17 *Impairment of non-financial assets*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Leases (cont'd)*

Group as a lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the remaining lease payments to be made. The lease payments include fixed payments less any lease incentives receivable. 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.

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (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. 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 and is included in revenue in the statement of profit or loss due to its operating nature. 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 revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Investment properties*

Investment properties are stated at cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are included in the profit or loss.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.9 *Depreciation*

Depreciation is not provided for freehold land due to its unlimited useful life and for construction-in-progress until it is completed and put into use.

Depreciation is calculated so as to write-off the cost of other property, plant and equipment and investment properties, on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

		%
Investment properties	–	2 – 33 $^{1}/_{3}$
Freehold buildings	–	2 – 2 $^{1}/_{2}$
Leasehold properties	–	1 $^{2}/_{3}$ – 6
Leasehold improvements	–	2 – 20
Plant and machinery	–	5 – 33 $^{1}/_{3}$
Furniture, fittings and office equipment	–	7 $^{1}/_{2}$ – 40
Motor vehicles	–	10 – 33 $^{1}/_{3}$

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment and investment properties. They are adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *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, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Investment in associates and joint ventures*

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Distributions received from associate or joint venture reduce the carrying amount of the investment. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Investment in associates and joint ventures (cont'd)*

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, 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 then recognises the loss within 'Share of profits of joint venture and associate' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the 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 retained investment and proceeds from disposal is recognised in profit or loss.

2.12 *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's 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 and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *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 profit or loss.

Trade receivables, which generally have 30-60 days terms, 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 profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(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 profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

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 instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss 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 profit or loss 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 profit or loss.

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 profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Intangibles*

(i) *Goodwill*

Goodwill represents the excess of the fair value of the consideration given over the fair value of the acquirer's interest in the identifiable net assets. Goodwill which is assessed as having no continuing economic value is written-off immediately to the consolidated profit or loss.

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

(ii) *Trademarks*

Trademarks are stated at cost less accumulated amortisation and impairment loss. The useful lives of trademarks are assessed to be either finite or indefinite. Trademarks with finite lives are amortised on a straight-line basis over the estimated economic useful lives of 20 years and assessed for impairment whenever there is an indication that the trademark may be impaired. The amortisation period and the amortisation method for trademarks with finite useful lives are reviewed at least at each financial year-end. The amortisation expense on trademarks with finite lives is recognised in profit or loss through the "amortisation and depreciation" line item.

(iii) *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 value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised over the 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 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 useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from 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 profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Inventories*

Raw materials, consumables, finished goods, work-in-progress and spare parts are stated at the lower of cost and net realisable value. Cost is primarily determined on a weighted average basis or first-in-first-out basis for certain subsidiaries, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from the existing state to a finished condition. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.16 *Biological assets*

Livestock

Livestock is recorded at fair value less costs to sell based on livestock of similar age, breed and genetic merit. In determining the fair value, a number of assumptions are made by management:

(i) For progeny stock aged 1 to 17 weeks for which there is no active market, fair value is determined to approximate cost.

(ii) Progeny stock aged weeks 18 plus are valued based on average selling prices.

(iii) Breeder stock are valued based on average selling prices.

Any change in fair value less costs to sell are recognised in profit or loss.

2.17 *Impairment of non-financial assets*

Goodwill

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 group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 *Impairment of non-financial assets (cont'd)*

Goodwill (cont'd)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the 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. 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 unit 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 values of the operation disposed of and the portion of the cash-generating unit retained.

Other assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets that have an indefinite useful life and are not subject to amortisation or depreciation are tested annually for impairment.

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 or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years. The reversal is recorded in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *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. 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, 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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

However, in certain cases, the Group may also consider 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *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 profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 profit or loss.

2.20 *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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

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 resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.21 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank 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. These also include bank overdrafts that form an integral part of the Group's cash management.

2.23 *Non-current assets held for sale and discontinuing operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless whether the Group will retain a non-controlling interest in its former subsidiary after the sale. A component of the Group is classified as a 'discontinuing operating' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.24 *Revenue recognition*

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 *Revenue recognition (cont'd)*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods may be sold with a right of return and with retrospective volume discounts based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume discounts payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income is recognised on effective interest rate method.

Dividend income is recorded gross in the profit or loss in the accounting period in which the Group's right to receive payment is established.

Deferred income represents revenue collected but not earned as at end of reporting period. It is recognised as income in profit or loss when the revenue recognition criteria has been met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 *Income taxes*

Current tax

Current 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.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred 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 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 the accounting profit nor taxable profit or loss; and

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of 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 losses can be utilised except:

– Where the deferred 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 the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, deferred 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 *Income taxes (cont'd)*

Deferred tax (cont'd)

The carrying amount of deferred tax assets 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 the end of each 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 each reporting period.

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

Deferred tax assets and deferred 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.

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.

2.26 *Borrowing costs*

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 that 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 incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 *Employee benefits*

(i) *Defined contribution plans*

As required by law, the Group's companies in Singapore make contributions to the state pension scheme, the Central Provident Fund ("CPF"). Certain of the Group's companies outside Singapore make contributions to their respective countries' pension scheme. Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

(ii) *Defined benefit plan*

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

– 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 profit or loss. 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 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Employee benefits (cont'd)

(ii) *Defined benefit plan (cont'd)*

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 in the period in which they arise. Remeasurements are recognised in revenue reserve within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(iii) *Employee entitlements*

Liabilities for paid annual leave and sick leave are recognised and measured as the amount unpaid at the end of the reporting period at current pay rates in respect of employees' services up to that date.

A liability for long service leave is recognised, on the basis of an estimation of the present value of the future cash outflows to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 *Segment information*

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 *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.

Contingent liabilities 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.

2.30 *Significant accounting estimates and judgements*

The preparation of the Group's consolidated 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Significant accounting estimates and judgements (cont'd)*

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Disposal group held for sale

During the year ended 31 December 2020, the Company announced its decision to pursue a sale of the Primary Production business. The Group determined that the Primary Production business is available for immediate sale in its present condition and the planned sale is highly probable and has accordingly classified the Primary Production business as disposal group held for sale as of 31 December 2020. The Group also determined the fair value less costs to sell of the disposal group classified as held for sale based on currently available information, including information obtained by management from its financial advisor and potential buyers in relation to the sale process which is ongoing. The Group recorded a loss on re-measurement of the disposal group held for sale to its fair value less costs to sell. Further details on the disposal group held for sale are discussed in Note 9 to the financial statements.

(ii) Biological assets

Biological assets are measured at fair value less costs to sell. Management estimates the fair values of livestock using a number of valuation assumptions. The key assumptions include the number of livestock, the weight of livestock and the net market value (NMV). Any change in the estimates may affect the fair value of the biological assets significantly. The key assumptions used to determine the fair value of the Group's biological assets and sensitivity analysis are provided in Note 37.

(iii) Recoverability of investment in joint venture

The Group assesses whether there are any indicators of impairment for the investment in joint venture at each reporting date. When there is objective evidence, the Group estimates the recoverable amount of the joint venture and determines if an impairment loss should be recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Significant accounting estimates and judgements (cont'd)*

Key sources of estimation uncertainty (cont'd)

(iii) Recoverability of investment in joint venture (cont'd)

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows to be generated by the joint venture and determine a suitable discount rate to calculate the present value of those cash flows. Forecasts of future cash flows are based on management's estimate of the expected revenue growth.

The carrying amount of the investment in joint venture as at 31 December 2020 is $78,349,000 (2019: $79,674,000).

(iv) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 13.

The carrying amount of trade receivables as at 31 December 2020 is $77,536,000 (2019: $106,847,000).

(v) Pension obligation

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increase rate. All assumptions are reviewed at each reporting date. Further details about pension obligations are disclosed in Notes 21 and 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Significant accounting estimates and judgements (cont'd)*

Key sources of estimation uncertainty (cont'd)

(vi) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets, other than goodwill are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(vii) Income taxes

The Group operates in various countries and is subject to different tax jurisdictions. Significant judgement is involved in determining the 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 amount of the Company's and the Group's income tax payable as at 31 December 2020 was $692,000 (2019: $708,000) and $3,744,000 (2019: $3,652,000) respectively. The carrying amount of the Group's tax recoverable as at 31 December 2020 was $4,546,000 (2019: $3,054,000). The carrying amount of the Company's deferred tax liabilities as at 31 December 2020 was $856,000 (2019: $1,164,000). The Group's deferred tax assets and deferred tax liabilities as at 31 December 2020 was $5,084,000 (2019: $21,394,000) and $7,038,000 (2019: $11,584,000) respectively.

(viii) Put option liability

The put option liability represents the fair value of the put option to acquire the 20% non-controlling interest in a subsidiary, Diamond Valley Pork Pty Ltd ("DVP"). The fair value is determined based on the financial performance of DVP and the expected market Earnings before Interest, taxes, depreciation and amortization ("EBITDA") multiple. The key assumptions used to determine the fair value of the put option liability and sensitivity analysis are provided in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. REVENUE

Revenue for the Group includes the invoiced value of goods sold and services rendered, less returns, discounts and goods and services tax, and excludes sales between Group companies.

	Continuing operations		Discontinuing operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Sale of goods	544,201	483,836	368,125	364,261	912,326	848,097
Rental income from storage and warehousing facilities	4,979	5,573	51	70	5,030	5,643
Royalty income	4,798	4,877	–	–	4,798	4,877
Interest income from:						
– Fixed deposits with financial institutions	208	371	–	–	208	371
– Others	169	357	95	73	264	430
Government grants	6,697	–	1,143	–	7,840	–
Other income	733	2,027	3,846	2,447	4,579	4,474
	561,785	497,041	373,260	366,851	935,045	863,892

The Group has determined that disaggregation of revenue using operating segments and geographical markets meets the disclosure objective in SFRS(I) 15.114. Information regarding operating segments is disclosed in Note 38.

Government grants include grant income received by the Group under Jobs Support Scheme, Wage Credit Scheme, Special Employment Credit and Jobkeeper Payment Scheme relating to the Covid-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. STAFF COSTS

	Continuing operations		Discontinuing operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Staff costs (including Executive Directors):						
– salaries, wages and other related costs	102,578	93,779	91,814	86,364	194,392	180,143
– contributions to defined contribution plans	7,293	5,481	–	–	7,293	5,481
– superannuation contributions to defined benefit plan	–	–	6,745	6,759	6,745	6,759
	109,871	99,260	98,559	93,123	208,430	192,383

5. AMORTISATION AND DEPRECIATION

	Continuing operations		Discontinuing operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Depreciation of property, plant and equipment	30,273	27,592	9,136	9,109	39,409	36,701
Depreciation of right-of-use assets	3,588	3,395	5,053	4,864	8,641	8,259
Depreciation of investment properties	–	339	–	–	–	339
Amortisation of intangibles	14	14	–	–	14	14
	33,875	31,340	14,189	13,973	48,064	45,313

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6. PROFIT FROM OPERATING ACTIVITIES

	Note	Continuing operations 2020 $'000	Continuing operations 2019 $'000	Discontinuing operations 2020 $'000	Discontinuing operations 2019 $'000	Total 2020 $'000	Total 2019 $'000
Profit from operating activities is stated after charging/(crediting):							
Auditors' remuneration:							
– Auditor of the Company		460	450	–	–	460	450
– Member firms of the auditor of the Company		160	145	251	239	411	384
Professional fees paid to:							
– Member firms of the auditor of the Company		31	33	–	–	31	33
Fees and remuneration for the directors of the Company:							
– fees and remuneration		3,995	4,030	–	–	3,995	4,030
– CPF contribution		27	28	–	–	27	28
Provision for long service leave (written back)/charged	26(a)	–	–	(215)	198	(215)	198
Provision for retirement benefits charged	26(d)	1,049	812	–	–	1,049	812
Distribution and transportation expense		10,117	10,425	–	–	10,117	10,425
Other professional fees		2,690	2,351	1,369	1,651	4,059	4,002
Operating lease expense		14,574	12,379	406	531	14,980	12,910
Research and development expense		83	100	2,600	2,635	2,683	2,735
Foreign currency translation (gain)/loss		(5,092)	1,373	(138)	75	(5,230)	1,448
Fair value changes on biological assets	11	–	–	1,836	(7,304)	1,836	(7,304)
Loss allowance for inventories charged and inventories written off, net		77	872	–	–	77	872
Loss allowance for trade receivables charged	13	4,189	359	–	–	4,189	359
Loss allowance for other receivables charged/(written back)	14	1,190	529	48	(47)	1,238	482
Bad debts written off		27	22	12	20	39	42
(Gain)/loss on disposal of property, plant and equipment		(100)	94	3	447	(97)	541
Impairment loss (written-back)/ charged on long-term investment securities carried at FVOCI	22	(362)	21	–	–	(362)	21
Impairment loss on property, plant and equipment	16	1,035	–	–	–	1,035	–
Rental income from investment properties		–	(2,291)	–	–	–	(2,291)
Direct operating expenses arising from investment properties that generate rental income		–	1,347	–	–	–	1,347

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7. FINANCE COSTS

	Continuing operations		Discontinuing operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest expense on borrowings	1,439	2,284	1,531	1,902	2,970	4,186
Interest expense on lease liabilities	1,137	1,148	459	507	1,596	1,655
	2,576	3,432	1,990	2,409	4,566	5,841

8. INCOME TAX EXPENSE

	Note	Continuing operations		Discontinuing operations		Total	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Income tax expense/(credit) on the profit for the year:							
– current tax		9,453	8,950	1,480	499	10,933	9,449
– deferred tax		2,044	(4,757)	3,297	(143)	5,341	(4,900)
		11,497	4,193	4,777	356	16,274	4,549
Under/(over) provision in respect of prior years:							
– current tax		54	(506)	6	–	60	(506)
– deferred tax		596	797	–	–	596	797
		650	291	6	–	656	291
Tax expense		12,147	4,484	4,783	356	16,930	4,840
Deferred tax related to other comprehensive income:							
– actuarial (loss)/gain on defined benefit plans	24	(180)	(555)	(17)	211	(197)	(344)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX EXPENSE (CONT'D)

The income tax expense on the results of the Group differ from the amount of tax determined by applying the Singapore statutory tax rate of 17% (2019: 17%) to the profit before tax due to the following factors:

	Continuing operations		Discontinuing operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit/(loss) before tax	54,400	22,761	(8,910)	10,317	45,490	33,078
Tax expense at statutory tax rate of 17% (2019: 17%)	9,248	3,869	(1,515)	1,754	7,733	5,623
Adjustments:						
Income not subject to tax	(2,583)	(1,196)	(10)	–	(2,593)	(1,196)
Expenses not deductible for tax purposes	388	482	8,579	101	8,967	583
Tax reliefs, rebates and incentives	(230)	(266)	–	(8)	(230)	(274)
Utilisation of tax benefits not recognised in prior years	–	(838)	(842)	(2,395)	(842)	(3,233)
Deferred tax assets not recognised	167	407	–	–	167	407
Effect of different tax rates in foreign jurisdictions	4,598	1,719	(1,435)	926	3,163	2,645
Under provision in respect of prior years, net	650	291	6	–	656	291
Others	(91)	16	–	(22)	(91)	(6)
Income tax expense	12,147	4,484	4,783	356	16,930	4,840

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $1,565,000 (2019: $4,984,000) and $Nil (2019: $35,000) respectively, which subject to the provisions of relevant local tax legislation and agreement with the relevant tax authorities, can be carried forward and utilised to set off against future taxable profits. The potential tax benefit arising from such unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements due to the uncertainty of recoverability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In February 2020, the Company announced the decision to pursue a sale of the Primary Production business and the sale process is subsequently launched in August 2020. The Company intends to focus on the Bakery and Distribution and Warehousing segments as the Primary Production business is in the animal protein segment, a very different and separate business, and operating in a different geographical region. As at 31 December 2020, the assets and liabilities related to Primary Production business have been presented in the balance sheet as “Assets belonging to disposal group classified as held for sale” and “Liabilities belonging to disposal group classified as held for sale”, and its results are presented separately in profit or loss as “(Loss)/profit after tax from discontinuing operations”. The sale process is still ongoing and has not concluded as at the date of accounts.

