QAF Limited

ANNUAL REPORT 2021

FACING COVID-19 AND GEOPOLITICAL CHALLENGES

WORLD'S BEST EMPLOYERS
Forbes 2021
POWERED BY STATISTA

CORPORATE INFORMATION
(AS AT 15 MARCH 2022)

BOARD OF DIRECTORS
Andree Halim
(Chairman)
Lin Kejian
(Joint Group Managing Director)
Goh Kian Hwee
(Joint Group Managing Director)
Ong Wui Leng
Choo Kok Kiong
Triono J. Dawis
Lee Kwong Foo Edward
Dawn Pamela Lum
Norman Ip
Chee Teck Kwong Patrick
Rachel Liem Yuan Fang
(Alternate Director to Andree Halim)

AUDIT AND RISK COMMITTEE
Norman Ip
(Chairman)
Lee Kwong Foo Edward
Triono J. Dawis
Dawn Pamela Lum
Chee Teck Kwong Patrick

NOMINATING COMMITTEE
Dawn Pamela Lum
(Chairman)
Andree Halim
Triono J. Dawis

REMUNERATION COMMITTEE
Dawn Pamela Lum
(Chairman)
Andree Halim
Chee Teck Kwong Patrick

EXECUTIVE COMMITTEE
Andree Halim
Lin Kejian
Goh Kian Hwee
Ong Wui Leng

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
Standard Chartered Bank
United Overseas Bank Limited

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CHAIRMAN'S STATEMENT

Increasing costs and supply chain disruption will be the prevalent factors affecting our business in FY2022.

Dear Shareholders,

2021 has seen global economies recovering from the impact of Covid-19 in 2020. The recovery was contributed by various factors including the availability of vaccines, and fiscal and monetary policy responses by governments worldwide. The pandemic has however caused disruption in supply chains (including higher material, energy and shipping costs, and restrictions in labour movement) and has resulted in increased costs of operations and at times, shutdown of operations. QAF Group had performed strongly with the heightened demand that occurred in 2020 during the onset of the Covid-19 pandemic, posting record sales for our Bakery and Distribution and Warehousing segments. Against this high benchmark, we have managed to maintain comparable sales level in 2021 although our earnings have been affected by increased costs of operations. However, when compared to the pre-Covid situation in 2019, Group revenue and EBITDA both saw a 12% improvement.

At the turn of this year, we completed the sale of the Primary Production business and received total proceeds of approximately $153 million and will be receiving another $2 million following the subsequent adjustment. This is a significant milestone as the sale has released capital for us to continue supporting the growth of our remaining core business of Bakery in Singapore, Malaysia, the Philippines and Australia and Distribution and Warehousing businesses in the regional markets, and also to pursue other food-related investment opportunities. Our Group's financial position has improved significantly with a net cash position of more than $170 million after payment of the special dividend and relevant expenses. The special $0.02 dividend per share was approved and paid in connection with this sale.

The recent geopolitical crisis in Europe will exacerbate the pre-existing inflationary pressures and supply chain disruption caused by the pandemic. Increasing costs and supply chain disruption will be the prevalent factors affecting our business in FY2022.

On 1 May 2021, we appointed Mr Norman Ip and Mr Chee Teck Kwong Patrick as new Independent Non-executive Directors. At the same time, I assumed the position of the Chairman of the Board and Ms Ong Wui Leng assumed the position of Group Finance Director. The change in the composition of the Board of Directors followed the cessation of directorships by Mr Didi Dawis, Mr Tan Teck Huat, Mr Tan Hang Huat and Mr Gianto Gunara. On behalf of the Board, I wish to express my thanks to Mr Didi Dawis, Mr Tan Teck Huat, Mr Tan Hang Huat and Mr Gianto Gunara for their contributions and service to the Company.

The Board recommends a final $0.04 dividend per share. Including the $0.01 interim dividend paid in 2021, this will maintain a total $0.05 dividend per share, consistent with 2020. In addition, the Special Dividend of $0.02 was paid in February 2022 and this will be reflected in the financial results of 2022.

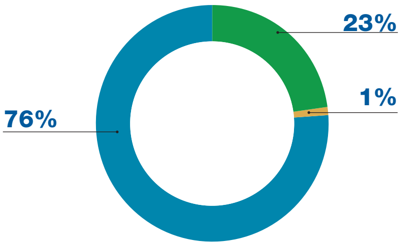
In conclusion, I wish to express my thanks to shareholders, customers and business partners for your continuing support in this past year. I would also like to thank our more than 10,000 employees, including of the primary production business which was then part of our Group. For without their dedication and contributions, 2021 would not have been another resilient year.

Andree Halim
Chairman
15 March 2022

BUSINESS OVERVIEW

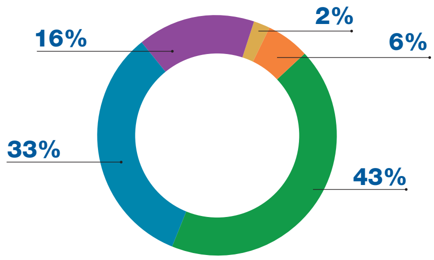
CONTINUING OPERATIONS

Segment Revenue



- Bakery
- Distribution and Warehousing
- Investments and Others

Geography Revenue



- Singapore
- Philippines
- Australia
- Malaysia
- Others

REVENUE	EBITDA[1]	PAT
$559m	**$63.4m**	**$22.4m**
GBKL[2] Revenue $353m	GBKL[2] EBITDA $25.7m	GBKL[2] PAT $8.4m

> 9,000 employees

c.30 major proprietary brands

BAKERY	DISTRIBUTION AND WAREHOUSING
REVENUE 2021 **$425m**	REVENUE 2021 **$129m**
EBITDA 2021 **$60.3m**	EBITDA 2021 **$6.4m**
EBITDA MARGIN 2021 **14%**	EBITDA MARGIN 2021 **5%**

16 Factories

Singapore: 2
Philippines: 5
Malaysia: 8
Australia: 1

Produced > **1.1 billion** units of bread products annually

c.74,000 Third party outlets

c.2,000 routes

c.1,800 trucks

> 10 export markets

c.20 overseas distributors

3 Warehouses & cold store facilities

c.35,000 sqm of gross floor area

[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.

JOINT GROUP MANAGING DIRECTORS' REPORT

CONTINUING OPERATIONS

REVENUE	EBITDA	PBT
$559m	$63.4m	$28.7m
	PAT	**UNDERLYING EARNINGS[1]**
	$22.4m	$33.5m

	FY2021 $' million	FY2020 $' million	FY2019 (pre-Covid) $' million
Revenue	559.0	561.8	497.0
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	63.4	90.5	56.8
– EBITDA margin (%)	*11.3%*	*16.1%*	*11.4%*
Profit before Taxation ("PBT")	28.7	54.4	22.8
– PBT margin (%)	*5.1%*	*9.7%*	*4.6%*
Profit after Taxation ("PAT")	22.4	42.3	18.3
– PAT margin (%)	*4.0%*	*7.5%*	*3.7%*
Underlying earnings[1]	33.5	42.6	23.1
– Underlying earnings margin (%)	*6.0%*	*7.6%*	*4.6%*

The Group continued to face many challenges posed by the Covid-19 pandemic in 2021. Although there was economic recovery in all our core markets, this was largely due to the low base in FY2020 when the Covid-19 pandemic outbreak started.

Based on government statistics, the Singapore GDP growth recovered to 7.6% in 2021 after the 5.4% decline in 2020 while Malaysia's GDP growth recovered to 3.1% from a 5.6% fall in 2020. The Philippine government announced that its GDP growth recovered to 5.6% after GDP shrunk 9.6% in 2020. As for Australia, GDP grew 4.2% in 2021 after declining 1.1% in 2020.

As the Group is a major supplier of consumer staples in our core markets, it had performed strongly in FY2020 because of the heightened demand during the onset of the pandemic. Notwithstanding the high base in FY2020, the Group revenue for continuing operations in FY2021 was flat against FY2020. However, EBITDA fell 30% because of higher costs. When compared against pre-Covid FY2019, Group revenue and EBITDA in FY2021 were both 12% higher.

Discontinued operations, Primary Production segment, continued to show EBITDA improvement with a growth of 30% from $35.9 million in FY2020 to $46.5 million in FY2021.

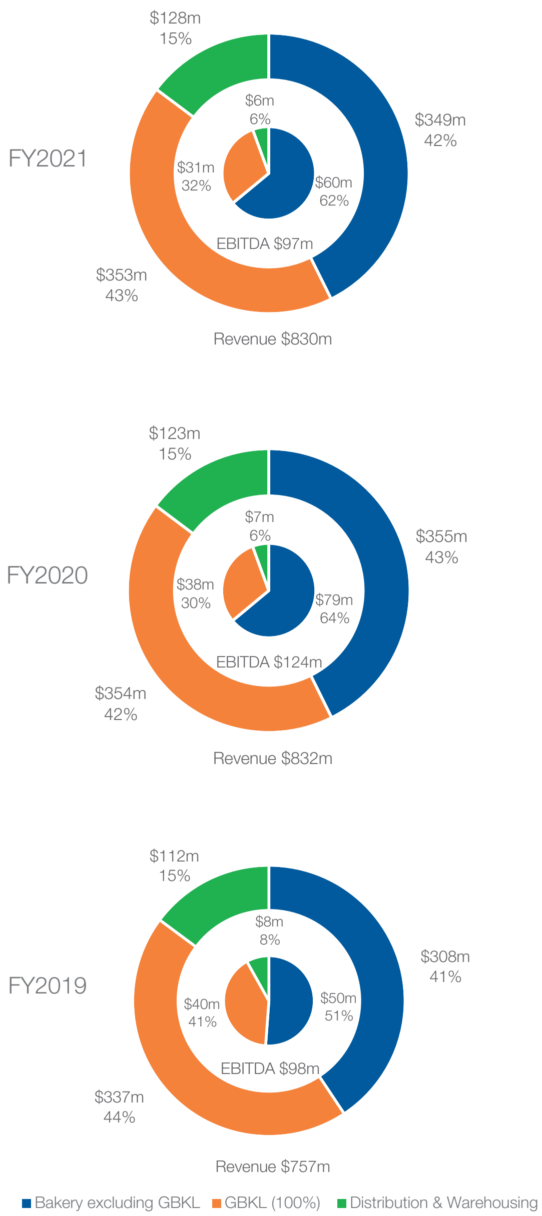
Corporate social responsibility remains an important agenda and the Group continues to give back to the community amidst this pandemic. Including our joint-venture company GBKL, $2.8 million of donations were incurred by the Group.

1 Underlying earnings is PBT excluding foreign exchange translation gain and loss, and one-off items.

JOINT GROUP MANAGING DIRECTORS' REPORT

Including GBKL but excluding head office, the Group's companies of continuing operations generated total proforma revenue of $829 million, flat against FY2020 but 10% higher than in FY2019. Proforma EBITDA and royalty income to QAF Limited, generated by the Group's companies for continuing operations including GBKL but excluding head office was $97 million, a decline of 21% from $124 million in FY2020 and slightly lower than in FY2019. Please see charts below.

Proforma Revenue & EBITDA from continuing operations before head office expenses



BAKERY

Overall revenue from Bakery in FY2021 declined 2% against the previous year. Sales in the Philippines declined 4% while Australia grew 21%. Sales in Singapore and Malaysia were somewhat flat. EBITDA and joint venture contribution of $70.4 million was 22% lower than FY2020. However, compared to 2019 pre-Covid level, revenue and EBITDA were 12% and 15% higher, respectively.

The pandemic situation in our core markets of Singapore, Malaysia, the Philippines and the other regional economies has continued to pose operational challenges leading to increased costs. In addition, the pandemic has continued to severely disrupt production, supply chains and movement of labour. In FY2021, we saw the beginning of the increase of our costs of operations, including higher raw material, distribution and utility costs. Such costs are expected to increase significantly in 1H2022, due not only to the pandemic situation but also to the recent geopolitical crisis in Europe. Our performance will be affected adversely but we aim to mitigate partially such impact by adjustment to product mix and selling prices, and product innovations.

The Group continued to invest in the *Gardenia* and other brand names using traditional media and social media platforms. In Singapore, the new products introduced during the year 2021 included the Jumbo 600g *Gardenia 100% Wholemeal Extra Soft & Fine Bread, Farmchef* fries, hashbrowns and chicken cheese franks, and *Cowhead* hotcakes and mini pancakes. In Malaysia, a more affordable and economical 500g white loaf, *Gardenia Bonanza Keluarga*, was introduced. Recipes for existing products were also improved with additional vitamins and minerals like the *Gardenia Black Forest Loaf* which was relaunched in the Philippines.

Once again, our joint venture in Malaysia, GBKL maintained its one billion-ringgit annual revenues for the third consecutive year. GBKL's new bun and rolls plant started operations during the year which will enable GBKL to reach more customers with an expanded range of buns and rolls. In December 2021, unprecedented torrential rain throughout Peninsular Malaysia resulted in the flooding and substantial shutdown of one of our factories. The flooding has resulted in a one-off $1.3 million inventory write-off and $3.5 million impairment loss on property, plant and equipment. The shutdown of this factory is expected to affect GBKL's total supply of bakery products. To mitigate this situation until the factory is back in operation, we have taken measures, including ramping up production of other factories, changing our supply mix and temporary outsourcing of production to other contract manufacturers. More details of the impact of the flood are set out on page 24.

Bakers Maison Australia also achieved another record sales after strong recovery in the food service segment and continued strong growth in meal kit sales. Its EBITDA grew strongly by more than 35%.

JOINT GROUP MANAGING DIRECTORS' REPORT

DISTRIBUTION AND WAREHOUSING

Ben Foods Group's longstanding relationships with suppliers continued to put it in good stead during this pandemic. To mitigate risks posed by global supply chain issues, it has taken steps to establish new supplier relationships. A strategic step of increasing inventory was also adopted to lower the risk of inventory shortage and maximize potential market opportunities. Aggressive marketing initiatives and new *Cowhead* and *Farmchef* products have helped Ben Foods Group to achieve another record year in sales. Sales to major supermarkets have declined from FY2020's peak but overall sales have not been affected because of the steps taken above and sales to the food service sector have seen some recovery.

Overall, the Distribution and Warehousing business grew by 4 % in sales from $124.0 million to $128.9 million. However, the segment EBITDA was $6.4 million, 9% lower than FY2020, largely due to the global rise in food supply and shipping costs.

DISCONTINUED OPERATIONS

REVENUE $416.8m	**EBITDA** $46.5m	**PBT**[2] $28.7m
PAT[2] $11.4m	**PAT MARGIN** 2.7%	**UNDERLYING EARNINGS**[3] $26.3m

PRIMARY PRODUCTION

Continuing from FY2020, the Primary Production business did well in FY2021, achieving sales of $416.8 million and EBITDA of $46.5 million. Sales went up by 12%, and EBITDA improved by 30%. This business continued to benefit from the lower grain prices since 2020 when the severe drought of 2018 to 2019 ended.

We had initiated a review of our Primary Production business in late 2019 and announced our decision to sell this business in February 2020. The sale agreement was signed in June 2021 and the sale completed in January 2022 after meeting all regulatory approvals. The final consideration has been determined to be at A$158.8 million or approximately S$156 million (based on exchange rate as at 31 Dec 2021) following an upward adjustment from earlier estimate of S$153 million (A$157 million) previously announced on 18 December 2021. Please refer to page 200 of this Annual Report for the financial impact of this sale for FY2022.

OVERALL GROUP

The outlook for FY2022 remains uncertain with the continuing Covid-19 situation and the current geopolitical crisis in Europe. The geopolitical crisis and high level of borrowings incurred by the relevant countries to fund the unprecedented costs of the pandemic will also exacerbate existing inflationary pressures, supply chain disruption and increased cost of capital. Notably, it has been reported that Russia is the world's second largest producer of oil and gas. In the global wheat market, it has been reported that Russia and Ukraine together accounted for about 29% of the global wheat export. For the year-to-date till mid-March 2022, generally, global wheat prices have risen by more than 40% while oil and gas prices were up by more than 20%.

Any fresh Covid-19 outbreak will further threaten the already shaky global supply chain. Although vaccination rates have improved, new virulent strains have emerged and continue to pose challenges to governments and businesses in the countries we operate in. The Group's operating entities have, as a risk management measure, adopted stringent health and safety measures including arranging for testing and vaccination of staff. Nevertheless, business risks remain as the situation may worsen or continue with multiple waves of infection, increased lockdown measures, spread of COVID-19 variants and waning efficacies of the vaccines. Such risks include, but are not limited to disruption of supply chains including higher costs of materials such as flour, energy and packaging materials, higher inventory and shipping costs, temporary closure of production, processing and warehousing facilities, labour shortages, increased costs of implementing safe management measures including sanitation requirements, testing and vaccination costs, and workplace distancing measures such as split operations/additional shifts, hardship allowances and work from home arrangements, as well as credit risks, especially for retail food service sector, as more companies go into financial difficulties.

Our costs of operations will continue to increase. Barring unforeseen circumstances, the operating performance of the continuing business in 1H2022 is expected to be challenging as compared to 1H2021. The ongoing pandemic situation, inflationary pressures and geopolitical crisis have created heightened uncertainty and this has made it challenging to comment on the trend for 2H2022, although typically, the 2H operating performance would be better than the 1H operating performance.

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2 Excludes remeasurement gain of $5.7 million, cessation of depreciation of $16.2 million and associated costs incurred for disposal of $2.2 million.
3 Underlying earnings is PBT excluding fair value gain on biological assets of $2.4 million.

JOINT GROUP MANAGING DIRECTORS' REPORT

Our commentary on the operating performance for FY2022 does not take into account recovery under the consequential loss insurance policy and insurance policy covering floods. The Group is in the process of seeking recovery under such policies and any payment under such policies will be treated as income for the financial period after FY2021. Repair and replacement of damaged factory installations are currently being planned, taking into consideration the insurers' assessment of the damage and the Group's proposal for the repair and replacement.

Proceeds from the completion of the sale of the Primary Production business, which occurred just before the outbreak of the geopolitical crisis in Europe, has strengthened our Group balance sheet significantly and will bolster the resilience of the Group, particularly in times of crisis. Notwithstanding the global economic uncertainties, we will continue to pursue the strategy of organic growth. During FY2016 to FY2019, the Group had invested in expansion capex of approximately $200 million to expand our overall bakery production capacity. As a continuation of this strategy, we plan to further invest in expanding production capacity for our core markets in Singapore, Malaysia and the Philippines. The aggregate investment is estimated to be approximately $116 million. Given the age of the plant in Singapore, we have been upgrading our production facilities in Singapore. Some improvements have already been made to our plants in Singapore in FY2021. GBKL's new bun and roll line at Bukit Kemuning has also been completed on time and within budget in 2H2021. Further expansion plans in Malaysia will take into account, amongst others, the recent factory shutdown arising from the flood in December 2021 and any temporary shutdown in Singapore required for upgrading works. Construction of the factory structure to house Gardenia Philippines' new production lines at North Luzon, is nearing completion. However, the installation of the production lines at this location is still being reviewed, taking into consideration the economic environment and our expectation of increased market competition.

To enhance the Group's talent bench strength, we have recently engaged new senior management, including consultants with deep knowledge and experience in the food industry and information technology. With the assistance of such talent pool, the Group aims to accelerate top line growth following the disposal of the Primary Production business. Apart from organic growth of the Bakery business, the focus will also be to expand our distribution business in ASEAN and our product range.

The strong cash position of the Group will not only allow us to pursue both organic growth and diversification strategy in the food industry, with some degree of confidence, it will also facilitate the pursuit of our strategy of value creation to enhance shareholders value in terms of dividend payment, balanced by our prudent capital management policy and the need to support expansion capex and other investments. Accordingly for FY2021, the Board has decided to recommend a final dividend of $0.04 per share. Together with the interim $0.01 dividend paid in 2021, the total dividend for FY2021 would amount in total to $0.05 per share or total of $28.8 million, although our FY2021 profit after tax from continuing operations attributable to shareholders is $22.2 million.

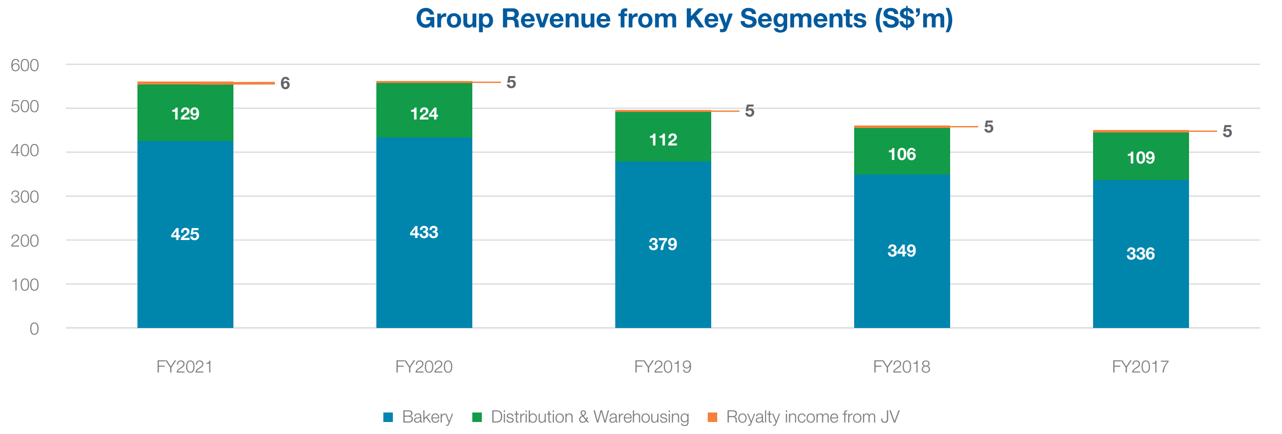
Lin Kejian
Goh Kian Hwee
Joint Group Managing Directors
15 March 2022

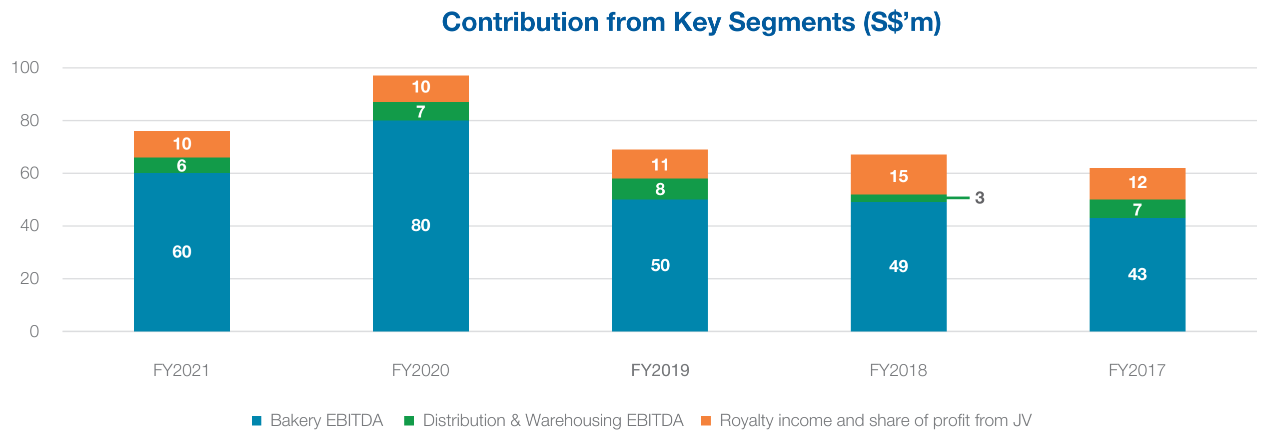
FINANCIAL HIGHLIGHTS

No restatements made for FY2017 & FY2018 between continuing and discontinued operations(Note 15), unless otherwise expressly stated.

	FY2021	FY2020	FY2019	FY2018 (Note 15)	FY2017 (Note 15)
INCOME STATEMENT (S$'000)					
Revenue from continuing operations(Note 1a)	558,976	561,785	497,041	814,868	825,804
Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations before exceptional items(Note 1b)	63,381	90,474	56,805	50,032	74,437
Profit before taxation from continuing operations before exceptional items(Note 1b)	27,222	54,400	22,761	13,298	40,648
Profit from continuing operations attributable to owners of the Company before exceptional items	20,701	42,066	18,171	8,129	32,385
STATEMENT OF FINANCIAL POSITION (S$'000)					
Total assets	878,160	868,081	850,473	783,633	821,459
Total liabilities	345,832	351,162	350,153	278,614	290,898
Total equity	532,328	516,919	500,320	505,019	530,561
Equity attributable to owners of the Company	530,554	516,310	507,585	511,404	536,928
SELECTED EARNINGS, LIQUIDITY AND SOLVENCY DATA					
Earnings per share from continuing operations (cents)	3.9	7.3	3.2	1.4	5.7
Net asset value per share (cents)(Note 2)	92.2	89.8	88.2	88.9	94.3
Net tangible asset per share (cents)(Note 3)	92.2	89.7	88.2	88.9	94.3
EBITDA margin from continuing operations (%) before exceptional items	11%	16%	11%	6%	9%
Net margin from continuing operations before exceptional items (%)(Note 4)	4%	7%	4%	1%	4%
Return from continuing operations on average shareholders' equity (%) before exceptional items	4%	8%	4%	2%	6%
Return from continuing operations on average assets (%) before exceptional items	2%	5%	2%	1%	4%
Total dividends (cents)	5.0	5.0	5.0	5.0	5.0
Dividend payout on continuing operations (%)(Note 5)	128%	68%	158%	351%	87%
Current ratio (no. of times)(Note 6a)	1.9	1.9	1.5	1.6	1.9
Quick ratio (no. of times)(Note 6b)	1.5	1.6	0.9	1.0	1.3
Capital expenditure (S$'000)(Note 7)	30,092	31,149	35,472	74,384	60,660
Total cash and cash equivalents (S$'000)	88,705	81,362	73,167	60,259	136,454
Gross debt (S$'000)(Note 8)	56,955	71,329	165,655	109,969	113,137
Net debt/(cash) (S$'000)	(31,750)	(10,033)	92,488	49,710	(23,317)
Net gearing ratio (no. of times)(Note 9)	(0.06)	(0.02)	0.18	0.10	(0.04)
Net debt to EBITDA from continuing operations before exceptional items (no. of times)	n.m.	n.m.	1.6	1.0	n.m.
SELECTED VALUATION DATA					
Number of shares outstanding @31 December ('000)	575,268	575,268	575,268	575,268	569,216
Total market capitalisation (S$'000)	506,236	514,865	463,091	336,532	637,522
Enterprise Value (S$'000) (Note 10)	474,486	504,832	555,579	386,242	614,205
Price/Book Value(Note 11)	1.0	1.0	0.9	0.7	1.2
Price/Revenue(Note 12)	0.9	0.9	0.9	0.4	0.8
P/E Ratio(Note 13)	22.6	12.2	25.5	41.1	19.5
Price/CF(Note 14)	4.6	5.4	7.8	16.1	10.3
Dividend Yield	6%	6%	6%	9%	4%

FINANCIAL HIGHLIGHTS





The above charts reflect financial performance of the key business segments only. The charts exclude financials of head office and Primary Production.

Notes:

1a. For 2019 to 2021, the decrease in Group revenue is due to reclassification of Primary Production business to discontinued operations following the Group's decision to pursue a sale.

1b. For 2019 to 2021, Group's EBITDA and PBT excludes Primary Production business EBITDA upon reclassification to discontinued 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. Net margin from continuing operations is computed based on Group profit attributable to owners of the parent from continuing operations.
5. Dividend payout is calculated by dividing total dividends against profit from continuing operations attributable to owners of the Company before exceptional items.

6a. Current ratio is computed based on total current assets and total current liabilities which excludes both assets and liabilities belonging to disposal group classified as held for sale.

6b. Quick ratio is computed based on total current assets less inventories and biological assets, and total current liabilities. Both assets and liabilities belonging to disposal group classified as held for sale are not included in the computation.

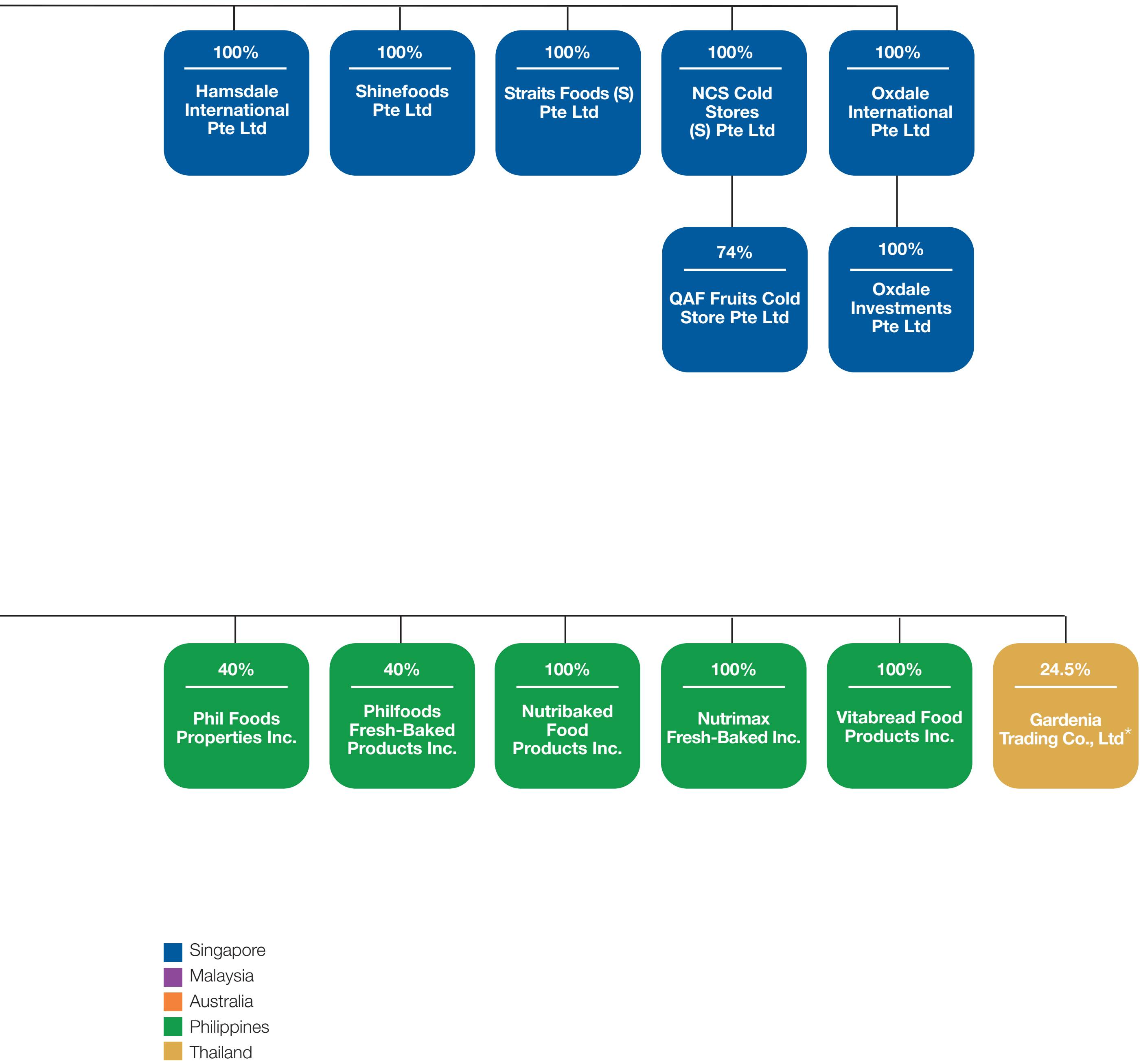
7. Capital expenditure relates to actual cash flows incurred and includes those of discontinued operations.
8. Gross debt is calculated as bank borrowings, lease liabilities and loans from non-controlling interests, excluding those captured under liabilities belong to disposal group classified as held for sale.
9. Net gearing ratio is calculated by dividing net debt against equity attributable to owners of the Company.
10. Enterprise value is the sum of total market capitalisation and net debt/(cash).
11. Price/Book is calculated by dividing total market capitalisation against equity attributable to owners of the Company at the end of the year.
12. Price/Revenue is calculated by dividing total market capitalisation at the end of the year against annual revenue.
13. P/E Ratio is calculated by dividing price of share against earnings per share from continuing operations.
14. Price/CF is calculated by dividing total market capitalisation at the end of the year against net cash from operating activities.
15. The Primary Production business or disposal group is considered as part of continuing operations for FY2018 and FY2017.