Balance sheet disclosures

The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 December 2020 are as follows:

	2020 $'000
Assets:	
Biological assets	64,681
Inventories	41,652
Trade and other receivables	27,335
Cash and cash equivalents	38,745
Property, plant and equipment	121,621
Right-of-use assets	14,651
Pension assets	2,783
Deferred tax assets	13,028
Remeasurement loss	(30,672)
Assets belonging to disposal group classified as held for sale	293,824
Liabilities:	
Trade and other payables	55,519
Short-term borrowings	62,091
Long-term borrowings	20,889
Lease liabilities	14,785
Income tax payable	714
Deferred tax liabilities	6,183
Liabilities belonging to disposal group classified as held for sale	160,181
Net assets belonging to disposal group classified as held for sale	133,643
Reserves:	
Revaluation reserve	244
Capital reserve	(1,795)
Foreign currency translation reserve	(3,493)
	(5,044)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

At the end of the financial year, inventories and property, plant and equipment belonging to the disposal group, with net carrying amounts of $47,125,000 were mortgaged/pledged to the financial institutions to secure credit facilities.

Income statement disclosures

The results of the disposal group for the years ended 31 December are as follows:

	2020 $'000	2019 $'000
Revenue	373,260	366,851
Expenses	(351,516)	(354,125)
Profit from operating activities	21,744	12,726
Finance costs	(1,990)	(2,409)
Loss recognised on remeasurement to fair value less cost to sell	(28,664)	–
(Loss)/profit before tax	(8,910)	10,317
Income tax expense	(4,783)	(356)
(Loss)/profit after tax	(13,693)	9,961

Cash flow statement disclosures

The cash flows attributable to the disposal group are as follows:

	2020 $'000	2019 $'000
Operating	25,112	20,991
Investing	(14,762)	(9,987)
Financing	(1,788)	2,813
Net cash inflows	8,562	13,817

(Loss)/earnings per share disclosures

	2020	2019
(Loss)/earnings per ordinary share from discontinuing operations attributable to owners of the Company		
– Basic and diluted	(2.5) cents	1.6 cents

Basic and diluted (loss)/earnings per share from discontinuing operations are calculated by dividing the (loss)/profit after tax from discontinuing operations attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. EARNINGS PER ORDINARY SHARE ("EPS")

The calculation of earnings per ordinary share is based on the following figures:

	Group	
	2020 $'000	2019 $'000 (Restated)
Group's earnings used for the calculation of EPS:		
Earnings/(loss) for the financial year attributable to owners of the Company		
– Continuing operations	42,066	18,171
– Discontinuing operations	(14,330)	9,408
	27,736	27,579

	2020 '000	2019 '000
Number of shares used for the calculation of:		
Basic and diluted EPS		
Weighted average number of ordinary shares in issue	575,268	575,268

Basic and diluted earnings per share are calculated on the Group's earnings for the financial year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the year.

11. BIOLOGICAL ASSETS

The Group's livestock comprises mainly progeny and breeder pigs owned by a subsidiary. The progeny pigs are raised for slaughter and sale. The breeder pigs are held to produce further progeny pigs.

	Group	
	2020	2019
Physical quantity of pigs:		
– Number of progeny	–	342,551
– Number of breeders	–	45,404
	–	387,955

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. BIOLOGICAL ASSETS (CONT'D)

Reconciliation of changes in the carrying amount:

	Group	
	2020 $'000	2019 $'000
Balance at 1 January	58,573	52,121
Currency realignment	4,750	(1,119)
Breeding costs in the period	182,448	176,136
Gain on revaluation	17,166	11,060
Decrease due to harvest/processing	(198,256)	(179,625)
Reclassified to assets belonging to disposal group classified as held for sale	(64,681)	–
Balance at 31 December	–	58,573

Biological assets closing inventory balance includes a fair value adjustment of $7,810,000 (2019: $9,052,000). The net negative impact to the disposal group's income statement amounting to $1,836,000 (2019: positive $7,304,000) is classified as part of cost of materials.

Biological assets as at 31 December 2020 were reclassified to assets belonging to disposal group classified as held for sale.

12. INVENTORIES

	Group	
	2020 $'000	2019 $'000
Raw materials	11,915	43,670
Finished goods	12,794	16,248
Spare parts and consumables	5,971	6,965
Work-in-progress	–	10
Goods-in-transit	14,470	8,852
Total inventories at lower of cost and net realisable value	45,150	75,745

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. INVENTORIES (CONT'D)

The carrying value of inventories includes inventories determined by the following cost methods:

	Group	
	2020	**2019**
	$'000	**$'000**
First-in-first-out	18,465	49,504
Weighted average	26,685	26,241
	45,150	75,745
Inventories are stated after deducting allowance of	2,071	2,434

Raw materials of the Group as at 31 December 2019 amounting to $21,511,000 were pledged to a bank in connection with credit facilities granted to a subsidiary.

Inventories recognised as expense during the year approximate the cost of materials disclosed in the consolidated income statement.

13. TRADE RECEIVABLES

	Group	
	2020	**2019**
	$'000	**$'000**
Trade receivables		
– third parties	67,865	96,504
– joint venture	10,460	12,374
	78,325	108,878
Less: Loss allowance – third parties	(789)	(2,031)
	77,536	106,847

At the end of the reporting period, approximately 3% (2019: 17%) of the Group's trade receivables are secured by deposits received, credit insurances and letters of credit or bank guarantees issued by banks in countries where the customers are based.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. TRADE RECEIVABLES (CONT'D)

An ageing analysis of receivables that are past due but not impaired:

	Group	
	2020 $'000	2019 $'000
Less than 3 months	22,126	28,790
3 months to 6 months	3,142	2,349
6 months to 12 months	1,111	1,528
More than 12 months	371	1,502
	26,750	34,169
Receivables that are impaired:		
Gross amount	789	2,031
Less: Loss allowance	(789)	(2,031)
	–	–

Trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments.

Movements in the loss allowance for trade receivables based on lifetime ECL are as follows:

	Group	
	2020 $'000	2019 $'000
At 1 January	2,031	1,810
Charged for the year (Note 6)	4,189	359
Written-off	(5,397)	(232)
Currency realignment	119	94
Reclassified to assets belonging to disposal group classified as held for sale	(153)	–
At 31 December	789	2,031

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. OTHER RECEIVABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Non-financial assets				
Prepayments	5,895	12,154	110	75
Sales tax receivable	8,038	10,571	7	18
	13,933	22,725	117	93
Financial assets				
Sundry deposits	1,529	1,528	22	33
Staff advances and loans	4	2	–	–
Amount due from joint venture				
– non-interest bearing	1	3,291	–	–
	1,534	4,821	22	33
Sundry debtors	2,180	4,339	63	–
Less: Loss allowance	(127)	(1,406)	–	–
	2,053	2,933	63	–
Amounts due from subsidiaries				
– interest bearing	–	–	42,289	4,248
– non-interest bearing	–	–	49,247	44,043
Less: Loss allowance	–	–	(3,463)	(1,949)
	–	–	88,073	46,342
	3,587	7,754	88,158	46,375
	17,520	30,479	88,275	46,468
Receivables that are impaired:				
Gross amount	127	1,406	3,463	1,949
Less: Loss allowance	(127)	(1,406)	(3,463)	(1,949)
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. OTHER RECEIVABLES (CONT'D)

Movements in the loss allowance for other receivables based on lifetime ECL are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	1,406	937	1,949	1,949
Charge for the year (Note 6)	1,238	482	1,514	–
Written-off	(2,557)	(111)	–	–
Currency realignment	40	98	–	–
At 31 December	127	1,406	3,463	1,949

Staff loans are unsecured, non-interest bearing and repayable over 5 years from the date the loan is granted.

The non-interest bearing amount due from joint venture is unsecured, repayable upon demand and is to be settled in cash. At the end of the reporting period, dividend of $Nil (2019: $3,290,000) is receivable from the joint venture.

The non-interest bearing amounts due from subsidiaries are unsecured and repayable upon demand. The interest bearing amounts due from subsidiaries are unsecured, interest bearing at rates ranging from 1.10% to 1.75% (2019: 1.75% to 2.50%) per annum and are repayable upon demand. The amounts due from subsidiaries are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash and bank balances	75,761	46,802	36,488	3,414
Fixed deposits with financial institutions	5,601	26,365	–	18,772
	81,362	73,167	36,488	22,186

Fixed deposits are placed for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2020 for the Group and the Company were 1.48% and Nil% (2019: 1.59% and 1.34%) per annum respectively.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2020 $'000	2019 $'000
Cash and cash equivalents		
– Continuing operations	81,362	73,167
– Discontinuing operations	38,745	–
	120,107	73,167

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16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000
Group			
Cost:			
At 1.1.2019	31,552	133,635	92,478
Currency realignment	(204)	(2,728)	539
Additions	14	62	1,471
Disposals	–	(390)	(316)
Transfer from investment properties	–	–	9,327
Transfers between categories	–	1,854	6,985
At 31.12.2019 and 1.1.2020	31,362	132,433	110,484
Currency realignment	1,837	10,889	1,044
Additions	–	47	158
Disposals	–	–	–
Reclassified to assets belonging to disposal group classified as held for sale	(15,665)	(141,852)	–
Transfers between categories	62	8,491	–
At 31.12.2020	17,596	10,008	111,686
Accumulated depreciation and impairment loss:			
At 1.1.2019	–	73,855	38,258
Currency realignment	–	(1,538)	62
Charge for the year (Note 5)	–	3,073	2,114
Disposals	–	(123)	(243)
Transfer from investment properties	–	–	4,870
At 31.12.2019 and 1.1.2020	–	75,267	45,061
Currency realignment	–	6,152	144
Charge for the year (Note 5)	–	3,144	2,503
Disposals	–	–	–
Impairment loss (Note 6)	–	–	256
Reclassified to assets belonging to disposal group classified as held for sale	–	(82,805)	–
At 31.12.2020	–	1,758	47,964
Net carrying amount:			
At 31.12.2020	17,596	8,250	63,722
At 31.12.2019	31,362	57,166	65,423

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Leasehold improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
37,236	391,514	27,957	32,867	33,000	780,239
(12)	(1,341)	(174)	171	283	(3,466)
2,773	11,825	1,917	2,818	10,611	31,491
(25)	(4,274)	(567)	(2,021)	–	(7,593)
311	3,858	–	–	–	13,496
309	26,948	180	268	(36,544)	–
40,592	428,530	29,313	34,103	7,350	814,167
1,093	19,041	1,442	1,307	344	36,997
1,516	8,272	1,503	628	18,437	30,561
(47)	(2,884)	(328)	(1,512)	–	(4,771)
(5,147)	(176,217)	(15,880)	(10,149)	(3,216)	(368,126)
1,086	8,733	92	331	(18,795)	–
39,093	285,475	16,142	24,708	4,120	508,828
15,397	252,977	21,130	21,947	–	423,564
76	(1,742)	(152)	80	–	(3,214)
2,665	23,503	2,424	2,922	–	36,701
(21)	(3,198)	(549)	(1,920)	–	(6,054)
170	2,580	–	–	–	7,620
18,287	274,120	22,853	23,029	–	458,617
407	13,303	1,196	949	–	22,151
3,046	24,942	2,388	3,386	–	39,409
(15)	(2,743)	(322)	(1,366)	–	(4,446)
285	494	–	–	–	1,035
(1,060)	(140,889)	(13,539)	(8,212)	–	(246,505)
20,950	169,227	12,576	17,786	–	270,261
18,143	116,248	3,566	6,922	4,120	238,567
22,305	154,410	6,460	11,074	7,350	355,550

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold office and improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Company				
Cost:				
At 1.1.2019	4,921	920	709	6,550
Additions	–	6	–	6
At 31.12.2019 and 1.1.2020	4,921	926	709	6,556
Additions	–	53	–	53
Disposals	–	(228)	–	(228)
At 31.12.2020	4,921	751	709	6,381
Accumulated depreciation:				
At 1.1.2019	1,323	715	529	2,567
Charge for the year	106	54	59	219
At 31.12.2019 and 1.1.2020	1,429	769	588	2,786
Charge for the year	106	56	59	221
Disposals	–	(226)	–	(226)
At 31.12.2020	1,535	599	647	2,781
Net carrying amount:				
At 31.12.2020	3,386	152	62	3,600
At 31.12.2019	3,492	157	121	3,770

In 2019, property, plant and equipment with net carrying amounts of $18,116,000 were mortgaged/pledged to financial institutions to secure credit facilities (Note 28).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has lease contracts for certain office premises, factories, warehousing/trading/farm facilities and motor vehicles used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Leasehold land and building $'000	Plant and machinery $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Group					
At 1.1.2019	32,620	2,015	132	4,187	38,954
Additions	3,103	2,698	–	6,223	12,024
Charge for the year (Note 5)	(5,608)	(721)	(37)	(1,893)	(8,259)
Disposal	(347)	(537)	–	–	(884)
Currency realignment	(498)	(48)	–	39	(507)
At 31.12.2019 and 1.1.2020	29,270	3,407	95	8,556	41,328
Additions	5,844	901	38	1,271	8,054
Charge for the year (Note 5)	(5,472)	(724)	(39)	(2,406)	(8,641)
Disposal	(1,361)	(18)	–	(15)	(1,394)
Currency realignment	740	281	–	120	1,141
Reclassified to assets belonging to disposal group classified as held for sale	(9,106)	(3,847)	–	(1,698)	(14,651)
At 31.12.2020	19,915	–	94	5,828	25,837

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. RIGHT-OF-USE ASSETS (CONT'D)

Group as a lessee (cont'd)

	Leasehold land and building $'000	Office equipment $'000	Total $'000
Company			
At 1.1.2019	247	40	287
Additions	166	–	166
Charge for the year	(87)	(12)	(99)
At 31.12.2019 and 1.1.2020	326	28	354
Additions	–	12	12
Charge for the year	(87)	(12)	(99)
At 31.12.2020	239	28	267

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	42,877	40,539	360	287
Additions	8,054	12,024	12	166
Accretion of interest	1,596	1,655	10	9
Payments	(10,242)	(10,464)	(102)	(102)
Disposals	(1,491)	(403)	(3)	–
Currency realignment	1,186	(474)	–	–
Reclassified to liabilities belonging to disposal group classified as held for sale	(14,785)	–	–	–
At 31 December	27,195	42,877	277	360
Current	3,538	8,629	94	94
Non-current	23,657	34,248	183	266
At 31 December	27,195	42,877	277	360

The maturity analysis of lease liabilities are disclosed in Note 35(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. RIGHT-OF-USE ASSETS (CONT'D)

Group as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group	
	2020 $'000	**2019 $'000**
Depreciation of right-of-use assets	8,641	8,259
Interest expense on lease liabilities	1,596	1,655
Expense relating to short-term leases and cancellable leases (included in other operating expenses)	14,980	12,910
Total amount recognised in profit or loss	25,217	22,824
From continuing operations	19,299	16,922
From discontinuing operations	5,918	5,902
	25,217	22,824

The Group had total cash outflow for leases of $25,222,000 in 2020 (2019: $23,374,000).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 $'000	**2019 $'000**
Unquoted equity shares, at cost	104,134	104,134
Less: Impairment loss	(4,002)	(4,002)
	100,132	100,132

Details of subsidiaries are set out in Note 39(a).

NOTES TO THE FINANCIAL STATEMENTS

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19. ADVANCES TO SUBSIDIARIES

The advances to subsidiaries, which are to be settled in cash, are unsecured and non-interest bearing, except for an amount of $39,176,000 in 2019 which was interest-bearing at effective rates ranging from 1.75% to 2.50% per annum. These advances have no fixed terms of repayment and no repayments are expected within the next 12 months.

20. INVESTMENT IN JOINT VENTURE AND ASSOCIATE

	Note	Group	
		2020 $'000	2019 $'000
Investment in joint venture	20(a)	78,349	79,674
Investment in associate	20(b)	148	140
		78,497	79,814

(a) Investment in joint venture

The Group has 50% interest in the ownership and voting rights of Gardenia Bakeries (KL) Sdn Bhd ("GBKL") that is held through a subsidiary. This joint venture is incorporated in Malaysia. The Group jointly controls the venture with the remaining shareholder under a contractual agreement which requires unanimous consent for all major decisions over the relevant activities. Under certain specified circumstances if the objective to list GBKL is not achieved by March 2028 (extended from April 2026 during the year) and there is no acquisition by one shareholder of the shares of the other in accordance with the contract, GBKL shall be wound up and the contract shall terminate.

Details of the joint venture are set out in Note 39(b).

NOTES TO THE FINANCIAL STATEMENTS

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20. INVESTMENT IN JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) Investment in joint venture (cont'd)

Summarised financial information in respect of GBKL based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2020 $'000	2019 $'000
Inventories	17,232	15,874
Trade and other receivables	27,791	34,382
Cash and cash equivalents	14,076	18,209
Current assets	59,099	68,465
Property, plant and equipment	108,791	106,799
Total assets	167,890	175,264
Current liabilities	(81,391)	(95,700)
Deferred tax liabilities	(4,180)	(4,397)
Other non-current liabilities	(21,692)	(16,013)
Total liabilities	(107,263)	(116,110)
Net assets	60,627	59,154
Proportion of the Group's ownership	50%	50%
Group's share of net assets	30,314	29,577
Net fair value uplift on identifiable assets	22,462	24,524
Goodwill on acquisition	25,573	25,573
Carrying amount of the investment	78,349	79,674

NOTES TO THE FINANCIAL STATEMENTS

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20. INVESTMENT IN JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) Investment in joint venture (cont'd)

Summarised statement of comprehensive income

	2020 $'000	2019 $'000
Revenue	353,979	336,869
Interest income	257	282
Depreciation and amortisation	(17,846)	(16,789)
Operating expenses	(320,100)	(300,823)
Interest expense	(1,519)	(1,706)
Profit before tax	14,771	17,833
Income tax expense	(3,647)	(5,794)
Profit after tax	11,124	12,039
Other comprehensive income	(635)	(486)
Total comprehensive income	10,489	11,553

Dividends of $6,570,000 were declared and paid by GBKL to the Group during the year (2019: $6,586,000).

(b) Investment in associate

The Group has a 24.5% interest in Gardenia Bakery Trading Co. Ltd. ("GBT"), which is not material to the Group. As of 31 December 2020, GBT has not commenced operations.

Details of the associate are set out in Note 39(c).

21. PENSION ASSETS

One of the Group's subsidiary in Australia operate a superannuation scheme that include Rivalea Superannuation Fund (Defined Benefits) (the "Fund"). The Fund is managed by an external administrator and the assets of the Fund are held in a separate trustee-administered fund. The Fund guarantees its members (i.e. the employees) a superannuation payout based on level of salary and years of service, irrespective of the investment returns which the fund makes.

The superannuation scheme also includes Rivalea Superannuation Fund (Accumulation). By definition, the asset valuation of this fund is the vested benefit of members. Members are entitled to their contributions, and those of the Company, along with the return on investment the fund has achieved in their time of membership. This fund is managed by an external administrator and the assets of the Fund are invested with external fund managers.

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21. PENSION ASSETS (CONT'D)

Pension assets as at 31 December 2020 were reclassified to assets belonging to disposal group classified as held for sale.

	Group	
	2020 $'000	2019 $'000
Benefit asset		
Fair value of plan assets	–	14,374
Present value of benefit obligation	–	(11,579)
Net benefit asset	–	2,795

	Group	
	2020 $'000	2019 $'000
Changes in the fair value of plan assets are as follows:		
At 1 January	14,374	15,735
Interest income	154	295
Actual return on plan assets less interest income	(47)	1,528
Employer contributions	128	108
Contributions by plan participants	73	86
Benefits paid	(3,094)	(2,898)
Taxes, premiums and expenses paid	(154)	(167)
Currency realignment	940	(313)
Reclassified to assets belonging to disposal group classified as held for sale	(12,374)	–
At 31 December	–	14,374
Changes in the present value of defined benefit obligation are as follows:		
At 1 January	11,579	13,397
Interest cost	114	233
Current service cost	332	368
Contributions by plan participants	73	86
Benefits paid	(3,094)	(2,898)
Actuarial losses arising from changes in financial assumptions	100	227
Actuarial (gains)/losses arising from liability experience	(89)	598
Taxes, premiums and expenses paid	(154)	(167)
Currency realignment	730	(265)
Reclassified to assets belonging to disposal group classified as held for sale	(9,591)	–
At 31 December	–	11,579

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21. PENSION ASSETS (CONT'D)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Group	
	2020 %	**2019** %
Australian equities	18	18
Overseas equities	22	20
Fixed interest securities	39	46
Property	6	5
Other	15	11
	100	100

The principal actuarial assumptions used in determining pension benefit obligations for the Group's plan are shown below (expressed as weighted averages):

	Group	
	2020 %	**2019** %
Discount rate	0.3	1.4
Salary increase rate	2.5	3.0

The following table summarises the components of net benefit expense recognised in profit or loss:

	Group	
	2020 $'000	**2019** $'000
Net benefit expense (recognised within staff costs):		
Current service cost	332	368
Net interest cost	(40)	(62)
	292	306

The Group expects to contribute $104,000 (2019: $118,000) to its defined benefit pension plan in 2021.

The average duration of the defined benefit obligation at the end of the reporting period is 2.0 years (2019: 2.0 years).

The asset ceiling has no impact on the net defined benefit asset.

Plan assets comprised solely of investment funds. The plan assets do not have quoted market prices in active markets.

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21. PENSION ASSETS (CONT'D)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease) in basis points	Effect on present value of benefit obligation $'000
2020		
Discount rate	+25	(36)
	-25	34
Salary increase rate	+25	26
	-25	(27)
2019		
Discount rate	+25	(48)
	-25	49
Salary increase rate	+25	39
	-25	(39)

The Group's defined benefit plan is funded by its subsidiaries. The employees of the subsidiaries contribute 5% of the pensionable salary and the remaining residual contributions are paid by the subsidiaries of the Group.

22. LONG-TERM INVESTMENTS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At fair value through other comprehensive income				
Quoted debt securities	–	1,618	–	1,618

The quoted debt securities carried interest rates of 4.40% per annum and had a maturity date of June 2021. These securities were early redeemed during the year.

The movement in loss allowance for long-term debt securities based on lifetime ECL is as follows:

	Group and Company $'000
At 1 January 2019	591
Charge for the year (Note 6)	21
At 31 December 2019 and 1 January 2020	612
Written-back (Note 6)	(362)
Written-off	(250)
At 31 December 2020	–

NOTES TO THE FINANCIAL STATEMENTS

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23. INTANGIBLES

	Group				Company		
	Trademark $'000	Intellectual property $'000	Software $'000	Total $'000	Trademark $'000	Software $'000	Total $'000
Cost:							
At 1.1.2019	2,750	139	–	2,889	7,150	–	7,150
Currency realignment	–	(3)	–	(3)	–	–	–
At 31.12.2019 and 1.1.2020	2,750	136	–	2,886	7,150	–	7,150
Additions	–	–	55	55	–	55	55
Currency realignment	–	11	–	11	–	–	–
At 31.12.2020	2,750	147	55	2,952	7,150	55	7,205
Accumulated amortisation and impairment loss:							
At 1.1.2019	2,750	14	–	2,764	6,020	–	6,020
Amortisation for the year (Note 5)	–	14	–	14	188	–	188
Currency realignment	–	(1)	–	(1)	–	–	
At 31.12.2019 and 1.1.2020	2,750	27	–	2,777	6,208	–	6,208
Amortisation for the year (Note 5)	–	14	–	14	188	–	188
Impairment loss	–	–	–	–	754	–	754
Currency realignment	–	3	–	3	–	–	–
At 31.12.2020	2,750	44	–	2,794	7,150	–	7,150
Net carrying amount:							
At 31.12.2020	–	103	55	158	–	55	55
At 31.12.2019	–	109	–	109	942	–	942

Trademark and intellectual property with finite lives are amortised on a straight-line basis over their useful lives of 20 and 10 years respectively.

Software with finite life will commence amortisation on a straight-line basis over its useful life of 5 years once it is available for use.

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24. DEFERRED TAXATION

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	(9,810)	(5,453)	1,164	1,356
Recognised in profit or loss	5,937	(4,103)	(308)	(192)
Recognised in other comprehensive income (Note 8)	(197)	(344)	–	–
Currency realignment	(821)	90	–	–
Reclassified to assets or liabilities belonging to disposal group classified as held for sale	6,845	–	–	–
At 31 December	1,954	(9,810)	856	1,164

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Represented by:				
– Deferred tax assets	(5,084)	(21,394)	–	–
– Deferred tax liabilities	7,038	11,584	856	1,164
	1,954	(9,810)	856	1,164

The movements in the Group's deferred tax assets and liabilities during the year are as follows:

	Property, plant and equipment $'000	Employee benefits $'000	Fair value adjustment on biological assets $'000	Others $'000	Total $'000
Deferred tax assets					
At 1 January 2019	6,243	6,367	766	2,509	15,885
Recognised in profit or loss	1,173	215	1,060	2,675	5,123
Recognised in other comprehensive income	–	555	–	–	555
Currency realignment	(126)	(42)	(21)	20	(169)
At 31 December 2019 and 1 January 2020	7,290	7,095	1,805	5,204	21,394
Recognised in profit or loss	(623)	(3,484)	2,679	(3,292)	(4,720)
Recognised in other comprehensive income	–	180	–	–	180
Currency realignment	493	177	355	233	1,258
Reclassified to assets belonging to disposal group classified as held for sale	(6,632)	(757)	(4,839)	(800)	(13,028)
At 31 December 2020	528	3,211	–	1,345	5,084

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24. DEFERRED TAXATION (CONT'D)

	Property, plant and equipment $'000	Employee benefits $'000	Deferred income $'000	Others $'000	Total $'000
Deferred tax liabilities					
At 1 January 2019	7,044	745	1,133	1,510	10,432
Recognised in profit or loss	1,053	158	(156)	(35)	1,020
Recognised in other comprehensive income	–	211	–	–	211
Currency realignment	(25)	(16)	–	(38)	(79)
At 31 December 2019 and 1 January 2020	8,072	1,098	977	1,437	11,584
Recognised in profit or loss	(713)	39	(146)	2,037	1,217
Recognised in other comprehensive income	–	(17)	–	–	(17)
Currency realignment	94	90	–	253	437
Reclassified to liabilities belonging to disposal group classified as held for sale	(1,312)	(1,210)	–	(3,661)	(6,183)
At 31 December 2020	6,141	–	831	66	7,038

The movements in the Company's deferred tax liabilities during the year are as follows:

	Deferred income $'000	Property, plant and equipment $'000	Total $'000
At 1 January 2019	1,133	223	1,356
Recognised in profit or loss	(156)	(36)	(192)
At 31 December 2019 and 1 January 2020	977	187	1,164
Recognised in profit or loss	(146)	(162)	(308)
At 31 December 2020	831	25	856

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2019: $nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries 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 $73,253,000 (2019: $48,885,000). The deferred tax liability is estimated to be $10,988,000 (2019: $7,333,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. TRADE PAYABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables:				
– third parties	42,897	88,687	87	173
– joint venture	165	168	–	–
	43,062	88,855	87	173

26. OTHER PAYABLES

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
(a) Other payables					
Payable within one year:					
Accrued staff related expenses		14,010	19,945	2,758	2,540
Accrued operating expenses		24,051	17,361	473	581
Provision for long service leave		–	5,721	–	–
Sundry creditors		11,734	12,779	374	310
Sales tax payable		2,435	3,492	1	1
Amounts due to subsidiaries		–	–	1	8
Amounts due to joint venture		26	40	–	–
Derivative financial liabilities	26(b)	–	41	–	–
Deferred income		1,590	935	777	919
Put option liability	26(c)	–	5,084	–	–
		53,846	65,398	4,384	4,359
Payable after one year:					
Provision for long service leave		–	2,892	–	–
Provision for retirement benefits	26(d)	7,510	7,057	–	–
Deferred income		4,452	5,060	4,214	4,826
		11,962	15,009	4,214	4,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. OTHER PAYABLES (CONT'D)

(a) Other payables (cont'd)

The amounts due to subsidiaries are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

The amounts due to joint venture are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Deferred income mainly relates to royalty income received in advance due to the renewal of the licensing agreement between the Company and its joint venture in 2016, and deferred grant income arising from the Jobs Support Scheme funded by the Singapore government.

Movements in deferred income are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at beginning of year	5,995	6,961	5,745	6,663
Currency realignment	17	(8)	–	–
Released to profit or loss	(867)	(958)	(857)	(918)
Additions during the year	897	–	103	–
Balance at end of year	6,042	5,995	4,991	5,745

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Represented by:				
– payable within one year	1,590	935	777	919
– payable after one year	4,452	5,060	4,214	4,826
Balance at end of year	6,042	5,995	4,991	5,745

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. OTHER PAYABLES (CONT'D)

(a) *Other payables (cont'd)*

Movements in provision for long service leave is as follow:

	Group	
	2020 $'000	2019 $'000
Balance at beginning of year	8,613	8,595
Currency realignment	670	(180)
Provision (written back)/charged during the year (Note 6)	(215)	198
Reclassified to liabilities belonging to disposal group classified as held for sale	(9,068)	–
Balance at end of year	–	8,613

(b) *Derivative financial liabilities*

	2020		2019	
	Contract notional amount $'000	Fair value $'000	Contract notional amount $'000	Fair value $'000
Group				
Foreign currency contracts				
– Not designated as hedges	–	–	1,229	41

At 31 December 2019, the settlement dates on outstanding foreign currency contracts ranged between 1 to 10 months for the following notional amounts:

	Group	
	2020 $'000	2019 $'000
Contracts to deliver Japanese Yen and receive Australian Dollars	–	1,229

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. OTHER PAYABLES (CONT'D)

(c) Put option liability

The put option liability represents the fair value of the put option to acquire the 20% non-controlling interest in a subsidiary Diamond Valley Pork Pty Ltd ("DVP").

The put option liability as at 31 December 2020 has been reclassified to liabilities belonging to disposal group classified as held for sale.

(d) Provision for retirement benefits

Some of the Group's subsidiaries in the Philippines maintain partial funded, non-contributory defined benefit plans covering all regular full-time employees. The benefits are based on the years of service and compensation of the employees. The manner of payment is lump sum, payable on retirement.