QAF GROUP

QAF Limited

- 100% Ben Foods (S) Pte Ltd
- 100% Farmland Central Bakery (S) Pte Ltd
- 100% Farmland Trading Singapore Pte Ltd
- 100% Gardenia Foods (S) Pte Ltd
- 100% Gardenia International (S) Pte Ltd
  - 100% Bakers Maison Pte Ltd
    - 100% Bakers Maison (M) Sdn Bhd
  - 100% Bonjour Bakery Pte Ltd
    - 100% Farmland Bakery (M) Sdn Bhd
  - 100% Gardenia Investments Pte Ltd
    - 100% Bakers Maison Pty Ltd
      - 100% Bakers Maison Australia Pty Ltd
  - 50% Gardenia Bakeries (KL) Sdn Bhd[#]
    - 100% Everyday Bakery & Confectionery Sdn Bhd[#]
    - 100% Gardenia Sales & Distribution Sdn Bhd[#]
  - 100% Gardenia Bakeries (Philippines) Inc.
- 100% Millif Industries Sdn Bhd

QAF GROUP



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

ANDREE HALIM, 74
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 Andree Halim was appointed as a Director and Vice-Chairman of the Board of Directors of the Company on 11 October 2003. He assumed the position of Chairman with effect from 1 May 2021.

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 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 2022.

Mr Halim is proposed to be re-elected at the Annual General Meeting. For further information on Mr Halim as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 205 to 210 of this Annual Report.

LIN KEJIAN, 43
Joint Group Managing Director
Executive Director

Date of last election:
23 April 2021
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 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 2022.

GOH KIAN HWEE, 67
Joint Group Managing Director
Executive Director

Date of last election:
23 April 2021
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 and other non-listed companies since 1989. Mr Goh is a member of the Listings Advisory Committee of the Singapore Exchange Limited.

BOARD OF DIRECTORS

ONG WUI LENG, 61

Group Finance Director
Executive Director

Date of last election:
24 April 2020
Board Committee:
Executive Committee (Member)

Ms Ong was appointed as a non-executive independent Director of the Company on 1 January 2017. She was appointed Group Finance Director with effect from 1 May 2021.

Ms Ong 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 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 completed her Master of Practising Accounting from Monash University, Australia.

Directorships in other listed companies:
SiS International Holdings Limited

CHOO KOK KIONG, 52

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 is also its Group Risk Officer. 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, 68

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.

Ms Lum is proposed to be re-elected at the Annual General Meeting. For further information on Ms Lum as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 205 to 210 of this Annual Report.

BOARD OF DIRECTORS

TRIONO J. DAWIS, 40

Non-executive/Independent Director

Date of last election:
23 April 2021
Board Committee:
Audit and Risk Committee (Member)
Nominating Committee (Member)

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

Mr Dawis founded Amand Ventures, an ever-green fund which invests in early-stage (pre-seed to pre-A) technology start-ups in multiple sectors: financial, insurance, education and deep tech. Amand Ventures actively invests in South-East Asia, India, Europe and the USA.

Mr Dawis is the President Director of Bukit Pandawa Resort and Golf, an expansive estate located in the southern tip of Bali Island, which has a world-class golf course and will be the location of multiple 5-star luxury hotels.

Mr Dawis' other business interests in the region include importation and distribution of liquor, spirit, wine and beers in Indonesia, as well as interest in a logistics business which services heavy industries in Indonesia.

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.

LEE KWONG FOO EDWARD, 74

Non-executive/Independent Director

Date of last election:
23 April 2021
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.

Directorships in other listed companies:
Indofood Agri Resources Ltd

NORMAN IP, 69

Non-executive/Independent Director

Date of last election:
Not applicable
Board Committee:
Audit and Risk Committee (Chairman)

Mr Ip was appointed as a non-executive independent Director of the Company on 1 May 2021.

He is a Chartered Accountant by training, with over 40 years of commercial experience in finance and investment, real estate, mining, hospitality and general management. From 2000 to 2009, he was President and Group Chief Executive Officer of The Straits Trading Company Limited ("STC"), a listed company. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP). Mr Ip was awarded The Public Service Medal in 2020.

Mr Ip is a director of Great Eastern Holdings Limited's ("GE") principal insurance subsidiaries and Chairman of several of GE's subsidiaries in Malaysia.

Mr Ip is a member of the Securities Industry Council of Singapore, which administers the Singapore Code on Take-overs and Mergers.

Mr Ip graduated from London School of Economics and Political Science with a Bachelor of Science (Econs), Special Subject: Accounting and Finance. He is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Singapore Institute of Chartered Accountants.

Mr Ip is proposed to be re-elected at the Annual General Meeting. For further information on Mr Ip as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 205 to 210 of this Annual Report.

BOARD OF DIRECTORS

CHEE TECK KWONG PATRICK, 67

Non-executive/Independent Director

Date of last election:
Not applicable
Board Committee:
Audit and Risk Committee (Member)
Remuneration Committee (Member)

Mr Chee Teck Kwong Patrick was appointed as a non-executive independent Director of the Company on 1 May 2021.

Mr Chee holds a LLB (Honours) degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. He has been in private legal practice since 1980. He is presently a Senior Legal Consultant with Withers KhattarWong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, and listing of companies. He also conducts civil litigation and arbitration proceedings.

Mr Chee is a member of the Singapore Institute of Arbitrators and Singapore Institute of Directors. He had served in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s.

Mr Chee is also Honorary Legal Advisor to Hospitality Purchasing Association of Singapore, and several big clans and trade associations in Singapore. He was awarded The Public Service Medal (Pingat Bakti Masyarakat) by the President of the Republic of Singapore.

Mr Chee is proposed to be re-elected at the Annual General Meeting. For further information on Mr Chee as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 205 to 210 of this Annual Report.

<u>Directorships in other listed companies:</u>
China International Holdings Limited
MeGroup Ltd.
OneApex Limited
Sheng Siong Group Ltd
Noel Gifts International Ltd.

RACHEL LIEM YUAN FANG, 26

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 on 21 January 2018 as alternate director to Mr Andree Halim, who is a Director and Chairman of the Board of Directors of the Company. 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. 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. Mr Cheong resigned from the Company in February 2022. Prior thereto, he was focused on the Group's Primary Production business. Mr Cheong is currently appointed as a consultant to the Company.

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

OPERATIONAL REVIEW
Bakery

	FY2021 $' million	FY2020 $' million	FY2019 $' million
Revenue	425.1	433.3	379.4
Segment EBITDA	60.3	79.6	50.2
EBITDA margin (%)	14.2	18.4	13.2
Share of profits and royalty income from joint venture	10.1	10.4	10.9
Segment EBITDA and joint venture contribution	70.4	90.0	61.1

SINGAPORE
Gardenia Foods (S) Pte Ltd
("Gardenia Singapore")

In 2021, the social and economic disruptions brought on by the Covid-19 pandemic, continued to affect consumer habits and the business environment in Singapore. Despite operational challenges due to increased costs of raw materials such as flour, freight, energy and shortages in manpower, Gardenia Singapore continued to achieve relatively strong sales and grew its leadership position and market share in the local packaged bread industry in 2021.

The year 2020 was an exceptional year for Gardenia Singapore with record sales of $96 million. This was primarily attributed to a surge in bread demand during the pandemic as consumers stayed at home for safety. With this high base, sales for 2021 was expected to perform slightly lower than 2020. Gardenia Singapore, however, successfully implemented numerous strategic initiatives in 2021 and managed to achieve relatively strong sales of $93 million, which outperformed 2019's pre-pandemic sales of $88 million.

2021 was a year of gradual economic recovery. The Ministry of Trade and Industry (MTI) had announced that Singapore's GDP growth was 7.6% in 2021. The ongoing pandemic situation in Singapore remained fluid and was plagued with uncertainty throughout 2021. There were periods of strict safe management restrictions imposed by the government when infection rate spiked up arising from the Delta variant. In the last quarter of 2021, work-from-home remained the default to minimise the rate of virus transmission in workplaces.

For Gardenia Singapore, sales started off slowly in 2021 compared to 2020. However, it picked up in the second half of the year with the re-imposition of tighter workplace and dine-in restrictions resulting in more people working and dining from home. Gardenia Singapore's market share grew in 2021 through better merchandising space planning and optimised product mix. Consumer shifted their purchases to general trade, convenience stores and vending machines that were located nearer to their homes. More consumers also switched to quick and convenient grocery purchases through e-commerce platforms as they become more familiar with online shopping and home delivery.

Even with the recovering economy, consumers remained cautious with their expenditure, especially for staple foods. More affordable basic bread such as white and wholemeal loaves, especially the bigger and better-valued loaves, continued to see increase in demand. As more consumers focus on leading healthier lifestyles, Gardenia Singapore foresees the growth of wholemeal and nutritious bread products to continue in 2022.

With high vaccination rates and the steady rollout of booster shots in the community, Singapore has gradually relaxed restriction measures towards the end of 2021, allowing more workers back to workplaces and bigger-scale events in 2022. To respond quickly to these measures, Gardenia Singapore will align its product offerings and initiate relevant adjustments to its marketing, sales and distribution strategies in 2022.

Gardenia Singapore continues to maintain its dominance in the packaged bread industry and secured No. 1 status from NielsenIQ in four categories, namely, "*White Bread*", "*Wholemeal Bread*", "*Non-filled Bun Bread*" and "*Flavoured Bread*" for the period January to December 2021.

OPERATIONAL REVIEW

Bakery

Being a home-grown packaged bread manufacturer, Gardenia Singapore relies primarily on grocery retailers for point-of-sales display and retailing of bread island-wide in Singapore. In its continued effort to lead in the local packaged bread industry, Gardenia Singapore has not only focused on building relevance with market demand of end consumers but has also laboriously managed its relationship with retailers and F&B partners.

During the year, Gardenia Singapore's leadership and commitment in providing high quality products and services have been recognized at the *FairPrice Partners Excellence Awards (FPEA) 2021*, where it bagged 6 awards ("*Top Business Partner Award*", "*Top Brand Excellence Award*", "*Resilience Award*", "*CSR Award*", "*Best Sustainability Award*", "*People's Choice Award*"). The FairPrice Group is a leading retailer in Singapore serving more than half a million shoppers daily through a network of over 230 outlets.

As Singapore's leading bakery manufacturer, Gardenia Singapore treats food hygiene and workplace safety seriously. The company continued to fulfil the ISO 22000:2018 audit requirements by TÜV SÜD PSB Singapore in October 2021. Gardenia Singapore also achieved Grade A status for the 27th consecutive year under the Food Safety Excellence Scheme, now administered by Singapore Food Agency.

In 2021, Gardenia Singapore became the first in the local packaged bread industry to use natural stevia leaf extract in its products to reduce sugar consumption among consumers. To provide consumers with more wholesome products for improved wellness at better value, it launched the new *Gardenia 100% Wholemeal Extra Soft & Fine Bread Loaf* in Jumbo 600g pack. This product was innovated with an improved recipe using less sugar and containing the natural sweetness of stevia leaf extract. The larger loaf is an extension to its popular 400g size.

In the effort to strengthen brand relevance with children and young adults, Gardenia Singapore launched a "*Munch with Gardenia*" branding campaign theme which was catchy and easy to remember, to encourage younger consumers to associate all *Gardenia* buns as convenient snacks for munching, bringing them joy in every bite.

Targeting at shoppers seeking for value, *Bonjour Delights* was launched under the company's second brand *Bonjour* to provide a range of affordable bread and cake range in April 2021 to fulfil the needs of consumers who are more cautious in their spendings due to the uncertainty caused by the COVID-19 Pandemic. By offering tasty, quality products at affordable pricing to the consumers, the *Bonjour Delights* range was able to penetrate both Modern and General Trade with products which are of longer shelf-life. The product range consisting of cluster buns, chiffon cakes, sponge cakes, layered cakes and brownies provides a sense of familiarity and nostalgic feel which reminded consumers of their childhood days. The *Bonjour Delights* range allows Gardenia Singapore to strengthen its market share in the bakery category, while reaching out to a wider segment of consumers.

Gardenia Singapore received six awards at the FairPrice Partners Excellence Awards 2021, namely "Top Business Partner Award", "Top Brand Excellence Award", "Resilience Award", "CSR Award", "Best Sustainability Award" and "People's Choice Award".

Product launched by Gardenia Singapore in 2021.

OPERATIONAL REVIEW
Bakery

Gardenia Singapore has two production facilities and one logistics centre for bakery products. Stringent checks were frequently conducted to ensure machine reliability and reduction of breakdowns. A new oven has been installed in one of the factories to improve production efficiency and reduce downtime. Continuous maintenance was carried out for the production processes to improve food safety and quality, such as repair works for the warehouse freezer and chiller, bun centre bread line moulder and retrofitting works for the bread cooler.

To drive sustainability efforts through reducing energy consumption, high lumen LED lights were installed at both factories, corporate office and warehouse. Energy savings were also achieved through installing movement sensors for toilet lightings.

As existing facilities have been in operation for many years, Gardenia Singapore will be undertaking an exercise in 2022/2023 to upgrade the equipment capability and improve efficiency for its production facilities in Singapore.

The ongoing COVID-19 situation has amplified the urgency and importance of staying healthy and keeping diseases at bay. Even with vaccination, patients with underlying diseases such as high blood pressure, high cholesterol, cardiovascular diseases, cancer etc. are exposed to higher health risks when affected by the coronavirus. A diet rich in wholegrains has been shown to reduce the risk of heart disease, type 2 diabetes, obesity, and some forms of cancer.

With increased focus on nutrition and health, the wholemeal and multi-grain bread segment in Singapore continued to show significant growth in consumer demand. As Singapore's leading wholemeal bread brand, Gardenia Singapore advocates healthy eating by offering a variety of wholemeal and multi-grain breads that cater to different palates. The company has developed 15 types of healthier choice *Gardenia* wholemeal and multi-grain bread, two variants of Low Glycemic Index loaves and ten variants of low-in-sugar loaves consisting of the *Gardenia Enriched White Bread*.

Aligned with the increased concern for healthier lifestyle, Gardenia Singapore launched a "*Spread the Love, Live Healthier*" campaign in the first half of 2021 to promote its range of wholemeal bread. Contents promoting healthier lifestyle, well-being and the benefits of wholegrains to reduce the risk of chronic diseases and diabetes were shared on social media throughout the year. Price-off promotions in retail outlets also provided consumers with more affordable pricing and savings during these difficult times. The goodness of wholegrains was also shared via virtual bakery tours to engage the public on the importance of staying healthy.

To help consumers make prompt and easy decision to choose healthier food during grocery shopping, all of Gardenia Singapore's wholemeal and multi-grain range carry Singapore Health Promotion Board's "*Healthier Choice*" symbol. Gardenia Singapore has been an active long-term supporter of initiatives of Singapore Health Promotion Board to promote healthier living for Singaporeans. In 2021, the company supported the nation-wide "*Eat, Drink, Shop Healthy Always On*" campaign aimed to motivate and encourage Singaporeans to make healthy choices by providing rewards and incentives through the Healthy 365 App. Gardenia Singapore supported the campaign by providing prizes and cross-marketing publicity to promote the campaign message.

In the sustained efforts to promote the importance of eating healthy, Gardenia Singapore actively collaborates with government agencies, healthcare organisations and community partners. In Singapore, more than 400,000 people have diabetes, with one in three expected to develop the condition during their lifetimes. Sharing the belief of 'prevention is better than cure', Gardenia Singapore has been encouraging health-conscious consumers and diabetic Singaporeans to choose low Glycemic Index and low-sugar bread choices through retail promotions and online publicity. In 2021, Gardenia Singapore continued working with Diabetes Singapore and Singapore Heart Foundation to further reinforce the company's strong commitment in building a healthier nation through the consumption of wholegrains.

With growing focus on sustainability worldwide, Gardenia Singapore embraces sustainable practices by exploring collaboration with suitable partners to reduce carbon footprint. Besides upcycling unsold returned bread into animal feed, Gardenia Singapore collaborated with a local food tech start up, Crust Group, to upcycle returned bread into higher-value products by converting unsold bread into sustainable beverages for the F&B retailers.

Gardenia Singapore actively encourages consumers to reduce the use of plastic bags. During the year, reusable shopping bags with the message of "*Gardenia Cares, Spread the Love, Save the Environment*" were given to consumers for use during their grocery shopping as more retailers ceased free plastic bags. *Gardenia* sandwich boxes were also distributed through retail promotions to encourage consumers to pack their food in reusable containers.

Targeting at shoppers seeking for value, Bonjour Delights was launched in April 2021 under Gardenia Singapore's second brand Bonjour to provide a range of affordable bread and cake range.

OPERATIONAL REVIEW
Bakery

On social media and through its virtual bakery tours, Gardenia Singapore actively inspires the public to upcycle *Gardenia* packaging and bread tags to create cards and decorative ornaments. During the year, contests were held on social media to encourage the public to create thank you cards to show appreciation to frontline healthcare workers and delivery riders during the pandemic.

Gardenia Singapore launched the "*Always Here with Love*" brand campaign in mid-July 2021 to better resonate with consumers by evoking familiar and warm memories of *Gardenia* as a loyal brand which has always been around in Singapore serving generations of families through thick and thin, and as a caring brand which is always doing its part to contribute back to the needy communities in Singapore.

The "*Always here with Love*" campaign was launched near Singapore's National Day 2021 to leverage on the positive Singapore spirit during the national celebration. The campaign focused on promoting a kinder, more united and loving Singapore. The first phase of the campaign shared messages on promoting diversity and inclusivity in the society and workplace. The campaign transited into the second phase of the campaign in November 2021 to focus on showing appreciation to the growing number of delivery personnel in Singapore. These delivery heroes have been working tirelessly to deliver essentials and food to all parts of Singapore especially during the Pandemic.

The "*Always Here with Love*" brand campaign aimed to reinforce to consumers that *Gardenia* is not only a sincere and trusted bakery brand, but also a homegrown brand and the market leader in providing reliable, fresh and high-quality bread for the local consumers.

With the Covid situation's gradual transition to being endemic, the pace of life might be busier again and consumers will expect convenient, time-saving, quality and healthier food options. Gardenia Singapore will continue to develop healthier loaves and Grab-&-Go single-serve snack buns to remain relevant to consumers' lifestyle.

To bring new excitement to the market, Gardenia Singapore will continue to work on launching new products and to enhance distribution and visibility of *Gardenia Gourmet Selections Country Loaves* and *Gardenia Wraps* which are growing in demand.

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.

The Covid-19 pandemic has affected some aspects of operations but Gardenia Singapore has to-date managed to mitigate these challenges. In 2021, Gardenia Singapore was impacted by manpower shortages due to lockdowns, movement restrictions across borders, frequent swab tests and quarantines faced by production workers. In response to the challenges in operations, Gardenia Singapore streamlined its product mix to focus on main bread products that consumers need, and temporarily halted the production of some slower-moving products which were in lower demand during the pandemic.

Gardenia Singapore continues to source for extra manpower through contractors and contract workers, and has hired additional temporary workers who were displaced from other industries.

Movement restrictions due to Covid-19 caused disruptions in supply of ingredients and raw materials from several countries including Malaysia and Thailand. In addition, supplies were also affected by global shipping vessel shortages, which caused delay in shipments and drastic increase in shipping costs. To further aggravate the situation, climate changes resulted in lower crop yield for ingredients such as sugar, wheat and raisins resulting in increased ingredient costs. To address this issue, alternative and additional sources of ingredients and raw materials were sourced and additional warehouse space for the storage were quickly secured.

Border entry limitations also interrupted machine upgrades and hence, further studies are currently being conducted for the factory upgrading project.

In 2021, Gardenia Singapore achieved higher market share in Singapore's bakery category by being nimble in adapting to operational changes brought about by the pandemic. For the year ahead, Gardenia Singapore will continue to intensify research and development of new products, invest in building brand equity, strengthen distribution and operational efficiency to secure more market share, as well as to continue working towards its factory upgrading project which is expected to commence in 2022/2023.

Gardenia Singapore's range of Gardenia Gourmet Selections Country Loaves.

OPERATIONAL REVIEW
Bakery

MALAYSIA

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

The Covid-19 pandemic which has disrupted the economies of the world in 2020, has continued unabated in 2021. In Malaysia, the third wave of the Covid-19 outbreak in the early part of 2021 has prompted the Government to impose a second movement control order ("MCO 2.0") to bring down infections.

Amongst measures implemented by the authorities to reduce the spread of virus, the 60% workforce ruling has disrupted production for GBKL and its contract manufacturers, Bakers Maison Malaysia and Farmland Bakery. For Farmland Bakery, the manpower shortage situation was further compounded in June 2021 by a factory closure after staff were tested positive for Covid-19.

GBKL has responded to the disruption by prioritising available resources for production of its bestsellers in a move to minimise income loss. Such strategy has enabled GBKL to break through the Billion Ringgit sales ceiling for the third consecutive year and achieved a new sales high of RM1.08 billion in 2021 despite the challenges of the pandemic.

GBKL has also taken initiatives to reduce outbreak of the infectious disease amongst its employees by strictly enforcing the Government's Covid-19 standard operating procedures for factories and hostels, mass vaccination of its employees and bi-monthly swab tests.

GBKL continues to earn accolades for its excellence in product quality and brand building by winning the "*Putra Brand Platinum Award (Foodstuff Category)*" in the prestigious *Putra Brand Awards* ceremony held in January 2022. GBKL has consecutively won the top Platinum and Gold awards for the past 12 years and these awards reaffirm the consumers' choice of *Gardenia* as the top brand.

GBKL was awarded "Putra Brand Platinum Award (Foodstuff Category) 2021", the twelfth year it has won the "Putra Brand Award".

GBKL was also awarded a Bronze award for Corporate Branding in the Malaysia Public Relations Awards 2021 by the Public Relations & Communications Association of Malaysia for its campaign "*Beacon Amid the Pandemic*". The campaign reassured consumers of GBKL's commitment to supply fresh bread 365 days a year, seven days a week, and urged them to remain calm during the pandemic and buy according to their daily requirements.

In early 2021, GBKL's research on savoury buns produced two variants, the *Gardenia Puazz! Sambal Mackerel and Gardenia Puazz! Curry Chicken*. Both variants were launched on 5th January, and the taste of these fluffy buns stuffed with the goodness of meat fillings, was an instant hit with consumers, generating healthy monthly sales.

In March, GBKL launched the 900g Economy Pack of yellow mee: *Gardenia NuMee Keluarga*. The larger pack of 900g *NuMee* has opened up sales opportunities in the Food service sectors as well as catering to bigger families.

GBKL has also introduced the *Gardenia Delicia Chocolate Paste* in June to consumers. The creamy and delicious chocolate paste is sold in a convenient pack of 5 sticks, weighing 10g each, and is perfect for anyone who prefers small servings.

GBKL has in April, decided to refresh the packaging of its classic white bread loaves, namely, G*ardenia Original Classic* and *Gardenia Original Classic Jumbo*. These favourite loaves are now sporting a new look with its main theme on the goodness of *Nutrinergy*.

OPERATIONAL REVIEW
Bakery

New and repackaged products launched by GBKL in 2021.

Meanwhile, GBKL has also added a new variant to its range of speciality breads by launching the *Gardenia Toast'em Pandan Coconut* in July. The pandan coconut bread, with the aromatic fragrance of pandan, is infused with flavourful coconut and sealed with delightful hints of gula Melaka. This product is an enormous success with the consumers.

Product innovation takes centre stage in November with the launching of premium cream rolls – *Gardenia QuickBites Gold*, in two variants: *Black Forest* and *Salted Caramel*. These chocolate buns are targeted at consumers who prefer buns with flavoured fillings that are rich and creamy. Consumers' acceptance is positive and its annualised sales impact will likely be felt in 2022.

In 4Q2021, GBKL also introduced *Gardenia Bonanza Keluarga*, a more affordable 500g white loaf, which is more economical and suitable for bigger families as they provide better value per gram.

Income in 2021 was affected by the pandemic-driven inflation that has impacted production costs. While this situation is likely to get worse in 2022, GBKL expects to mitigate it through its RM79 million investment in the new state-of-the-art roll and bun combination line. This new combination line was installed in the third quarter of 2021 and has successfully baked off in September 2021.

OPERATIONAL REVIEW

Bakery

GBKL's new state-of-the-art roll and bun combination line.

The new line will contribute significantly to GBKL's income in 2022 as it will inject an additional capacity of 23,000 pieces of products an hour, giving GBKL the resources to tap further into the important bun and rolls market that is worth RM630 million per annum.

GBKL will also focus on driving down costs through dismantling policies that do not add value and other cost cutting measures. However, GBKL will continue to invest in product innovation, and research and development of novel products that may open new market segments to drive revenue and income growth in the near future.

In December 2021, torrential rain throughout Peninsular Malaysia caused severe flooding across several states. One of the factories in Malaysia was affected and had to be substantially shut down. A one-off loss adjustment of $4.8 million has been made for damaged inventory and fixed assets. GBKL management has taken measures to mitigate the impact of this factory shutdown, including ramping up production of other factories, changing product mix and temporary outsourcing of production to other contract manufacturers. The financial contribution from the affected lines of production will therefore cease until the requisite replacement or reinstatement works are completed and the lines are fully operational. This will have an adverse impact on the performance of our operations in Malaysia. The process of seeking recovery under the material damage and consequential loss insurance policies has been initiated. Repair and replacement of damaged factory installations are currently being planned, taking into consideration the insurers' assessment of the damage and the Group's proposal for the repair and replacement. The total amount to be claimed by the Group, excluding GBKL, under the applicable insurance policies, has yet to be finalised but is expected to be substantial. The final amount to be recovered under the insurance policies is subject to determination in accordance with the terms of the policies. Any compensation made by the insurers will be recognised as income when received. The costs of replacement and reinstatement of the material damage will not have a direct material impact on the income statement as most of the costs will be capitalised on the balance sheet. This will however result in higher depreciation charges going forward.

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")

In 2021, despite the contraction in the total bread market by 8% and the entry of new aggressive competition, Gardenia Philippines sustained leadership with improving market share at more than 65% in the packaged bread category.

During the year, Gardenia Philippines improved and relaunched some loaf and snack products to cater to the needs of the consumers. Gardenia Philippines introduced the *Nutri+Plus Advantage* proposition through the relaunch of the *Black Forest Loaf*. It capitalized on the need of the consumers for healthier products, more particularly on improving immunity. The *Nutri+Plus Advantage* delivers high levels of immunity-boosting nutrients like Zinc, Vitamins D3 and E, in addition to other vitamins and minerals that help promote overall health. The new *Gardenia Black Forest Loaf* is the first in the Philippine packaged bread market to offer immunity-building vitamins and minerals.

For the health bread category, Gardenia Philippines relaunched the *High Fiber Wheat Cranberry Loaf* with increased fiber content, improved grammage, and revitalized packaging. New and improved muffins were also introduced that gained high acceptance in the market and contributed significant sales growth in the category.

Products launched by Gardenia Philippines in 2021.

OPERATIONAL REVIEW
Bakery

In 2021, Gardenia Philippines launched an integrated marketing *Gutom na? Gardenia na!* (Hungry? Go Gardenia!) campaign that aims to encourage increased consumption of bread. It primarily utilized three main digital video materials posted on Facebook, Instagram, and Youtube. The three videos depict the many instances of *Gardenia* eating moments relatable to the expanded target audiences. Public relations efforts, influencer marketing activities, merchandising, and in-store promotions were also implemented. For the snacks line, Gardenia Philippines capitalized on the ASMR (Autonomous sensory meridian response) trend in social media to communicate the *Breaktime Crunch* campaign. Gardenia Philippines also activated balloon-on-tour activity where 20ft and 40ft inflatable balloons are displayed in strategic, high-traffic locations in the Philippines.

Another unified digital campaign for the Health Bread segment was also launched. It utilized virtual wellness activities that offer nutrition counselling and health webinars led by credible medical professionals and social media influencers.

Relevant and aggressive marketing campaigns were complemented by intensified distribution and market development and penetration efforts. In 2021, Gardenia Philippines gained entries into major e-commerce platforms such as Lazada, Shopee, Pandamart, and Grabmart. The number of distribution outlets also grew by 31%. Additional territorial distributors were also deployed nationwide.

During the year, Gardenia Philippines' corporate social responsibility (CSR) initiatives concentrated on community pantry support, bread donation to COVID-19 frontline workers, disaster relief operations, and nutrition assistance programs in schools. Gardenia Philippines also conducted nutrition and wellness programs for school children, office workers, and medical practitioners.

Gardenia Philippines donated Gardenia bread to provide additional nourishment for Covid-19 patients and families in quarantine.

In 2021, two factories at Cebu and North Luzon, were awarded International Organization for Standardization ISO 9001: 2015 and HACCP certifications in compliance with Quality Management System and certification for product quality. Another two factories at South Luzon and northern Mindanao were HACCP and ISO certified in 1Q2022. This is a proof of Gardenia Philippines' adherence to the systematic approach in the identification, evaluation, and control of food safety standards.

For Gardenia Philippines to embark on the challenging path of improving market share despite declining bread consumption, the formula for success requires agility, adaptability, innovation, and excellence. All of these will be implemented while putting employee welfare and excellence as the top priority. Gardenia Philippines will continue to diversify its portfolio and take advantage of the emerging opportunities as the economy pivots back to the new normal.

OPERATIONAL REVIEW

Bakery

AUSTRALIA

Bakers Maison Australia Pty Ltd
("Bakers Maison")

Although it was unpredictable, chaotic and challenging, 2021 was a very good year for Bakers Maison Australia. Sales ended with a double-digit growth of 21% over 2020 with improved performance ratios in all departments.

The country's borders had remained closed right up to the end of the year, impacting negatively on tourism and inbound workforce. Interstate borders had been shut for most of the year preventing travelling and disrupting the course of business. All states across Australia had lockdowns and restrictions at one point or another. New South Wales experienced up to four months of continuous lockdown while Victoria had a six-month lockdown.

Major disruptions in supply chain, particularly in the last quarter of 2021, affected overall operations. There were shortages of ingredients, late deliveries, scarcity of pallets and increased transportation cost. The closure of international borders stopped the influx of international students and working- holiday visitors, both a source of casual & flexible workers. This exacerbated the staff shortage problem.

Although stable in the first 6-8 months of 2021, cost of ingredients increased over the later part of the year and is expected to continue into first half of 2022. An abnormally wet spring season in Australia causing a reduction in wheat quality, coupled with a strong international demand, are expected to inflate costs by around 20% in 2022. The Covid-19 situation continues to affect the operations of Bakers Maison and from time to time, this has reduced the production volume of its operations.

The year 2021 started with a very strong first half, which saw Foodservice recovering very fast from the various 2020 lockdowns. Subsequently, state-imposed restrictions and lockdowns from late June to October slowed the economy. However, the hospitality sector adapted quite quickly to take-outs and home delivery models to maintain their operations. The overall negative impact was therefore not as severe as the year before.

Unsliced sourdough loaf

OPERATIONAL REVIEW
Bakery

Bakers Maison's meal kit channel continued to grow, although at a lower rate than the previous year. This channel maintained a high retention rate of its existing customer base. The retail sector was successful in listing new products and introducing new lines, delivering a growth of nearly 20%. Although historically an important channel for Bakers Maison, the airline sector did not bounce back and volumes had remained very low for the entire year.

Except for a few corporate events, major industry trade shows had all been cancelled or postponed due to the pandemic restrictions. Sales and marketing efforts were increased online through social medias, creating of videos and posting of recipes. These efforts were aimed to increase the database of followers and reinforce the *Bakers Maison* image and presence. Virtual product presentations to customers were also organised via video links to maintain personalized support. Bakers Maison's website was updated and refreshed in June with downloadable electronic catalogues. Printed catalogues were phased out to cut costs.

New individually wrapped products released for the retail sector in the middle of the year showed a solid start. To serve the vegan market, a plant-based bun was developed and introduced in 3Q2021. A unsliced sourdough loaf was also developed earlier in the year.

Implementation of a warehouse management software took place in early March. Inventory accuracy, item traceability, increased speed of picking were the key benefits and there was immediate improvement in operations following implementation. In November, an additional Bakers Maison branded contractor truck was added to the Sydney delivery fleet. The truck will help to maintain high level of service and increase the brand exposure in the city. Other digital implementations included a human resource information system and a delivery management system, eliminating paperwork entirely and improving overall operational efficiency. Bakers Maison also introduced an Improvement Management function that helped to control labour costs and increase productivity.

Plant-based Potato Bun

Milk Bun

OPERATIONAL REVIEW

Distribution and Warehousing

	FY2021 $' million	FY2020 $' million	FY2019 $' million
Revenue	128.9	124.0	112.3
Segment EBITDA	6.4	7.0	7.9
EBITDA margin (%)	5.0	5.6	7.0

SINGAPORE

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

2021 was another very challenging year for the Ben Foods Group overall due to the Covid 19 pandemic. As the world struggles with the virus mutations from Delta to Omicron variant, the overall situation for Ben Foods Group will not improve unless there is global vaccination equality.

With the global supply chains affected by the Covid 19 pandemic, the distribution business had taken a strategic position to increase its stock holding to lower the risk of stockout situations and maximise potential market opportunities. Its ability to supply to both domestic and regional markets had boosted its sales and established new customers regionally. The strategy taken by Ben Foods Group had enabled it to achieve its FY 2021 sales budget with a growth of 4% over the previous year. However, escalation of food prices and operational costs due to the pandemic continue to affect the profitability of the business.

To avoid reliance on a single source of frozen potatoes from the United States, *Farmchef Blue Label* quality frozen potatoes was launched, produced and packed in Belgium. The range came with three selections initially – shoestring fries, rosti hash browns and crinkle cut fries.

Cowhead frozen pastry range was expanded with the launch of mini buttermilk pancakes and hotcakes. These ready-to-eat products target customers who are time-strapped and looking for fuss-free meals. Seeing the high demand for sausages in the market, chicken cheese franks was added to the *Farmland* chicken franks range.

Using both print and on-line media with e-commerce companies, the distribution business continued to invest and promote its brands. Supporting Singapore government's promotion of healthy living, regular advertisements of the brands were made in the "*Eat Well*" supplement of The New Paper. *Farmvale* products were also advertised in both The Straits Times and Zaobao during as a Mother's Day promotion event. *Cowhead* and *Farmland* products were featured in The Straits Times during Singapore's 56th birthday celebrations.

During the Chinese New Year period, a "*Cowhead Prosperity Draw*" was conducted to promote the brand and reward users of the online *BenMart* store. Ben Foods Group's products were frequently featured by e-commerce partner Redmart to establish stronger online sales revenue. On World Milk Day, *Cowhead* sponsored dairy products to children to increase brand awareness by young users and their families.

Although the Covid-19 pandemic has caused economic disruptions, cold storage warehousing has done relatively well during this pandemic. With more consumers opting for the safety of online grocery shopping rather than the risks of in-store shopping, there has been an increase in demand for cold storage warehousing by the grocery sector. However, the warehousing operation was affected by a major building structural replacement project that from mid-June 2021 to February 2022. The project had resulted in a 30% reduction in capacity during the period.

Ben Foods Group continues to support and contributes generously to welfare organisations, assisting the marginalized local and foreign workers in these very difficult times. Our products were given out in NTUC Food Drinks and Allied Workers Union's "*Gift from the Heart 2021*" event and to foreign workers through a religious group.

OPERATIONAL REVIEW
Distribution and Warehousing

Products launched by Ben Foods Group in 2021.

QAF LIMITED

Sustainability Report 2021

WORLD'S BEST EMPLOYERS
Forbes 2021
POWERED BY STATISTA

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SUSTAINABILITY REPORT

ABOUT THIS REPORT

QAF Limited is pleased to present our fifth annual Sustainability Report which covers our approach towards sustainability in our business operations as well as our performance and progress on our material economic, environmental, social and governance issues for the period 1 January 2021 to 31 December 2021.

Report Scope

This report covers the Group's Bakery businesses in Singapore, the Philippines and Australia under the *Gardenia* and *Bakers Maison* brands. The Group's Primary Production business in Australia has been excluded on the basis that it has been disposed of. 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 principles to define the report content and quality of information:

(a) GRI Reporting Principles for defining report content: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness.

(b) GRI Reporting Principles for defining report quality: Balance, Clarity, Accuracy, Timeliness, Comparability and Reliability.

The GRI Standards is adopted as our reporting framework as we believe it provides robust disclosure guidance and is widely accepted as a global standard for sustainability reporting.

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

Our last sustainability report was published in March 2021. 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 provide 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 highlights the material economic, environmental, social and governance ("**EESG**") performance of QAF and its subsidiaries (the "**Group**") for FY2021. Additionally, this report shares our commitment and approach towards implementing sustainability across the Group and generating positive EESG impact for our employees, communities and the environment.

As a listed group with strong regional brands, we depend not only on our people for our business to do well but we also hold a responsibility towards the communities and environments in which we operate. For example, changes in environmental conditions may result in disruptions to our supply chain including raw materials and ingredients which are key for producing our food products; further, the Covid-19 pandemic has created challenges for our supply chain and employees and this underlines the importance of addressing these challenges.

As a significant food player in the region with strong regional brands, we regard sustainability as part of our corporate culture. Where relevant and material, we continue to support the United Nations' Sustainable Development Goals ("**SDGs**") and to align our sustainability efforts and reporting with its five dimensions: *Prosperity, Products & Process, Planet, People, and Peace & Partnerships* (the "**5Ps**"), with a focus on the two priority SDGs for which we believe there exist opportunities for us to make the most positive impact through our business practices, products and sustainability initiatives. They are SDG 3, which focuses on good health and well-being, and SDG 12, which focuses on responsible consumption and production.

Prosperity

Please refer to our economic performance on pages 120 to 127 of our FY2021 Annual Report.

Products and Process

In a rapidly changing business environment, it is imperative for the Group to adapt and keep pace with the latest developments. Through innovation and the exploration of possibilities, we are proud to make positive impact. We have developed new products with better nutritional value in an effort to improve the well-being of our consumers, especially among lower income communities. During FY2021, we successfully developed new products to provide consumers with more healthy and nutritious products for improved consumer wellness at better value. For example, with the launch of *Gardenia 100% Wholemeal Extra Soft & Fine Bread* in Jumbo 600g, we became first in the Singapore's packaged bread industry to include natural Stevia Leaf Extract in its products to reduce sugar consumption among consumers. Gardenia Philippines introduced the *Nutri+Plus Advantage* concept in bread through a relaunch of the *Gardenia Black Forest Loaf* which is fortified with high levels of immunity-boosting nutrients such as Zinc, Vitamins D3 and E. It is the first in the Philippines packaged bread market to offer immunity-building vitamins and minerals.

During the year, Gardenia Singapore and Gardenia Malaysia also launched selected bread and noodles products in larger pack size which are more economical and suitable for bigger families as they provide better value per gram. In particular, Gardenia Singapore launched *Gardenia 100% Wholemeal Extra Soft & Fine Bread* in Jumbo 600g loaf size in addition to the original 400g loaf size and Gardenia Malaysia launched *Gardenia Bonanza Keluarga*, a 500g white loaf, in addition to *Gardenia Original Classic* 400g loaf. A 900g Economy pack of its yellow noodles, *NuMee Keluarga*, was also launched. In the Philippines, we also have *NeuBake* bread range and *Gardenia Pandesal* to cater to the needs of the lower income mass market.

With 16 factories strategically located in four countries, Singapore, the Philippines, Malaysia and Australia, disruptions caused by natural disasters and the pandemic to our supply of bread is minimised. We continue to upgrade our factories with hygiene, food safety, increased automation and, ultimately, improved quality in mind. These upgrades help to mitigate against disruptions to our production and supply. Gardenia Philippines' two factories at Cebu and North Luzon were awarded ISO 9001: 2015 and HACCP certifications in 1Q2021. Another two factories at South Luzon and northern Mindanao were HACCP and ISO certified in 1Q2022.

SUSTAINABILITY REPORT

Planet

We are conscious of our environmental footprint and we aim to improve our operations and supply chains so that they are resource efficient. During the reporting year, we implemented initiatives across the Group and worked with local partners to reduce and better manage waste we generated and energy consumed. Gardenia Singapore, being a signatory to the Singapore Packaging Agreement, encouraged consumers to 'go green' by distributing reusable shopping bags to shoppers for reuse and educating consumers to create crafts using packaging and bread tags. *Gardenia* sandwich boxes were also distributed through retail promotions to encourage consumers to pack their food in reusable containers. Apart from upcycling unsold returned bread into animal feed, Gardenia Singapore collaborated with a local food tech startup, CRUST Group, in 2021, to convert unsold and returned bread into sustainable beverages for food service and retail partners. At Bakers Maison Australia ("**BMA**"), its 2,100 sqm 'green-rated' solar panel system generates renewable energy to fulfil approximately 15% of its electricity requirements. In October 2021, BMA changed its fuel mix to cleaner fuels by switching to natural gas as a source of direct energy instead of using liquefied petroleum gas. BMA is committed to reducing cardboard waste during bulk packaging of its products and has been recycling its cardboard since 2017. During the year, it recycled nearly 42,000 kg of cardboard. BMA sources approximately 90% of its raw materials locally, indirectly reducing carbon emissions from the transportation of raw materials for its business.

People

As one of the larger employers in the region and a business which operates regionally, we acknowledge that our economic and social contributions to the countries in which we operate are important. With over 9,000 employees (excluding the Primary Production business) in Singapore, the Philippines, Malaysia and Australia, our contributions through the provision of employment and protecting the safety and well-being of our staff play a major role in building the community and improving the livelihoods of this geographic region. In April 2021, QAF was ranked by The Straits Times as one of "*Singapore's Best Employers 2021*", ranking No. 47 out of 200 companies based on employee surveys and research conducted on more than 1,700 companies. In October 2021, QAF was named one of Forbes "*World's Best Employers 2021*", ranking No. 262 out of 750 companies based on anonymous surveys covering approximately 150,000 workers from 58 countries. QAF was one out of four Singapore companies on the Forbes list.

Now, more than ever, the health of our people is at risk. We remain committed to supporting our staff during this challenging time and we continue to provide them with a wide range of resources and initiatives to protect their safety and well-being against the Covid-19 pandemic. To support staff well-being, antigen rapid test kits were given to all Gardenia Singapore's employees and masks were also provided to departments that were handling bread production, distribution, quality control and machine maintenance and checks. To support employees serving home quarantine, Gardenia Philippines have provided them with home medical kits which include digital thermometers, multivitamins, antigen saliva test kits, and guidelines for home quarantine. Financial aid was also extended by Gardenia Malaysia to its staff during the recent flood in December 2021.

For more information on the Group's response to the pandemic, please refer to the "*Managing Business Continuity Through Covid-19*" section on pages 39 to 40.

Peace and Partnerships

We strive to positively impact local communities by supporting a range of philanthropic, community and charitable causes and by promoting good health and positivity. Through the Group's bread donation programmes, we have supported medical workers, frontline workers and vulnerable individuals adversely affected by the pandemic in Singapore, the Philippines, Malaysia and Australia. During the year, more than 1.5 million *Gardenia* loaves and buns were donated by the Group, including its joint venture, to the community. In Singapore and the Philippines, our factories have been kept "accessible" to the public through virtual factory tours. Aside from the pandemic, in 2021 we extended support to victims of natural disasters such as floods, fires and volcanic activities. During the flood calamities in January and December 2021, Gardenia Malaysia donated bread products to families in critically affected areas. As part of disaster relief efforts, Gardenia Philippines donated bread products to families affected by fires and typhoons in various areas and

SUSTAINABILITY REPORT

the volcanic activities of Taal Volcano. Gardenia Singapore also launched two branding campaigns, "*Spread the Love, Live Healthier*" and "Always Here with *Love*", to educate consumers on the importance of dietary fibre and complex carbohydrates in their diet and to promote the spirit of unity and inclusivity in Singapore.

At the FairPrice Partners Excellence Awards 2021, Gardenia Singapore received six awards – "Top Business Partner Award", "Top Brand Excellence Award", "Resilience Award", "CSR Award", "Best Sustainability Award" and "People's Choice Award", as compared to 2 awards last year. The awards are a testament to its leadership and commitment to providing high quality products and services during the Covid-19 pandemic. In particular, the "Best Sustainability Award" was given in recognition of Gardenia Singapore's commitment to environmental sustainability, raising awareness of sustainability and generating a long-term impact on the surrounding communities. The "CSR Award" was in recognition of the company embracing corporate social responsibility for a better community.

In Malaysia, *Gardenia* was awarded "*Putra Brand Platinum Award (Foodstuff Category)*" for year 2021, the twelfth year it has won the "*Putra Brand Award*". Gardenia Malaysia was also awarded a Bronze award for Corporate Branding in the Malaysia Public Relations Awards 2021 by the Public Relations & Communications Association of Malaysia for its campaign, "Beacon Amid the Pandemic". The campaign reassured consumers of Gardenia Malaysia's commitment to supply fresh bread 365 days a year, seven days a week, and urged them to remain calm during the pandemic and buy according to their daily requirements.

As the Board of QAF, we are committed to upholding sustainability values in our Group and we continue to monitor EESG factors which may materially impact our organisation. This year, we worked with an independent sustainability consultant to refresh our materiality assessment for FY2021, which resulted in the identification of seven EESG factors which have significant potential to impact our business and influence the decisions of our key stakeholders. Additionally, we recognise the growing importance and impact of climate change on our business and society. Therefore, the Group is working to enhance its climate risk management and climate-related contributions for disclosure in our future sustainability reports. We will continue to oversee the management of these material EESG issues along with material Covid-19 impacts and climate-related issues relating to the organisation.

We would like to express our gratitude to everyone who supported us during our sustainability journey. We look forward to your continued support as we embark on a new year which brings along new opportunities and challenges. For our sustainability progress across the 5Ps during the year, please refer to pages 46 to 81 of this report.

The Board of Directors
QAF Limited

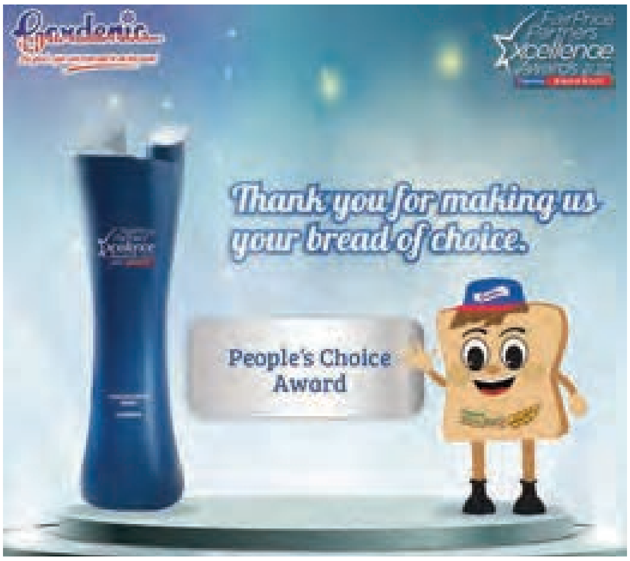
QAF was named one of Forbes "World's Best Employers 2021" in October 2021.

Gardenia Malaysia was awarded a Bronze award for Corporate Branding in the Malaysia Public Relations Awards 2021 by the Public Relations & Communications Association of Malaysia for its campaign, "Beacon Amid the Pandemic".

SUSTAINABILITY REPORT

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, Cambodia, Hong Kong, Taiwan, Macau, Brunei, Indonesia, Vietnam, Laos and Bangladesh. The Group (excluding the Primary Production business), together with our joint venture in Malaysia, currently employs over 9,000 employees. We are listed on the Singapore Exchange Securities Trading Limited.



At the FairPrice Partners Excellence Awards 2021, "People's Choice Award" was awarded to Gardenia Singapore for being voted consumers' favourite brand.

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, innovation, 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 selection of Bakers Maison products has been certified as gluten-free by Coeliac Australia since 2018.

SUSTAINABILITY REPORT

Awards and Recognition

1

QAF maintained its place in the Singapore Exchange's Fast Track list in recognition of its high corporate governance standards and good compliance track record.

2

In April 2021, QAF was ranked by The Straits Times as one of "*Singapore's Best Employers 2021*" based on employee surveys and research conducted on more than 1,700 companies. QAF achieved a ranking of 47 out of 200 companies.

3

In October 2021, QAF was named one of Forbes "*World's Best Employers 2021*", ranking No. 262 out of 750 companies based on anonymous surveys covering approximately 150,000 workers from 58 countries.

4

At the FairPrice Partners Excellence Awards 2021, Gardenia Singapore received six awards for its leadership and commitment to providing high quality products and services as follows:

- "*Top Business Partner Award*" for exceptional sales results with remarkable sales growth, providing strong partnership support and having a high level of customer centricity.
- "*Resilience Award*" for prompt reaction and transforming its business strategy while maintaining exceptional sales results during the pandemic.
- "*CSR Award*" for embracing Corporate Social Responsibility for a better community.
- "*Best Sustainability Award*" for its commitment to environmental sustainability, raising awareness of sustainability and generating a long-term impact on the surrounding communities.
- "*Top Brand Excellence Award*" awarded to *Gardenia* for its consistent quality assurance and brand philosophy.
- "*People's Choice Award*" awarded to *Gardenia* for being voted consumers' favourite brand. With over 90 brand nominees and only 20 winners, the results are entirely determined by consumer votes.

5

As a testament to its commitment to providing quality and fresh products to consumers, Gardenia Singapore continued to lead the market in the packaged bread industry by securing No. 1 status from NielsenIQ in four categories, namely, "*White Bread*", "*Wholemeal Bread*", "Non-filled *Bread Bun*", and "*Flavoured Bread*" for the period January to December 2021.

6

Gardenia Singapore holds Grade A status for 27 consecutive years under the Singapore Food Agency's Food Establishment Licensing Scheme which covers food hygiene and safety standards.

7

In December 2021, Gardenia Malaysia was awarded a Bronze award for Corporate Branding in the Malaysia Public Relations Awards 2021 by the Public Relations & Communications Association of Malaysia for its campaign, "*Beacon Amid the Pandemic*". The campaign reassured consumers of Gardenia Malaysia's commitment to supply fresh bread 365 days a year, seven days a week, and urged them to remain calm during the pandemic and to buy according to their daily requirements.

8

In Malaysia, *Gardenia* was awarded "*Putra Brand Platinum Award (Foodstuff Category)*" for year 2021, the twelfth year it has won the "*Putra Brand Award*". Since the Putra Brand Awards started in 2010, *Gardenia* has won Gold and Platinum awards, as well as special awards such as "*Putra Brand Icon*" in 2013, "*Putra Malaysian Marketer of the Year*" in 2015, "*Putra Hall of Fame*" in 2019 and "*Putra Brand of the Year*" in 2020. This 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.

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MANAGING BUSINESS CONTINUITY THROUGH COVID-19

The Covid-19 pandemic in our core markets of Singapore, the Philippines, Malaysia and Australia has continued to pose operational challenges leading to increased costs. The emergence of the Delta and Omicron variants of the Covid-19 virus during the year, which are more infectious compared to earlier variants, has led to outbreaks worldwide and caused governments in many countries to reimpose lockdowns and various forms of restrictions. Recognising the difficulties that the pandemic has brought on to people worldwide, our staff and communities remain a priority to us. Through its high quality food products and various corporate social responsibility ("CSR") activities, the Group has maintained its presence within the communities in which it operates while working to protect the safety of its people. The Group has also continued to implement its Covid-19 contingency plans to mitigate the adverse impact of the pandemic. To date, the Group's *Gardenia* Bakery business has managed to mitigate these challenges.

Adapting Through a Changing Environment

To meet changing consumer needs, factories of the Group and its joint venture in Malaysia continued to adapt its product mix, for example, focusing on production of white and wholemeal bread products, which were in high demand during the lockdowns.

As a result of cross-border movement restrictions, the Group's raw materials supply chains were disrupted in countries such as Europe, Malaysia and Thailand. The Group's production supplies were further affected by global shipping shortages which caused delays in shipments and an increase in shipping costs. On the environmental front, climate change led to reduced crop yields for certain ingredients such as sugar, wheat and raisins. This resulted in increased costs of raw materials for the Group, including its joint venture, particularly for flour. Gardenia Singapore addressed these challenges by promptly securing alternative and additional sources of raw materials as well as additional warehouse space for the storage of raw materials.

Price adjustments of our products have also been made as necessitated by the increase in costs of raw materials but moderated by keeping our prices competitive. During the year, Gardenia Singapore and Gardenia Malaysia also launched selected bread and noodles products in larger pack size which are more economical and suitable for bigger families as they provide better value per gram. In particular, Gardenia Singapore launched *Gardenia 100% Wholemeal Extra Soft & Fine Bread* in Jumbo 600g loaf size in addition to the original 400g loaf size and Gardenia Malaysia launched *Gardenia Bonanza Keluarga*, a 500g white loaf, in addition to *Gardenia Original Classic* 400g loaf. A 900g Economy pack of its yellow noodles, *NuMee Keluarga*, was also launched. In the Philippines, we also have *NeuBake* bread range and *Gardenia Pandesal* to cater to the needs of the lower income mass market.

In 2021, the Group continued to be impacted by manpower shortages due to the Covid-19-driven lockdowns and movement restrictions implemented by governments in Singapore, Malaysia, the Philippines and Australia. These resulted in the inability for workers to travel to several of the Group's factories. In response, Gardenia Philippines provided staff housing and stay-in facilities 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. To reward employees for their hard work during the pandemic, hardship allowances were paid to employees. Gardenia Singapore sourced for manpower through local contractors and hired additional temporary workers who had been displaced from other industries.

With 16 factories strategically located in four countries, Singapore, the Philippines, Malaysia and Australia, disruptions caused by the pandemic to our supply of bread is

SUSTAINABILITY REPORT

minimised. Further studies are also currently being conducted for upgrading of one of Gardenia Singapore's factories as border entry restrictions had interrupted previously planned machinery upgrades.

Through its Covid-19 response strategies and operational changes, the Group continues to work 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

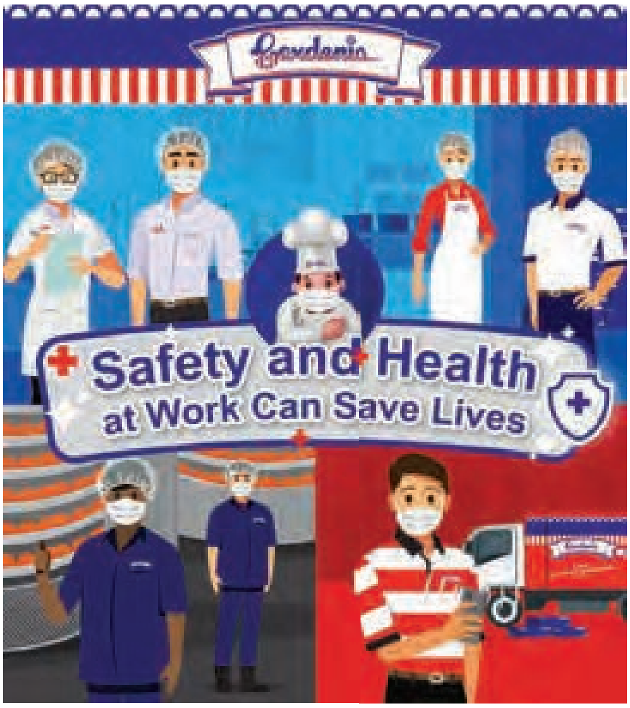
The safety and well-being of our employees remain a priority for the Group. Since the onset of the Covid-19 pandemic, the Group has implemented and adhered to the mandatory health and safety protocols issued by the governments of regions in which it operates. The Group also established and continues to implement its own health and safety protocols in order to further protect its workforce against Covid-19. These protocols are regularly updated in line with the latest relevant public health advisories and restrictions, and are regularly communicated to the Group's employees.

Examples of safety and precautionary measures include telecommuting where possible, wearing of masks at work, team segregation, staggered working hours and mealtimes, regular disinfection of common areas and facilities, posters and announcements to remind employees to practise safety distancing and hand washing, provision of masks, sanitisers and antigen rapid test kits, safe-distancing measures, use of QR codes to access company premises, and health and travel declarations to screen for possible carriers of the Covid-19 virus. Thermal scanning of employees and guests are conducted at all entrance gates of the Group's premises. At Gardenia Philippines, employees serving home quarantine were also given a home medical kit comprising face masks, digital thermometers, hand sanitisers, medicines, multivitamins, antigen saliva test kits, and guidelines for home quarantine. Gardenia Philippines purchased Moderna vaccine doses for its employees to supplement the government's vaccination efforts. These are now being used as a booster for employees and their family members.

Social Responsibility during Covid-19

The Group remains committed to creating a positive impact on its people and communities, and continues to contribute to society through its various CSR initiatives. Therefore, the Group strives to provide both financial and non-financial support to local communities across the regions in which it operates. For example, we have supported medical workers, frontline workers and vulnerable individuals adversely affected by the pandemic in Singapore, the Philippines and Malaysia through the Group's bread donation programmes.

To read more about our initiatives for communities and societal contributions during the Covid-19 pandemic, refer to the "*Peace and Partnerships*" section on pages 73 to 81 of this report.



The Group established and continues to implement its own health and safety protocols in order to further protect its workforce against Covid-19.

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 the stakeholder engagement process is to attain a better understanding of their perspectives on key issues and to build strong relationships.

Key Stakeholders	Key Topics and Concerns	Engagement Methods[1]	Frequency of Engagement
Employees	• Orientation for newly hired employees	• Discussion of expectations and employee commitments	• Weekly, or prior to deployment of new employees at Gardenia Philippines • Prior to deployment of new employees at Gardenia Singapore
	• Career progression / development	• Training and career development initiatives	• Periodically during the year
		• Regular performance reviews	• 3-month and 5-month intervals for new hires and semi-annually for tenured employees at Gardenia Philippines • 1-month, 3-month and 6-month intervals for new hires at BMA
		• Feedback sessions with manager at BMA	• Twice yearly
		• Cross training for production staff at BMA	• Ongoing
	• Compensation and other benefits	• Health and wellness related initiatives	• Quarterly "*Wellness Week*" event at Gardenia Philippines
		• Mental health support, and mental health and well-being programmes at Gardenia Philippines and BMA	• Periodically during the year
		• Vaccination programmes at Gardenia Philippines and BMA	• Periodically during the year
		• Discussion of performance and achievements	• Annual performance reviews are held
		• Social and team building activities	• Periodically during the year. Quarterly for BMA
		• Engagement with applicable trade unions	• As and when required

1 Includes virtual engagements, where applicable.

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Key Stakeholders	Key Topics and Concerns	Engagement Methods[1]	Frequency of Engagement
		• Livelihood training for employee dependents at Gardenia Philippines	• Periodically during the year
	• 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 interactive virtual roadshows held in conjunction with health promotion campaigns or initiatives	• Periodically during the year
		• Customer satisfaction surveys • Customer feedback and internal feedback review meetings for Gardenia Singapore	• Quarterly • Daily monitoring of customer feedback, and internal review meetings twice a year for Gardenia Singapore
	• 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
	• Customer and business partner relationships	• Gardenia Singapore and BMA conduct business reviews and updates with key customers/ retailers	• Periodically during the year
Suppliers and Business Partners	• Supplier and business partner relationships	• Supplier and business partner meetings	• Periodically during the year • Ongoing for BMA
	• Quality of materials supplied • On-time delivery of products	• Regular audits of factories • Audits by third parties and business partners	• 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

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Key Stakeholders	Key Topics and Concerns	Engagement Methods[1]	Frequency of Engagement
Local Communities	• Promote healthier lifestyles and raise awareness of importance of food nutrition on overall mental and physical health	• Participation in interactive roadshows held in conjunction with health promotion campaigns or initiatives • School, office, supermarket and hospital health and wellness promotion activities • Online educational tours of bread factories • "*Kusina ni Gardee*" (Gardee's Kitchen) bread recipe digital videos on social media by Gardenia Philippines • Promotion of healthier lifestyles via social media platforms	• Periodically during the year
	• Help improve the livelihoods and living quality of the local community	• Activities to support various philanthropic, community and charitable causes	• Periodically during the year
Industry Bodies	• Short and long-term interests of the industry body groups	• Collaboration with industry bodies like Philippine Baking Industry Group	• Periodically during the year for Gardenia Philippines

Memberships and Associations

The Group has memberships and is involved in industry organisations in order to participate in and contribute to the food industry. Our memberships, involvements and external initiatives are as follows:

Memberships and Involvement

Singapore
- GS1 Singapore Council
- Singapore Manufacturers' Federation
- Singapore Business Federation
- Singapore Food Manufacturers' Association
- Singapore Bakery & Confectionary Trade Association

Philippines
- Philippine Baking Industry Group
- Employers' Confederation of the Philippines
- Philippine Chamber of Commerce and Industry
- Philippine Chamber of Food Manufacturers
- Makati Business Club
- Management Association of the Philippines
- Filipino-Chinese Bakery Association Inc.
- Wallace Business Forum
- European Chamber of Commerce
- People Management Association of the Philippines

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Malaysia
- Federation of Malaysian Manufacturers

Australia
- Food Standards Australia New Zealand
- New South Wales – Food Authority
- Australian Institute of Food Science & Technology
- Canterbury-Bankstown Council

External Initiatives

Singapore
- Singapore Packaging Agreement

Philippines
- Philippine Integrity Initiative

Materiality Determination Process

Materiality assessment is an ongoing process which helps the Group identify and assess EESG topics of significance to the business, thereby creating value. The Group's identified material EESG topics were refreshed in order to determine and prioritise its relevant ESG risks and opportunities in 2021. An independent sustainability consultant was engaged to facilitate the process. Guided by the GRI Materiality Principle, the previous materiality assessment comprised of a three-step process which is summarised in the table below.