	Group	
	2020 $'000	2019 $'000
Benefit liability		
Fair value of plan assets	(1,575)	–
Present value of benefit obligation	9,085	7,057
	7,510	7,057

Changes in the fair value of plan assets are as follows:

	Group	
	2020 $'000	2019 $'000
Balance at beginning of year	–	–
Employer contribution	1,581	–
Currency realignment	(6)	–
Balance at end of year	1,575	–

The plan assets comprised solely of cash and cash equivalents as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. OTHER PAYABLES (CONT'D)

(d) Provision for retirement benefits (cont'd)

Changes in the present value of defined benefit obligation are as follows:

	Note	Group 2020 $'000	Group 2019 $'000
Balance at beginning of year		7,057	4,302
Provision charged during the year	6	1,049	812
Actuarial losses/(gains) due to:			
Changes in financial assumptions		12	1,314
Changes in demographic assumptions		751	(1)
Experience adjustments		(155)	538
Benefits paid		(7)	(36)
Currency realignment		378	128
Balance at end of year		9,085	7,057

The following table summarises the components of retirement benefits cost recognised in profit or loss:

	Group 2020 $'000	Group 2019 $'000
Net benefit expense (recognised within staff costs):		
Current service cost	732	431
Interest cost	317	103
Past service cost	–	278
	1,049	812

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuation.

The principal actuarial assumptions used in determining retirement benefit cost and obligation are shown below:

	Group 2020 %	Group 2019 %
Discount rate	4.05 – 4.18	4.94 – 4.99
Salary increase rate	5.00 – 6.50	5.00 – 10.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. OTHER PAYABLES (CONT'D)

(d) Provision for retirement benefits (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease) in basis points	Effect on present value of benefit obligation $'000
2020		
Discount rate	+25	(227)
	-25	275
Salary increase rate	+25	266
	-25	(225)
2019		
Discount rate	+25	(158)
	-25	189
Salary increase rate	+25	48
	-25	(43)

The Group expects to contribute $1,900,000 (2019: $1,932,000) to the defined benefit plans in 2021.

The average duration of the defined benefit obligation at the end of the reporting period is 12.7 years (2019: 20.7 years).

27. SHORT-TERM BORROWINGS

	Group	
	2020 $'000	2019 $'000
Short-term bank loans:		
– unsecured	6,114	39,163
– secured	–	19,359
	6,114	58,522

The Group's short-term bank loans are interest bearing at rates of 1.06% (2019: 1.43% to 3.10%) per annum. In 2019, the secured portion of the borrowings was secured by a charge over certain inventories of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. LONG-TERM BORROWINGS

	Effective interest rate per annum %	Maturities	Group 2020 $'000	Group 2019 $'000
Loans from banks:				
– Loan A	2.26 – 6.07	2026	37,774	40,386
– Loan B	–	–	–	51
– Loan C	1.99 – 5.10	2026	–	14,257
			37,774	54,694
Loans from non-controlling interests				
– Loan D	7.00	2022	–	1,470
– Loan E	Nil	Nil	246	8,092
			246	9,562
			38,020	64,256
Less: Current portion			(5,666)	(6,679)
Non-current portion of loans			32,354	57,577

Loan A, denominated in Philippine Peso, is unsecured, bears floating interest rate ranging from 2.26% to 6.07% (2019: 3.70% to 6.47%) per annum and is repayable in instalments till 2026.

Loan B, denominated in Malaysian Ringgit, with interest rate of 4.92% per annum was fully repaid during the year.

Loan C, denominated in Australian Dollars, with interest rates between 1.99% to 5.10% (2019: 2.82% to 5.10%) per annum, are secured by a floating charge on certain property, plant and equipment belonging to disposal group classified as held for sale, and is expected to be fully repaid by April 2026. The loan is reclassified to liabilities belonging to disposal group classified as held for sale as at end of the financial year.

Loan D, denominated in Australian Dollars, is unsecured and bears interest at 7.00% (2019: 7.00%) per annum. The loan is expected to be repaid after April 2022. The loan is reclassified to liabilities belonging to disposal group classified as held for sale as at end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. LONG-TERM BORROWINGS (CONT'D)

Loan E, denominated in Singapore Dollars, is unsecured and non-interest bearing. The loan is repayable on demand and no repayment is expected within the next 12 months. This loan is provided to its 55% owned subsidiary from its 45% shareholder who is also a substantial shareholder of the Company. Part of the loan amounting to $8,021,000 was waived during the year.

A reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes				
	1 Jan 2020 $'000	Cash flows $'000	Acquisition $'000	Foreign exchange movement and others $'000	Reclassified to liabilities belonging to disposal group classified as held for sale $'000	Waiver of debt $'000	31 Dec 2020 $'000
Short-term borrowings	58,522	4,704	–	4,979	(62,091)	–	6,114
Loans from banks	54,694	(653)	–	2,908	(19,175)	–	37,774
Loans from non-controlling interests	9,562	294	–	125	(1,714)	(8,021)	246
Lease liabilities	42,877	(8,646)	8,054	(305)	(14,785)	–	27,195
Total	165,655	(4,301)	8,054	7,707	(97,765)	(8,021)	71,329

			Non-cash changes		
	1 Jan 2019 $'000	Cash flows $'000	Acquisition $'000	Foreign exchange movement and others $'000	31 Dec 2019 $'000
Short-term borrowings	52,551	7,096	–	(1,125)	58,522
Loans from banks	46,311	7,710	–	673	54,694
Loans from non-controlling interests	9,522	71	–	(31)	9,562
Lease liabilities	40,539	(8,809)	12,024	(877)	42,877
Total	148,923	6,068	12,024	(1,360)	165,655

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29. SHARE CAPITAL

	Group and Company			
	2020		2019	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid:				
At 1 January and 31 December	575,268,440	277,043	575,268,440	277,043

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

30. RESERVES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revaluation reserve	–	244	–	–
Capital reserve	(1,511)	(3,306)	–	–
Fair value reserve	–	(21)	–	(21)
Revenue reserve	243,526	245,427	38,794	38,949
Foreign currency translation reserve	2,296	(11,802)	–	–
Reserve of disposal group classified as held for sale	(5,044)	–	–	–
	239,267	230,542	38,794	38,928

	Company	
	2020 $'000	2019 $'000
Analysis of movement in the reserves of the Company:		
Fair value reserve		
At 1 January	(21)	146
Net fair value loss on investment securities at fair value through other comprehensive income	–	(70)
Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	21	(97)
At 31 December	–	(21)
Revenue reserve		
At 1 January	38,949	44,131
Net profit for the year	28,608	23,581
Dividends	(28,763)	(28,763)
At 31 December	38,794	38,949
Total	38,794	38,928

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. RESERVES (CONT'D)

Revaluation reserve

Revaluation reserve represents surplus arising from share of a subsidiary's revaluation of property, plant and equipment on acquisition of additional interest in the subsidiary. The reserve has been reclassified to reserve of disposal group classified as held for sale as at end of the financial year.

Capital reserve

Capital reserve represents the following:

	Group	
	2020 $'000	**2019 $'000**
Difference between de-recognition of non-controlling interest of a subsidiary and the recognition of the financial liability in a subsidiary	–	(1,795)
Consideration in excess of net book value on acquisition of non-controlling interest of subsidiaries	(1,511)	(1,511)
	(1,511)	(3,306)

Capital reserve relating to difference between de-recognition of non-controlling interest of a subsidiary and the recognition of the financial liability in a subsidiary has been reclassified to reserve of disposal group classified as held for sale as at the end of the financial year.

Fair value reserve

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

Foreign currency translation reserve

The foreign currency translation reserve represents currency translation arising from the translation of assets and liabilities of foreign subsidiaries for inclusion in the consolidated financial statements and exchange differences arising from the Group's net investment in a foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. DIVIDENDS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2020	5,753	–	5,753	–
Interim tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2019	23,010	–	23,010	–
Share of a subsidiary's dividends paid to a non-controlling interest in respect of the financial year ended 31 December 2020	54	–	–	–
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2019	–	5,753	–	5,753
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2018	–	23,010	–	23,010
Share of a subsidiary's dividends paid to a non-controlling interest in respect of the financial year ended 31 December 2019	–	95	–	–
	28,817	28,858	28,763	28,763

The directors have proposed that a final tax-exempt (one-tier) dividend of 4 cents per share, amounting to approximately $23,010,000, be paid in respect of the financial year ended 31 December 2020. The dividend will be recorded as liability in the statement of financial position of the Company and Group subject to and upon approval of the shareholders at the Annual General Meeting of the Company.

There is no income tax consequence (2019: $nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. COMMITMENTS

(a) Capital commitments not provided for in the financial statements:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Expenditure contracted in respect of property, plant and equipment	9,899	4,489	–	–
Share of joint venture's capital commitments in relation to property, plant and equipment	648	809	–	–
Share subscription in associate	396	413	–	–
	10,943	5,711	–	–

(b) Operational trade commitments

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Operational trade commitments	1,783	36,934	–	–

(c) In the ordinary course of its business, the Company, as the holding company, has indicated its intention to certain of its subsidiaries to continue to provide necessary financial support to these subsidiaries.

33. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2020 $'000	2019 $'000
Guarantees issued for bank facilities granted to subsidiaries	100,442	129,147
Amounts utilised by subsidiaries as at end of the reporting period	63,632	53,867

No material losses are expected to arise from the above contingencies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

34. RELATED PARTY TRANSACTIONS

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial year on terms agreed by the parties concerned:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Management fee income from subsidiaries	–	–	455	632
Royalty income from subsidiaries	–	–	15,653	13,767
Royalty income from joint venture	3,940	3,958	3,940	3,958
Interest income from advances to subsidiaries	–	–	563	950
Dividend income from subsidiaries	–	–	19,149	19,110
Purchase of goods from joint venture	1,634	1,478	–	–
Sale of goods to joint venture	77,995	71,572	–	–
Dividend income from joint venture	6,570	6,586	–	–
Purchase of goods from a company where a shareholder of the Company has significant influence	1,142	707	–	–
Sales of goods to a company where a shareholder of the Company has significant influence	3,004	575	–	–

(b) Compensation of key management personnel

	Group	
	2020 $'000	2019 $'000
Short-term employee benefits	4,946	4,866
CPF contribution	76	79

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

It is, and has been throughout the current and previous financial year, the Group's policy not to hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk that entities and individuals will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made allowances, where necessary, for potential losses on credits extended. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. The Group has no significant concentration of credit risk.

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.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days, when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of $100,442,000 (2019: $129,147,000) relating to corporate guarantees provided by the Company for bank facilities granted to subsidiaries, of which, the amounts utilised by subsidiaries as at the end of the reporting period is $63,632,000 (2019: $53,867,000).

Information regarding credit enhancements for trade receivables is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector and country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2020		2019	
	$'000	% of total	$'000	% of total
By industry:				
Bakery	58,508	75	64,679	61
Primary production	–	–	21,777	20
Distribution and warehousing	19,028	25	20,391	19
	77,536	100	106,847	100
By country:				
Singapore	33,116	43	34,352	32
Australia	4,423	6	25,163	24
Philippines	26,760	35	33,326	31
Malaysia	11,206	14	12,832	12
Other countries	2,031	2	1,174	1
	77,536	100	106,847	100

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and have an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2020				2019			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial assets:								
Trade and other receivables	81,123	–	–	81,123	114,601	–	–	114,601
Investment securities	–	–	–	–	88	1,660	–	1,748
Cash and cash equivalents	81,364	–	–	81,364	73,193	–	–	73,193
Total undiscounted financial assets	162,487	–	–	162,487	187,882	1,660	–	189,542
Financial liabilities:								
Trade and other payables	92,883	–	–	92,883	144,105	–	–	144,105
Borrowings	14,273	31,296	2,980	48,549	69,015	56,520	8,034	133,569
Lease liabilities	4,565	12,236	20,613	37,414	9,430	22,149	22,371	53,950
Total undiscounted financial liabilities	111,721	43,532	23,593	178,846	222,550	78,669	30,405	331,624
Total net undiscounted financial assets/ (liabilities)	50,766	(43,532)	(23,593)	(16,359)	(34,668)	(77,009)	(30,405)	(142,082)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	2020			2019		
	1 year or less $'000	Over 1 year $'000	Total $'000	1 year or less $'000	Over 1 year $'000	Total $'000
Company						
Financial assets:						
Investment securities	–	–	–	88	1,660	1,748
Other receivables	88,158	–	88,158	46,375	–	46,375
Cash and cash equivalents	36,488	–	36,488	22,198	–	22,198
Advances to subsidiaries	–	97,530	97,530	–	152,091	152,091
Total undiscounted financial assets	124,646	97,530	222,176	68,661	153,751	222,412
Financial liabilities:						
Trade and other payables	3,693	–	3,693	3,612	–	3,612
Lease liabilities	102	189	291	103	278	381
Total undiscounted financial liabilities	3,795	189	3,984	3,715	278	3,993
Total net undiscounted financial assets	120,851	97,341	218,192	64,946	153,473	218,419

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

Company						
Financial guarantees	63,632	–	63,632	53,867	–	53,867

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate 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 interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit after tax.

		Effect on profit after tax	
Loans denominated in	**Increase/ decrease in basis points**	**2020 $'000**	**2019 $'000**
Philippine Peso	+ 50	(133)	(140)
Philippine Peso	– 50	133	140

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), Malaysian Ringgit (MYR), Philippine Peso (Peso), Australian Dollar (AUD) and Chinese Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly AUD. As at the end of the reporting period, the Group's net exposure to AUD (mainly relating to receivables, payables and cash and cash equivalents) amounted to $64,675,000 (2019: $57,913,000).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the Philippines, Australia and People's Republic of China ("PRC"). The Group's net investments in Malaysia, the Philippines, Australia and PRC are not hedged as currency positions in MYR, Peso, AUD and RMB are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD and MYR exchange rates (against SGD), with all other variables held constant, of the Group's profit after tax and equity.

		2020		2019	
		Profit after tax $'000	Equity $'000	Profit after tax $'000	Equity $'000
AUD	– strengthened 1% (2019: 1%)	649	–	582	–
	– weakened 1% (2019: 1%)	(649)	–	(582)	–
MYR	– strengthened 1% (2019: 1%)	(201)	118	(1,274)	739
	– weakened 1% (2019: 1%)	204	(121)	1,289	(754)

36. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Loans and receivables				
Trade receivables	77,536	106,847	–	–
Other receivables	3,587	7,754	88,158	46,375
Cash and cash equivalents	81,362	73,167	36,488	22,186
Advances to subsidiaries	–	–	97,530	152,091
	162,485	187,768	222,176	220,652
Financial liabilities measured at amortised cost				
Trade payables	43,062	88,855	87	173
Other payables	49,821	50,125	3,606	3,439
Short-term borrowings	6,114	58,522	–	–
Long-term borrowings	38,020	64,256	–	–
Lease liabilities	27,195	42,877	277	360
	164,212	304,635	3,970	3,972
Fair value through other comprehensive income				
Long-term investments	–	1,618	–	1,618
Other payables	–	(5,084)	–	–
	–	(3,466)	–	1,618
Fair value through profit or loss				
Forward currency contracts	–	(41)	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. FAIR VALUE OF ASSETS AND LIABILITIES

A. *Fair value hierarchy*

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have 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).

B. *Assets and liabilities carried at fair value*

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

	Group 2019			
Recurring fair value measurements	**Quoted prices in active markets for identical instruments (Level 1) $'000**	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Financial assets				
Long-term investments (Note 22)	1,618	–	–	1,618
Non-financial assets				
Biological assets (Note 11)	–	–	58,573	58,573
Financial liabilities				
Forward currency contracts (Note 26(b))	–	41	–	41
Put option liability (Note 26(c))	–	–	5,084	5,084
	–	41	5,084	5,125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. Level 2 fair value measurements

The following is a description of the valuation inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy.