Selection of topics	• Key topics of concern in the food industry • Sustainability topics disclosed by peers • Understanding the common issues across the Group's businesses (Gardenia, BMA) • Understanding risks and opportunities at the organisational level • Sustainability topics identified in reporting frameworks i.e. Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB)[2]
Assessment of topics	• Material ESG topics were rated on a scale of 1 to 5 by internal stakeholders through a survey, based on the significance of their impacts on the Group's business and importance to the decisions of the stakeholders
Prioritisation of topics	• Validation of the material ESG topics and materiality matrix through interactions with senior management and representatives in the organisation

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

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Material Mapping and Topic Boundary

The Group's seven identified material EESG topics continue to be relevant to all of its Bakery businesses. They have been categorised, via the table below, to showcase their alignment with the UN SDGs' 5Ps – Prosperity, Products and Process, Planet, People, and Peace and Partnerships. The table below also highlights the relevance of the material topics to the Group's business and stakeholders, as well as the related GRI Standards.

Alignment with 5Ps	Material Topic	Materiality to QAF	Relevant GRI Disclosure	Stakeholder/s
Prosperity	Governance and ethics	Our governance structure, ethics and integrity, anti-corruption policies and procedures, and 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 Process	Promoting healthy eating and lifestyles[3]	Catering to consumers' varying nutritional needs and tastes, spreading the benefits of a healthy diet and lifestyle.		• Consumers
	Product responsibility	Product safety, hygiene and nutritional value.	GRI G4-FP5: Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	• Consumers • Government and Regulators
Planet	Resource management	Going beyond environmental compliance and running environmentally sustainable operations.	GRI 306-1: Water discharge by quality and destination	• Shareholders • Suppliers and Business Partners • Government and Regulators
People	Our People	Creating safe working environments and investing in developing skills capabilities of our workforce.	Disclosure 403-5: Worker training on occupational health and safety	• Employees
Peace and Partnerships	Enriching communities[4]	Contributing our resources towards the welfare of the less fortunate and fostering strong ties within the communities in which we operate.		• Local Communities

3 Only applicable to Gardenia Singapore and Gardenia Philippines.
4 Non-material EESG topic.

SUSTAINABILITY REPORT

OUR APPROACH TOWARDS SUSTAINABLE GROWTH – THE 5Ps

Our sustainability approach has a global view and is aligned with our overall business strategy and priorities. In this regard, we continue to align our sustainability focus areas with the United Nations Sustainable Development Goals ("**SDGs**") which is internationally recognised as the blueprint to achieving a better and more sustainable future for all.

The SDGs is a collection of 17 interlinked global goals designed to end extreme poverty, fight inequality, 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, in line with QAF's organisational vision and strategy, we identified two priority SDGs for which we believe there exist opportunities for us to make positive impact through our business practices, products, and community programmes.

We seek to continue embedding the SDGs into our business planning and operations, with a focus on the SDGs most relevant to our business. We have also worked to align our sustainability reporting with our priority SDGs, in addition to our chosen reporting frameworks, in order to showcase our FY2021 sustainability performance and progress. Our approach and activities to support the SDGs are summarised below:

SDG GOAL 3: Good Health and Well Being

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

Why it matters?

According to the 2021 Global Nutrition Report, the Covid-19 pandemic is fueling the global nutrition crisis and highlighting the importance of good nutrition for our health. Achieving healthy diets and ending malnutrition has become an even greater challenge than before, particularly for the most vulnerable groups such as people in poverty, women, children, and populations living in fragile states. Tackling poor diets and malnutrition through investments in nutrition is therefore a critical part of recovering from the impacts of the pandemic and ensuring populations are resilient to such shocks in future.

As a food manufacturer, the Group recognises the importance of good health and well-being as an important part of sustainable development. We are committed to encouraging healthy consumption habits among our consumers and healthy lifestyles among our employees. We aim to lead by example in promoting wellness and nutrition education. Through our brands, we believe we have created a portfolio that includes products with better nutritional profile. Beyond products, we also work with our partners to promote healthy and active lifestyles.

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Our Key Contributions

Consumer health and well-being

- Gardenia Singapore 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 community outreach programmes. For example, in 2021, Gardenia Singapore continued supporting the Singapore Heart Foundation's "World Heart Day" to promote the importance of good heart health to the public.
- Gardenia Singapore is an active long-term supporter of the Singapore Health Promotion Board's ("HPB") initiatives to promote healthier living amongst Singaporeans. Its wholemeal and multi-grain breads carry HPB's "*Healthier Choice Symbol*" to help consumers choose healthier foods.
- Gardenia Singapore collaborated with Diabetes Singapore on the "*Special Education in Diabetes and Awareness Programme*" during the month of Ramadan. In conjunction with World Diabetes Day and to promote healthier eating, Gardenia Singapore sponsored *Gardenia Low GI* bread and *Gardenia* non-woven bags for the Diabetes SG event held at Pasir Ris Elias Community Club in November 2021.
- Gardenia Philippines continued its "*Corporate Wellness Movement*" programme to help the private sector and government employees achieve their health and wellness goals. The company also continued its "*School Nutri-Tour*" programme for public and private school children, focusing on nutrition education, sandwich recipe demonstration, entertainment activities and bread sampling.
- All of Gardenia Malaysia's *Fibremeal* bread range contains no trans-fat and meet the requirements of Malaysia's Ministry of Health for "source of fibre" content, and all of Gardenia Malaysia's cream rolls do not contain artificial colouring.
- Most Bakers *Maison* products do not contain added fat, preservatives, sugar or artificial flavours and selected products are high in fibre and are gluten free.

Employee health and well-being

- Gardenia Philippines launched "*Weight for Me*", a three-month weight management programme designed to address the elevated body mass index (BMI) scores of its employees.
- Gardenia Philippines' health programme for hypertension and diabetes benefits its employees who are at risk of cardiovascular diseases, including providing wellness guidebooks for the monitoring of employees' health conditions and facilitating monthly check-ups with the company physician.
- BMA introduced the "*Acacia*" programme, an employee assistance programme to increase mental health awareness and provide confidential counselling and support services to its employees. The phone service helpline is available 24 hours a day to assist employees on mental health issues such as anxiety, depression, and work-related stress.

To read more about our initiatives to promote health and well-being, refer to the "*Promoting Healthy Eating and Lifestyles*" section on pages 57 to 62 and the "*Our People*" section on pages 67 to 72 of this report.

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12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

Why It Matters

According to the 2021 Asia and the Pacific SDG Progress Report by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Asia Pacific region plays a central role in global value chains with large opportunities for resource-efficient production practices. The rising global population, coupled with limited natural resources and access to energy, pose serious challenges for companies and governments worldwide. Responsible consumption and business practices are key to ensuring the sustainable use of resources

Responsible consumption and production are about promoting resource efficiency. Transformation of business practices such as in procurement, energy management, and disposal will help improve resource efficiency. At QAF, we strive to do more and better with less through our business operations.

Our Key Contributions

In our Bakery business operations, we seek to manage and reduce our energy consumption and waste generation, as well as to source sustainably, where practicable.

Energy management

- To promote energy efficiency, Gardenia Singapore installed LED lights at both its factories, its corporate office and warehouse which resulted in combined savings of approximately $13,000 annually. It has also implemented various energy-saving measures on its premises, such as movement sensors for toilet lighting.
- The installation of solar rooftop panels at one of the factories of our joint venture was completed in late 2021. The investment is expected to result in an annual saving of approximately RM150,000 in 2022.
- In Malaysia, mercury halide lights and conventional fluorescent lights at the production and warehouse area of one of our Group's factories were replaced with LED lights during the year.
- At the Group's factory in Johor, solar energy is used for factory fence lighting and rainwater is harvested for toilet flushing.
- To reduce overall energy consumption, Gardenia Philippines continued to use LED lights for induction lighting, inverter type air-conditioning units with better technology and energy-saving features, capacitor banks in electrical systems, and liquefied petroleum gas for main ovens.

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- With effect from 4Q2021, BMA replaced the use of liquid petroleum gas with natural gas to reduce fuel consumption for its main ovens.
- At BMA, the 2,100 sqm of solar panels on the rooftops of its factory are 'green rated' and generate over 15% of its electricity requirements.

Waste management

- Gardenia Singapore is a signatory of the Singapore Packaging Agreement and aims to reduce packaging waste through improved product packaging.
- Gardenia Singapore is committed to reducing food wastage. Apart from upcycling unsold returned bread into animal feed, it collaborated with a local food tech startup, CRUST Group, in 2021 to convert returned bread into sustainable beverages for food service and retail partners.
- BMA is committed to reducing cardboard waste during bulk packaging of its products and has been recycling its cardboard since 2017. During the year, BMA has recycled nearly 42,000 kg of cardboard.

Sustainable sourcing

- Gardenia Singapore sources responsibly through its supply chain, for example, by assessing suppliers' business practices and preferring locally produced raw materials, where possible.
- 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.
- BMA sources approximately 90% of its raw materials locally, indirectly reducing carbon emissions from raw material transportation.

To read more about our initiatives to promote resource efficiency, refer to the "*Resource Management*" section on pages 63 to 66 of this report.

Solar panels installed on the rooftop of one of the factories of our joint venture in Malaysia.

SUSTAINABILITY REPORT

PROSPERITY

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

Material EESG Topic[5] **Governance and Ethics**

FY2021 Targets	FY2021 Achievements	FY2022 Targets
Continue to maintain zero confirmed incidents of corruption.	Zero confirmed incidents of corruption based on internal audits conducted.	Continue to maintain zero confirmed incidents of corruption.

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 110 of our FY2021 Annual Report.

In FY2021, 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.

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 relevant business units.

Anti-Corruption

The Group places importance on integrity, transparency and management of conflicts of interest. It adopted the Code of Business Conduct which emphasises its commitment to conducting business with integrity and good ethical standards and complying with applicable anti-bribery and anti-corruption laws. Corrupt practices could subject the Group and the individuals concerned to criminal and civil liabilities as well as negatively impact the Group's reputation and the confidence of its 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 ARC is responsible for oversight and monitoring of whistleblowing. The Group has put in place a Whistleblowing Policy that provides an avenue for its employees and officers to raise, in confidence, concerns about actual or suspected improprieties on financial reporting, corruption, bribery, fraud and other matters, directly to the Chairman of the ARC or the Group Legal Counsel. Under the Whistleblowing Policy, whistleblowers raising genuine concerns in good faith are not at risk of losing his/her job or risk suffering from reprisal from the Company as a result even if he/she is mistaken. The Company seeks to treat complaints in a confidential and sensitive manner and a report of a complaint is to be disclosed to persons in the Group on a need to know basis in order to carry out an investigation (subject to exceptions such as legal and regulatory requirements to disclose). The ARC is to consider the concerns raised, and, amongst others, if it considers that there are grounds for proceeding further with the case, may consult relevant persons from the Group as necessary, conduct its own investigation or review and/or instruct parties such as the internal or external auditors to conduct further investigations or review.

5 For our material EESG topic "Economic Sustainability", please refer to the "Prosperity" section on page 34 of this report.

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Gardenia

In Singapore, employees are required to maintain high standards of integrity and to conduct themselves in a professional and ethical manner. All employees are expected to adhere to the company's Employee Code of Conduct, which covers, *inter alia*, proper conduct and behaviour as well as 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 that they understand the required standards upon joining the company.

In the Philippines, spot audits are carried out on all departments to monitor compliance with its Employee Code of Conduct. Gardenia Philippines is also a signatory to the Philippine Integrity Initiative programme 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 Australia

Bakers Maison Australia ("**BMA**") is committed to maintaining a 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 a code of conduct policy. Its anti-corruption and fraud policy is applicable to all employees and contractors. BMA also conducted a training needs analysis whereby 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.

BMA 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, BMA has established a formal framework for the handling and management of any suspected violation of child labour laws by any supplier or sub-supplier.

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

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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.

Material EESG Topic **Product Responsibility**

FY2021 Targets

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.

1. Gardenia: 65%
2. BMA: 100%

FY2021 Achievements

Percentage of total production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards:

1. Gardenia: 87%
2. BMA: 100%

The percentage for Gardenia has increased in FY2021 as Gardenia Philippines' two factories at North Luzon and Cebu (which, in FY2020, had not yet been ISO and HACCP certified) had attained ISO and HACCP certifications in 1Q2021.

FY2022 Targets

Maintain the FY2021 percentage of total production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards.

Material EESG Topic **Promoting healthy eating and lifestyles**[6]

FY2021 Targets

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.

FY2021 Achievements

1. In line with Gardenia Singapore's commitment to develop more variants of healthier choice products, it launched the *Gardenia 100% Wholemeal Extra Soft & Fine Bread* in Jumbo 600g size innovated with an improved recipe that included the natural sweetness of Stevia Leaf Extract and 25% less sugar. Gardenia Singapore was the first in the local packaged bread industry to include natural Stevia Leaf Extract in its products to reduce sugar consumption among consumers. The larger size 600g loaf also provided consumers with a more wholesome product at better value.
2. Gardenia Singapore conducted numerous in-store and online promotions for its healthier choice range of wholemeal and multi-grain products. The benefits of wholegrains were also regularly promoted through Gardenia Singapore's social media channels and virtual factory tours.
3. Gardenia Philippines introduced the *Nutri+Plus Advantage* concept in bread through a relaunch of the *Gardenia Black Forest Loaf* which was fortified with high levels of immunity-boosting nutrients such as Zinc, Vitamins D3 and E. The *Gardenia Black Forest Loaf* is the first in the Philippines packaged bread market to offer immunity-building vitamins and minerals.

FY2022 Targets

1. Gardenia Singapore aims to sustain its leadership position in the wholemeal bread segment by developing more variants of healthier and innovative products that keep up with changing market demands. It will continue to actively promote the health benefits of its range of wholemeal and multi-grain products to consumers.
2. Gardenia Philippines aims to continue producing more innovative and healthier product offerings for different target markets.

6 Only applicable to Gardenia Singapore and Gardenia Philippines.

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PRODUCT RESPONSIBILITY

Our Commitment to Food Safety and Quality

The Group 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 its products and production processes are safe, hygienic and compliant with the relevant regulations and quality standards.

Gardenia

Singapore

Gardenia Singapore's factories are ISO 22000:2018 certified and comply with Good Manufacturing Practice ("**GMP**") hazard management procedures. They also fulfill the stringent requirements of the Hazard Analysis and Critical Control Point ("**HACCP**") certification, an internationally recognised food safety management system. Both its factories and all its products are also certified Halal.

Gardenia Singapore continues to hold Grade A status for the 27th consecutive year under the SFA Food Establishment Licensing Scheme which covers food hygiene and safety standards. It adheres to the Singapore Food Agency legislation with the implementation of comprehensive programmes and has mechanisms within its sourcing practices to only source from suppliers that meet its stringent supplier screening requirements. Gardenia Singapore engages with about 200 suppliers both locally and internationally.

The Group's factory in Johor upgraded its food safety management system to FSSC 22000 v5 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 factory has also attained Halal certification for all its products.

Philippines

Gardenia Philippines has maintained its ISO and HACCP certifications since 2003. Its Gardenia factory at Laguna has ISO 9001:2015 Quality Management System certification and Halal Plant Accreditation from the Islamic Da'wah Council of the Philippines ("**IDCP**"). A number of Gardenia Philippines' products have also obtained Halal certification. The Gardenia factory at Mindanao and all products produced in the Mindanao factory were granted Halal Accreditation by the IDCP Halal Certification and Accreditation Authority ("**HCAA**"). In 2021, the Gardenia factories at Cebu and North Luzon were granted Halal Accreditation by the IDCP HCAA. All products produced in the North Luzon factory were also given Halal Certification by the IDCP HCAA. All the Philippines operations comply with strict GMP procedures to ensure that products are manufactured with consistency and meet high quality standards.

In 1Q2021, Gardenia Philippines' two factories in Cebu and North Luzon were awarded ISO 9001:2015 and HACCP certifications for their compliance with quality management system and in recognition of their product quality. Another two factories at South Luzon and northern Mindanao were HACCP and ISO certified in 1Q2022.

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 2021. Environmental and product microbial analyses are conducted by external laboratories accredited by the Food and Drug Administration of the Philippines.

Malaysia

The Group's joint-venture operations in Malaysia are ISO 22000:2018 and HACCP certified. All Gardenia Malaysia's factories and products have received Halal certification from the Department of Islamic Development Malaysia, a federal government agency that administers Halal certification and are included in Jabatan Agama Islam Selangor (JAIS)'s whitelist, a list which recognises companies that are committed to the requirements of Halal certification in Malaysia. Regular factory inspections are conducted by JAIS and other authorities to ensure that the overall operations comply with strict guidelines.

Bakers Maison Australia

BMA is committed to delivering safe and high-quality products and has attained both HACCP certification and Safe Quality Food ("**SQF**") Version 8.1 certification. Its operations also apply the GMP hazard management procedures. BMA has obtained Halal certification for most of its products from the Australian Halal Authority & Advisers. Through its Quality Assurance Team, BMA practises stringent quality and safety control checks throughout the shifts to maintain high standards. It also undergoes annual audits by the third-party certifying bodies of SQF and HACCP, and by key customers.

Taking an additional step in getting certifications for its products, four *Bakers Maison* products were rated "Green" (the highest classification), of which three products were given a Health Star Rating of 3.5 stars out of 5 against the "*Healthy Kids Nutrient Criteria*" for 2022. The ratings were administered by Healthy Kids Association ("HKA") under the "*Healthy Kids Product Registration Scheme*", the leading food and drink registration programme for school canteens in Australia. HKA is a not-for-profit, non-government health promotion charity whose mission is to promote and influence healthy food choices for children and also to educate and to empower families, children and school canteens to make the

SUSTAINABILITY REPORT

healthiest choices possible. With a membership base of over 1,200 school canteens across New South Wales ("**NSW**") and the Australian Capital Territory, it assists its members to deliver healthy food menus that meet government canteen guidelines and strategies.

Innovating and Developing Wholesome and Nutritious Food

GARDENIA

- Gardenia regularly reviews its product range to keep abreast of changing consumer tastes and market trends. It strives to set new standards in the local bakery industry by being the first to innovate products that not only taste good but are enriched with nutrients that contribute to good health and well-being.
- 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 legislations, labelling requirements, and initiating the Halal certification process. Together with its joint venture in Malaysia, the Group's laboratories currently employ a total of 30 staff to undertake research and development and compliance responsibilities for Gardenia. These staff comprise 11 professional staff, 4 laboratory technicians, 9 baking technologists and 6 support staff.

SINGAPORE

Gardenia Singapore takes pride in producing bread 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 Organisation, artificial trans-fats increase the risk of heart disease.

MALAYSIA

In Malaysia, the *Gardenia Fibremeal bread* range has no trans-fat and meets the requirements of Malaysia's Ministry of Health for "source of fibre" content. 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. A selection of its products is also high in fibre and gluten free. The gluten free products are certified by Coeliac Australia. BMA conducts daily swabs of its gluten free manufacturing section to check that it is free from gluten contamination.

SUSTAINABILITY REPORT

Engaging People Around Great Taste

Gardenia

Singapore

- In line with its commitment to develop and launch more variants of healthier and low-in-sugar products, Gardenia Singapore became the first in the local packaged bread industry to include Stevia Leaf Extract, a natural zero-calorie sweetener in its products. It launched the new *Gardenia 100% Wholemeal Extra Soft & Fine Bread* in Jumbo 600g innovated with an improved recipe with 25% less sugar and containing the natural sweetness of Stevia Leaf Extract to reduce sugar consumption among consumers. The 600g loaf is an extension to its popular 400g loaf and provides more slices at better value for large families. The 400g *Gardenia 100% Wholemeal Extra Soft & Fine Bread* was subsequently formulated with the same improved recipe. Made with 100% wholemeal flour specially milled to its finest form, both loaves contain Inulin (prebiotic) and are high in dietary fibre and iron.

- Serving as a brand and product extension for *Gardenia*, *Snack'em* was created to provide an assortment of healthier, tasty, innovative, and unique flavoured snacks at affordable prices for young consumers and working adults. During the year, Gardenia Singapore improved the recipe for *Snack'em by Gardenia Lentil Chips* with reduced sodium. The canister sizes were also reduced from 75g to 35g and 50g to provide a more convenient on-the-go enjoyment for consumers. The smaller sizes are more affordable and ensure that the chips are fresh and can be consumed at one go, thereby reducing food waste.

Gardenia Singapore launched the new Gardenia 100% Wholemeal Extra Soft & Fine Bread in Jumbo 600g innovated with an improved recipe with 25% less sugar and containing the natural sweetness of Stevia Leaf Extract to reduce sugar consumption among consumers.

Philippines

- In response to consumers' demands for healthy foods that improve immunity levels, Gardenia Philippines introduced the *Nutri+Plus Advantage* concept in its bread by relaunching the *Gardenia Black Forest Loaf* fortified with high levels of Zinc, Vitamins D3 and E, as well as other vitamins and minerals that help promote overall health. Bread with the *Nutri+Plus Advantage* contains high levels of immunity-boosting nutrients. The new *Gardenia Black Forest Loaf* is the first in the Philippines packaged bread market to offer immunity-building vitamins and minerals.

- In the Health Bread category, the company relaunched the *Gardenia High Fibre Wheat Cranberry Loaf* which is high in fibre, Calcium and Vitamin A. It also introduced a new and improved range of muffins made with premium ingredients in three flavours, *Chocolate*, *Banana-Choco* and *Blueberry*. The *Gardenia Chocolate Muffin* is high in Vitamin B3 and Folate and is a source of Vitamin A and Iron. The *Banana-Choco Muffin* is also high in Vitamin B3 and Folate, while the *Blueberry Muffin* is a source of Vitamin A and Iron.

Gardenia Philippines relaunched the Gardenia High Fibre Wheat Cranberry Loaf which is high in fibre, Calcium and Vitamin A.

SUSTAINABILITY REPORT

Malaysia

- In Malaysia, the Group's joint venture launched a range of savoury buns, *Gardenia Puazz!*, in 1Q2021 to cater to consumers' requests for more varieties of savoury products. *Gardenia Puazz! Curry Chicken and Gardenia Puazz! Sambal Mackerel* are an extension of the popular *Gardenia Sambal Ikan Bilis* bun which has been in the market since 2001. In the same quarter, Gardenia Malaysia also launched a refreshed packaging for its classic white bread loaves, namely, *Gardenia Original Classic* and *Gardenia Original Classic Jumbo*. The new-look packaging advertised that the loaf is packed with the goodness of *Nutrinergy*, as it is high in Vitamin A, Vitamin E and Iron, and is free of trans fat and cholesterol.

- In 1Q2021, Gardenia Malaysia launched the 900g Economy pack of its yellow noodles, *NuMee Keluarga*. *Numee Keluarga* is made without colouring and yet offers great texture and taste. The larger pack is suitable for bigger families and opened up sales opportunities in the food service sector.

Gardenia Malaysia's Gardenia Original Classic is packed with the goodness of Nutrinergy, as it is high in Vitamin A, Vitamin E and Iron, and is free of trans fat and cholesterol.

- In 2Q2021, Gardenia Malaysia introduced *Delicia Chocolate* Paste, a creamy, chocolate-flavoured snack packed in a 5-stick packet, which quickly became a favourite family indulgence.

- To satisfy consumers' appetite for local flavours, Gardenia Malaysia introduced *Toast'em Pandan Coconut* in 3Q2021. The aromatic fragrance of pandan bread infused with flavourful coconut and with hints of gula melaka appealed to consumers' local tastes.

- In 4Q2021, Gardenia Malaysia launched two premium cream rolls, *Gardenia QuickBites Gold* in two flavours, *Black Forest* and *Salted Caramel*. These chocolate buns are targeted at consumers who prefer buns with a rich and creamy filling.

- Gardenia Malaysia also introduced *Gardenia Bonanza Keluarga*, a more affordable 500g white loaf, in 4Q2021. At RM0.55 per 100g, *Gardenia Bonanza Keluarga* is more economical and suitable for bigger families compared to *Gardenia Original Classic* 400g loaf which costs RM0.70 per 100g.

Bakers Maison Australia

- To service the vegan market, BMA developed and introduced a plant-based bun in 3Q2021. In addition, an unsliced sourdough loaf was also developed earlier in the year.

SUSTAINABILITY REPORT

PROMOTING HEALTHY EATING AND LIFESTYLES

Making Our Products Accessible

GARDENIA

- With 16 factories located in four countries, Singapore, the Philippines, Malaysia and Australia, the Group's distribution channels include supermarkets, hypermarkets, convenience stores, mini marts, petrol kiosks, caterers, restaurants, hotels, hospitals, airlines, and schools. The extensive network of distribution channels assists in wide distribution of the Group's products to many consumers, improving public access to healthier food options.

SINGAPORE

- Gardenia Singapore delivers fresh bread daily to approximately 3,300 distribution outlets including supermarkets, hypermarkets, convenience stores, mini marts, petrol kiosks, caterers, restaurants, hotels, hospitals, airlines, dormitories and schools. More than 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.

- As consumers become more familiar with making online purchases, Gardenia Singapore actively promotes its products on e-commerce platforms such as *RedMart, Amazon, FairPrice Online and PandaNow*, providing greater convenience to tech-savvy consumers in Singapore.

PHILIPPINES

- In the Philippines, Gardenia marketed its products through major e-commerce platforms such as *Lazada*, *Shopee*, *Pandamart*, and *Grab Supermarket* to offer safe and convenient online shopping experience to consumers.

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.

SUSTAINABILITY REPORT

Making Our Products Affordable

Gardenia

Singapore

- The economic downturn caused by the Covid-19 pandemic caused some consumer concerns over their daily expenses. To provide savings on its range of wholemeal products, Gardenia Singapore held various nationwide retail promotions throughout the year under the "*Spread the Love, Enjoy the savings!*" theme. The promotions enabled consumers to eat healthy and enjoy savings on its range of *Gardenia* wholemeal products.

- In July 2021 and November to December 2021, island-wide price promotions were held under the "*Savour the Goodness, Enjoy the Savings*" theme, providing a $0.40 saving on the purchase of each participating *Gardenia* fruit loaf.

- To provide affordability to younger consumers, several retail promotions were held for the *Gardenia Enriched Wholemeal Cream Rolls, Twiggies* and *Sambal Ikan Bilis* buns, such as "*Back to School! Buy 1 Get 1 Free*" promotion for *Gardenia* cream rolls, "Any 2 *Twiggies* for $2.90" promotion (regular price: $3.20), and a $0.30 saving on the purchase of each Sambal Ikan Bilis bun.

Gardenia Singapore held nationwide retail promotions under the "Spread the Love, Enjoy the savings!" theme, which enabled consumers to enjoy savings on its range of Gardenia wholemeal products.

- In 2021, Gardenia Singapore held numerous promotions at various retail chains, such as "*Gardenia's So Good Weekend Special Promotions*", to provide complimentary *Gardenia* wholemeal hotdog buns or limited-edition *Gardenia* premiums such as sandwich boxes and non-woven bags to reward loyal consumers when they purchase selected *Gardenia* wholemeal loaves and *Gardenia* buns. Gardenia Singapore also collaborated with various FMCG brands for bundle deal promotions that offered greater savings to consumers.

- During the Phase 2 Heightened Alert in mid-2021, when dining-in at all F&B establishments was suspended, Gardenia Singapore encouraged consumers to create restaurant-inspired dishes in the convenience of their own homes by launching a "*Any 2 Gardenia Wraps for $5*" promotion (regular price: $5.60).

- In response to increased consumer focus on price affordability and value, Gardenia Singapore encouraged consumers to purchase the larger *Gardenia Jumbo* 600g loaves in its "*Bigger & Better Value*" campaign. The campaign promoted the *Gardenia Enriched White Bread*, *Super Soft Wholemeal White Bread* and *100% Wholemeal Extra Soft & Fine Bread* in 600g loaf size as they provided better value per gram of bread compared to the 400g loaf size.

- In 2Q2021, Gardenia Singapore launched a sub-brand, *Bonjour Delights* under the company's second brand *Bonjour* to provide a range of no-frills, affordable bread and cakes for price-conscious consumers. The product range consists of cluster buns, chiffon cakes, sponge cakes and brownies.

Philippines

- To provide affordable products to consumers, Gardenia Philippines launched several in-store promotions, bundling activities and value pack offers featuring wheat breads and healthy buns in supermarkets and convenience stores.

- In 2021, Gardenia Philippines joined 12 *Diskwento Caravans* in the NCR and Albay areas. The programme is a government led initiative between the Department of Trade and Industry (DTI) and local food manufacturing companies to sell basic goods and basic commodities at discounted prices to select communities.

SUSTAINABILITY REPORT

Promoting the Benefits of Whole Grains

Gardenia

Every year, Gardenia Singapore actively collaborates with different organisations to promote healthy eating. To encourage consumption of "*Healthier Choice*" breads, Gardenia Singapore conducts numerous in-store and e-commerce promotions for its wholemeal range annually. Gardenia Singapore also actively shares educational social media posts to engage the public on the importance of consuming dietary fibre and leading an active lifestyle.

Singapore

- To make it easier for consumers to select healthier products, Gardenia Singapore's wholemeal and multi-grain range carry the HPB's "*Healthier Choice*" symbol. Gardenia Singapore currently has 15 wholemeal products certified as "*Healthier Choice*". These products contain no trans-fat and at least 25% of wholegrains per loaf. Gardenia Singapore also offers ten "*Low in Sugar*" white bread and wholemeal loaves, two "*Lower in Sugar*" 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. The past few years have seen a steady increase in demand for "*Healthier Choice*" bread as consumers grew more health-conscious and aware of the benefits of wholegrains. Sales of "*Healthier Choice*" bread in 2021 saw a slight increase of 0.4% from 2020 due to the high base of panic buying by consumers in 2020. However, compared to the pre-pandemic bread sales in 2019, sales in 2021 rose by 11.2%. Projected sales for 2022 are expected to be higher than that of 2021 and 2020.

- 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 various programmes and community outreach initiatives. During the year, approximately 48,700 *Gardenia* loaves and buns were sponsored to the community, of which approximately 19,200 units were "*Healthier Choice*" wholemeal products.

- In 4Q2021, Gardenia Singapore participated as a virtual exhibitor in support of the Singapore Heart Foundation's "*World Heart Day 2021*", to promote the nutritional benefits of its wholemeal loaves. Gardenia Singapore also extended an invitation to Singapore Heart Foundation members to attend the Gardenia virtual factory tour in October, which featured the Heart Health theme, "*Take Simple Steps for a Healthier Heart*", where tour participants were encouraged to eat right and make wholegrain choices with *Gardenia*.

Gardenia Singapore's wholemeal and multi-grain range carry the Health Promotion Board's "Healthier Choice" symbol.

SUSTAINABILITY REPORT

- In 1H2021, Gardenia Singapore actively promoted its range of wholemeal bread under the "*Spread the Love, Live Healthier*" campaign to encourage consumers to include more wholegrains in their daily diet and to lead an active lifestyle. Information promoting well-being and the benefits of wholegrains to reduce the risk of chronic diseases and diabetes were shared on social media throughout the year.

- In order to encourage consumers to eat healthily, Gardenia Singapore promoted wholegrains on *RedMart* ecommerce and various social media platforms. During the promotions, a free *Gardenia* sandwich box was distributed with every purchase of *Gardenia* wholemeal bread on *RedMart*. Nutritious recipes using *Gardenia Fine Grain Wholemeal* Bread were featured on the "*Friends of Gardenia*" Facebook page to encourage consumers to eat well for better heart health.

Reaching out to the Community

Gardenia

Singapore

- In April 2021, Singapore's Prime Minister, Mr. Lee Hsien Loong, spoke at the launch of the World Health Organisation's Global Diabetes Compact and called on the global community to work together in the war against diabetes which affected more than 420 million people worldwide. In Singapore, more than 400,000 people suffer from diabetes, and 1 in 3 people are expected to develop the condition during their lifetime. Sharing the belief that 'prevention is better than cure', Gardenia Singapore has been encouraging consumers and diabetic Singaporeans to lead active lifestyles, adopt healthier diets and choose low Glycemic Index and low sugar bread through retail promotions and online publicity campaigns. Gardenia Singapore continues its efforts to work with Diabetes Singapore to further reinforce the company's strong commitment in the nationwide war against diabetes.

- To sustain the awareness of diabetes within the community, Gardenia Singapore collaborated with Diabetes Singapore on the "*Special Education in Diabetes and Awareness Programme*" in the Ramadan month. Gardenia staff volunteers distributed 600 loaves of *Gardenia Low GI Soft Grain Loaf* with low GI brochures to encourage the adoption of a healthier diet.

- In conjunction with World Diabetes Day and to promote healthier eating, Gardenia Singapore sponsored 400 loaves of *Gardenia Low GI Soft Grain Loaf* and 400 *Gardenia* non-woven bags for the Diabetes SG event held at Pasir Ris Elias Community Club in November 2021.

- Gardenia Singapore has been an active long-term supporter of the HPB's initiatives to promote healthier living for Singaporeans. In 2021, the company supported the nation-wide "*Eat, Drink, Shop Healthy Always On*" campaign aimed at motivating and encouraging Singaporeans to make healthy choices by providing rewards and incentives through the *Healthy 365* mobile application. Gardenia Singapore supported the campaign by providing prizes, in-store wobblers and cross-marketing publicity.

- Enabled by the North West WeCare Fund which supports ground-up initiatives that serve the community, Gardenia Singapore sponsored healthier wholemeal bread through North West Community Development Council ("**CDC**") to students of Fuchun Secondary School. The sponsorship was part of the "*Live and Eat Healthily*" project, where the students taught seniors from NTUC Health Senior Day Care how to make healthy sandwiches. Both seniors and students also attended Gardenia Singapore's virtual factory tour to learn about the nutritional benefits of *Gardenia's* range of wholemeal bread.

Enabled by the North West WeCare Fund which supports ground-up initiatives that serve the community, Gardenia Singapore sponsored Gardenia wholemeal bread to students from Fuchun Secondary School.

SUSTAINABILITY REPORT

Philippines

- Gardenia Philippines continued its "*Corporate Wellness Movement*" to help the private sector and government employees achieve their health and wellness goals. Since the implementation of lockdowns in 2020, Gardenia Philippines has shifted to online activities, such as webinars and nutrition consultations administered by its Registered Nutritionist-Dietitians via video conference applications, and provision of bread samples. The workshops are free and open to corporate offices and institutions. In 2021, more than 17,000 employees from 213 offices participated in the workshops.

- In 2021, Gardenia Philippines offered online nutrition and wellness webinars to people working from home who preferred to access free online webinars on their own time. The company launched a "*Start with GWellness*" webinar series where episodes of the series were published on its "*Nutrition and Wellness*" Facebook page.

- Gardenia Philippines also provided short-form educational content to promote healthy eating and active lifestyles among consumers. For example, the company's Nutrition & Wellness Team provided short infographics and videos which showcased healthy tips for various occasions. In line with Nutrition Month in 2021, the team also launched the "*Gardenia Quiz Game*" which encouraged participants to answer questions on nutrition and health. On 2021 National Allergy Day, Gardenia Philippines shared tips and simple recipes for allergy-friendly meals for families on its official Facebook page.

Gardenia Philippines provided free webinars and nutrition consultations administered by its Registered Nutritionist-Dietitians via video conference applications to corporate offices and institutions.

Gardenia Philippines' Nutrition & Wellness Team provided short-form educational content such as infographics to promote healthy eating and active lifestyles among consumers.

- Through its hospital drive initiative, Gardenia Philippines collaborated with 20 medical doctor influencers to promote healthy eating, active lifestyles and proper nutrition to patients and hospital visitors. The partner doctors shared healthy recipes and educated consumers on the benefits of high fibre intake, reaching approximately 3.2 million online viewers.

- During the year, Gardenia Philippines continued to create innovative, delicious and healthy recipes, featuring various *Gardenia* loaves and buns through the "*Kusina ni Gardee*" (Gardee's Kitchen) digital video campaign. Recipe videos and art cards were posted on the Gardenia Bread Treats microsite and Gardenia Philippines Facebook official page, reaching approximately 6.5 million online viewers.

SUSTAINABILITY REPORT

Gardenia Philippines created innovative, delicious and healthy recipes featuring various Gardenia loaves and buns through the "Kusina ni Gardee" (Gardee's Kitchen) digital video campaign.

Educating through Bread Factory Tours

Gardenia

Singapore

In Singapore, Gardenia's daily educational factory tours were suspended during the pandemic. To continue its engagement with the public, virtual bread factory tours were launched in 1Q2021. Tour participants learned about the bread production process as well as topics such as the health benefits of wholegrains and the upcycling of bread packaging and bread tags using arts and craft. During the year, Gardenia Singapore conducted more than 110 virtual factory tours with 35 schools, from kindergartens to universities. More than 970 students attended the tours.

Philippines

During the year, Gardenia Philippines' virtual factory tours across all of its factories in the Philippines were attended by nearly 43,000 participants from about 280 schools.

Reaching out to schools

- The School Nutri-Tour is Gardenia Philippines' health and wellness programme, providing nutrition education, sandwich recipe demonstration, entertainment activities and bread sampling for public and private school children. In 2021, Gardenia Philippines catered to approximately 29,000 students from 196 schools in an hour-long online programme.

- Gardenia Philippines continued its partnership with the Department of Education in the "*I Learn with Gardenia*" educational programme. Through the programme, Gardenia Philippines reached approximately 28,000 students in Laguna, Batangas, Pampanga, Bulacan, and Tarlac, using supplementary learning video materials which covered healthy eating, proper handwashing and hygiene, and Gardenia's virtual factory tour.

Gardenia Singapore conducted more than 110 virtual factory tours with 35 schools.

SUSTAINABILITY REPORT

PLANET

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

Material EESG Topic **Resource Management (Waste and Effluents)**

FY2021 Targets	FY2021 Achievements	FY2022 Targets
Maintain no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.	1. There were no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge. 2. Gardenia Singapore developed a self-ordering mobile application which was used by over 130 of its food service customers to place orders thereby saving each sales order coordinator up to 50 man hours a month. 3. In 4Q2021, BMA changed its fuel mix to cleaner fuels by switching to natural gas as a source of direct energy instead of using liquefied petroleum gas ("**LPG**").	Maintain no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.

RESOURCE MANAGEMENT

Natural resources provide fundamental life support and its proper management lays the foundation for sustainable development. We recognise that the over-exploitation of natural resources harms the health of ecosystems and the well-being of people. In the face of the current growing environmental crises, we need to exercise our responsibility and care towards the resources in which we depend on, such as energy and water. Through our various initiatives to reduce resource usage and waste generation, we strive for greater efficiencies in our operations to minimise negative environmental impact wherever possible. We will also continue to explore new ways to reduce our energy and water usage across our operations.

Energy Management

Gardenia

The Gardenia operations in Singapore and the Philippines use LPG as a fuel for their main ovens for lower energy consumption and a more economical baking process. Delivery trucks also undergo regular maintenance to ensure that they are in good running condition and are fuel efficient thereby reducing air pollution.

Singapore

- In response to the nationwide "SG Green Plan 2030" and in order to reduce its carbon footprint, Gardenia Singapore is testing several units of electric vehicles for use as sales executive vans. In addition, to enhance efficiency and reduce waiting time for Van Salesmen, trays of bread were pre-picked and loaded at assigned loading bays for easier collection at their scheduled timeslots before the daily delivery trips to retail outlets. This pre-loading arrangement was able to shorten queuing time for the Van Salesmen and also assisted to reduce truck idling and carbon emissions.

- During the year, Gardenia Singapore developed a self-ordering mobile application which has been used by over 130 food service customers, including retailers, schools, caterers and the popular F&B chain, *Han's*. The application has saved each sales order coordinator up to 50 man hours a month as food service customers can order via the mobile application instead of calling in to the sales order coordinators. Through digitization, Gardenia Singapore is progressively streamlining its processes to enhance efficiency and productivity.

SUSTAINABILITY REPORT

- To promote energy efficiency, Gardenia Singapore implemented multiple energy-saving measures on its premises. The high lumen LED lights installed at its factories, corporate office and warehouse have resulted in combined savings of approximately $13,000 annually. Movement sensors for toilet lighting have also been installed.

- To 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 an online portal. E-invoicing was also introduced in Gardenia Singapore's Sales & Finance department through an internally developed software system, "*Paperless Mobility*".

- At the Group's factory in Johor, solar energy is used for factory fence lighting and rainwater is harvested for toilet flushing.

Malaysia

- In Malaysia, 10 out of 20 production lines use natural gas while 5 lines use liquified petroleum gas as a fuel for ovens.

- Since 4Q2020, the sodium vapour lights along the streets and surrounding areas of one of the factories of our joint venture have been replaced with LED lights.

- The installation of a new heat recovery system at one of the Group's factories in 3Q2020 enables hot water to be produced from the condensers of the factory cooling system, which is then used to clean the cream roll injectors and bread cooler conveyors instead of using electrical heaters. A similar heat recovery system was also installed at one of the factories of our joint venture. The investments have resulted in savings of approximately RM210,000 in 2021.

- The installation of solar rooftop panels at one of the factories of our joint venture was completed in late 2021. The investment is expected to result in annual savings of approximately RM150,000 in 2022.

- In Malaysia, the mercury halide lights and conventional fluorescent lights at the production and warehouse area of one of the Group's factories were replaced with LED lights.

Heat recovery system installed at one of the Group's factories in Malaysia.

Philippines

- Gardenia Philippines' energy-saving measures include the use of inverter-type air conditioning units which have better energy-saving features than conventional air conditioning units, LED lights at all factories, corporate offices and warehouses in its Laguna factory as well as capacitor banks in its electrical systems to improve electricity quality and reduce energy consumption.

- Gardenia Philippines has also implemented digitisation for the reduction of paper consumption. Processes in many departments were changed from manual to online processing resulting in lower paper consumption and reduced physical contact.

SUSTAINABILITY REPORT

Bakers Maison Australia

- In October 2021, BMA changed its fuel mix to cleaner fuels by switching to natural gas as a source of direct energy instead of using LPG. Its 'green rated' 2,100 m^2 solar panel system on the rooftops of its factory generates over 15% of its electricity requirements.

- BMA has plans to convert all the lighting systems in its freezer warehouse to LED lighting and sensor-activated lighting. The new lighting system will automatically turn off when there is no activity.

- BMA's Document Management System (DMS) was implemented in 2019 to automate its finance process and replace paper forms with e-forms. In 2H2021, the DMS was extended to manage paperless delivery processes, further reducing the need to print papers. The implementation of "sign on glass" delivery software, which will allow all delivery documents to be signed electronically via electronic tablets, is expected to be completed in 1H2022.

- To further reduce paper consumption, a Human Resource Information System (HRIS) was implemented to enable employees to submit leave applications, update training and development records, and access personnel particulars, through a mobile phone application. The HRIS also allowed for the implementation of a completely paperless onboarding and offboarding procedure.

Waste and Effluents Management

Gardenia

Singapore

- Gardenia Singapore's factories are located in a designated food zone and all wastewater discharge is handled by the Public Utilities Board ("**PUB**"). The wastewater is treated in accordance with international standards and complies with PUB Sewerage and Drainage Act, Chapter 294. The treated water, which is safe enough to be returned to nature, is then either sent to a separate treatment system at the NEWater Plants or sent back to the sea. During FY2021, there were no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities on water quality discharge.

- Gardenia Singapore commits to complying 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. Oil interceptors and strainers are used with a view to preventing oil, grease or sludge from entering sewages. The interceptors are maintained every month and Gardenia's operations team monitors the waste generated from production on a daily basis.

- As a signatory to the Singapore Packaging Agreement, Gardenia Singapore seeks to reduce its packaging waste through product packaging development. It actively encourages consumers to reduce the use of plastic bags. During the year, shoppers at grocery stores were provided with reusable shopping bags carrying the message, "*Gardenia Cares, Save the Environment*". *Gardenia* sandwich boxes were also distributed through retail promotions to encourage consumers to pack their food in reusable containers. For selected price promotions, QR codes linked to social media posts were included in the promotional overbands of participating fruit loaves to educate shoppers on upcycling.

- Apart from upcycling unsold returned bread into animal feed, Gardenia Singapore also collaborated with a local food tech startup, *CRUST Group*, in 2021 to convert returned bread into sustainable beverages for food service and retail partners.

Gardenia Singapore provided shoppers at grocery stores with reusable shopping bags carrying the message, "Gardenia Cares, Save the Environment".

SUSTAINABILITY REPORT

- At the Group's factory in Johor, 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 factory is undertaken by a licensed collector authorised by the DOE.

Philippines

- Gardenia Philippines complies with all relevant water discharge regulations set out by the Philippine government, such as the requirements of the Department of Environment and Natural Resources. Wastewater discharged from Gardenia's factories are treated at wastewater facilities before being discharged into sewers. Gardenia Philippines also conducts monthly testing and regular monitoring of standard effluent parameters such as pH value, discharge temperature, oil and grease, biological oxygen demand and total suspended solids to ensure that the effluents meet water quality standards. Furthermore, self-monitoring reports and compliance monitoring reports are submitted on a quarterly and semi-annually basis to the relevant authorities.

- Gardenia Philippines' packaging upcycling initiative aims to minimise the amount of discarded or unusable packaging waste and its environmental impacts by reducing the amount of plastic waste generated. Its research and development department is engaged in the development of an eco-friendly and economical packaging that will not affect the quality of its bread products. It hopes to finalise the development of the new packaging by 2022.

- To promote recycling and waste segregation, Gardenia Philippines continued to implement the 5S system of good housekeeping (Sort, Set in Order, Shine, Standardise, and Sustain) at all its factories and offices to maintain uniformity of waste disposal procedures across the organisation. A predefined baseline is used to monitor total waste generated.

Bakers Maison Australia

- In Australia, BMA's water discharge system is completely handled by the National Water Management System. Wastewater is discharged through grease traps before being released into the sewer and quarterly inspections and cleaning of grease traps are performed. BMA's maintenance manager, approved contractors and service providers carry out reviews on a quarterly basis and the outcomes of such reviews are discussed with senior management. There were no incidents of regulatory non-compliance for FY2021.

- BMA also supports local farmers with regular donations of edible waste from its production processes, which are then mixed with grains and recycled into animal feed.

- BMA is committed to reducing cardboard waste during bulk packaging of its products and has been recycling its cardboard since 2017. During the year, BMA recycled nearly 42,000 kg of cardboard.

Sustainable Sourcing

Gardenia Singapore strives to source responsibly through its supply chain. In this regard, it assesses its suppliers' business practices and prefers locally produced raw materials, where possible. It also uses sustainable palm oil from sources which practice a policy of "No Deforestation, No Development on Peat and No Exploitation of People and Local Communities" for selected bakery products.

BMA sources approximately 90% of its raw materials locally, indirectly reducing carbon emissions from the transportation of raw materials for its business.

SUSTAINABILITY REPORT

PEOPLE

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

Material EESG Topic **Our People**

FY2021 Targets

Health and safety

1. Gardenia Singapore plans to organise in-house Occupational First Aid training for its employees and refresher Food Hygiene/Hazard Control Plan and 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 and Employment requirements.

Training and education

1. BMA is committed to investing in the education and development of its people to build knowledge, skills and internal capabilities.

FY2021 Achievements

1. In April 2021, QAF was ranked by The Straits Times as one of "*Singapore's Best Employers 2021*".
2. In October 2021, QAF was named one of Forbes "*World's Best Employers 2021*".
3. Gardenia Singapore organised various occupational health and safety training for its production workers and office staff, including monthly Workplace Safety & Health trainings, annual Food Hygiene training, Quality & Safety talks, Fire Safety Manager courses, safety courses related to performing work at height, and an occupational first aid course for appointed first aiders.
4. An executive staff at the Group's factory in Johor was sponsored to undertake the FSSC 22000 Lead Auditor Training course. The employee has since completed the course.
5. In 2021, Gardenia Philippines conducted 12 batches of virtual Basic Occupational Safety and Health ("**BOSH**") training attended by approximately 220 employees.
6. BMA introduced a new policy, the WHS Monthly Committee Meeting Policy, to better regulate the meetings procedures and to encourage more participation from the production floor in order to increase safety awareness.
7. In 1Q2021, BMA's employees participated in "The Walk for Autism" Workplace Team Challenge in which the company donated A$50 (up to a maximum of A$400), for each employee who completed 10,000 steps a day over an eight-day period.
8. BMA provided free influenza vaccinations for its employees.

FY2022 Targets

Health and safety

1. BMA will run in-house first aid training, food safety refresher training and fire safety training every year. It will also conduct monthly WHS committee meetings to review safety concerns and near-miss incidents that occurred during the month and take all necessary corrective action.
2. Gardenia Singapore will continue to organise Occupational First Aid training for its employees and refresher Food Hygiene/Hazard Control Plan training for its production workers. It will continue to run more Workplace Safety & Health training for different groups of employees and organise annual audiometric examination tests for production workers.
3. Gardenia Philippines will continue to conduct Basic Occupational Safety and Health training for all newly hired employees as mandated by the labor and employment department of the Philippines.

Training and education

1. Gardenia Singapore will conduct a yearly departmental training plan to review the training requirements of its employees.
2. BMA remains committed to investing in the education and development of its employees in order to build their knowledge, skills and capabilities.

SUSTAINABILITY REPORT

Awards and Accolades

We are committed to creating a work environment that fosters the well-being of our employees in order to achieve a healthy, safe and inclusive workplace. During the year, QAF was honoured with two awards, the Straits Times "*Singapore's Best Employers 2021*" award in April 2021, and the Forbes "*World's Best Employers 2021*" award in October 2021.

The "*Singapore's Best Employers 2021*" was based on anonymous employee surveys and research conducted on more than 1,700 companies. QAF was ranked No. 47 out of 200 companies.

The Forbes "*World's Best Employers 2021*" was based on anonymous surveys covering approximately 150,000 workers from 58 countries. QAF was ranked No. 262 out of 750 companies.

Health, Safety and Well-Being

Gardenia

Singapore

- Gardenia Singapore is accredited with BizSAFE Level 4 by the Workplace Safety and Health Council.
- At Gardenia Singapore's factories and the Group's factory in Johor, employees working in areas with high noise levels are provided with earplugs and earmuffs to reduce noise exposure. All Gardenia Singapore's production employees also undergo mandatory annual audiometric examinations. At the Johor factory, a DOSH-accredited external consultant undertook periodic monitoring, testing and review. Chemical health risk assessments were also performed to assess the level of chemical exposure received by employees and to assess whether appropriate personal protective equipment were issued to employees to reduce or eliminate their risks of chemical exposure.
- In celebration of the Lunar New Year festival and Singapore's National Day, goodie bags were distributed to all employees. In addition to food items, employees received a $10 supermarket voucher, a jacket with the *Gardenia* logo and a Covid-19 antigen rapid test kit.
- To support staff well-being, antigen rapid test kits were given to all Gardenia Singapore's employees and masks were also provided to departments handling bread production, distribution, quality control and machine maintenance and checks. To encourage employees to adhere to safe distancing at the workplace, posters on physical distancing guidelines were also placed across Gardenia Singapore's factories.
- To promote the health and safety of the company's workforce, contract workers were frequently required to go for routine Covid-19 swab tests.
- During the Covid-19 pandemic when it was not possible or feasible for QAF and Gardenia Singapore employees to utilise their annual leave due to movement restrictions, employees were allowed to encash a portion of their unutilised annual leave.

Philippines

The Covid-19 pandemic has changed how employees work in the Philippines, including the kind of support needed by employees. One of the ways in which Gardenia Philippines has supported its employees' physical and mental well-being is by providing employee wellness programmes. These include vaccination programmes for influenza, hepatitis, cervical cancer, and Covid-19, as well as weight management programmes, wellness initiatives, and teleconsultation opportunities, especially for non-emergency care. Other initiatives undertaken in 2021 to promote employee well-being include:

- Gardenia Philippines continued to implement the "*Covid-19 Preventive Measures Programme*". It supplied its staff with surgical and reusable face masks, face shields, hand sanitisers, alcohol wipes and multivitamins. Thermal scanning of employees and guests are conducted at all entrance gates of its premises. Use of QR codes is required to access company premises, and health information checklists are used to screen for possible carriers of the Covid-19 virus. On-site employees are regularly reminded to practice physical distancing, hand washing and sanitising through signages and hourly announcements via the public announcement system. Common areas and facilities were regularly disinfected and thoroughly cleaned. Videos on Covid-19 updates from the World Health Organisation, Department of Health, and Centers for Disease Control and Prevention were shown at canteens. Employees serving home quarantine were also given home medical kits comprising face masks, digital thermometers, hand sanitisers, medicines, multivitamins, antigen saliva test kits, and guidelines for home quarantine.
- "*Weight for Me*", a three-month weight management programme launched by Gardenia Philippines designed to help employees lower their Body Mass Index ("**BMI**") scores by promoting regular physical activity and a healthy diet. The programme aims to help employees achieve their healthy weight goals and reduce risks of developing cardiovascular diseases like hypertension, diabetes and dyslipidemia. Registered employees with a BMI of 25 or higher are signed up as pairs of "Body Buddies" to encourage and help each other to attain their weight reduction goals together.

SUSTAINABILITY REPORT

- "*Zoomba*", a free virtual Zumba activity designed to promote physical activity and provide employees with an opportunity to connect with one another virtually via the Zoom video conferencing application.

- Gardenia Philippines' *Health Programme for Hypertension and Diabetes* provided a wellness guidebook for employees who are at risk of developing cardiovascular disease by encouraging them to regularly monitor their health and undergo monthly check-ups with the company physician.

- In-house virtual wellness fairs and webinars, including free webinars on nutrition and immunity-building organised by Registered Nutritionists and Dieticians.

Sharing Drive campaign for community pantries

- Gardenia Philippines launched a two-week *Sharing Drive* campaign to provide a venue for employees to participate in the community pantries that had sprung up all over the country amid the pandemic. The community pantries displayed the *Bayanihan* spirit of the Filipinos and provided free food and groceries to those in need. The *Sharing Drive* campaign collected about 2,000 loaves of *Gardenia* bread from pledges made by 113 employees. Gardenia Philippines matched its employees' donation of 2,000 loaves of bread and a total of 4,000 loaves were donated to eight community pantries.

Employee engagement

- Gardenia Philippines celebrated occasions such as Valentine's Day and Mother's Day through virtual engagements with its staff. In celebration of Father's Day, Gardenia Philippines recognised the strength and resilience of all fathers in the company with a short programme and small tokens of appreciation.

Employee benefits

- To assist employees who wanted to take advantage of the government's housing loan programme, Gardenia Philippines gave employees an option to increase their PAG-IBIG voluntary contributions. Contributions to the PAG-IBIG are shared by both the company and the employee and an increased contribution enabled employees to borrow the maximum allowable housing loan from the government. Twenty-five percent of Gardenia Philippines' employees participated in the voluntary upgrade programme as of 31 December 2021.

Malaysia

- Gardenia Malaysia conducted regular online refresher training on food handling, hazard control and food allergen for its production workers during the year. The company also conducted an ISO 22000:2018 awareness programme which was attended by all departments.

- Gardenia Malaysia also extended support and help to its very own employees who were gravely affected by the December 2021 floods. This was done through monetary aid to more than 750 employees, including foreign workers, as part of the company's efforts to facilitate the workers on their road to recovery post the flood devastation. The company also extended assistance to employees whose vehicles were stranded at the factory during the floods by providing monetary aid to ease their burden. The total sum of monetary aid amounted to approximately RM274,000 and this resonated with our "*Gardenia Cares*" initiative.

- In conjunction with Children's Day, Gardenia Malaysia organised a special colouring competition for employees' children to strengthen the bond between the company, its staff and their family members. The contest for children aged 6 to 12 years old has showcased the artwork of many talented children who have even surprised their parents. This family activity was well received by the staff. A similar coloring competition was also organised on Gardenia Malaysia's Facebook page and the activities created high engagement among its followers.

Gardenia Philippines launched a Sharing Drive campaign to provide a venue for employees to participate in the community pantries.

Gardenia Malaysia organised a special colouring competition for employees' children to strengthen the bond between the company, its staff and their family members.

SUSTAINABILITY REPORT

Bakers Maison Australia

- To encourage workplace health and well-being, all BMA employees were encouraged to participate in "The Walk for Autism" Workplace Team Challenge held in March 2021. The goal of the challenge was for each participating employee to complete 10,000 steps a day for eight days. For every employee who completed 10,000 steps a day during the eight days, BMA donated A$50, up to a maximum of A$400, on the employee's behalf to the cause.

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

- During the year, a new policy, the WHS Monthly Committee Meeting Policy, was introduced to better regulate meetings procedures and to encourage more participation from the production floor in order to increase safety awareness. Near misses and safety incidents are recorded electronically in the Employment Hero platform and all incidents are reviewed during the monthly WHS committee meetings in order to take corrective action that would be followed by follow-up sessions.

Cultural diversity at Bakers Maison Australia was celebrated on Harmony Day with employees bringing a dish from their home countries to share with colleagues.

Employees who completed 5 years and 10 years of service at Bakers Maison Australia were recognised with long service awards.

- In an effort to increase mental health awareness, BMA introduced the "*Acacia*" Employee Assistance Programme in 2020. The programme provides confidential counselling and support services to BMA's employees, available 24 hours over the phone on mental health issues such as anxiety, depression, work-related stress, amongst others. This programme was continued in 2021 and mental awareness leaflets were issued and distributed by the provider regularly.

- BMA is a community consisting of many nationalities. Their cultural diversity was celebrated on Harmony Day in 2021 with employees generously bringing a dish from their home countries to share with colleagues. Harmony Day has been celebrated by BMA every year since 2013, but 2021 saw the highest turnout of employees. Participants at the celebration took part in a cultural quiz and prizes were awarded to the winners and runners-up.

- In 3Q2021, BMA took note of "*R U OK? Day*", the national suicide prevention day in Australia. BMA employees were encouraged to participate in a webinar on "the appropriate steps one should take" when recognising that someone may be struggling. A virtual coffee catch-up was also organised to enhance communication and to keep in touch with employees who had been working remotely due to the lockdown. To increase awareness on suicide prevention, posters issued by the "*R U OK?*" harm prevention charity were posted in the production and office areas.

- In 4Q2021, BMA organised an end of year party to thank its staff for their efforts in achieving business success despite the pandemic. Production and logistics employees celebrated with food and drink supplied by the company. Another team event was also organised for office-based employees. As an expression of the company's sincere gratitude, employees who completed 5 years and 10 years of service were recognised with long service awards and cash incentives.

SUSTAINABILITY REPORT

Training and Education

We believe in empowering our employees with the right expertise, skills and work experience in order to not only improve their professional performance, but also to enhance their overall personal development and keep abreast of the constantly changing market requirements and developments.

Gardenia

Singapore

- Gardenia Singapore will create a yearly departmental training plan to review the training required by its employees based on the relevance of their job roles and the new knowledge or skill sets required.
- In 2021, Gardenia Singapore continued to organise various occupational health and safety training for its workers, including workplace safety and health training, annual mandatory audiometric examinations, annual food hygiene, quality and safety talks, occupational first aid courses for newly appointed first aiders, refresher occupational first aid courses for existing first aiders, fire safety manager courses, and safety courses related to performing work at height.
- Staff training, seminars and webinars run by external training providers in 2021 included courses related to ecommerce management training, occupational first aid courses, BizSAFE Risk Management courses, financial budgeting and income tax workshops, and courses on food standard strategic planning, effective payroll, salary, compensation and benefits administration. In 2021, 53 employees attended these staff training programmes.
- At the Group's factory in Johor, employees 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 in compliance with regulatory requirements. Staff training requirements are submitted by the individual Heads of Departments each year for the company's Annual Training Plan. Employees who had completed an external training course are required to conduct in-house training sessions to share the knowledge they have gained with other employees. During the year, an executive staff was sponsored to undertake the FSSC 22000 Lead Auditor Training course. The employee has since completed the course and passed the written examination, qualifying him as a registered Lead Auditor for FSSC 22000 audit.