Forward currency contracts

Fair value of forward currency contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

D. Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 for value measurements

Fair value of biological assets is determined as described in Note 11. The key assumptions in determining fair value are the inputs of selling prices from prior transactions, age, breed and genetic merit of animals. A reasonable change in the price assumption of +5% or -5% would affect the livestock valuation by an estimated change of an increase in $2.9 million and a decrease of $2.9 million respectively in 2019.

Fair value of put option liability is determined as described in Note 26(c). The key assumption in determining fair value is the expected market EBITDA multiple. A reasonable change in the expected market EBITDA multiple of +5% or -5% would affect the put option liability valuation by an estimated change of an increase in $0.3 million and a decrease of $0.3 million respectively in 2019.

E. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables, current trade and other payables, current bank loans, non-current floating rate loans, non-current lease liabilities and loans from non-controlling interests based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. SEGMENTAL REPORTING

For management purposes, the Group is currently organised into business units based on their products and services, and has four reportable segments as follows:

(i)	Bakery	–	Manufacture and distribution of bread, confectionery and bakery products
(ii)	Distribution and warehousing	–	Trading and distribution of food and beverage products and provision for warehousing logistics for food items
(iii)	Investments and others	–	Investment holding and other activities
(iv)	Primary production	–	Production, processing and marketing of meat; feedmilling and sale of animal feeds and related ingredients

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 respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinuing operations		
	Bakery $'000	**Distribution and warehousing $'000**	**Investments and others $'000**	**Primary production $'000**	**Adjustments and Eliminations $'000**	**Consolidated $'000**
2020						
Revenue and expenses						
Revenue from external customers	425,466	121,171	4,798	368,125	(368,125)	551,435
Other revenue from external customers	7,608	1,748	617	5,040	(5,040)	9,973
Inter-segment revenue	189	1,116	16,108	64	(17,477)	–
	433,263	124,035	21,523	373,229	(390,642)	561,408
Unallocated revenue						377
Total revenue						561,785
Segment EBITDA	79,577	6,955	4,888	35,889	(35,889)	91,420
Amortisation and depreciation	(30,162)	(3,394)	(319)	(14,189)	14,189	(33,875)
Segment EBIT	49,415	3,561	4,569	21,700	(21,700)	57,545
Unallocated revenue						377
Unallocated expenses						(6,508)
Profit from operating activities						51,414
Finance costs						(2,576)
Share of profits of joint venture	5,562	–	–	–	–	5,562
Profit before tax						54,400
Income tax expense						(12,147)
Profit after tax						42,253
Timing of transfer of goods or services						
At a point in time	433,050	117,964	617	373,113	(373,113)	551,631
Over time	183	4,965	5,006	147	(147)	10,154
	433,233	122,929	5,623	373,260	(373,260)	561,785

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinuing operations		
	Bakery $'000	Distribution and warehousing $'000	Investments and others $'000	Primary production $'000	Adjustments and Eliminations $'000	Consolidated $'000
2019						
Revenue and expenses						
Revenue from external customers	375,847	110,848	4,877	364,262	(364,262)	491,572
Other revenue from external customers	3,495	1,224	22	2,516	(2,516)	4,741
Inter-segment revenue	65	204	14,400	–	(14,669)	–
	379,407	112,276	19,299	366,778	(381,447)	496,313
Unallocated revenue						728
Total revenue						497,041
Segment EBITDA	50,228	7,932	5,116	26,612	(26,612)	63,276
Amortisation and depreciation	(27,614)	(3,407)	(319)	(13,973)	13,973	(31,340)
Segment EBIT	22,614	4,525	4,797	12,639	(12,639)	31,936
Unallocated revenue						728
Unallocated expenses						(12,491)
Profit from operating activities						20,173
Finance costs						(3,432)
Share of profits of joint venture	6,020	–	–	–	–	6,020
Profit before tax						22,761
Income tax expense						(4,484)
Profit after tax						18,277
Timing of transfer of goods or services						
At a point in time	379,318	106,523	22	366,706	(366,706)	485,863
Over time	264	5,552	5,362	145	(145)	11,178
	379,582	112,075	5,384	366,851	(366,851)	497,041

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinuing operations	
	Bakery $'000	Distribution and warehousing $'000	Investments and others $'000	Primary productions $'000	Consolidated $'000
2020					
Assets and liabilities					
Segment assets	362,725	81,899	41,506	293,824	779,954
Investment in joint venture and associate	78,497	–	–	–	78,497
Total assets	441,222	81,899	41,506	293,824	858,451
Deferred tax assets					5,084
Tax recoverable					4,546
Total assets per consolidated statement of financial position					868,081
Segment liabilities	93,347	33,477	9,487	160,181	296,492
Income tax payable					3,744
Deferred tax liabilities					7,038
Bank borrowings					43,888
Total liabilities per consolidated statement of financial position					351,162
Other segment information					
Expenditure for non-current assets	14,567	1,265	108	14,676	30,616
Impairment loss charged/ (written-back)	–	1,035	(362)	–	673
Loss allowance for inventories charged/ (written-back) and inventories written off, net	282	(205)	–	–	77
Loss allowance for receivables charged and bad debts written off, net	5,203	203	–	–	5,406

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinuing operations	
	Bakery $'000	Distribution and warehousing $'000	Investments and others $'000	Primary productions $'000	Consolidated $'000
2019					
Assets and liabilities					
Segment assets	360,743	80,272	31,933	273,263	746,211
Investment in joint venture and associate	79,814	–	–	–	79,814
Total assets	440,557	80,272	31,933	273,263	826,025
Deferred tax assets					21,394
Tax recoverable					3,054
Total assets per consolidated statement of financial position					850,473
Segment liabilities	109,643	30,586	9,736	71,736	221,701
Income tax payable					3,652
Deferred tax liabilities					11,584
Bank borrowings					113,216
Total liabilities per consolidated statement of financial position					350,153
Other segment information					
Expenditure for non-current assets	19,949	1,468	6	10,173	31,596
Impairment loss	–	–	21	–	21
Loss allowance for inventories charged and inventories written off, net	128	744	–	–	872
Loss allowance for receivables charged and bad debts written off, net	851	59	–	–	910

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. SEGMENTAL REPORTING (CONT'D)

Geographical information

	Revenue		Non-current assets	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Australia	386,491	380,248	161,620	145,540
Philippines	248,354	208,883	105,111	108,099
Singapore	193,477	179,885	67,016	71,285
Malaysia	88,640	79,504	67,087	72,063
Other countries	18,083	15,372	–	–
Less: Disposal group classified as held for sale	(373,260)	(366,851)	(136,272)	–
	561,785	497,041	264,562	396,987

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangibles as presented in the consolidated statement of financial position.

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE

(a) The subsidiaries as at 31 December 2020 are:

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2020 %	2019 %
	Bakery			
(1)	Gardenia Foods (S) Pte Ltd (Singapore)	Bread manufacturer (Singapore)	100	100
(1)	Farmland Central Bakery (S) Pte Ltd (Singapore)	Purchasing agent of bread, confectionery and bakery products (Singapore)	100	100
(2)	Millif Industries Sdn Bhd (Malaysia)	Manufacture of kaya and related products (Malaysia)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) The subsidiaries as at 31 December 2020 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2020 %	2019 %
	Bakery (cont'd)			
(2)	Gardenia Bakeries (Philippines) Inc (Philippines)	Manufacture and distribution of bread, confectionery and bakery products (Philippines)	100	100
(2)	Farmland Bakery (M) Sdn Bhd (Malaysia)	Manufacture of bread, confectionery and bakery products (Malaysia)	100	100
(2)	Bakers Maison Australia Pty Ltd (Australia)	Manufacture of confectionery and bakery products (Australia)	100	100
(2)	Bakers Maison (M) Sdn Bhd (Malaysia)	Manufacture of bread, confectionery and bakery products (Malaysia)	100	100
(2)	Philfoods Fresh-Baked Products Inc (Philippines)	Bread manufacturer (Philippines)	40^	40^
(2)	Phil Foods Properties Inc (Philippines)	Investment holding (Philippines)	40^	40^
(2)	Nutribaked Food Products Inc (Philippines)	Bread manufacturer (Philippines)	100	100
(2)	Nutrimax Fresh-Baked Inc (Philippines)	Bread manufacturer (Philippines)	100	100
(2)	Vitabread Food Products Inc (Philippines)	Bread manufacturer (Philippines)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) The subsidiaries as at 31 December 2020 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2020 %	Percentage of equity held by the Group 2019 %
	Primary production			
(2)	Rivalea (Australia) Pty Ltd (Australia)	Intensive pig production and wholesaling (Australia)	100	100
(2)	Diamond Valley Pork Pty Ltd (Australia)	Pig meat processing and wholesale (Australia)	80	80
(2)	Oxdale Dairy Enterprise Pty Ltd (Australia)	Leasing investment (Australia)	100	100
	Distribution and warehousing			
(1)	Ben Foods (S) Pte Ltd (Singapore)	Trading and distribution of food and beverage products (Singapore)	100	100
(1)	Shinefoods Pte Ltd (Singapore)	Agency and distribution of food and beverage products (Singapore)	100	100
(1)	NCS Cold Stores (S) Pte Ltd (Singapore)	Operation of warehousing logistics (Singapore)	100	100
(1)	QAF Fruits Cold Store Pte Ltd (Singapore)	Operation of cold storage warehouse (Singapore)	74	74
(1)	Farmland Trading Singapore Pte Ltd (Singapore)	Trading of food products (Singapore)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) *The subsidiaries as at 31 December 2020 are: (cont'd)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2020 %	Percentage of equity held by the Group 2019 %
	Investments and others			
(1)	Oxdale International Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Gardenia International (S) Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Hamsdale International Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(2)	Rivalea Holdings Pty Ltd (Australia)	Investment holding (Australia)	100	100
(1)	Gardenia Investments Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Oxdale Investments Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(2)	Bakers Maison Pty Ltd (Australia)	Investment holding (Australia)	100	100
(1)	Bakers Maison Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Bonjour Bakery Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Gaoyuan Pte Ltd (Singapore)	Investment holding (Singapore)	55	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) *The subsidiaries as at 31 December 2020 are: (cont'd)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2020 %	Percentage of equity held by the Group 2019 %
	Dormant corporations			
*	Gardenia Hong Kong Limited (Hong Kong)	Dormant	100	100
#	Benfood International Trade (Shanghai) Co Ltd (People's Republic of China)	Dormant	100	100
#	Gardenia Trading (Fujian) Co Ltd (People's Republic of China)	Dormant	55	55
#	Gardenia Food (Fujian) Co Ltd (People's Republic of China)	Dormant	55	55
(2)	Delicia Sdn Bhd (Malaysia)	Dormant	100	100
@	Ben Foods (East Malaysia) Sdn Bhd (Malaysia)	Dormant	100	100

(b) *The joint venture as at 31 December 2020 is:*

	Name of company (Country of incorporation)	Principal activities (place of business)	2020 %	2019 %
(2)	Gardenia Bakeries (KL) Sdn Bhd (Malaysia)	Bread manufacturer (Malaysia)	50	50
	Held by Gardenia Bakeries (KL) Sdn Bhd			
(2)	Gardenia Sales & Distribution Sdn Bhd (Malaysia)	Marketing and distribution of bakery products (Malaysia)	50	50
(2)	Everyday Bakery & Confectionery Sdn Bhd (Malaysia)	Dormant	50	50

(c) *The associate as at 31 December 2020 is:*

	Name of company (Country of incorporation)	Principal activities (place of business)	2020 %	2019 %
#	Gardenia Bakery Trading Co. Ltd. (Thailand)	Proposed sale and distribution of bakery and other food products (Thailand)	24.5	24.5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

Notes

* Audit not required under the laws in the country of incorporation
@ In process of liquidation or being struck off
# Not material to the Group and not required to be disclosed under SGX Listing Rule 717
^ The Group has determined that it has control over these entities

Audited by:

(1) Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries

(d) *Interest in subsidiaries with material non-controlling interest (NCI)*

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit/(loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2020:					
QAF Fruits Cold Store Pte Ltd	Singapore	26	157	1,400	260
Diamond Valley Pork Pty Ltd	Australia	20	637	4,406	67
Gaoyuan Group+	People's Republic of China	45	11	(1,152)	–
31 December 2019:					
QAF Fruits Cold Store Pte Ltd	Singapore	26	162	1,503	260
Diamond Valley Pork Pty Ltd	Australia	20	553	3,463	119
Gaoyuan Group+	People's Republic of China	45	(176)	(9,027)	–

+ Gaoyuan Group comprises of Gaoyuan Pte Ltd and its wholly owned subsidiaries, Gardenia Food (Fujian) Co Ltd and Gardenia Trading (Fujian) Co Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(e) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	QAF Fruits Cold Store Pte Ltd		Diamond Valley Pork Pty Ltd		Gaoyuan Group+	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current						
Assets	652	676	10,521	9,439	114	104
Liabilities	(736)	(567)	(12,295)	(9,613)	(2,428)	(2,269)
Net current (liabilities)/ assets	(84)	109	(1,774)	(174)	(2,314)	(2,165)
Non-current						
Assets	10,973	11,281	52,157	41,382	–	–
Liabilities	(5,506)	(5,609)	(28,353)	(23,893)	(246)	(17,896)
Net non-current assets/ (liabilities)	5,467	5,672	23,804	17,489	(246)	(17,896)
Net assets/(liabilities)	5,383	5,781	22,030	17,315	(2,560)	(20,061)

Summarised statement of comprehensive income

	QAF Fruits Cold Store Pte Ltd		Diamond Valley Pork Pty Ltd		Gaoyuan Group+	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue	2,863	2,593	56,745	49,402	–	1
Profit/(loss) before tax	749	603	4,667	4,164	25	(390)
Income tax expense	(147)	(100)	(1,479)	(1,397)	–	–
Profit/(loss) after tax	602	503	3,188	2,767	25	(390)
Other comprehensive income	–	–	1,594	(323)	(349)	234
Total comprehensive income	602	503	4,782	2,444	(324)	(156)

\+ Gaoyuan Group comprises of Gaoyuan Pte Ltd and its wholly owned subsidiaries, Gardenia Food (Fujian) Co Ltd and Gardenia Trading (Fujian) Co Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(e) *Summarised financial information about subsidiaries with material NCI (cont'd)*

Other summarised information

	QAF Fruits Cold Store Pte Ltd		Diamond Valley Pork Pty Ltd		Gaoyuan Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net cash flows from/(used in) operating activities	1,412	847	6,755	5,132	(197)	(248)
Acquisition of significant property, plant and equipment	224	119	10,419	7,225	–	–

40. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing or net debt-to-equity ratio. The net debt-to-equity ratio is calculated as net debt divided by shareholders' funds. Net debt is calculated as bank borrowings, lease liabilities and loans from non-controlling interests less cash and cash equivalents. Shareholders' fund relates to equity attributable to owners of the parent. There were no changes to the Group's approach to capital management during the year.

	Group	
	2020 $'000	2019 $'000
Net debt (including disposal group)	48,987	92,488
Shareholders' funds	516,310	507,585
Net debt-to-equity ratio	0.09 times	0.18 times

The Group and the Company are also required by certain banks to maintain certain financial ratios, including gross debt-to-equity ratios, operating cash flow to earnings ratios, and shareholders' funds.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 15 March 2021.