Philippines

- People development has always been prioritised by Gardenia Philippines. Its corporate Annual Training Plan and Departmental Training Plan are focused on developing employees at different levels. All training recommendations were based on the semi-annual training needs analysis that assesses and addresses the learning gaps in employees' competencies. Cross-skills training programmes are also conducted to produce more well-rounded employees.
- During the year, Gardenia Philippines sponsored two employees to attend and complete the Certified Professional in Purchasing certification programme.
- Coping with the pandemic has helped Gardenia Philippines to facilitate the development of virtual training programmes and the digitisation of manual forms. Virtual learning has become a way of life for the majority of employees. In 2021, employees of Gardenia Philippines attended several company-sponsored and free webinars. Key webinar topics included people management, psychological first aid, analytics, developing mental health programmes, key accounts and trade marketing management, employee relations and engagement, and online learning tools, among others.
- Safety is a priority at Gardenia Philippines. Certification training programmes were provided for pollution control officers and safety officers who in turn, conducted an 8-hour mandatory BOSH training for all production staff. Gardenia Philippines' annual two-day first aid and CPR/AED training and its biannual eight-hour fire safety training, typically run by the Philippine Red Cross and the Bureau of Fire Protection respectively, were temporarily replaced by training videos due to the Covid-19 temporary suspension on classroom trainings.
- Gardenia Philippines also provided training programmes to its employees on the ISO 9001:2015 quality management system, updates on HACCP Codex, HALAL, food safety, food defence, and food fraud. Compliance with the ISO Standards was verified through regular internal and external audits. There were no findings of significant incidents of non-compliance during the 2021 audits.
- All training programmes were conducted either by in-house trainers or subject matter experts, or by external training providers who may also be utilised to help in customising training programmes.

Bakers Maison Australia

- BMA employees are given the opportunity to attend work health and safety ("**WHS**") training. Every employee is given a WHS training induction on their first day of employment and educated on the expected level of safety awareness and incident reporting system of BMA. Furthermore, BMA provides fully funded annual safety-related training such as fire safety training, food safety training and first aid training to its employees.

SUSTAINABILITY REPORT

- In 2021, BMA's employees successfully completed the Food Safety Update training conducted by Australian Food Microbiology. The course covered topics such as food safety programmes, the risks of food poisoning, and the different types of contaminations. Participants were required to take a quiz in order to pass the course.

- BMA's Frontline Leadership Programme, which was introduced in 2020, was extended to more participants, including supervisors from production and logistics. Topics covered included goal settings, team skills, problem solving and change of management. Participants were required to concurrently apply the skills learnt to real-life workplace situations.

- A cross-skills training matrix was developed to enable production staff to learn new skills, to multi-task and to train others in order to boost levels of productivity and to improve staff retention rate. This training was conducted throughout 2021 and has helped to upskill production employees.

- In 3Q2021, BMA's logistics supervisor participated in a two-day new leader training programme to help in her transition into a leadership role. This programme, fully funded by BMA, was conducted by the Australian Institute of Management. In 4Q2021, BMA's IT Manager also participated in a two-day online training programme conducted by Microsoft 365 to improve capabilities on using Microsoft Teams for remote working of BMA employees. In 4Q2021, seven employees from various departments participated in the Microsoft Excel Intermediate Training Course to upgrade and enhance their skills and enable them to complete their tasks more efficiently.

Gardenia Singapore sponsored the nation's 56th National Day Parade by contributing products, publicity support and cash sponsorship.

SUSTAINABILITY REPORT

PEACE AND PARTNERSHIPS

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

Material EESG Topic **Enriching Communities**[7]

FY2021 Achievements

1. Contributing to society through Gardenia Singapore's support of philanthropic, community and charitable causes such as the South West CDC, Bishan Community Centre ("**CC**") and Malay Youth Literary Association to help low-income families.
2. Reaching out to the elderly through Man Fut Tong Welfare Society as well as collaborating with numerous community centres to motivate the vulnerable senior generation to get their Covid-19 vaccinations and protect themselves and their families.
3. Showing appreciation to frontline healthcare workers in various healthcare organisations including Tan Tock Seng Hospital, Singapore General Hospital, Ng Teng Fong General Hospital and Seng Kang Hospital, and essential workers such as migrant workers and cleaners in the North East estates with *Gardenia* bakery products.
4. Sponsoring the nation's 56^{th} National Day Parade ("**NDP**") by contributing approximately $103,000 worth of products, publicity support and cash sponsorship.
5. Providing hope and comfort to Singaporeans during the pandemic and strengthening *Gardenia's* brand relevance by launching two branding campaigns on social media: "Spread the Love, Live Healthier" and "Always Here with Love". The campaigns encouraged consumers to eat healthier and aimed to promote love, kindness and positivity within the community by assuring consumers that Gardenia Singapore would always be there, delivering freshly baked bread to all parts of Singapore every day.
6. Gardenia Philippines supported the community pantries in 177 areas in NCR and Region 4A-Calabarzon with bread donations of more than 28,000 *Gardenia* loaves.
7. BMA's Managing Director, Mr. Pascal Chaneliere, participated in the CEO Dare to Cure challenge by having his head shaved to raise money for the Children's Cancer Institute.

ENRICHING COMMUNITIES

Our CSR initiatives aim to impact the lives of our local communities by supporting a range of philanthropic, community and charitable causes, investing in our future generations, providing Covid-19-related aid, and promoting good health, love and positivity within the community. Our initiatives also reflect our continued commitment to delivering positive social impact and our continued support of the SDGs.

Supporting Philanthropic, Community and Charitable Causes

Gardenia

Singapore

Under its "*Gardenia Cares*" programme, Gardenia Singapore provided sponsorships to various community and charitable organisations in 2021, supporting underprivileged families, the disadvantaged, the disabled and the vulnerable elderly who had been badly hit by the Covid-19 pandemic.

7 Non-material EESG topic.

SUSTAINABILITY REPORT

Supporting vulnerable and lower-income families

- Following the first round of bread distribution to 440 vulnerable families living in Hong Kah North in 2020, Gardenia Singapore continued to reach out to another 560 households living in rental blocks as part of its commitment to assist 1,000 households under the South West District. As part of the Lunar New Year celebrations, 560 loaves of *Gardenia* wholemeal white bread and more than 1,000 pieces of *Gardenia* cream rolls together with mandarin oranges, were distributed by volunteers from both Gardenia Singapore and Hong Kah North Grassroots Organisations. The VIP of the event was 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.

- In collaboration with Central Singapore CDC's "Give & Take" Market initiative, Gardenia Singapore sponsored approximately 450 loaves of *Gardenia* wholemeal bread for needy families in Kampong Glam and Kim Seng in October and 4Q2021. "Give & Take" Market is a new initiative that aims to build a community of givers among corporations, local merchants and individuals. Vulnerable families can enjoy 'shopping' for the items of their choice at the "Give & Take" Market.

Donation to the Malay Youth Literary Association

- Gardenia Singapore made a donation to the Malay Youth Literary Association, which will go towards funding numerous sustainable programmes in 2021. These include "*Ramadan-on-Wheels*" to help the low-income community and the elderly, "*FRENZ Mentoring*" to help students from the Institutes of Technical Education (ITEs) who may have behavioral or self-esteem issues, "*Youth Edge*" to help young children and teenagers of incarcerated families, and "*Light Your Future*" to boost reading literacy among pre-school children from low-income families.

Supporting the Food, Drinks and Allied Workers Union

- In 4Q2021, Gardenia Singapore supported the Food, Drinks and Allied Workers Union's "Gift from the Heart 2021" event by sponsoring approximately 2,000 pieces of *Gardenia* cream rolls that formed part of the bags of daily necessities presented to approximately 2,000 lower-income union members in the hospitality, food and chemical industries.

Ramadan charity distributions

- To spread kindness to the Muslim community during the Ramadan period, Gardenia Singapore sponsored *Healthier Choice* products to two self-initiative food distribution groups:

- A family had organised a self-initiative food distribution for the month of Ramadan by setting up a Kindness Corner stocked with groceries and food items outside their HDB flat at Tampines for residents in need. Gardenia Singapore sponsored the initiative with 100 loaves of *Gardenia* wholemeal white bread and 200 pieces of *Gardenia* wholemeal cream rolls.

- In collaboration with Ghifari Events Management, a group of charity volunteers that come together to raise funds for the underprivileged, mosques, madrasahs and people with special needs, Gardenia Singapore sponsored 500 *Gardenia* wholemeal cream rolls during the Ramadan period to underprivileged families living in flats in Pasir Ris.

Supporting the elderly

- During the year, Gardenia Singapore continued its monthly sponsorships to the elderly under the Man Fut Tong Welfare Society by distributing approximately 3,700 loaves of *Gardenia* bread.

Gardenia Singapore distributed Gardenia bread and cream rolls with 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, to households living in rental blocks in Hong Kah North division within the South West District.

SUSTAINABILITY REPORT

Supporting the nation's National Day celebrations

- In support of the 56th National Day celebrations, Gardenia Singapore sponsored cash and products including approximately 13,500 pieces of *Gardenia* wholemeal cream rolls for the parade participants at the rehearsals, cash and publicity materials. To celebrate the nation's birthday with Singaporeans, Gardenia Singapore featured the 2021 National Day theme, "Together Our Singapore Spirit" on the commemorative overbands of the packaging of *Gardenia Enriched White Bread*, *Fine Grain Wholemeal*, and *100% Wholemeal Extra Soft & Fine Bread*. Other publicity platforms highlighting Gardenia Singapore's support included a full-page advertisement in the NDP 2021 Commemorative E-Book, ShopperPlus panels at FairPrice supermarkets and on social media channels.

- As part of the National Day celebrations and to communicate the message that Gardenia Singapore has faithfully been bringing freshly baked bread to generations of Singaporeans daily, a multi-generation National Day virtual cooking class in collaboration with Yoripe Cooking App was held in August 2021. A live cooking class was conducted online through Zoom and shared on the *Friends of Gardenia* Facebook page. The main chefs included a three-generation Chinese family (consisting of a grandmother, mother and daughter) and a two-generation Indian family (consisting of a mother and a pair of 7-year-old twins). Using *Gardenia* wholemeal and country loaves, the families created several Asian-flavoured recipes and used creative ingredients to create a representation of Singapore as a beautiful Garden and Lion City.

Gardenia Singapore provided bread sponsorships to support a family's Kindness Corner outside their HDB flat unit.

Supporting persons with disabilities

- In support of the Purple Parade, Singapore's largest inclusive movement for persons with disabilities since 2013, Gardenia Singapore organised a Facebook contest which featured several of its management and employees in the official Purple Parade T-shirt, holding statements to support inclusion and celebrate abilities of people with disabilities. The contest received very encouraging response from the public who shared their message of support with the hashtags of #SupportInclusion, #CelebrateAbilities and #AlwaysHereWithLove. The *Gardenia* brand name was also credited at the end of the Purple Parade Virtual Concert, which attracted about 20,000 viewers.

Philippines

During the year, Gardenia Philippines supported many charities, foundations and philanthropic causes with bread donations providing approximately 384,000 loaves to more than 400 organisations in NCR, Calabarzon, Cebu, Cagayan de Oro ("**CDO**"), and Pampanga. Other philanthropic, community and charitable causes include the following:

- **Supporting Community Pantries**
  In 2Q2021, community pantries sprouted all over the Philippines to help the needy. These food banks were found in various neighbourhood communities and carried the slogan, "*magbigay ayon sa kakayahan, kumuha batay sa pangangailangan*", meaning "give according to your means, take only what you need". Gardenia Philippines supported the community pantries in approximately 177 areas in NCR and Region 4A-Calabarzon with bread donations of more than 28,000 *Gardenia* loaves.

Management at Gardenia Singapore wore the official Purple Parade T-shirt and held statements to support inclusion and celebrate abilities of people with disabilities.

SUSTAINABILITY REPORT

Gardenia Philippines donated bread to community pantries in NCR and Region 4A-Calabarzon.

Gardenia Philippines continued its Nutrition Assistance Programme, a feeding programme for malnourished public elementary students.

- **Nutrition Assistance Programme**
  Gardenia Philippines continued its Nutrition Assistance Programme, a feeding programme for malnourished public elementary students. The programme aims to help improve the nutritional condition of malnourished students and consequently improve the students' performance in class. During the 2020-2022 school year, Gardenia Philippines donated approximately 25,000 loaves of bread to about 1,800 students in four schools in Biñan, Laguna.

- **Daily Bread Nutrition Programme**
  Under the Philippines' Daily Bread Nutrition Programme, Gardenia Philippines donated approximately 514,000 packs of bread to 84 charitable organisations in several areas in the country, such as, NCR, Calabarzon, Cebu, Tarlac, Pampanga, Bataan, CDO, Davao, General Santos, Butuan and Zamboanga. The Daily Bread programme aims to help improve the nutritional condition of the beneficiaries and help sustain food needs.

- **Quick Response Disaster Relief**
  Gardenia Philippines remained committed to providing immediate food relief to Filipinos affected by natural calamities and disasters. Through the Quick Response programme, Gardenia Philippines distributed more than 2,000 loaves to nearly 1,600 families affected by the volcanic activities of Taal Volcano in 3Q2021. As part of disaster relief efforts, Gardenia Philippines also donated approximately 42,000 packs of *Gardenia* bread to about 24,000 families affected by fires and typhoons in various areas.

Malaysia

During the year, Gardenia Malaysia played an active role in the community, extending the #GardeniaCares brand promise through a series of community-care programmes.

- Gardenia Malaysia supported more than 80 charitable homes and centres including old folks' homes, orphanages, centres and schools for the disabled and those with special needs, and rehabilitation centres, by delivering complimentary fresh products every day. Eight of these homes have been in Gardenia Malaysia's delivery list since the early 1990s. Gardenia Malaysia also delivered nutritious breakfasts to help alleviate hunger and provide better nutrition to more than 350 underprivileged students in several schools across Kuala Lumpur and Selangor.

- Gardenia Malaysia donated more than 25,000 pieces of cream rolls, buns and snack cakes to underprivileged students from 16 schools in Klang Valley, Pahang, Johor and Perak. Approximately 5,000 students had the *Gardenia* products for breakfast before sitting for their exams.

- Gardenia Malaysia's annual *Bag-2-School* Programme donated backpacks to students from low-income communities to help ease the burden of their families. During the year, Gardenia Malaysia's staff were invited to participate in the *Bag-2-School* Programme by contributing *Gardenia* water bottles to the students. The involvement of the staff in the charity programme has helped to foster a helpful and caring culture towards the underprivileged. Approximately 1,150 *Gardenia* backpacks, water bottles and goodie bags were distributed to 18 schools for the 2021 school-year students via the Department of Social Welfare Malaysia and several NGOs.

Gardenia Philippines donated approximately 42,000 packs of Gardenia bread to about 24,000 families affected by fires and typhoons in various areas.

SUSTAINABILITY REPORT

- Realising the increase in mental health cases in the community arising from the pandemic, Gardenia Malaysia collaborated with Mental Illness Awareness and Support Association to organise a Facebook live discussion in conjunction with the World Mental Health Day 2021. The discussion was based on the findings from a survey conducted by Gardenia Malaysia's social community partner, Cilisos Media, on how Malaysians were coping during the lockdown and identified the mental health red flags most people tend to miss. Being a brand that cares, Gardenia Malaysia initiated the on-going conversation on mental health, where experts covered tips for healthier mental well-being to help the community to move forward into the new norm. A "*Wellness Begins at Home*" mental health panel discussion was hosted on Gardenia Malaysia's Facebook page. Gardenia Malaysia aims to keep the conversation on mental health going in the hopes of cultivating greater action towards mental wellness especially within families at home.

Response to calamities

- During the flood calamity in 1Q2021, Gardenia Malaysia donated bread baskets to approximately 4,900 families in three critically affected areas – Temerloh, Kuala Lipis and Raub. A total of more than 11,000 units of *Gardenia* products were distributed by the Department of Social Welfare to the families at the relief centres.

- Gardenia Malaysia delivered its products to approximately 7,500 flood victims in the Temporary Evacuation Centre within the close vicinity of its factory immediately after the floods hit Shah Alam in December 2021. Gardenia Malaysia also partnered Shah Alam City Council (Majlis Bandaran Shah Alam) and Fire and Rescue Department of Selangor (Jabatan Bomba dan Penyelamat Selangor) to deliver products to other impacted areas. In total, more than 140,000 units of *Gardenia* products were delivered to 33 Relief Centres and individuals during the December 2021 flash floods.

Gardenia Malaysia donated more than 140,000 units of Gardenia products to 33 Relief Centres and individuals during the December 2021 flash floods.

Bakers Maison Australia

- BMA supported Cancer Council Australia by ordering its corporate "*Thank you*" cards from Charity Greeting Cards, an organization that has been working with Australian charities since 1999. The organisation donates a portion of the sales proceeds of the cards to the senders' charity of choice.

- As part of its ongoing waste management initiative, BMA 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 1H2021, BMA's Sales and Customer Experience departments hosted Australia's *Biggest Morning Tea*, where BMA employees and the public were encouraged to purchase items in a "2 for A$1" drive to raise funds for Cancer Council Australia.

Gardenia Malaysia's annual Bag-2-School Programme donated Gardenia backpacks, water bottles and goodie bags to students from low-income communities to help ease the burden of their families.

SUSTAINABILITY REPORT

- In 4Q2021, BMA donated 2 pallets of bread rolls to OzHarvest Australia, which is an organisation which collects and distributes donated food to charities or sells the donated food in weekly markets to raise funds to help people in need.

- In 4Q2021, BMA's Managing Director, Mr. Pascal Chaneliere, participated in the *CEO Dare to Cure* challenge by having his head shaved to raise funds for Children's Cancer Institute. Funds raised will be mainly spent on research and scientific activities to help cure childhood cancer.

- In 4Q2021, BMA donated gift packs to students in Broderick Gillawarna School as a Christmas giveaway. Broderick Gillawarna School caters for students aged 4 to 18 years old with moderate to severe intellectual disabilities, autism and physical disabilities.

Investing in the Future by Developing Young Students and Talent

Gardenia

Singapore

The *Gardenia Bursary* programme

- The *Gardenia Bursary* programme, established by Gardenia Singapore in 2017, involved the pledge of a gift of $100,000 each to the National University of Singapore's 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 2021, the bursary amounts were disbursed to award recipients.

Work Study programme and ITE Internship programme

- The Work Study and ITE Internship programmes aim to assist students by providing them with a head-start in careers related to their disciplines of study. Under the Work Study Programme in 2021, Gardenia Singapore engaged a student studying for an Advanced Diploma in Applied Food Science at Singapore Polytechnic for 18 months as an R&D technician. She was trained on the job to perform baking tests and microbiological tests for baking ingredients.

- Under the ITE Internship programme, Gardenia Singapore provided an internship opportunity to a special needs student with dyslexia and visual processing disorder from the Institute of Technical Education (ITE) College Central Ang Mo Kio. To help him gain experience in the corporate world, the student was given an opportunity to provide technical support and assist in reports, presentations and administrative duties in Gardenia Singapore's sales department over two months. A full-time Gardenia Singapore staff was appointed to coach and guide the intern in carrying out his duties as well as undertake a performance assessment at the end of his internship. For 2022, Gardenia Singapore plans to offer two industrial training internship positions, one for a Temasek Polytechnic student and the other for a Singapore Polytechnic student.

Malaysia

To help local university undergraduates prepare for future employment, Gardenia Malaysia offered 15 internship positions in 2021 to students from different fields of study to provide them with real-life working experience.

Bakers Maison Australia's Managing Director, Mr. Pascal Chaneliere, participated in the CEO Dare to Cure challenge by having his head shaved to raise funds for Children's Cancer Institute.

In appreciation of the hard work by frontline healthcare workers during the Covid-19 pandemic, Gardenia Singapore distributed Gardenia wholemeal cream rolls to various healthcare organisations.

SUSTAINABILITY REPORT

Contributing to the Community during the Covid-19 Pandemic

Gardenia

Singapore

Appreciating our frontline healthcare and essential workers

- In appreciation of the hard work by frontline healthcare workers during the Covid-19 pandemic, about 2,500 pieces of *Gardenia* wholemeal cream rolls were distributed to various healthcare organisations including Tan Tock Seng Hospital, Singapore General Hospital, Ng Teng Fong General Hospital and Seng Kang Hospital in 2021. As a gesture of appreciation, Gardenia Singapore also presented fifty-four loaves of *Gardenia wholemeal* bread to essential workers such as migrant workers and cleaners in the North East estates through the North East CDC.

Singapore Kindness Day

- In celebration of Singapore Kindness Day, Gardenia Singapore supported its long-term corporate partner, Singapore Kindness Movement (SKM) in a social media contest to encourage the public to show their appreciation to frontline workers. Members of the public were invited to follow a step-by-step guide and create a DIY Kindness Gerbera (flower) Card using any yellow-coloured *Gardenia* packaging. To spread love and kindness in the community, participants were invited to pen a thank you note or encouraging message to our frontline workers.
- To encourage wider participation, the Kindness activity was also incorporated into the programme at Gardenia Singapore's virtual factory tour and this received positive feedback from the participants. A collage of all entries received was featured on social media as part of the celebration for Singapore Kindness Day.

Helping vulnerable families in Bishan

Through a collaboration with Bishan Community Club, 70 vulnerable families living in Bishan were supported by Gardenia Singapore with weekly sponsorships of *Gardenia Super Soft & Fine Enriched Wholemeal White Bread* for a three-month period. The initiative aimed to provide the families with better nutrition during the Covid-19 pandemic. A total of 980 loaves were distributed over the three-month period.

Encouraging seniors to get their Covid-19 vaccinations

To support the vaccination drive and encourage more seniors to get their Covid-19 vaccinations, Gardenia Singapore sponsored 480 healthier wholemeal loaves to the vaccination centres of various community centres such as Nee Soon East CC, Bishan CC and Marine Parade CC.

Philippines

In the Philippines, Gardenia continued its bread donations to frontline workers, distributing about 37,000 packs of bread loaves to medical workers in 65 hospitals located in NCR, Laguna, and Cavite.

Gardenia Singapore held a social media contest to encourage the public to create a DIY Kindness Gerbera (flower) Card to show their appreciation to frontline workers.

Gardenia Philippines donated bread to medical workers in hospitals.

SUSTAINABILITY REPORT

Malaysia

- Gardenia Malaysia collaborated with several NGOs and the Department of Social Welfare to distribute bread baskets to vulnerable B40 families whose incomes were most affected by the Covid-19 pandemic. In 2021, approximately 505,500 units of *Gardenia* products with a value of approximately RM1 million were donated through the "*Gardenia Covid-19 Aid Programme*".

- In support of the National Covid-19 Immunisation Programme and to show appreciation to the medical staff and volunteers on duty at the vaccination centres, Gardenia Malaysia contributed more than 140,000 units of *Gardenia* products, including sweet and savoury buns, cream rolls, muffins and cakes to 185 vaccination centres. The snacks were individually packaged and could be conveniently consumed during the frontliners' breaktimes.

Bakers Maison Australia

- To support vulnerable communities suffering from food shortages during the Covid-19 pandemic, BMA donated 48 cartons of hot dog rolls to *Foodbank*, Australia's largest food relief organisation, during Australia's lockdown in September 2021. The products were subsequently distributed to the needy across NSW.

Branding Campaigns to Promote Good Health, Love and Positivity Within the Community

Through branding campaigns, Gardenia Singapore promotes good health, love and positivity within local communities and aims to assure consumers about its continued commitment in providing quality products.

Gardenia Malaysia collaborated with several NGOs and the Department of Social Welfare to distribute bread baskets to vulnerable B40 families whose incomes were most affected by the Covid-19 pandemic.

Gardenia Malaysia contributed Gardenia products to show appreciation to the medical staff and volunteers on duty at Covid-19 vaccination centres in Malaysia.

Gardenia

Singapore

"Spread the Love, Live Healthier" branding campaign

- The Covid-19 pandemic has caused a major change in consumer behaviour and mindset. With uncertainty from the health risks caused by Covid-19 and financial impacts of the economic downturn, consumers became increasingly concerned about consuming healthier foods to enhance wellness while being more cautious with their expenditure, especially on staple foods.

- In support of this increased concern for healthier lifestyles and focus on price affordability, Gardenia Singapore launched the "*Spread the Love, Live Healthier*" campaign in 1H2021 to encourage consumers to opt for a healthier diet by sharing engaging content on social media about the benefits of wholegrains and the different nutritional benefits of *Gardenia's* range of low-sugar and low-glycemic index loaves. To further promote the campaign message, a series of retail promotions for *Gardenia's* wholemeal products were launched in-store. In addition to highlighting the benefits of wholegrains, the price-off promotions provided consumers with more affordable prices and savings during the economic recession.

"*Always Here with Love*" branding campaign

- To provide hope and comfort to Singaporeans facing difficult and uncertain times during the Covid-19 pandemic, Gardenia Singapore continued to spread positivity, gratitude and warmth to the community in a continuation of its 2020 "*Spread the Love*" branding campaign.

SUSTAINABILITY REPORT

- The "*Always Here with Love*" branding campaign was launched in July 2021 to evoke emotions that would resonate with consumers. The campaign aimed to evoke familiar and warm memories of *Gardenia* as a loyal and caring local brand which was always around, serving multiple generations of families in Singapore through thick and thin.

- The campaign was launched close to Singapore's National Day 2021 to leverage on the positive Singapore spirit during the national celebrations and to promote the spirit of unity and inclusivity for a kinder and more loving Singapore.

- Gardenia Singapore communicated its support of diversity and inclusivity on its social media platforms, aligning with the national day theme of "*Together Our Singapore Spirit*". A social media contest was held to encourage Facebook fans to share how they show love and embrace an inclusive community to win enamel mugs, featuring beautiful art pieces of local scenes painted by differently abled makers from i'mable Collective.

- As part of the campaign, a branding video was launched to highlight Gardenia Singapore's commitment to supporting inclusive hiring practices. The video showcased how the company had fostered a conducive working environment for people with disabilities through the story of a deaf and mute employee who has been working in Gardenia Singapore's bun factory for 10 years.

- To further strengthen the campaign's message of Gardenia Singapore being a homegrown brand which is committed to providing quality products of good value, another branding video was created and launched in 3Q2021 to communicate how Gardenia Singapore provided for the needs of the community. This is done through a story of a Gardenia van salesman who continued to stay and work in Singapore to provide for his family in Malaysia during the pandemic. In the same way that the van salesman showed love for his family, the message was that Gardenia Singapore would always be there for its consumers, through its commitment to provide freshly baked bread.

- From November 2021, the "*Always Here with Love*" campaign focused on showing appreciation to delivery personnel who had been working tirelessly to deliver essentials and food to all parts of Singapore especially during the pandemic. A social media contest was launched in November to encourage Gardenia Singapore's Facebook fans to create "Thank you" cards for delivery riders by making flower origami using *Gardenia* bread packaging. In December, Gardenia Singapore collaborated with five Fraser Malls in Singapore to distribute approximately 300 loaves of *Gardenia* festive bread and "Thank you" cards to the food delivery riders.

Gardenia Singapore held a social media contest to encourage its Facebook fans to share how they showed love and embraced an inclusive community.

Gardenia Singapore's Facebook fans were encouraged to create "Thank you" cards for delivery riders by making flower origami using Gardenia bread packaging.


B
C
Gardenia
Gardenia
Gardenia
Gardenia


Gardenia
thank you
Dear frontline heroes
Gardenia


Gardenia
GARDENIA CARES.
HAVE A BREAK!


FOUNDATION
CONVALESCENC
WARD
THANK YOU!!!

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

In this Corporate Governance Report, QAF Limited ("**QAF**" or the "**Company**") describes its corporate governance practices for the financial year ended 31 December 2021 ("**FY2021**") 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 15 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. This report excludes the Primary Production business as completion of the sale of this business took place on 4 January 2022.

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 the 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 the 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 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 ("**SGX-ST**") and any matter which the Executive Committee considers to be material for deliberation by the Board. Please refer to pages 97 and 98 of this report (Principle 9 "Provisions 9.1 and 9.2") for more information on matters where decisions require Board approval. During FY2021, the Executive Committee reported to the Board on significant decisions and developments relating to the Group

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

on at least a half-yearly basis. The long-term vision and strategy for the Company is formulated and discussed at 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 FY2021, 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 FY2021 attendance and participation of the Directors at Board and Committee meetings as well as the Company's general meetings including the Annual General Meeting in April 2021 ("**AGM**"), is set out below:

	Board	Audit & Risk Committee	Nominating Committee	Remuneration Committee	AGM	EGM
Number of meetings held in FY2021	4	2	1	1	1	1
Name of Director	**Number of meetings attended in FY2021**					
Didi Dawis[(1)]	1	N/A	N/A	1	1	N/A
Andree Halim	4	N/A	1	1	1	1
Lin Kejian	4	N/A	N/A	N/A	1	1
Goh Kian Hwee	4	N/A	N/A	N/A	1	1
Tan Teck Huat[(2)]	1	N/A	N/A	N/A	1	N/A
Tan Hang Huat[(2)]	–	N/A	N/A	N/A	1	N/A
Gianto Gunara[(2)]	1	N/A	N/A	N/A	1	N/A
Ong Wui Leng[(3)]	4	1	1	N/A	1	1
Choo Kok Kiong	4	N/A	N/A	N/A	1	–
Dawn Pamela Lum	4	2	1	1	1	1
Triono J. Dawis[(4)]	4	2	N/A	N/A	1	1
Lee Kwong Foo Edward	4	2	N/A	N/A	1	1
Norman Ip[(5)]	2	1	N/A	N/A	N/A	1
Chee Teck Kwong Patrick[(6)]	2	1	N/A	N/A	N/A	1

(1) Mr Didi Dawis ceased to be a Director and a member of the Remuneration Committee with effect from 30 April 2021.
(2) Mr Tan Hang Huat, Mr Gianto Gunara and Mr Tan Teck Huat ceased to be Directors with effect from 30 April 2021.
(3) Ms Ong Wui Leng ceased to be a member of the Audit & Risk Committee and the Nominating Committee with effect from 30 April 2021. She was appointed Group Finance Director with effect from 1 May 2021.
(4) Mr Triono J. Dawis was appointed to the Nominating Committee with effect from 1 May 2021.
(5) Mr Norman Ip was appointed as a Director and Chairman of the Audit & Risk Committee with effect from 1 May 2021.
(6) Mr Chee Teck Kwong Patrick was appointed as a Director and a member of each of the Audit & Risk Committee and the Remuneration Committee with effect from 1 May 2021.

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(AS AT 15 MARCH 2022)

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.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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 10 Directors, five of whom are, in the Board's judgment, independent Directors, constituting more than one-third of the Board. As at the date of this Report, our independent Directors are Ms Dawn Pamela Lum, Mr Triono J. Dawis, Mr Lee Kwong Foo Edward, Mr Norman Ip and Mr Chee Teck Kwong Patrick. Ms Dawn Pamela Lum is the Lead Independent Director. A majority of the Board comprises non-executive Directors, namely, seven out of 10.

The independence of each Director is reviewed annually by the Nominating Committee (with the relevant Nominating Committee member abstaining in respect of himself/herself). In its deliberation on the independence of Directors in FY2021, 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 Nominating Committee also considered the principle-based definition of "independence" in the Code (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.