MAJOR PROPERTIES

The major properties of the Company and its principal subsidiaries as at 31 December 2020 are:

Name of building/location	Description	Tenure of land
(a) Properties in Singapore		
150 South Bridge Road #09-01 to #09-04 and #10-02 Fook Hai Building Singapore	Office Use	99-year lease from 18 January 1972
224 Pandan Loop Singapore	Bakery and office premises	30-year lease from 2 July 2010
230B Pandan Loop Singapore	Warehouse, bakery and office premises	20-year lease from 1 October 2011
(b) Properties in Australia		
Huntly Farm No. 1 and 2 Bendigo-Tennyson Road Huntly, Victoria	Piggery Farming	Freehold
St. Arnaud Unit 1 Sunraysia Highway St. Arnaud, Victoria	Piggery Farming	Freehold
St. Arnaud Units 2 & 3 Nelson Road St. Arnaud, Victoria	Piggery Farming	Freehold
Corowa Piggery Hudsons Road, Corowa New South Wales	Piggery Farming	Freehold
Bungowannah Piggery Riverina Highway Bungowannah New South Wales	Piggery Farming	Freehold
Balpool 1 & 2 Piggery Balpool Station Balpool Lane, Moulamein New South Wales	Piggery Farming	Freehold
Balpool 3 Turora Street, Moulamein New South Wales	Residence	Freehold

MAJOR PROPERTIES

Name of building/location	Description	Tenure of land
(b) Properties in Australia		
Whipstick Piggery 429 Clays Road Bagshot, Victoria	Piggery Farming	Freehold
Whitehead Street Corowa New South Wales	Farming related use	Freehold
Gre Gre 674 Carrolls Bridge Road Gre Gre, Victoria	Piggery Farming	Freehold
Corowa Feedmill Albury, Corowa New South Wales	Feedmill	Freehold

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2021

Class of Shares	:	Ordinary Shares
Number of Ordinary Shares	:	575,268,440
Number of Ordinary Shareholders	:	6,022
Number of Treasury Shares	:	Nil
Number of Subsidiary Holdings	:	Nil
Voting Rights	:	One vote per share for poll voting

Analysis of Shareholders by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	374	6.21	11,445	0.00
100 – 1,000	894	14.85	652,055	0.11
1,001 – 10,000	3,075	51.06	14,921,717	2.60
10,001 – 1,000,000	1,662	27.60	76,530,661	13.30
1,000,001 and above	17	0.28	483,152,562	83.99
	6,022	100.00	575,268,440	100.00

Based on information available to the Company as at 15 March 2021, approximately 30.7% of the total number of issued shares in the capital of the Company is held by the public and Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Twenty Largest Shareholders

	Name of Shareholder	No. of Shares	%
1.	RAFFLES NOMINEES (PTE) LIMITED	303,173,319	52.70
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	120,983,937	21.03
3.	DBS NOMINEES PTE LTD	19,399,250	3.37
4.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	6,134,122	1.07
5.	TAN KONG KING	4,510,000	0.78
6.	TOH TIONG WAH	4,281,139	0.74
7.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,721,542	0.65
8.	OCBC NOMINEES SINGAPORE PTE LTD	3,387,148	0.59
9.	PHILLIP SECURITIES PTE LTD	3,124,788	0.54
10.	DB NOMINEES (SINGAPORE) PTE LTD	3,031,362	0.53
11.	LEE FOOK KHUEN	2,935,451	0.51
12.	OCBC SECURITIES PRIVATE LTD	2,077,665	0.36
13.	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	2,031,485	0.35
14.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,174,124	0.20
15.	UOB KAY HIAN PTE LTD	1,108,548	0.19
16.	TEO SOO BENG	1,061,989	0.18
17.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,016,693	0.18
18.	CHONG SIEW LEE MICHELE (ZHANG SHULI MICHELE)	980,326	0.17
19.	WONG TONG LIEW	841,700	0.15
20.	MAYBANK KIM ENG SECURITIES PTE. LTD	726,663	0.13
		485,701,251	84.42

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2021

Substantial Shareholders

Name of Substantial Shareholder	Direct Interest No. of Shares	Direct Interest %[1]	Deemed Interest No. of Shares	Deemed Interest %[1]	Total Interest No. of Shares	Total Interest %[1]
Andree Halim	–	–	394,629,813[2]	68.60	394,629,813	68.60
Lin Kejian	47,600	0.01	277,369,871[3]	48.22	277,417,471	48.22
Tian Wan Enterprises Company Limited	128,480,224	22.33	–	–	128,480,224	22.33
Tian Wan Equities Company Limited	145,337,565	25.26	–	–	145,337,565	25.26
Tian Wan Holdings Group Limited	41,044,656	7.13	79,767,368[4]	13.87	120,812,024	21.00
Tian Wan Capital Limited	58,594,391	10.19	–	–	58,594,391	10.19

Notes:

(1) Based on 575,268,440 Shares as at 15 March 2021.

(2) Mr Andree Halim is deemed to have an interest in the Shares owned by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited, Tian Wan Holdings Group Limited, Tian Wan Capital Limited and J&H International Limited.

(3) Mr Lin Kejian is deemed to have an interest in the Shares owned by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited and ISI Investments Company Limited.

(4) Tian Wan Holdings Group Limited is deemed to have an interest in the Shares owned by Tian Wan Capital Limited and J&H International Limited.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL)

<table>
<tr><td>Name</td><td>Mr Lin Kejian</td><td>Mr Goh Kian Hwee</td><td>Mr Gianto Gunara</td><td>Mr Triono J. Dawis</td><td>Mr Lee Kwong Foo Edward</td></tr>
<tr><td>Job Title</td><td>Joint Group Managing Director, Executive Director

Executive Committee (Member)</td><td>Joint Group Managing Director, Executive Director

Executive Committee (Member)</td><td>Non-executive, Non-independent Director</td><td>Non-executive, Independent Director

Audit & Risk Committee (Member)</td><td>Non-executive, Independent Director

Audit & Risk Committee (Member)</td></tr>
<tr><td>Age</td><td>42</td><td>66</td><td>58</td><td>39</td><td>73</td></tr>
<tr><td>Country of Principal residence</td><td>Singapore</td><td>Singapore</td><td>Singapore</td><td>Indonesia</td><td>Singapore</td></tr>
<tr><td>Date of Appointment</td><td>1 December 2007 (as a Director)

1 January 2017 (as Joint Group Managing Director)</td><td>1 December 2014 (as a Director)

1 January 2017 (as Joint Group Managing Director)</td><td>17 July 2014</td><td>17 July 2014</td><td>1 December 2014</td></tr>
<tr><td>Date of Last Re-Appointment (if applicable)</td><td>29 April 2016*</td><td>29 April 2015*</td><td>26 April 2018</td><td>26 April 2018</td><td>26 April 2018</td></tr>
<tr><td>Board's comments on re-election (including rationale, selection criteria, and the search and nomination process)</td><td colspan="2">Upon the recommendation of the Nominating Committee, the Board of Directors has approved the re-election of these Directors, taking into account, amongst others, the following:

• Mr Lin Kejian: His skillsets, experience and his contributions to the Group, including long-standing experience with the Group, extensive experience in the food business and contributions as Joint Group Managing Director and member of the Executive Committee in relation to the strategic direction of the Group.

• Mr Goh Kian Hwee: His skillsets, experience and professional expertise and his contributions to the Group, including extensive contributions as Joint Group Managing Director and member of the Executive Committee. Strong focus on strategic direction, policies and actions for the Group to continue to build on a solid foundation for long-term sustainable growth.

For further information on the evaluation undertaken by the Nominating Committee, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 89 to 91 of the Corporate Governance Report.</td><td colspan="3">Upon the recommendation of the Nominating Committee, the Board of Directors has approved the re-election of these Directors, taking into account, amongst others, the following:

• Mr Gianto Gunara: his business network and experience in management role and on board of directors in relation to a listed company.

• Mr Triono J. Dawis: his skillsets including in accounting and finance, entrepreneurial skills and experience in managing various business enterprises, and his contribution as a member of the Audit & Risk Committee and to Board discussions.

• Mr Lee Kwong Foo Edward: his experience in relation to listed groups including as chairman of the board of directors and on board committee(s), and his contributions as a member of the Company's Audit & Risk Committee and to Board discussions.

For further information on the evaluation undertaken by the Nominating Committee, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 89 to 91 of the Corporate Governance Report.</td></tr>
</table>

* Prior to appointment as Joint Group Managing Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL)

Whether appointment is executive, and if so, the area of responsibility	Executive, Joint Group Managing Director The Joint Group Managing Directors are responsible for the overall management of the operations and affairs of the QAF Group and, together with the Executive Committee, are tasked to set strategic objectives and implement strategies to achieve the long-term sustainable growth of the Group and value creation.	Executive, Joint Group Managing Director The Joint Group Managing Directors are responsible for the overall management of the operations and affairs of the QAF Group and, together with the Executive Committee, are tasked to set strategic objectives and implement strategies to achieve the long-term sustainable growth of the Group and value creation.	Non-executive	Non-executive	Non-executive
Professional Qualifications	• Degree in Business Administration (major in Finance), California State University, Los Angeles	• LLB (Honours) Degree, University of Singapore	• Bachelor in Business Administration, Simon Fraser University (Vancouver, Canada)	• Bachelor of Science in Business Administration with concentration in Accounting and Finance, University of California (Berkeley, California)	• Bachelor of Arts (Honours), University of Singapore • Master of Arts, Cornell University
Working experience and occupation(s) during the last 10 years	• Joint Group Managing Director, QAF Limited (2017 – present) • Deputy Group Managing Director, QAF Limited (2014 – 2016) • Operations Director, QAF Limited (2010 – 2014)	• Joint Group Managing Director, QAF Limited (2017 – present) • Senior Partner, Rajah & Tann Singapore LLP (2001 – 2016)	• Executive Director/Chief Operating Officer, Gallant Venture Ltd (2006 – present) • Director/ Commissioner of several subsidiaries of Gallant Venture Ltd	• Chief Executive Officer, PT Ling Brothers (2018 – present) • Managing Director, Amand Ventures Pte. Ltd. (2016 – present) • Director, Wallex Technologies Pte. Ltd. (2016 – 2020) • President Director, Corporate Finance and Resource Management, PT Bali Ragawisata (2013 – 2018) • Executive Business Development Director, QAF Limited (October 2010 – December 2012)	• Member, Board of Trustees, ISEAS – Yusof Ishak Institute (2020 – present) • Commissioner, Kawasan Industri Kendal, Indonesia (2012 – present) • Chairman/Lead Independent Director, Infogood Agri Resources Ltd (2007 – present) • Director, Asia Mobile Holdings (2007 – present) • Director, Gas Supply Ltd (2006 – present) • Senior Adviser, Harsono Strategic Consulting, Indonesia (2014 – present) • Director, Keppel Land Ltd (2006 – 2017)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL)

Shareholding interest in the Company and its subsidiaries	Mr Lin Kejian has a deemed interest in approximately 48.22% of the issued shares of the Company. Please see list of substantial shareholders on page 225 of this Annual Report. Mr Lin Kejian has a 45% shareholding interest in Gaoyuan Pte Ltd, a 55%-owned subsidiary of the Company.	–	–	–	–
Relationship (including immediate family relationships) with an existing director, existing executive officer, the Company and/ or substantial shareholder of the Company or of any of its principal subsidiaries	Mr Lin is the son of Mr Andree Halim, a Director and Vice-Chairman of the Company.	–	Mr Gunara is the cousin of Mr Andree Halim, a Director and Vice-Chairman of the Company.	Mr Triono J. Dawis is the son of Mr Didi Dawis, a Director and Chairman of the Company.	–
Conflict of interest (including any competing business)	The French Farm Co. Pte. Ltd. ("FFC"), a company 100%-owned by Mr Lin Kejian, sells plain milk and flavored milk to China, Singapore, Macao, Hong Kong, China, Myanmar and the Philippines under their own brand. The QAF Group distributes milk under the "*Cowhead*" brand regionally and focuses on the sale of plain milk. FFC's business is small and carries a higher risk profile relative to that of the QAF Group.	–	–	–	–
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company?	Yes	Yes	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL)

Other Principal Commitments including directorships:	*The term "**principal commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*				
For the past 5 years	• Director, APAC Vendings Pte Ltd • Director, The Water Company Pte Ltd • Director, Tower Ridge Limited	• Director, Hwa Hong Corporation Limited • Director, Hong Leong Asia Limited • Director, Wah Hin and Company Private Limited • Director, CapitaLand Commercial Trust Management Limited	• Director, S&P 1821 Pte Ltd • Director, Big Venture Pte Ltd	• See below under "Present"	• Director, MS First Capital Insurance Ltd
Present	• Directorships in various companies in the QAF Group, including its associated company and joint venture • Director, Tian Wan Pte Ltd • Director, TWE Trading Pte Ltd • Director, Halden United Investment Pte Ltd • Director, The French Farm Co. Pte. Ltd. • Director, ISI Investments Company Limited • Director, Tian Wan Enterprises Company Limited • Director, Jadeluck Investments Limited	• Directorships in various companies in the QAF Group, including its associated company and joint venture	• Director, Avonian Pte Ltd • Director, Nirwana Pte Ltd • Director, Sembcorp Parks Management Pte Ltd • Director, Singapore-Bintan Resort Holdings Pte Ltd • Director, Straits-CM Village Hotel Pte Ltd • Director, Straits-KMP Resort Development Pte Ltd • Director, Tropical Bintan Pte Ltd	• Director, Mitra Indomaju Pte. Ltd. • Director, PT. Dinamika Zona Internasional • Director, PT. Cahaya Intimas Abadi • Director, Wallex Teknologi Berkat • Director, PT. PIP Triarsa Dana • Director, DBM International Holdings Pte. Ltd.	
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative confirmation	Negative confirmation	Negative confirmation	Negative confirmation	Negative confirmation

Note:
Information in this section is as of 15 March 2021

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on Friday, 23 April 2021 at 11.00 a.m. (Singapore time) to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and audited financial statements for the financial year ended 31 December 2020 and auditors' report thereon. **(Resolution 1)**
2. To declare a final tax-exempt (one-tier) dividend of 4 cents per ordinary share in respect of the financial year ended 31 December 2020. **(Resolution 2)**
3. To re-elect Mr Lin Kejian pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). **(Resolution 3)**
4. To re-elect Mr Goh Kian Hwee pursuant to the Listing Manual of the SGX-ST. **(Resolution 4)**
5. To re-elect Mr Gianto Gunara retiring under Regulation 102 of the Company's Constitution. **(Resolution 5)**
6. To re-elect Mr Triono J. Dawis retiring under Regulation 102 of the Company's Constitution. **(Resolution 6)**
7. To re-elect Mr Lee Kwong Foo Edward retiring under Regulation 102 of the Company's Constitution. **(Resolution 7)**
8. To approve Directors' fees of up to $345,000 for the financial year ended 31 December 2020 (FY2019: $345,000). **(Resolution 8)**
9. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

Special Business

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

General mandate to issue shares

10. That authority 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

(ii) make or grant offers, agreements or options (collectively "**instruments**") that might or would require shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) 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

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

Provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a *prorata* basis, then the shares to be issued (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

(2) (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 (1) above, the percentage of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

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

(ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

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

Provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution; and

(3) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next 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. **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

Authority to issue shares under the QAF Limited Scrip Dividend Scheme

11. That the Directors of the Company be and are hereby authorised to allot and issue from time to time such number of new ordinary shares in the Company as may be required to be allotted and issued under the QAF Limited Scrip Dividend Scheme, on such terms and conditions as may be determined by the Directors and to do all acts and things which they may in their absolute discretion deem necessary or desirable to carry the same into effect. **(Resolution 11)**

Renewal of Interested Person Transactions Mandate

12. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**Chapter 9**"), for the Company and its subsidiaries and associated companies which are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions as set out in the Appendix dated 25 March 2021 to the Annual Report (the "**Appendix**"), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions as set out in the Appendix (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 be and are hereby authorised to do all acts and things as they may in their discretion deem necessary, desirable or expedient in the interests of the Company to give effect to the renewal of the IPT Mandate and/or this Ordinary Resolution. **(Resolution 12)**

By Order of the Board

Serene Yeo Li-Wen
Company Secretary

Singapore, 25 March 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions:

(i) Ordinary Resolutions 3 and 4 are to re-elect Mr Lin Kejian and Mr Goh Kian Hwee pursuant to Rule 720(5) of the Listing Manual of the SGX-ST which provides that the Company must have all directors submit themselves for re-nomination and re-appointment at least once every three years.

Certain information on Mr Lin Kejian and Mr Goh Kian Hwee is found in the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-Election" of the Annual Report.

(ii) Ordinary Resolutions 5, 6 and 7 are to re-elect Mr Gianto Gunara, Mr Triono J. Dawis and Mr Lee Kwong Foo Edward, respectively, who are retiring by rotation pursuant to the Constitution of the Company.

Certain information on these Directors is found in the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-Election" of the Annual Report.

(iii) Ordinary Resolution 8. Please refer to the section entitled "Corporate Governance Report – Remuneration Matters – Principle 8, Provisions 8.1 and 8.3" of the Annual Report for information on the proposed fees for non-executive Directors for FY2020.

(iv) **Special Business:** Ordinary Resolution 10, if passed, will empower the Directors to, *inter alia*, issue shares and/or make or grant instruments, and issue shares in pursuance of such instruments. The aggregate number of shares that may be issued (including shares issued in pursuance of instruments) will be subject to a limit of 50% of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings, with a sub-limit of 20% for issues other than on a *prorata* basis to all shareholders of the Company. The 50% limit and the 20% sub-limit shall be calculated based on the total number of issued shares of the Company excluding treasury shares and subsidiary holdings at the time Ordinary Resolution 10 is passed, after adjusting for, *inter alia*, new shares arising from the conversion or exercise of any convertible securities and any subsequent consolidation or subdivision of shares. The authority will continue until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked at a general meeting).

(v) **Special Business:** Ordinary Resolution 11, if passed, will authorise the Directors to issue shares in the capital of the Company pursuant to the QAF Limited Scrip Dividend Scheme (as approved by shareholders in 2006 and as modified from time to time pursuant to such Scheme) to shareholders who, in respect of a qualifying dividend, elect to receive scrip in lieu of part or all of the cash amount of that qualifying dividend. The authority will continue until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked at a general meeting). Authority sought under Ordinary Resolution 11 is in addition to the general authority to issue shares sought under Ordinary Resolution 10.

(vi) **Special Business:** Ordinary Resolution 12 relates to the renewal of the IPT Mandate, which was last renewed at the Annual General Meeting of the Company on 25 June 2020, authorising the Company and its subsidiaries and associated companies which are considered to be "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST to enter into interested person transactions, information of which is set out in the Appendix to the Annual Report.

Meeting Notes:

1. The AGM is being convened, and will be held, 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. **Printed copies of this Notice of AGM, the proxy form, the question form and the Company's accompanying announcement dated 25 March 2021 (collectively referred to as the "Documents") will not be sent to shareholders.** The Documents are being sent to shareholders solely by electronic means via publication on 25 March 2021 on the Company's corporate website at the URL https://www.qaf.com.sg/company-announce/ and the SGXNET website at the URL https://www.sgx.com/securities/company-announcements.
2. **Shareholders will not be permitted to attend the AGM in person.** Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast and "live" audio-only stream); (ii) submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions before or at the AGM; and (iii) voting by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM, are set out in the relevant Documents.
3. **A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. The Chairman of the Meeting, acting as a proxy, need not be a member of the Company.
5. Persons who hold Shares of the Company through relevant intermediary(ies) (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m.** on **13 April 2021**.

NOTICE OF ANNUAL GENERAL MEETING

6. Proxy forms must be submitted as follows:

   (a) if sent by post, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if sent by email, be received by the Company's Share Registrar at sg.is.QAFproxy@sg.tricorglobal.com,

   in either case **no later than seventy-two (72) hours before the time appointed for holding the AGM, that is, no later than 11.00 a.m. on 20 April 2021**.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit the completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable by the Company from the instructions of the appointor specified on the instrument of proxy (including any related attachment) or as may otherwise be provided under the Company's Constitution. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his 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. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the AGM.

8. The electronic copy of the FY2020 Annual Report may be accessed as follows:

   (a) visit the Company's website at www.qaf.com.sg; and

   (b) under "Investor Relations", click on "Annual Reports" and then click on "Read" under "2020 Annual Report".

   You will need an internet browser and PDF reader to view these documents.

9. This Notice of AGM is to be read in conjunction with the Company's FY2020 Annual Report, the proxy form and the Company's announcement dated 25 March 2021 uploaded on SGXNET accompanying this Notice of AGM.

Personal Data Privacy & Other Matters:

By attending (via appointment of the Chairman of the Meeting as proxy) the AGM (including any adjournment thereof), submitting an instrument appointing the Chairman of the Meeting as proxy, registering for the AGM and/or submitting questions, a member of the Company:

(i) agrees and consents that the Company, its agents and/or its service provider(s) may collect, use and disclose the personal data, as contained in any communication from or on behalf of the member in relation to the AGM (including but not limited to questions sent in advance of the AGM, pre-registration forms and proxy forms), for purposes of processing, administering, verifying and/or analysis of his/her/its request, proxies and representatives appointed and registration for the webcast/audio feed of the AGM and managing and conducting the AGM, including preparation and compilation of minutes and questions submitted and the answers thereto for disclosure and publication before, at or after (as the case may be) the AGM and/or on SGXNET and the Company's website (including publication of names of the shareholders/proxies/representatives asking questions), attendance lists and other documents relating to the AGM, and/or in order for the Company, its agents and/or service provider(s) to comply with any applicable laws, regulations, listing rules including code of corporate governance, takeover rules and guidelines;

(ii) warrants that all information submitted is true and accurate and, where the member has disclosed the personal data of his/her/its proxy(ies), representative(s) and/or any other party to the Company, its agents or service provider(s), he/she/it has obtained the prior consent of such parties for the collection, use and disclosure of their personal data for the purposes described in (i) above;

(iii) agrees that he/she/it will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his/her/its breach of warranty; and

(iv) agrees and understands that (a) only authenticated shareholders may observe the AGM, that the sharing of login credentials and any recording or publication of the AGM proceedings in whatever form are prohibited; and (b) viewing the webcast requires significant amount of data; the Company and its service provider(s) shall not be liable for any issues in accessing the webcast/audio feed due to any connectivity issues or other factors outside their control and, notwithstanding any technical disruptions or failure during the webcast and/or audio feed, voting and all other AGM proceedings will be carried out and such disruptions or failure will not invalidate the AGM proceedings.

IMPORTANT NOTICE

This Annual Report has been prepared without regard to the objectives, financial situation and/or needs of any specific persons. For the avoidance of doubt, it does not constitute or form any part of any offer, recommendation, invitation, inducement or solicitation to enter into any transaction including to buy, subscribe for or dispose of any securities in the Company. Where there are any forward-looking statements as to future matters including projections, if any, on the Group's anticipated future performance, please note that actual future performance, outcomes and results may differ materially from those expressed or implied in such forward-looking statements (if any) as a result of, *inter alia*, known and unknown risks, uncertainties, bases and assumptions including matters beyond the Group's control including the Covid-19 situation and its impact. Examples of these factors include (without limitation) regulatory orders and policies on business operations and closures, lock-down and movement restrictions, quarantines, travel and border restrictions, shutdown or potential shutdown of our facilities due to outbreak of the disease (if any) and/or infection of employees/ other persons at our facilities and disruption to supply chains. Forward-looking statements are typically identified by words such as “may”, “could”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “considers” and other similar words. Undue reliance should not be placed on any such forward-looking statements, which are based on current views on, amongst others, future events, trends and developments. There can be no assurance that such statements will be realised or prove to be correct. It is highlighted in particular that the Company has announced, *inter alia*, that the sale process of the Group's Primary Production business is on-going and that the Company's intention is that subject to and upon successful closing of the transaction, the Company will propose payment of a special dividend of 2 cents per share. **There is no assurance that a sale of the Primary Production business or payment of a special dividend will materialise in due course. Save as may be required by any applicable Singapore law, the Company assumes no obligation to update or revise or publicise any statements, whether because of new information, circumstances, future events or otherwise. Where in doubt on any of the above matters, please seek independent professional advice. Without prejudice to the generality of the foregoing, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.**

APPENDIX TO ANNUAL REPORT 2020 DATED 25 MARCH 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix is circulated to Shareholders of QAF Limited (the "**Company**") together with the Company's Annual Report for FY2020. The purpose of this Appendix is to provide information to the Shareholders relating to the proposed renewal of the IPT Mandate to be tabled at the Annual General Meeting of the Company to be held on 23 April 2021 at 11.00 a.m. by electronic means. The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the Company, you should immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Appendix, the Annual Report, the Notice of Annual General Meeting, the Proxy Form and the Question Form may be accessed at the Company's website at https://qaf.com.sg/company-announce/ and SGXNet.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

QAF Limited

QAF LIMITED

(Incorporated in the Republic of Singapore on 3 March 1958)
(Company Registration No. 195800035D)

APPENDIX TO THE ANNUAL REPORT

IN RELATION TO

THE PROPOSED RENEWAL OF THE IPT MANDATE

DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

"2020 AGM"	:	Annual general meeting of the Company held on 25 June 2020
"2021 AGM"	:	Annual general meeting of the Company to be held on 23 April 2021
"Annual Report"	:	Annual report of the Company for FY2020
"Appendix"	:	This appendix dated 25 March 2021 to the Annual Report
"approved exchange"	:	A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual
"associate"	:	(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family (that is, the person's spouse, child, adopted-child, step-child, sibling and parent); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit & Risk Committee"	:	The audit and risk committee of the Company for the time being
"Board"	:	The board of Directors of the Company for the time being
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company"	:	QAF Limited

"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
"Directors"	:	The directors of the Company for the time being
"entity at risk"	:	(a) The listed company; (b) A subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or (c) An associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company
"FY"	:	Financial year ended or ending 31 December
"Group"	:	The Company and its subsidiaries
"Interested Persons"	:	Has the meaning ascribed to it in Section 2.3 of this Appendix
"IPT" or "Interested Person Transactions"	:	Transactions between an entity at risk within the meaning of Chapter 9 of the Listing Manual and any of the Interested Persons which fall within the scope of the IPT Mandate
"IPT Mandate" or "Interested Person Transactions Mandate"	:	The general mandate pursuant to Chapter 9 of the Listing Manual for the Company and its subsidiaries and associated companies which are considered to be "entities at risk" under Chapter 9 of the Listing Manual, or any of them, to enter into any of the transactions falling within the types of interested person transactions as set out in this Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions
"Latest Practicable Date"	:	15 March 2021, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Notice of Annual General Meeting"	:	The Notice of Annual General Meeting dated 25 March 2021 convening the 2021 AGM
"NTA"	:	Net tangible assets

"Salim Group"	:	Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Means: (a) where the Depository is named in the register of members of the Company as the holder of shares, a Depositor in respect of the number of shares standing to the credit of his name in the Depository Register; and (b) in any other case, a person whose name appears on the register of members maintained by the Company pursuant to Section 190 of the Companies Act and/or any other applicable law
"Shares"	:	Ordinary shares in the capital of the Company
"Substantial Shareholder"	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company
"S$" or "$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent"	:	Percentage or per centum

The terms "Depositor", "Depository" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S$ unless otherwise stated.

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

Rajah & Tann Singapore LLP has been appointed as the Singapore legal adviser to the Company in relation to the proposed renewal of the IPT Mandate.

QAF LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 195800035D)

Board of Directors	**Registered Office**
Didi Dawis *(Chairman and Non-executive, Independent Director)* Andree Halim *(Vice-Chairman and Non-executive, Non-independent Director)* Lin Kejian *(Joint Group Managing Director, Executive Director)* Goh Kian Hwee *(Joint Group Managing Director, Executive Director)* Tan Teck Huat *(Finance Director, Executive Director)* Tan Hang Huat *(Non-executive, Non-independent Director)* Gianto Gunara *(Non-executive, Non-independent Director)* Choo Kok Kiong *(Non-executive, Non-independent Director)* Dawn Pamela Lum *(Non-executive, Independent Director)* Triono J. Dawis *(Non-executive, Independent Director)* Lee Kwong Foo Edward *(Non-executive, Independent Director)* Ong Wui Leng Linda *(Non-executive, Independent Director)* Rachel Liem Yuan Fang *(Alternate Director to Andree Halim)*	150 South Bridge Road #09-03 Fook Hai Building Singapore 058727

25 March 2021

To: The Shareholders of **QAF Limited**

Dear Shareholders

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the IPT Mandate, which is referred to in Ordinary Resolution 12 set out in the notice convening the 2021 AGM to be held on 23 April 2021.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Existing IPT Mandate

At the 2020 AGM, the Shareholders had approved the renewal of the IPT Mandate to authorise the entry by the Company and its entities at risk (as defined in Rule 904(2) of the Listing Manual) into any of the transactions falling within certain types of interested person transactions as set out in the IPT Mandate. Particulars of the IPT Mandate were set out in the appendix circulated to Shareholders together with the annual report of the Company for FY2019.

The IPT Mandate was expressed to take effect until the conclusion of the then next AGM of the Company, namely, the 2021 AGM which is scheduled to be held on 23 April 2021. Accordingly, Shareholders' approval is being sought for the renewal of the IPT Mandate at the 2021 AGM.

2.2 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or any of its associated companies which are controlled by the listed group and its interested person(s) (other than a subsidiary or associated company that is listed on the SGX-ST or an approved exchange) proposes to enter into transactions with the listed company's interested persons, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval if the value of the transaction is equal to or exceeds certain financial thresholds. In particular:

(a) where the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company and its subsidiaries and is less than 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement is required;

(b) where the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement and shareholders' approval is required;

(c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year; and

(d) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement must be made and shareholders' approval must be obtained in respect of the latest and all future transactions entered into with that interested person during that financial year.

In the event the latest audited consolidated NTA of the listed company and its subsidiaries is negative, the listed company is required to consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds, which may be based on its market capitalisation.

Based on the provisions of the Listing Manual, the rules as to making announcements and seeking shareholders' approval referred to above do not apply to transactions below S$100,000. However, while transactions below S$100,000 are not normally aggregated under the relevant provisions of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

Based on the Group's audited consolidated financial statements for FY2020, 3% and 5% of the latest audited consolidated NTA of the Group would be approximately S$15.5 million and S$25.8 million, respectively. This is based on the latest audited consolidated NTA of the Group of approximately S$516.2 million as at 31 December 2020.

Chapter 9 of the Listing Manual permits a listed company, however, to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. Transactions conducted under a general mandate are not subject to the rules on making announcements and seeking shareholders' approval referred to above.