The new Rule 210(5)(d)(i) of the Listing Manual affecting the independence of directors who have served for more than nine years took effect from 1 January 2022. The Company had in May 2021 announced changes to the composition of the Board, in particular in light of the nine-year rule. As announced, the then Chairman of the Board, Mr Didi Dawis, stepped down and Mr Andree Halim assumed the position of Chairman. In addition, three other Directors stepped down (namely, Mr Tan Hang Huat, Mr Gianto Gunara and Mr Tan Teck Huat) and two new independent Directors were appointed (namely, Mr Norman Ip and Mr Chee Teck Kwong Patrick). Mr Andree Halim is a non-independent, non-executive Director. The Company will be appointing additional independent director(s) so that a majority of the Board will comprise independent directors in line with Provision 2.2 of the Code. In this respect, the Company's current position is a variation from Provision 2.2 of the Code, which provides that independent directors are to make up a majority of the board of directors where the Chairman is not independent. It is noted however that, in line with Provision 3.3 of the Code, the Company has a Lead Independent Director. Under Provision 3.3, the board of directors is to have a lead independent director especially when the chairman is not independent. The Company has identified and is reviewing a few candidates for independent directorship and will make further announcement(s) on the appointment of additional independent director(s) in due course.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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, insurance, 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. As mentioned above, two new independent Directors were appointed in FY2021. Two of our Board Committees are chaired by our female Director, Ms Dawn Pamela Lum who is also our Lead Independent Director. Our Board has two directors below the age of 45, Mr Lin Kejian (age 43) and Mr Triono J. Dawis (age 40). Mr Lin Kejian is Joint Group Managing Director, who focuses on strategic matters. Mr Triono J. Dawis' contributes fresh perspective and to robust debates during Board and Committee discussions. Ms Rachel Liem Yuan Fang, aged 26, alternate Director to Mr Andree Halim, is being prepared for future leadership role. Further information on our Directors is found in the section of the Annual Report entitled "Board of Directors" at pages 12 to 15.

Whilst the Board consists of 10 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 including professional network of the other Board members. The two non-independent, non-executive Directors of the Company 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 the Board has an appropriate level of independence and that the size of the Board, and that of the Board Committees, is also appropriate. They 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 and background, so as to foster constructive and robust debate and avoid "groupthink". On this basis, the Board believes that whilst at present, a majority of the Board does not comprise independent directors in line with Provision 2.2 of the Code, the Company's practice is consistent with the intent of Principle 2 of the Code.

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* 2021 published by the Singapore Institute of Directors ("**SID**") states that 47.3% of listed companies reviewed for the purpose of the report have no female directors and, for mid-cap companies (S$300 million to S$1 billion), only 28% have two or more female directors. Currently, the Company's two female Directors represent 20% of our Board. 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 and functional expertise and industry expertise), QAF was ranked 6th amongst mid-cap SGX-ST listed companies. 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

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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*

Provision 3.1 of the Code states that "The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making". The Chairman and the Joint Group Managing Directors of the Company are separate persons. The Board believes that the Company has not varied from Provision 3.1. Mr Andree Halim is the non-executive Chairman of the Board. Mr Andree Halim and one of the Joint Group Managing Directors, Mr Lin Kejian, are immediate family members. The Board had considered that whilst Mr Andree Halim and Mr Lin Kejian are immediate family members, the other Joint Group Managing Director, Mr Goh Kian Hwee, is not a relative of either of them. Mr Lin Kejian focuses on strategic direction of the Group. Whilst Mr Goh Kian Hwee also focuses on the Group's strategic direction, oversight of the Group's affairs is handled by him. More importantly, decision making is exercised by the Executive Committee or the full Board (as set out in the terms of reference of the Executive Committee – please see the disclosures under Principle 1 "Provisions 1.1, 1.3, 1.4 and 1.5"). The Executive Committee comprises four directors (Mr Andree Halim, Mr Lin Kejian, Mr Goh Kian Hwee and Ms Ong Wui Leng). Mr Andree Halim and Mr Lin Kejian do not comprise a majority of the Executive Committee. In addition, Mr Andree Halim and Mr Lin Kejian, together, do not comprise a majority of the Board. On this basis, no single Director of the Company has unfettered powers of decision making whether at Executive Committee level or full Board level. The Nominating Committee and the Board considered that in the circumstances, there is sufficient balance of power and accountability, and the capacity of the Board for independent decision making is not prejudiced, and that the Company's practice is consistent with the intent of Principle 3 of the Code.

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(AS AT 15 MARCH 2022)

(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 Mr Triono J. Dawis. 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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(AS AT 15 MARCH 2022)

(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 FY2021, please refer to the section dealing with Principle 2 "Provisions 2.1, 2.2, 2.3 and 2.4" on pages 86 to 88 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 15 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.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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 FY2021, 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.

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.*

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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 Andree Halim and Mr Chee Teck Kwong Patrick. 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 FY2021.

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.

(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 FY2021, 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, 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 or declaring, as the case may be, an annual interim and final dividend of $0.05 per share for FY2021 amounting to a total approximately S$28.8 million although the Group's profit after tax for continuing operations attributable to shareholders for such financial year amounted to approximately S$22.2 million (see the write-up on considerations regarding recommendation/declaration of dividends on page 106 of

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this report under "*Provision 11.6*"). 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 continuing succession planning; the key strategic sale of the Primary Production business which had historically been a cyclical, volatile business dependent on and affected by various risk factors; 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); effective management of crises (such as managing the impact of the floods in Malaysia and two major incidents of cyberattacks on the Group in FY2021, where through effective management, the scammers were unsuccessful in their attempted theft of the Group's monies. See the disclosure on page 100 of this report under "*Information technology risks such as cybersecurity challenges*") 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 discontinued operations) which span several countries and generated revenue of approximately S$1.2 billion in FY2021.

For FY2021, 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).

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The Company did not have contractual provisions to reclaim incentive components of remuneration from FY2021 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.

(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 Other members	 S$30,000 S$20,000
Nominating/Remuneration Committee Chairman Other members	 S$20,000 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 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 FY2021 (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

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but also in other jurisdictions where it operates. As disclosed by the Company previously, 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 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 varied 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 2021* disclosed that of the 695 listed companies studied, 38.3% disclosed detailed compensation information of their board members in accordance with Provision 8.1 of the Code and 54% disclosed in bands. For mid-cap companies, 51.2% of the companies studied disclosed compensation of their board members in bands. In the consumer staples sector, 61.9% of companies studied did not provide detailed disclosure of individual director remuneration (this is an increase from 58.1% of companies in the consumer staples sector in the previous study reported in 2019).

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 the Annual Report, the total FY2021 remuneration of its five key management personnel (including the executive Directors). It has also disclosed the FY2021 remuneration of such key management personnel in band(s) as set out below. The total FY2021 remuneration of QAF's five key management personnel (including the executive Directors) was S$4.99 million (versus S$5.02 million for FY2020). 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	79%	20%	1%	100%
S$600,000 to S$750,000[(2)]				
Ong Wui Leng	78%	19%	3%	100%

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Key Management Personnel (other than Directors)

Remuneration[1] Band	**Number of Key Management Personnel**
Below S$600,000	3

(1) Includes employer's CPF contribution and (where applicable) car benefits.
(2) On an annualized basis.

The fees payable to the non-executive Directors of the Company who served in FY2021, 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 (From 1.1.2021 to 30.4.2021)	S$25,000
Andree Halim	Vice-Chairman/Chairman of the Board Member of Nominating Committee Member of Remuneration Committee	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	Member of the Board Chairman of Audit & Risk Committee Member of Nominating Committee (From 1.1.2021 to 30.4.2021)	S$25,000
Lee Kwong Foo Edward	Member of the Board Member of Audit & Risk Committee	S$50,000
Tan Hang Huat	Member of the Board (From 1.1.2021 to 30.4.2021)	Elected not to receive Directors' fees
Gianto Gunara	Member of the Board (From 1.1.2021 to 30.4.2021)	Elected not to receive Directors' fees
Choo Kok Kiong	Member of the Board	Elected not to receive Directors' fees
Triono J. Dawis	Member of the Board Member of Audit & Risk Committee Member of Nominating Committee (From 1.5.2021 to 31.12.2021)	S$60,000

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Name of Director		Directors' Fees
Norman Ip	Member of the Board Chairman of Audit & Risk Committee (From 1.5.2021 to 31.12.2021)	S$40,000
Chee Teck Kwong Patrick	Member of the Board Member of Audit & Risk Committee Member of Remuneration Committee (From 1.5.2021 to 31.12.2021)	S$43,333
	Total	**S$338,333**

(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 for FY2021. 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 FY2021 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.

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

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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.

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's continuing operations, which are not listed in the order of significance, as at 31 December 2021 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. For example, 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.
Fluctuating commodity prices	Fluctuations in raw material prices (for example, flour) and fuel prices affect the Group.
Adverse weather conditions	Adverse weather events can impact the business including operations on production sites (for example, floods) and raw material supply and costs. Drought and other adverse weather impact the cost of grain and other ingredients. Owing to climate change, extreme weather conditions are now more prevalent. One of our factories in Malaysia was badly affected by one of the worst floods in decades arising from torrential rains. Our natural disaster insurance policies and consequential loss policies are subject to maximum claimable amounts.

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Risk	
Increasing cost of operations and distribution	Increase in costs of operations, including labour, maintenance, energy, transportation and distribution costs.
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.
Food safety	Food safety risks include products not satisfying product or food safety requirements and the contamination of ingredients due to non-compliance of product handling procedures. 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 factories, facilities and IT infrastructure are also at risk of shutdown from natural disasters, breakdowns, epidemics and cyberattacks. • The Group's operating entities have, as a risk management measure, adopted stringent health and safety measures including arranging for testing and vaccination of staff. Nevertheless, business risks remain as the situation may worsen or continue with multiple waves of infection, increased lockdown measures, spread of Covid-19 variants and waning efficacies of vaccines. Such risks include, but are not limited to disruption of supply chains including higher costs of materials such as flour, energy and packaging materials, higher inventory and shipping costs, temporary closure of production, processing and warehousing facilities, labour shortages, increased costs of implementing safe management measures including sanitation requirements, testing and vaccination costs, and workplace distancing measures such as split operations / additional shifts, hardship allowances and work from home arrangements, as well as credit risks, especially for retail food service sector, as more companies go into financial difficulties. • There are ongoing issues relating to older facilities. Gardenia Singapore has been upgrading its production facilities in Singapore (please refer to page 7 of the Joint Group Managing Directors' Report for more information). As existing facilities have been in operation for many years, it is necessary to upgrade the facilities.

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Risk	
Information technology risks such as cybersecurity challenges	With increasing use and transition to online rather than face-to-face interactions with both internal and external parties, in particular in light of the Covid-19 pandemic, the risk of cyberattacks and other information technology fraud and scams pose increasing challenges. For example, cyberattacks and online hacking and scams have become more frequent and increasingly harder to detect and destructive, and can adversely impact our business, operations, customers and suppliers. Data privacy breaches from cyberattacks may undermine customer confidence and result in regulatory penalties and/or possible litigation with customers, suppliers and other parties. In fact, in FY2021, the Group was affected by two major cyberattacks, but through effective management, the scammers were unsuccessful in their attempted theft of the Group's monies. Following the attacks, the Group strengthened and continues to enhance its processes in respect of future cybersecurity attacks. However, the risk of further attacks remains and cyberattacks are not covered by insurance.
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 FY2021 were presented to the Audit & Risk Committee for discussion. The following key audit matters in respect of FY2021 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 FY2021. Please refer to page 116 of this Annual Report.

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Key audit matter	How Audit & Risk Committee reviewed these matters and what decisions were made
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 FY2021. Please refer to page 117 of this Annual Report.

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 Covid-19 pandemic has also hampered on-site visits and face-to-face interactions. 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 FY2021:

(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 2021 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, Group 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, Group 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.

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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 Mr Norman Ip (chairman), Ms Dawn Pamela Lum, Mr Lee Kwong Foo Edward, Mr Triono J. Dawis and Mr Chee Teck Kwong Patrick.

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, Mr Norman Ip, is a Chartered Accountant by training and has experience as director, chief executive officer and senior management in listed entities, including on audit and/or risk committees. 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. Mr Chee Teck Kwong Patrick is a commercial lawyer by training and has many years of experience as an independent director and member of the audit committee of other listed entities.

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

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- 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
- 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 had in place in FY2021 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 primary reporting line of the Head of Internal Audit is 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.

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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.

Prior to the annual re-appointment of the external auditor, its independence is reviewed by the Audit & Risk Committee. The Audit & Risk Committee noted that the fees for non-audit services provided by the auditors for FY2021 exceeded 50% of the audit fees. The fees for audit and non-audit services in FY2021 amounted to approximately S$908,000 and S$627,000, respectively. A significant portion of the non-audit fees was in respect of services relating to the sale of the Group's Primary Production business in Australia. E&Y has informed the Committee that it has evaluated its independence and, *inter alia*, that it has established processes in place to safeguard its independence. E&Y had also confirmed to the Audit & Risk Committee that the non-audit services provided during FY2021 have not impaired its independence, and that it is not aware of any other relationships between E&Y and the Company and its subsidiaries that may reasonably be thought to bear on its independence. Accordingly, E&Y has confirmed to the Committee that it is independent within the meaning of the Singapore Accountants (Public Accountants) Rules and the requirements of the Companies Act for the purpose of its audit of the financial statements of the Company for FY2021. Taking into account the nature of the non-audit services provided and the foregoing, the Audit & Risk Committee is of the opinion that the non-audit fees paid to the auditors for FY2021 would not compromise the independence of E&Y. Taking into consideration the foregoing, the Audit & Risk Committee recommended to the Board the re-appointment of the external auditor for FY2022 (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 and subject 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 (for example, competitive landscape and significant trends).

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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;
- 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 including those relating to the Covid-19 pandemic, 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 the Company's Constitution or applicable law. 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 and subject to requirements of the listing rules.

(2) *Provision 11.3*

All members of the Board as at that date attended the AGM of the Company in FY2021, 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.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

(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 FY2021, 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, 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 and, subject to applicable laws, they may exercise their right to speak or raise relevant questions, vote, and have the opportunity to communicate their views on various matters affecting the Company. Under current applicable laws and/or listing rules, the Company publishes its replies to substantial and relevant questions raised by shareholders. 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, the financial strength of the Group's balance sheet and the Company's strategy of value creation to enhance shareholder value. The Group's balance sheet was strengthened in January 2022 with the sale proceeds from the discontinued operations. In line with the strategy of value creation

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

to enhance shareholder value, balanced by the Company's prudent capital management policy, the Board has decided to recommend a final dividend of $0.04 per share for FY2021. Together with the interim $0.01 dividend paid in 2021, the total dividend for FY2021 would amount in total to $0.05 per share or a total of $28.8 million, although the FY2021 profit after tax from continuing operations attributable to shareholders amounted to $22.2 million. Dividends recommended or declared for payment are announced on SGXNET. 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. Subject to applicable laws and/or rules, in relation to 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 certain 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.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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 FY2021.

(3) *Provision 13.3*

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

Interested Person Transactions for FY2021

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.	1,054
Tiong Lian Food Pte Ltd – Sale of products (pork products)	See Note (2)	N.A.	4,041

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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)
Austral Dairy Group Sdn. Bhd. – Sale of products (cheese)	Entity in which Mr Andree Halim and immediate family member of Ms Rachel Liem Yuan Fang have an interest	N.A.	2,603
Salim Group – Purchase of raw materials including flour	See Note (1)	N.A.	16,782
Salim Group – Purchase of finished products (noodles)	See Note (1)	N.A.	372
Austral Dairy Group Sdn. Bhd. – Purchase of finished products (processed cheese)	Entity in which Mr Andree Halim and immediate family member of Ms Rachel Liem Yuan Fang have an interest	N.A.	1,805
TOTAL			**26,657**

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.

Save as may be disclosed in the 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 FY2021, or if not then subsisting, entered into since the end of FY2020.

CORPORATE GOVERNANCE REPORT

(AS AT 15 MARCH 2022)

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 2021.

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 2021 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:–

Andree Halim	(Chairman)
Lin Kejian	(Joint Group Managing Director)
Goh Kian Hwee	(Joint Group Managing Director)
Ong Wui Leng	
Choo Kok Kiong	
Dawn Pamela Lum	
Triono J. Dawis	
Lee Kwong Foo Edward	
Norman Ip	(Appointed on 1 May 2021)
Chee Teck Kwong Patrick	(Appointed on 1 May 2021)
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 Companies Act 1967 of Singapore (the "Act"), 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 1.1.2021	At 31.12.2021	At 21.1.2022	At 1.1.2021	At 31.12.2021	At 21.1.2022
Number of shares in QAF Limited						
Andree Halim	–	–	–	394,629,813	394,629,813	394,629,813
Lin Kejian	47,600	47,600	47,600	277,369,871	277,369,871	277,369,871
Rachel Liem Yuan Fang	432,900	432,900	432,900	–	–	–

Save as disclosed above and save that during the financial year up till 20 December 2021, Mr Lin Kejian had an interest in 3,600,000 issued shares which constituted 45% of the total share capital of Gaoyuan Pte Ltd (which was up till 20 December 2021 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 2021.

DIRECTORS' STATEMENT

Audit & Risk Committee

The Audit & Risk Committee is tasked with performing the functions specified in the Act in respect of audit committees. The Corporate Governance Report deals with the responsibilities of the Audit & Risk Committee.

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

Ong Wui Leng
Director

Singapore
15 March 2022

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021, the consolidated statements of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated of cash flows 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 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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 2021

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

Key audit matters (cont'd)

Disposal group held for sale

In 2020, the Group announced its decision to pursue a sale of its Primary Production business, which represents a separate major line of the Group's business. On 8 June 2021, the Group entered into a sale and purchase agreement to dispose of its Primary Production business to Industry Park Pty Ltd, which is part of JBS S.A.. The Group completed the disposal on 4 January 2022.

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 2021. The Group recorded a cumulative loss of $24.0 million on re-measurement of the disposal group held for sale to fair value less costs to sell for the financial year ended 31 December 2021.

The classification of the Primary Production business as a disposal group held for sale requires 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. We also reviewed Board meeting minutes, SGX announcements and relevant internal and external documents, including the sale and purchase agreement, in relation to the sale of the Primary Production business as part of our assessment of 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 of 31 December 2021, 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, in particular the sale price and the mechanism used to determine such price. 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 10 in the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 $74.9 million as of 31 December 2021. Note 20 to the financial statements provides information on 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 its value in use when there is objective evidence that the investment in joint venture may be impaired. This requires management to exercise judgement in making the impairment assessment and make a number of assumptions in the underlying cash flow projections which are 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 assessed the valuation methodology and the reasonableness of key assumptions used to estimate the recoverable amount of the investment in joint venture. The key assumptions include the forecast 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 forecast revenue growth rates by comparison to recent and actual performance and available external market data. We involved our internal valuation specialists to independently develop expectations of the discount rate for reasonableness. We also 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.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Terry Wee Hiang Bing.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
15 March 2022

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Continuing operations			
Revenue	3	558,976	561,785
Costs and expenses			
Costs of materials		293,071	277,542
Staff costs	4	109,931	109,871
Amortisation and depreciation	5	34,385	33,875
Repairs and maintenance		14,190	13,696
Utilities		17,138	15,545
Advertising and promotion		5,516	7,427
Other operating expenses		59,786	52,415
Total costs and expenses		(534,017)	(510,371)
Profit from operating activities	6	24,959	51,414
Finance costs	7	(1,960)	(2,576)
Exceptional items	8	1,519	–
Share of profits of joint venture		4,223	5,562
Profit before tax from continuing operations		28,741	54,400
Income tax expense	9	(6,344)	(12,147)
Profit after tax from continuing operations		22,397	42,253
Discontinued operations			
Profit/(loss) after tax from discontinued operations	10	31,077	(13,693)
Profit after tax		53,474	28,560
Attributable to:			
Owners of the parent			
– Profit after tax from continuing operations		22,220	42,066
– Profit/(loss) after tax from discontinued operations		29,863	(14,330)
		52,083	27,736
Non-controlling interests			
– Profit after tax from continuing operations		177	187
– Profit after tax from discontinued operations		1,214	637
		1,391	824
		53,474	28,560
Earnings per ordinary share (basic and diluted):			
From continuing operations	11	3.9 cents	7.3 cents
From continuing and discontinued operations	11	9.1 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 2021

	2021 $'000	2020 $'000
Profit after tax	53,474	28,560
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain/(loss) on defined benefit plans	916	(469)
Items that may be reclassified subsequently to profit or loss:		
Currency translation arising on consolidation	(8,834)	10,498
Fair value changes on investment security at fair value through other comprehensive income reclassified to profit or loss	–	21
Share of other comprehensive income of joint venture	(1,189)	(318)
Other comprehensive income for the year, net of tax	(9,107)	9,732
Total comprehensive income for the year	44,367	38,292
Total comprehensive income attributable to:		
Owners of the parent	43,087	37,542
Non-controlling interests	1,280	750
	44,367	38,292
Total comprehensive income attributable to owners of the parent:		
From continuing operations, net of tax	17,739	45,048
From discontinued operations, net of tax	25,348	(7,506)
	43,087	37,542

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS					
Current assets					
Inventories	12	50,903	45,150	–	–
Trade receivables	13	79,448	77,536	–	–
Other receivables	14	27,249	17,520	87,971	88,275
Tax recoverable		6,440	4,546	–	–
Cash and cash equivalents	15	88,705	81,362	38,357	36,488
Assets belonging to disposal group classified as held for sale	10	306,111	293,824	–	–
		558,856	519,938	126,328	124,763
Non-current assets					
Property, plant and equipment	16	217,338	238,567	3,420	3,600
Right-of-use assets	17	22,475	25,837	327	267
Investment in subsidiaries	18	–	–	101,532	100,132
Advances to subsidiaries	19	–	–	156,067	97,530
Investment in joint venture and associate	20	75,047	78,497	–	–
Intangibles	21	168	158	83	55
Deferred tax assets	22	4,276	5,084	–	–
		319,304	348,143	261,429	201,584
Total assets		878,160	868,081	387,757	326,347

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
LIABILITIES					
Current liabilities					
Trade payables	23	61,695	43,062	87	87
Other payables	24	55,576	53,846	12,730	4,384
Short-term borrowings	25	2,943	6,114	–	–
Long-term borrowings – current portion	26	4,526	5,666	–	–
Lease liabilities – current portion	17	3,325	3,538	92	94
Income tax payable		3,236	3,744	494	692
Liabilities belonging to disposal group classified as held for sale	10	154,229	160,181	–	–
		285,530	276,151	13,403	5,257
Non-current liabilities					
Other payables	24	9,139	11,962	3,539	4,214
Long-term borrowings	26	25,569	32,354	–	–
Lease liabilities	17	20,592	23,657	247	183
Deferred tax liabilities	22	5,002	7,038	739	856
		60,302	75,011	4,525	5,253
Total liabilities		345,832	351,162	17,928	10,510
Net assets		532,328	516,919	369,829	315,837
CAPITAL AND RESERVES					
Share capital	27	277,043	277,043	277,043	277,043
Reserves	28	253,511	239,267	92,786	38,794
Equity attributable to owners of the parent		530,554	516,310	369,829	315,837
Non-controlling interests		1,774	609	–	–
Total equity		532,328	516,919	369,829	315,837

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 2021

	Note	Attributable to owners of the parent							
		Share capital $'000	Capital 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 2021		277,043	(1,511)	243,526	2,296	(5,044)	516,310	609	516,919
Total comprehensive income for the year									
Net profit for the year		–	–	52,083	–	–	52,083	1,391	53,474
Other comprehensive income for the year:									
– Currency translation arising on consolidation		–	–	–	(4,467)	(4,236)	(8,703)	(131)	(8,834)
– Actuarial gain on defined benefit plans		–	–	896	–	–	896	20	916
– Share of other comprehensive income of joint venture		–	–	–	(1,189)	–	(1,189)	–	(1,189)
Other comprehensive income for the year, net of tax		–	–	896	(5,656)	(4,236)	(8,996)	(111)	(9,107)
Total comprehensive income for the year		–	–	52,979	(5,656)	(4,236)	43,087	1,280	44,367
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Transfer to other payables		–	–	–	–	–	–	(1,214)	(1,214)
Dividends	29	–	–	(28,843)	–	–	(28,843)	(208)	(29,051)
Total contributions by and distributions to owners		–	–	(28,843)	–	–	(28,843)	(1,422)	(30,265)
Change in ownership interest in subsidiary									
Disposal of subsidiary		–	–	–	–	–	–	1,307	1,307
Total change in ownership interest in subsidiary		–	–	–	–	–	–	1,307	1,307
Total transactions with owners in their capacity as owners		–	–	(28,843)	–	–	(28,843)	(115)	(28,958)
Balance at 31 December 2021		277,043	(1,511)	267,662	(3,360)	(9,280)	530,554	1,774	532,328

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 2021

	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	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
– Fair value changes on investment security 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	29	–	–	–	–	(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	10	–	(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 CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 $'000	2020 $'000
Cash flows from operating activities:		
Profit before tax from continuing operations	28,741	54,400
Profit/(loss) before tax from discontinued operations	48,441	(8,910)
Profit before tax, total	77,182	45,490
Adjustments for:		
Amortisation and depreciation	34,385	48,064
Gain on disposal of property, plant and equipment	(122)	(97)
Impairment loss on property, plant and equipment	3,490	1,035
Fair value changes on biological assets	(2,360)	1,836
Interest expense	3,594	4,566
Share of profits of joint venture	(4,223)	(5,562)
Impairment loss written-back on investment securities	–	(362)
Net gain on disposal of a subsidiary	(1,519)	–
Allowance for receivables charged and bad debts written off, net	313	5,466
Remeasurement (gain)/loss on disposal group classified as held for sale	(5,653)	28,664
Interest income	(291)	(472)
Exchange differences	2,416	(5,619)
Operating profit before working capital changes	107,212	123,009
(Increase)/decrease in trade and other receivables	(13,462)	10,398
Increase in inventories and biological assets	(409)	(11,118)
Increase/(decrease) in trade and other payables	32,381	(12,694)
Cash from operations	125,722	109,595
Interest paid	(3,621)	(4,639)
Interest received	291	472
Income tax paid	(13,202)	(9,448)
Net cash from operating activities	109,190	95,980
Cash flows from investing activities:		
Purchase of property, plant and equipment	(30,092)	(31,149)
Proceeds from disposal of property, plant and equipment	334	422
Purchase of intangibles	(28)	(55)
Investment in associate	–	(8)
Proceeds from redemption of investment security	–	2,000
Dividends received from joint venture	6,471	9,851
Net proceeds from disposal of a subsidiary (Note A)	(98)	–
Net cash used in investing activities	(23,413)	(18,939)

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 2021

	2021 $'000	2020 $'000
Cash flows from financing activities:		
Dividends paid during the year	(28,763)	(28,763)
Dividends paid to non-controlling interests	(288)	(327)
Proceeds from borrowings	74	14,965
Repayment of borrowings	(34,462)	(10,914)
Payment of lease liabilities	(9,454)	(8,646)
Proceeds from long-term loans from non-controlling interests	217	294
Net cash used in financing activities	(72,676)	(33,391)
Net increase in cash and cash equivalents	13,101	43,650
Cash and cash equivalents at beginning of year	120,107	73,167
Effect of exchange rate changes on cash and cash equivalents	(2,720)	3,290
Cash and cash equivalents at end of year (Note 15)	130,488	120,107

Note A: Analysis of disposal of a subsidiary

	2021 $'000
Inventories	21
Trade and other receivables	26
Trade and other payables	(3,015)
Cash and cash equivalents	102
Non-controlling interests	1,307
Net assets disposed	(1,559)
Gain on disposal	1,519
Reclassification of reserves	44
Cash consideration	4
Cash and cash equivalents of a subsidiary	(102)
Net cash outflow on disposal of a subsidiary	(98)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. 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 amended standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 beyond 30 June 2021	1 April 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) 17: Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

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.

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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

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 2.13. 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 include 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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.

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	–	$3\ {}^{1}/_{3}$ – 50
Plant and machinery	–	20 – 50
Office equipment	–	20 – 50
Motor vehicles	–	$12\ {}^{1}/_{2}$ – 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 2.16 *Impairment of non-financial assets*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 if 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 2021

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

2.8 *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 on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

		%
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. They are adjusted prospectively, if appropriate.

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

2.9 *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.

2.10 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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 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 other comprehensive income of those investees is presented as part of the Group's other comprehensive income. 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 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.

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 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.

2.11 *Transactions with non-controlling interests*

Non-controlling interests represent 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 2021

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

2.12 *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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.12 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(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 other comprehensive income. 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 other comprehensive income, 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.

2.13 *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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.13 *Intangibles (cont'd)*

(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.

2.14 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.15 *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.

2.16 *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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.16 *Impairment of non-financial assets (cont'd)*

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.

2.17 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.17 *Impairment of financial assets (cont'd)*

For debt instruments at fair value through other comprehensive income, 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.

2.18 *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.

2.19 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.20 *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.

2.21 *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.

2.22 *Non-current assets held for sale and discontinued 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 'discontinued operations' 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.23 *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.

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 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 2021

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

2.24 *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 2021

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

2.24 *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.

2.25 *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 2021

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

2.26 *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.

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.26 *Employee benefits (cont'd)*

(ii) *Defined benefit plan (cont'd)*

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.

2.27 *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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.29 *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.

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

In 2020, the Group announced its decision to pursue a sale of the Primary Production business. On 8 June 2021, the Group entered into a sale and purchase agreement to dispose of its Primary Production business to Industry Pork Pty Ltd which is part of the JBS S.A.. The Group completed the disposal on 4 January 2022. The Group has accordingly classified the Primary Production business as disposal group held for sale. The Group determined the fair value less costs to sell of the disposal group classified as held for sale. The Group recorded a cumulative loss of $24.0 million on re-measurement of the disposal group held for sale to fair value less costs to sell for the financial year ended 31 December 2021.

The classification of the Primary Production business as a disposal group held for sale requires 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. Further details on the disposal group held for sale are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.29 *Significant accounting estimates and judgements (cont'd)*

(ii) 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.

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 2021 is $74,899,000 (2020: $78,349,000).

(iii) 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 2021 is $79,448,000 (2020: $77,536,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.29 *Significant accounting estimates and judgements (cont'd)*

(iv) Provision for retirement benefits

The cost of the retirement benefit plans and the present value of the benefit 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 benefit obligations are disclosed in Note 24.

(v) 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.

(vi) 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 2021 was $494,000 (2020: $692,000) and $3,236,000 (2020: $3,744,000) respectively. The carrying amount of the Group's tax recoverable as at 31 December 2021 was $6,440,000 (2020: $4,546,000). The carrying amount of the Company's deferred tax liabilities as at 31 December 2021 was $739,000 (2020: $856,000). The Group's deferred tax assets and deferred tax liabilities as at 31 December 2021 was $4,276,000 (2020: $5,084,000) and $5,002,000 (2020: $7,038,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

	Group	
	2021 $'000	2020 $'000
Sale of goods	545,357	544,201
Rental income from storage and warehousing facilities	4,489	4,979
Royalty income	5,869	4,798
Interest income from:		
– Fixed deposits with financial institutions	89	208
– Others	97	169
Government grants	1,254	6,697
Other income	1,821	733
	558,976	561,785

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 36.