Under the Listing Manual:

(i) an "entity at risk" means:

(a) the listed company;

(b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

(ii) an "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder. The SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into, (a) a transaction with an entity at risk, and (b) an agreement or arrangement with an interested person in connection with that transaction;

(iii) an "associate":

(1) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(aa) his immediate family (that is, the person's spouse, child, adopted-child, step-child, sibling and parent);

(bb) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

(2) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(iv) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(v) an “interested person transaction” means a transaction between an entity at risk and an interested person; and

(vi) a “transaction” includes:

(1) the provision or receipt of financial assistance;

(2) the acquisition, disposal or leasing of assets;

(3) the provision or receipt of goods or services;

(4) the issuance or subscription of securities;

(5) the granting of or being granted options; and

(6) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

2.3 Background

The Group is principally engaged in the businesses of bakery, primary production and distribution and warehousing. For its bakery business, the Group, including its joint venture(s), manufactures and distributes bread and bakery products in Singapore, Malaysia, the Philippines and Australia. Its primary production business comprises a vertically integrated pork production operation in Australia which includes pig farming, pork processing and stock feed milling. For its distribution and warehousing business, the Group undertakes wholesale distribution of a range of third-party and proprietary-branded processed food and beverage products, and provides logistics operations including distribution and warehousing.

As at the Latest Practicable Date, Mr Andree Halim, Vice-Chairman and Non-executive, Non-independent Director of the Company, has a shareholding interest of approximately 68.60% in the Company and is a Controlling Shareholder of the Company. Mr Lin Kejian, Joint Group Managing Director and Executive Director of the Company, is the son of Mr Andree Halim and is also a Controlling Shareholder of the Company with a shareholding interest of approximately 48.22% in the Company as at the Latest Practicable Date.

The Group may from time to time enter into transactions with Mr Andree Halim, Mr Lin Kejian and/or their respective associates (“**Interested Persons**”) in the ordinary course of business. Such transactions include the purchase of products and raw materials from, as well as the sale of products to, certain parties which are Interested Persons.

The transactions entered into in FY2020 with Interested Persons pursuant to the IPT Mandate are set out on page 111 of the Annual Report in the section entitled “Interested Person Transactions for FY2020”. Please refer to the aforesaid section for more information. For example, the Group sold unsold and returned bread to the Salim Group[1].

[1] Based on public information, the Salim Group is an Indonesian conglomerate with interests in various businesses, including interests in First Pacific Company Limited (“**First Pacific**”), an investment management and holding company with principal business interests relating to telecommunications, consumer food products, infrastructure and natural resources, which is listed on the Hong Kong Stock Exchange; PT Indofood Sukses Makmur Tbk (“**PT ISM**”), which is in food manufacturing including production and processing of raw materials and listed on the Indonesia Stock Exchange; Indofood Agri Resources Ltd. (“**IndoAgri**”), a diversified and vertically integrated agribusiness group which is listed on the SGX-ST and Gallant Venture Ltd., an Indonesia-focused group with core businesses in the automotive business, property development, industrial parks, utilities and resort operations which is listed on the SGX-ST. PT ISM and IndoAgri are subsidiaries of First Pacific.

The Salim Group is an Interested Person as Mr Anthoni Salim is the brother of Mr Andree Halim. The aggregate value of the unsold and returned bread sales amounted to approximately S$0.97 million, which represents less than 3% of the audited consolidated NTA of the Group for FY2020. In FY2020, the Group also purchased from the Salim Group instant noodles for which the aggregate value was approximately S$0.48 million, representing less than 3% of the audited consolidated NTA of the Group for FY2020. In addition, the Group purchased from the Salim Group raw materials such as flour, the aggregate value of which amounted to approximately S$17.91 million (being more than 3% (that is, approximately 3.5%) of the audited consolidated NTA of the Group for FY2020). As such, pursuant to the IPT Mandate, approval and ratification from the Audit & Risk Committee was obtained for purchase of flour from the Salim Group that resulted in the said 3% threshold being exceeded, as well as for subsequent flour purchases from the Salim Group for the remainder of FY2020.

2.4 Rationale for and Benefits of the Renewal of the IPT Mandate

The Group envisages that the Interested Person Transactions will occur with some degree of frequency and could arise at any time and from time to time. Such transactions are recurring transactions and are part of the day-to-day operations of the Group.

The renewal of the IPT Mandate, if approved by the Shareholders, will enable the Group, in the ordinary course of business, to undertake such transactions in a more expeditious manner. It will also enhance the Group's ability to pursue business opportunities which may be time-sensitive and frequent in nature and will allow the Group to conduct its business efficiently by eliminating the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions arise. The IPT Mandate will reduce the expenses involved with the convening of general meetings on an *ad hoc* basis and allow manpower resources and time to be channeled towards attaining other corporate objectives.

2.5 Classes of Interested Persons

The IPT Mandate will apply to the Interested Persons in relation to the types of transactions set out in Section 2.6 below. The associates of the Interested Persons who will have dealings under the IPT Mandate include the Salim Group, such as KMP Food Industries Pte Ltd, which is controlled by Mr Anthoni Salim, who is Mr Andree Halim's brother.

2.6 Types of Transactions under the IPT Mandate

The types of transactions contemplated under the IPT Mandate are as follows:

(a) the purchase of products and raw materials; and

(b) the sale of products.

The types of products and/or raw materials covered under the IPT Mandate will be those which are transacted by the Group in its ordinary course of business with the Interested Persons in connection with the latter's ordinary course of business. Such transactions include for example, the sale by the Group of unsold and returned bread to the Salim Group as animal feed, and the purchase of flour and wheat-related raw materials, such as wheat bran and wheat germ, and finished products such as instant noodles from the Salim Group.

2.7 Review Procedures under the IPT Mandate

The Group maintains a register of Interested Person Transactions and the following review procedures are implemented by the Company:

2.7.1 Review Procedures

(a) When purchasing products and/or raw materials from an Interested Person, quotations from at least two (2) other unrelated third party vendors for similar quantities and/or quality will be obtained (whenever possible or available) for comparison to ascertain whether the price and terms offered by the Interested Person are fair and reasonable and competitive compared to those offered by such other unrelated third party vendors. In determining whether the price and terms offered by the Interested Person are fair and reasonable, pertinent factors, including but not limited to quality, track record, specification compliance, delivery time, experience and expertise, and where applicable, terms offered to third parties, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors providing or selling a similar type of product or raw material or if the unrelated third party vendor(s) is not able to meet the Group's specifications or in cases of urgency), an Executive Director (other than an Interested Person) or the Audit & Risk Committee (as the case may be depending on the approval threshold as set out in Section 2.7.2 below) will determine whether the price and terms offered by the Interested Person are fair and reasonable. In determining the transaction price payable to the Interested Person for such products and/or raw materials, pertinent factors, including but not limited to quality, track record, specification compliance, delivery time, experience and expertise, reliability and/or efficiency of the seller, strategic considerations, and where applicable, terms offered to third parties, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

(b) When selling products to an Interested Person, the pricing or fees for the products are to be carried out at the prevailing market rates or prices of the products, on terms no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates, discounts and/or rebates accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event that prevailing market rates or prices are not available (for instance due to the nature of the product to be sold or if there are no other customers for similar products or if the unrelated third party customer(s) is not able to meet the Group's specifications or in cases of urgency), the transaction prices will, where applicable, (i) be in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin of the Group for the same or substantially similar type(s) of transaction with unrelated third parties, or (ii) in certain cases (for example, waste disposal or technical expertise) be determined by reference to factors including but not limited to track record, specification compliance, quantity, volume, duration of contract, strategic considerations, reliability and/or efficiency of the purchaser, extent of cost recovery, industry norms and where applicable, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

2.7.2 Approval Thresholds

The following approval thresholds shall be adopted in respect of the Interested Person Transactions:

	Value of Interested Person Transaction(s)	**Approving Authorities** *(each having no interest, direct or indirect, in the Interested Person Transaction)*
1.	An Interested Person Transaction the value of which is equal to or exceeds S$100,000,[(1)] but less than 3% of the latest audited consolidated NTA of the Group from time to time[(2)]	Executive Director or such senior executive of the Group as may be designated by the Audit & Risk Committee from time to time If an Executive Director or relevant senior executive of the Group is himself interested in an Interested Person Transaction, the Interested Person Transaction will be reviewed and approved by another Executive Director or senior executive (each having no interest, direct or indirect, in the Interested Person Transaction)
2.	(i) Where the value of an Interested Person Transaction, when aggregated with the value of all previous Interested Person Transactions of the same kind in the same financial year, is equal to or exceeds 3% of the latest audited consolidated NTA of the Group from time to time[(2)], such Interested Person Transaction and all future Interested Person Transactions of the same kind during the financial year in question, Provided That any Interested Person Transaction below S$100,000 in value does not require approval and shall be disregarded for aggregation purposes	Audit & Risk Committee
	(ii) An Interested Person Transaction the value of which is equal to or exceeds 3% of the latest audited consolidated NTA of the Group from time to time[(2)]	Audit & Risk Committee

Notes:

(1) Based on the existing provisions of the Listing Manual.

(2) Based on the Group's audited consolidated financial statements for FY2020, 3% of the latest audited consolidated NTA of the Group would be approximately S$15.5 million.

The approving authorities may request for additional information pertaining to the transaction under review as they deem fit.

2.7.3 Interested Audit & Risk Committee Member to Abstain

In the event that a member of the Audit & Risk Committee (where applicable) is interested (directly or indirectly) in any Interested Person Transaction, he or she will abstain from reviewing that particular transaction. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit & Risk Committee.

2.7.4 Periodic Review by Audit & Risk Committee

The Audit & Risk Committee will review all Interested Person Transactions (including transactions with Interested Persons the values of which are below S$100,000) on a quarterly basis to ascertain whether the established review procedures for the Interested Person Transactions have been complied with and the relevant approvals have been obtained.

The Audit & Risk Committee will also review the established review procedures of the Interested Person Transactions and determine if such review procedures continue to be adequate in ensuring that the Interested Person Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit & Risk Committee is of the view that the review procedures have become inappropriate or insufficient to meet such objectives, the Company will seek a fresh mandate from its Shareholders based on new review procedures for the Interested Person Transactions.

2.8 Excluded Transactions

The IPT Mandate will not cover any transaction with an Interested Person that is below S$100,000 in value, as the provisions of Chapter 9 of the Listing Manual provide that any such transaction is to be disregarded although the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

Transactions between the Group and the Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual, or other applicable provisions of the Listing Manual, if any.

2.9 Validity Period of the Renewed IPT Mandate

If approved by Shareholders at the 2021 AGM, the renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2021 AGM (Resolution 12 in the Notice of AGM), and will (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.

Approval from Shareholders will be sought for the renewal of the IPT Mandate at the 2021 AGM and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit & Risk Committee of its continued application to transactions with the Interested Persons.

2.10 Disclosure

Disclosure will be made in the Company's Annual Report of the aggregate value of the transactions conducted with Interested Persons pursuant to the IPT Mandate during the relevant financial year, and in the annual reports for the subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements and form set out in Chapter 9 of the Listing Manual.

2.11 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the direct and deemed interests of the Directors and Substantial Shareholders in the Shares of the Company, based on information recorded in the register of Director's shareholdings and the register of Substantial Shareholders maintained by the Company and/or information received by the Company from Director(s), are as follows:

	Direct Interests		Deemed Interests	
	No. of Shares	Percentage of Shareholding[1]	No. of Shares	Percentage of Shareholding[1]
Directors				
Didi Dawis	–	–	–	–
Andree Halim	–	–	394,629,813[2]	68.60%
Lin Kejian	47,600	0.01%	277,369,871[3]	48.22%
Goh Kian Hwee	–	–	–	–
Tan Teck Huat	–	–	–	–
Tan Hang Huat	5,637	0%	–	–
Gianto Gunara	–	–	–	–
Choo Kok Kiong	–	–	–	–
Dawn Pamela Lum	–	–	–	–
Triono J. Dawis	–	–	–	–
Lee Kwong Foo Edward	–	–	–	–
Ong Wui Leng Linda	–	–	–	–
Rachel Liem Yuan Fang	432,900	0.08%		
Substantial Shareholders (other than Directors)				
Tian Wan Enterprises Company Limited	128,480,224	22.33%	–	–
Tian Wan Equities Company Limited	145,337,565	25.26%	–	–
Tian Wan Holdings Group Limited	41,044,656	7.13%	79,767,368[4]	13.87%
Tian Wan Capital Limited	58,594,391	10.19%	–	–

Notes:

(1) Based on 575,268,440 Shares as at the Latest Practicable Date.

(2) Mr Andree Halim is deemed to have an interest in the Shares owned by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited, Tian Wan Holdings Group Limited, Tian Wan Capital Limited and J&H International Limited.

(3) Mr Lin Kejian is deemed to have an interest in the Shares owned by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited and ISI Investments Company Limited.

(4) Tian Wan Holdings Group Limited is deemed to have an interest in the Shares owned by Tian Wan Capital Limited and J&H International Limited.

2.12 Statement by the Audit & Risk Committee

The Audit & Risk Committee of the Company having considered, *inter alia*, the terms of the IPT Mandate, confirms that the review procedures for determining the transaction prices of the Interested Person Transactions as set out in Section 2.7 of this Appendix have not changed since the last shareholder approval for the IPT Mandate at the 2020 AGM. The Audit & Risk Committee is also of the view that such review procedures for determining the transaction prices of the Interested Person Transactions, when taken as a whole and if applied consistently, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. However, should the Audit & Risk Committee subsequently no longer be of this opinion, the Company will revert to the Shareholders for a fresh mandate based on new review procedures for transactions with the Interested Persons.

3. DIRECTORS' RECOMMENDATION

The Directors of the Company (save for the Directors referred to below), having considered, amongst other things, the rationale for and benefits of the renewal of the IPT Mandate, the review procedures and the role of the Audit & Risk Committee, are of the opinion that the proposed renewal of the IPT Mandate is in the interests of the Company. Accordingly, the Directors (save for the Directors referred to below) recommend that Shareholders **vote in favour** of the ordinary resolution in respect of the proposed renewal of the IPT Mandate at the 2021 AGM.

Mr Andree Halim and Mr Lin Kejian (being the Interested Persons) abstain from making any recommendation. In addition, Mr Tan Hang Huat, Mr Gianto Gunara and Mr Choo Kok Kiong, who are directors of certain entities within the Salim Group, voluntarily abstain from making any recommendation.

As different Shareholders might have different investment objectives, Shareholders should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers if they require specific advice in relation to the proposed renewal of the IPT Mandate.

4. ABSTENTION FROM VOTING

Rule 919 of the Listing Manual requires that interested persons must not vote on a shareholders' resolution approving any mandate in respect of any interested person transactions. Mr Andree Halim and Mr Lin Kejian (being Interested Persons) will abstain, and shall procure that their respective associates abstain, from voting on the ordinary resolution relating to the proposed renewal of the IPT Mandate to be tabled at the 2021 AGM (Resolution 12 in the Notice of AGM).

In addition, Mr Tan Hang Huat, Mr Gianto Gunara and Mr Choo Kok Kiong intend to voluntarily abstain from voting on Resolution 12 in respect of their Shares (if any).

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 150 South Bridge Road, #09-03 Fook Hai Building, Singapore 058727, during normal business hours from the date of this Appendix up to and including the date of the 2021 AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for FY2020.

Yours faithfully,
For and on behalf of the Board of Directors of
QAF Limited

Goh Kian Hwee
Joint Group Managing Director

QAF Limited

Company Registration No: 195800035D

150 South Bridge Road
#09-03 Fook Hai Building
Singapore 058727
Tel: (65) 6538 2866
Fax: (65) 6538 6866
Email: info@qaf.com.sg
www.qaf.com.sg