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.

4. STAFF COSTS

	Group	
	2021 $'000	2020 $'000
Staff costs (including Executive Directors):		
– salaries, wages and other related costs	102,176	102,578
– contributions to defined contribution plans	7,755	7,293
	109,931	109,871

5. AMORTISATION AND DEPRECIATION

		Group	
	Note	2021 $'000	2020 $'000
Depreciation of property, plant and equipment	16	30,701	30,273
Depreciation of right-of-use assets	17	3,669	3,588
Amortisation of intangibles	21	15	14
		34,385	33,875

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. PROFIT FROM OPERATING ACTIVITIES

		Group	
	Note	**2021 $'000**	**2020 $'000**
Profit from operating activities is stated after charging/(crediting):			
Audit fees:			
– Auditor of the Company		491	460
– Member firms of the auditor of the Company		173	160
Non-audit fees:			
– Member firms of the auditor of the Company		627	31
Fees and remuneration for the directors of the Company:			
– fees and remuneration		3,921	3,995
– Contribution to defined contribution plans		22	27
Provision for retirement benefits charged	24(b)	1,481	1,049
Distribution and transportation expense		11,471	10,117
Professional fees		2,090	2,690
Operating lease expense		14,921	14,574
Foreign currency translation loss/(gain)		2,665	(5,092)
Allowance for inventories charged and inventories written off, net		1,416	77
Allowance for trade receivables charged	13	103	4,189
Allowance for other receivables charged	14	192	1,190
Bad debts written off		18	27
Gain on disposal of property, plant and equipment		(176)	(100)
Impairment loss written-back on investment security carried at FVOCI		–	(362)
Impairment loss on property, plant and equipment	16	3,490	1,035

7. FINANCE COSTS

	Group	
	2021 $'000	**2020 $'000**
Interest expense on borrowings	917	1,439
Interest expense on lease liabilities	1,043	1,137
	1,960	2,576

8. EXCEPTIONAL ITEMS

Exceptional items relate to net gain on disposal of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. INCOME TAX EXPENSE

	Note	Group 2021 $'000	Group 2020 $'000
Income tax expense/(credit) on the profit for the year:			
– current tax		8,470	9,453
– deferred tax		(1,098)	2,044
		7,372	11,497
(Over)/under provision in respect of prior years:			
– current tax		(305)	54
– deferred tax		(723)	596
		(1,028)	650
Income tax expense recognised in profit or loss		6,344	12,147
Deferred tax related to other comprehensive income:			
– actuarial gain/(loss) on defined benefit plans	22	549	(180)

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% (2020: 17%) to the profit before tax from continuing operations due to the following factors:

	Group 2021 $'000	Group 2020 $'000
Profit before tax	28,741	54,400
Tax expense at statutory tax rate of 17% (2020: 17%)	4,886	9,248
Adjustments:		
Income not subject to tax	(1,280)	(2,583)
Expenses not deductible for tax purposes	990	388
Tax reliefs, rebates and incentives	(131)	(230)
Utilisation of tax benefits not recognised in prior years	(203)	–
Deferred tax assets not recognised	648	167
Effect of different tax rates in foreign jurisdictions	2,536	4,598
(Over)/under provision in respect of prior years, net	(1,028)	650
Others	(74)	(91)
Income tax expense recognised in profit or loss	6,344	12,147

The Group has unutilised tax losses of approximately $2,750,000 (2020: $1,565,000), 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 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 2021

10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In 2020, the Group announced its decision to pursue a sale of the Primary Production business. The Group 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. On 8 June 2021, the Group entered into a sale and purchase agreement to dispose of its Primary Production business to Industry Pork Pty Ltd, which is part of JBS S.A.. Accordingly, the assets and liabilities related to Primary Production business have been presented accordingly 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 "profit/(loss) after tax from discontinued operations". The disposal was completed on 4 January 2022.

Balance sheet disclosures

The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 December 2021 and 2020 are as follows:

	2021 $'000	2020 $'000
Assets:		
Biological assets	61,416	64,681
Inventories	37,656	41,652
Trade and other receivables	26,481	27,335
Cash and cash equivalents	41,783	38,745
Property, plant and equipment	128,721	121,621
Right-of-use assets	19,341	14,651
Pension assets	2,108	2,783
Deferred tax assets	12,640	13,028
Remeasurement loss	(24,035)	(30,672)
Assets belonging to disposal group classified as held for sale	306,111	293,824
Liabilities:		
Trade and other payables	62,137	55,519
Short-term borrowings	39,079	62,091
Long-term borrowings	16,961	20,889
Lease liabilities	13,904	14,785
Income tax payable	–	714
Deferred tax liabilities	22,148	6,183
Liabilities belonging to disposal group classified as held for sale	154,229	160,181
Net assets belonging to disposal group classified as held for sale	151,882	133,643
Reserves:		
Revaluation reserve	244	244
Capital reserve	(1,795)	(1,795)
Foreign currency translation reserve	(7,729)	(3,493)
	(9,280)	(5,044)

At the end of the financial year, inventories and property, plant and equipment belonging to the disposal group, with net carrying amounts of $32,834,000 (2020: $47,125,000) were mortgaged/pledged to the financial institutions to secure credit facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Income statement disclosures

The results of the disposal group for the years ended 31 December are as follows:

	2021 $'000	2020 $'000
Revenue	416,790	373,260
Expenses	(370,213)	(351,516)
Profit from operating activities	46,577	21,744
Finance costs	(1,634)	(1,990)
Gain/(loss) recognised on remeasurement to fair value less cost to sell	5,653	(28,664)
Associated costs incurred for the disposal	(2,155)	–
Profit/(loss) before tax	48,441	(8,910)
Income tax expense	(17,364)	(4,783)
Profit/(loss) after tax	31,077	(13,693)

Cash flow statement disclosures

The cash flows attributable to the disposal group are as follows:

	2021 $'000	2020 $'000
Operating	51,622	25,112
Investing	(12,027)	(14,762)
Financing	(36,557)	(1,788)
Net cash inflows	3,038	8,562

Earnings/(loss) per share disclosures

	2021	2020
Earnings/(loss) per ordinary share from discontinued operations attributable to owners of the Company		
– Basic and diluted	5.2 cents	(2.5) cents

Basic and diluted earnings/(loss) per share from discontinued operations are calculated by dividing the profit/(loss) after tax from discontinued 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 2021

11. EARNINGS PER ORDINARY SHARE ("EPS")

The calculation of earnings per ordinary share is based on the following figures:

	Group	
	2021 $'000	2020 $'000
Group's earnings used for the calculation of EPS:		
Earnings/(loss) for the financial year attributable to owners of the Company		
– Continuing operations	22,220	42,066
– Discontinued operations	29,863	(14,330)
	52,083	27,736

	2021 '000	2020 '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.

12. INVENTORIES

	Group	
	2021 $'000	2020 $'000
Raw materials	15,768	11,915
Finished goods	11,546	12,794
Spare parts and consumables	5,807	5,971
Goods-in-transit	17,782	14,470
Total inventories at lower of cost and net realisable value	50,903	45,150

The carrying value of inventories includes inventories determined by the following cost methods:

	Group	
	2021 $'000	2020 $'000
First-in-first-out	22,554	18,465
Weighted average	28,349	26,685
	50,903	45,150
Inventories are stated after deducting allowance of	1,535	2,071

Inventories recognised as expense during the year approximate the costs of materials disclosed in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. TRADE RECEIVABLES

	Group	
	2021 $'000	2020 $'000
Trade receivables		
– third parties	68,854	67,865
– joint venture	11,431	10,460
	80,285	78,325
Less: Allowance – third parties	(837)	(789)
	79,448	77,536

At the end of the reporting period, approximately 2% (2020: 3%) 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.

An ageing analysis of receivables that are past due but not impaired:

	Group	
	2021 $'000	2020 $'000
Less than 3 months	24,016	22,126
3 months to 6 months	1,559	3,142
6 months to 12 months	250	1,111
More than 12 months	423	371
	26,248	26,750
Receivables that are impaired:		
Gross amount	837	789
Less: Allowance	(837)	(789)
	–	–

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 allowance for trade receivables based on lifetime ECL are as follows:

	Group	
	2021 $'000	2020 $'000
At 1 January	789	2,031
Charged for the year (Note 6)	103	4,189
Written-off	(50)	(5,397)
Currency realignment	(5)	119
Reclassified to assets belonging to disposal group classified as held for sale	–	(153)
At 31 December	837	789

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. OTHER RECEIVABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-financial assets				
Prepayments	7,191	5,895	163	110
Sales tax receivable	6,773	8,038	11	7
	13,964	13,933	174	117
Financial assets				
Sundry deposits	1,813	1,529	50	22
Staff advances and loans	1	4	–	–
Amount due from joint venture				
– non-interest bearing	–	1	–	–
	1,814	1,534	50	22
Sundry debtors	11,694	2,180	8,601	63
Less: Allowance	(223)	(127)	–	–
	11,471	2,053	8,601	63
Amounts due from subsidiaries				
– interest bearing	–	–	34,826	42,289
– non-interest bearing	–	–	45,695	49,247
Less: Allowance	–	–	(1,375)	(3,463)
	–	–	79,146	88,073
	13,285	3,587	87,797	88,158
	27,249	17,520	87,971	88,275
Receivables that are impaired:				
Gross amount	223	127	1,375	3,463
Less: Allowance	(223)	(127)	(1,375)	(3,463)
	–	–	–	–

Movements in the allowance for other receivables based on 12-month ECL are as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	127	1,406	3,463	1,949
Charge for the year (Note 6)	192	1,238	638	1,514
Written-off	(92)	(2,557)	(2,726)	–
Currency realignment	(4)	40	–	–
At 31 December	223	127	1,375	3,463

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. OTHER RECEIVABLES (CONT'D)

Staff loans are unsecured, non-interest bearing and repayable over 5 years from the date the loan is granted.

In 2020, the non-interest bearing amount due from joint venture was unsecured, repayable upon demand and was to be settled in cash.

In 2021, included in Sundry debtors is trust monies receivable of $8,584,000 which pertains to the deposit received on behalf of its subsidiaries from JBS S.A. upon the signing of the sale and purchase agreement to dispose of its Primary Production business to Industry Park Pty Ltd. The Company has recognised a corresponding payable to its subsidiaries as set out in Note 24 in the financial statements.

The non-interest bearing amounts due from subsidiaries are unsecured and are repayable upon demand. The interest bearing amounts due from subsidiaries are unsecured, interest bearing at 1.10% (2020: 1.10% to 1.75%) per annum and are repayable upon demand. The amounts due from subsidiaries are to be settled in cash.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash and bank balances	83,144	75,761	38,357	36,488
Fixed deposits with financial institutions	5,561	5,601	–	–
	88,705	81,362	38,357	36,488

Fixed deposits are placed for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2021 for the Group was 1.48% (2020: 1.48%) per annum.

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	
	2021 $'000	2020 $'000
Cash and cash equivalents		
– Continuing operations	88,705	81,362
– Discontinued operations	41,783	38,745
	130,488	120,107

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000
Group			
Cost:			
At 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 and 1.1.2021	17,596	10,008	111,686
Currency realignment	(466)	(309)	(1,195)
Additions	–	–	161
Disposals	–	–	–
Disposal of a subsidiary	–	–	–
Transfers between categories	–	–	1,292
At 31.12.2021	17,130	9,699	111,944
Accumulated depreciation and impairment loss:			
At 1.1.2020	–	75,267	45,061
Currency realignment	–	6,152	144
Charge for the year	–	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 and 1.1.2021	–	1,758	47,964
Currency realignment	–	(57)	(478)
Charge for the year (Note 5)	–	233	2,487
Disposals	–	–	–
Impairment loss (Note 6)	–	–	–
Disposal of a subsidiary	–	–	–
At 31.12.2021	–	1,934	49,973
Net carrying amount:			
At 31.12.2021	17,130	7,765	61,971
At 31.12.2020	17,596	8,250	63,722

NOTES TO THE FINANCIAL STATEMENTS

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Leasehold improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
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
(581)	(4,884)	(211)	(405)	(84)	(8,135)
1,311	8,907	2,215	1,573	3,329	17,496
(7)	(1,984)	(76)	(1,341)	–	(3,408)
–	(5,840)	(272)	–	–	(6,112)
(1,264)	272	12	107	(419)	–
38,552	281,946	17,810	24,642	6,946	508,669
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
(11)	(2,659)	(164)	(314)	–	(3,683)
2,825	20,252	1,744	3,160	–	30,701
(3)	(1,908)	(74)	(1,341)	–	(3,326)
1,303	2,187	–	–	–	3,490
–	(5,840)	(272)	–	–	(6,112)
25,064	181,259	13,810	19,291	–	291,331
13,488	100,687	4,000	5,351	6,946	217,338
18,143	116,248	3,566	6,922	4,120	238,567

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 1.1.2020	4,921	926	709	6,556
Additions	–	53	–	53
Disposals	–	(228)	–	(228)
At 31.12.2020 and 1.1.2021	4,921	751	709	6,381
Additions	–	40	–	40
Disposals	–	(6)	(410)	(416)
At 31.12.2021	4,921	785	299	6,005
Accumulated depreciation:				
At 1.1.2020	1,429	769	588	2,786
Charge for the year	106	56	59	221
Disposals	–	(226)	–	(226)
At 31.12.2020 and 1.1.2021	1,535	599	647	2,781
Charge for the year	106	57	57	220
Disposals	–	(6)	(410)	(416)
At 31.12.2021	1,641	650	294	2,585
Net carrying amount:				
At 31.12.2021	3,280	135	5	3,420
At 31.12.2020	3,386	152	62	3,600

During the financial year, the Group recognised an impairment loss of $3,490,000 in relation to property, plant and equipment that were damaged by flood.

In the prior year, the Group recognised an impairment loss of $1,035,000 in relation to replacement of certain property, plant and equipment that were damaged through wear and tear.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has lease contracts for certain office premises, factories, warehousing/trading 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 1.1.2020	29,270	3,407	95	8,556	41,328
Additions	5,844	901	38	1,271	8,054
Charge for the year	(5,472)	(724)	(39)	(2,406)	(8,641)
Disposals	(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 and 1.1.2021	19,915	–	94	5,828	25,837
Additions	244	–	–	122	366
Charge for the year (Note 5)	(1,705)	–	(42)	(1,922)	(3,669)
Currency realignment	(59)	–	–	–	(59)
At 31.12.2021	18,395	–	52	4,028	22,475

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 1.1.2020	326	28	354
Additions	–	12	12
Charge for the year	(87)	(12)	(99)
At 31.12.2020 and 1.1.2021	239	28	267
Additions	156	–	156
Charge for the year	(85)	(11)	(96)
At 31.12.2021	310	17	327

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	27,195	42,877	277	360
Additions	366	8,054	164	12
Accretion of interest	1,043	1,596	7	10
Payments	(4,612)	(10,242)	(101)	(102)
Disposals	(8)	(1,491)	(8)	(3)
Currency realignment	(67)	1,186	–	–
Reclassified to liabilities belonging to disposal group classified as held for sale	–	(14,785)	–	–
At 31 December	23,917	27,195	339	277
Current	3,325	3,538	92	94
Non-current	20,592	23,657	247	183
At 31 December	23,917	27,195	339	277

The maturity analysis of lease liabilities is disclosed in Note 33(b).

The following are the amounts recognised in profit or loss:

	Group	
	2021 $'000	2020 $'000
Depreciation of right-of-use assets	3,669	3,588
Interest expense on lease liabilities	1,043	1,137
Expense relating to short-term leases and cancellable leases (included in other operating expenses)	14,921	14,574
Total amount recognised in profit or loss	19,633	19,299

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. RIGHT-OF-USE ASSETS (CONT'D)

Group as a lessee (cont'd)

The Group had total cash outflow for leases of $19,533,000 in 2021 (2020: $19,251,000).

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	
	2021 **$'000**	**2020** **$'000**
Unquoted equity shares, at cost	104,134	104,134
Less: Impairment loss	(2,602)	(4,002)
	101,532	100,132

Details of subsidiaries are set out in Note 37(a).

Movements in the impairment loss are as follows:

	Company	
	2021 **$'000**	**2020** **$'000**
At 1 January	4,002	4,002
Written-back	(1,400)	–
At 31 December	2,602	4,002

During the financial year, the Company wrote back an impairment loss of $1,400,000 to carry the investment in a subsidiary at its recoverable amount.

19. ADVANCES TO SUBSIDIARIES

The advances to subsidiaries, which are to be settled in cash, are unsecured and non-interest bearing. These advances have no fixed terms of repayment and no repayments are expected within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. INVESTMENT IN JOINT VENTURE AND ASSOCIATE

	Note	Group 2021 $'000	Group 2020 $'000
Investment in joint venture	20(a)	74,899	78,349
Investment in associate	20(b)	148	148
		75,047	78,497

(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 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 37(b).

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

	2021 $'000	2020 $'000
Inventories	18,237	17,232
Trade and other receivables	34,862	27,791
Cash and cash equivalents	10,619	14,076
Current assets	63,718	59,099
Property, plant and equipment	121,263	108,791
Total assets	184,981	167,890
Current liabilities	(88,540)	(81,391)
Deferred tax liabilities	(3,346)	(4,180)
Other non-current liabilities	(34,813)	(21,692)
Total liabilities	(126,699)	(107,263)
Net assets	58,282	60,627
Proportion of the Group's ownership	50%	50%
Group's share of net assets	29,141	30,314
Net fair value uplift on identifiable assets	20,573	22,462
Goodwill on acquisition	25,185	25,573
Carrying amount of the investment	74,899	78,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. INVESTMENT IN JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) Investment in joint venture (cont'd)

Summarised statement of comprehensive income

	2021 $'000	2020 $'000
Revenue	352,531	353,979
Interest income	208	257
Amortisation and depreciation	(17,175)	(17,846)
Operating expenses	(326,822)	(320,100)
Interest expense	(1,380)	(1,519)
Profit before tax	7,362	14,771
Income tax credit/(expense)	1,083	(3,647)
Profit after tax	8,445	11,124
Other comprehensive income	(2,378)	(635)
Total comprehensive income	6,067	10,489

Dividends of $6,480,000 were declared and paid by GBKL to the Group during the year (2020: $6,570,000).

(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 2021, GBT has not commenced operations.

Details of the associate are set out in Note 37(c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. INTANGIBLES

	Group				Company		
	Trademark $'000	Intellectual property $'000	Software $'000	Total $'000	Trademark $'000	Software $'000	Total $'000
Cost:							
At 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 and 1.1.2021	2,750	147	55	2,952	7,150	55	7,205
Additions	–	–	28	28	–	28	28
Currency realignment	–	(6)	–	(6)	–	–	–
At 31.12.2021	2,750	141	83	2,974	7,150	83	7,233
Accumulated amortisation and impairment loss:							
At 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 and 1.1.2021	2,750	44	–	2,794	7,150	–	7,150
Amortisation for the year (Note 5)	–	15	–	15	–	–	–
Currency realignment	–	(3)	–	(3)	–	–	–
At 31.12.2021	2,750	56	–	2,806	7,150	–	7,150
Net carrying amount:							
At 31.12.2021	–	85	83	168	–	83	83
At 31.12.2020	–	103	55	158	–	55	55

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. DEFERRED TAXATION

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	1,954	(9,810)	856	1,164
Recognised in profit or loss	(1,821)	5,937	(117)	(308)
Recognised in other comprehensive income (Note 9)	549	(197)	–	–
Currency realignment	44	(821)	–	–
Reclassified to assets or liabilities belonging to disposal group classified as held for sale	–	6,845	–	–
At 31 December	726	1,954	739	856

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Represented by:				
– Deferred tax assets	(4,276)	(5,084)	–	–
– Deferred tax liabilities	5,002	7,038	739	856
	726	1,954	739	856

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 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 and 1 January 2021	528	3,211	–	1,345	5,084
Recognised in profit or loss	466	(304)	–	(299)	(137)
Recognised in other comprehensive income	–	(549)	–	–	(549)
Currency realignment	(11)	(79)	–	(32)	(122)
At 31 December 2021	983	2,279	–	1,014	4,276

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. 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 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 and 1 January 2021	6,141	–	831	66	7,038
Recognised in profit or loss	(1,824)	–	(115)	(19)	(1,958)
Currency realignment	(78)	–	–	–	(78)
At 31 December 2021	4,239	–	716	47	5,002

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 2020	977	187	1,164
Recognised in profit or loss	(146)	(162)	(308)
At 31 December 2020 and 1 January 2021	831	25	856
Recognised in profit or loss	(115)	(2)	(117)
At 31 December 2021	716	23	739

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: $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 $81,813,000 (2020: $73,253,000). The deferred tax liability is estimated to be $12,272,000 (2020: $10,988,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. TRADE PAYABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables:				
– third parties	61,517	42,897	87	87
– joint venture	178	165	–	–
	61,695	43,062	87	87

24. OTHER PAYABLES

(a) *Other payables*

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Payable within one year:					
Accrued staff related expenses		12,109	14,010	2,199	2,758
Accrued operating expenses		21,891	24,051	514	473
Sundry creditors		18,433	11,734	373	374
Sales tax payable		2,423	2,435	1	1
Amounts due to subsidiaries		–	–	8,969	1
Amounts due to joint venture		36	26	–	–
Deferred income		684	1,590	674	777
		55,576	53,846	12,730	4,384
Payable after one year:					
Provision for retirement benefits	24(b)	5,443	7,510	–	–
Deferred income		3,696	4,452	3,539	4,214
		9,139	11,962	3,539	4,214

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.

NOTES TO THE FINANCIAL STATEMENTS
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24. OTHER PAYABLES (CONT'D)

(a) *Other payables (cont'd)*

Movements in deferred income are as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	6,042	5,995	4,991	5,745
Currency realignment	(46)	17	–	–
Released to profit or loss	(1,616)	(867)	(778)	(857)
Additions during the year	–	897	–	103
Balance at end of year	4,380	6,042	4,213	4,991

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Represented by:				
– payable within one year	684	1,590	674	777
– payable after one year	3,696	4,452	3,539	4,214
Balance at end of year	4,380	6,042	4,213	4,991

(b) *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	
	2021 $'000	2020 $'000
Benefit liability		
Fair value of plan assets	(2,941)	(1,575)
Present value of benefit obligation	8,384	9,085
	5,443	7,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. OTHER PAYABLES (CONT'D)

(b) *Provision for retirement benefits (cont'd)*

Changes in the fair value of plan assets are as follows:

	Group	
	2021 $'000	2020 $'000
Balance at beginning of year	1,575	–
Employer contribution	1,507	1,581
Interest income	100	–
Actual return on plan assets less interest income	(77)	–
Benefits paid	(101)	–
Currency realignment	(63)	(6)
Balance at end of year	2,941	1,575

The plan assets comprised solely of cash and cash equivalents as at 31 December 2021.

Changes in the present value of defined benefit obligation are as follows:

	Note	Group	
		2021 $'000	2020 $'000
Balance at beginning of year		9,085	7,057
Provision charged during the year	6	1,481	1,049
Actuarial (gains)/losses due to:			
Changes in financial assumptions		(666)	12
Changes in demographic assumptions		(1,581)	751
Experience adjustments		426	(155)
Benefits paid		(116)	(7)
Currency realignment		(245)	378
Balance at end of year		8,384	9,085

The following table summarises the components of retirement benefits cost recognised in profit or loss:

	Group	
	2021 $'000	2020 $'000
Net benefit expense (recognised within staff costs):		
Current service cost	1,117	732
Interest cost	364	317
	1,481	1,049

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. OTHER PAYABLES (CONT'D)

(b) *Provision for retirement benefits (cont'd)*

The cost of retirement benefit plans and the present value of the benefit obligation are determined using actuarial valuation.

The principal actuarial assumptions used in determining retirement benefit cost and obligation are shown below:

	Group	
	2021 **%**	**2020** **%**
Discount rate	5.05 – 5.19	4.05 – 4.18
Salary increase rate	5.00 – 6.50	5.00 – 6.50

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**
2021		
Discount rate	+25	(152)
	-25	178
Salary increase rate	+25	174
	-25	(152)
2020		
Discount rate	+25	(227)
	-25	275
Salary increase rate	+25	266
	-25	(225)

The Group expects to contribute $2,562,000 (2020: $1,900,000) to the defined benefit plans in 2022.

The average duration of the defined benefit obligation at the end of the reporting period is 9.3 years (2020: 12.7 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. SHORT-TERM BORROWINGS

	Group	
	2021 $'000	2020 $'000
Short-term bank loans:		
– unsecured	2,943	6,114

The Group's short-term bank loans are interest bearing at rates of 1.06% (2020: 1.06%) per annum.

26. LONG-TERM BORROWINGS

	Effective interest rate per annum %	Maturities	Group 2021 $'000	Group 2020 $'000
Loans from banks:				
– Loan A	2.43 – 6.07	2026	30,095	37,774
Loans from non-controlling interests				
– Loan B	Nil	Nil	–	246
			30,095	38,020
Less: Current portion			(4,526)	(5,666)
Non-current portion of loans			25,569	32,354

Loan A, denominated in Philippine Peso, is unsecured, bears floating interest rate ranging from 2.43% to 6.07% (2020: 2.26% to 6.07%) per annum and is repayable in instalments till 2026.

Loan B, denominated in Singapore Dollars, was unsecured and non-interest bearing. The loan was repayable on demand and no repayment was expected within the next 12 months. This loan was provided to its 55% owned subsidiary from its 45% shareholder who is also a substantial shareholder of the Company. The subsidiary was disposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. LONG-TERM BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes			
	1 Jan 2021 $'000	Cash flows $'000	Acquisition $'000	Foreign exchange movement and others $'000	Disposal of a subsidiary $'000	31 Dec 2021 $'000
Short-term borrowings	6,114	(3,028)	–	(143)	–	2,943
Loans from banks	37,774	(6,824)	–	(855)	–	30,095
Loans from non-controlling interests	246	217	–	–	(463)	–
Lease liabilities	27,195	(3,569)	366	(75)	–	23,917
Total	71,329	(13,204)	366	(1,073)	(463)	56,955

			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

27. SHARE CAPITAL

	Group and Company			
	2021		2020	
	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. RESERVES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Capital reserve	(1,511)	(1,511)	–	–
Revenue reserve	267,662	243,526	92,786	38,794
Foreign currency translation reserve	(3,360)	2,296	–	–
Reserve of disposal group classified as held for sale (Note 10)	(9,280)	(5,044)	–	–
	253,511	239,267	92,786	38,794

	Company	
	2021 $'000	2020 $'000
Analysis of movement in the reserves of the Company:		
Revenue reserve		
At 1 January	38,794	38,949
Net profit for the year	82,755	28,608
Dividends	(28,763)	(28,763)
At 31 December	92,786	38,794

Capital reserve

Capital reserve represents the consideration in excess of net book value on acquisition of non-controlling interest of subsidiaries.

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.

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29. DIVIDENDS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2021	5,753	–	5,753	–
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2020	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 2021	80	–	–	–
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	–	–
	28,843	28,817	28,763	28,763

The directors have recommended 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 2021. The dividend will be recorded as liability in the statement of financial position of the Company and Group subject to approval of the shareholders at the Annual General Meeting of the Company.

There is no income tax consequence (2020: $nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

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30. COMMITMENTS

(a) Capital commitments not provided for in the financial statements:

	Group	
	2021 $'000	**2020 $'000**
Expenditure contracted in respect of property, plant and equipment	7,035	9,899
Share of joint venture's capital commitments in relation to property, plant and equipment	631	648
Share subscription in associate	396	396
	8,062	10,943

(b) Operational trade commitments	3,393	1,783

(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.

31. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2021 $'000	**2020 $'000**
Guarantees issued for bank facilities granted to subsidiaries	97,227	100,442
Amounts utilised by subsidiaries as at end of the reporting period	38,150	63,632

No material losses are expected to arise from the above contingencies.

With the completion of disposal of Primary Production business on 4 January 2022, corporate guarantees of $63,765,000 provided by the Company for bank facilities granted to subsidiaries were subsequently discharged, of which, $35,207,000 was utilised.

NOTES TO THE FINANCIAL STATEMENTS

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32. 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Management fee income from subsidiaries	–	–	346	455
Royalty income from subsidiaries	–	–	14,919	15,653
Royalty income from joint venture	5,195	3,940	5,195	3,940
Interest income from advances to subsidiaries	–	–	433	563
Dividend income from subsidiaries	–	–	77,786	19,149
Purchase of goods from joint venture	2,166	1,634	–	–
Sale of goods to joint venture	75,901	77,995	–	–
Dividend income from joint venture	6,480	6,570	–	–
Purchase of goods from a company in which Mr Andre Halim and immediate family member of Ms Rachel Liem Yuan Fang have an interest	1,805	1,142	–	–
Sales of goods to a company in which Mr Andre Halim and immediate family member of Ms Rachel Liem Yuan Fang have an interest	2,603	3,004	–	–

(b) ***Compensation of key management personnel***

	Group	
	2021 $'000	2020 $'000
Short-term employee benefits	4,919	4,946
Contribution to defined contribution plans	71	76

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

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 $97,227,000 (2020: $100,442,000) 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 were $38,150,000 (2020: $63,632,000).

Information regarding credit enhancements for trade receivables is disclosed in Note 13.

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			
	2021		2020	
	$'000	% of total	$'000	% of total
By industry:				
Bakery	57,283	72	58,508	75
Distribution and warehousing	22,165	28	19,028	25
	79,448	100	77,536	100
By country:				
Singapore	37,030	47	33,116	43
Philippines	22,815	29	26,760	35
Malaysia	12,830	16	11,206	14
Australia	5,075	6	4,423	6
Other countries	1,698	2	2,031	2
	79,448	100	77,536	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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.

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.

	2021				2020			
	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	92,733	–	–	92,733	81,123	–	–	81,123
Cash and cash equivalents	88,707	–	–	88,707	81,364	–	–	81,364
Total undiscounted financial assets	181,440	–	–	181,440	162,487	–	–	162,487
Financial liabilities:								
Trade and other payables	114,164	–	–	114,164	92,883	–	–	92,883
Borrowings	11,012	23,929	–	34,941	14,273	31,296	2,980	48,549
Lease liabilities	4,240	10,004	18,792	33,036	4,565	12,236	20,613	37,414
Total undiscounted financial liabilities	129,416	33,933	18,792	182,141	111,721	43,532	23,593	178,846
Total net undiscounted financial assets/(liabilities)	52,024	(33,933)	(18,792)	(701)	50,766	(43,532)	(23,593)	(16,359)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	2021			2020		
	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:						
Other receivables	87,797	–	87,797	88,158	–	88,158
Cash and cash equivalents	38,357	–	38,357	36,488	–	36,488
Advances to subsidiaries	–	156,067	156,067	–	97,530	97,530
Total undiscounted financial assets	126,154	156,067	282,221	124,646	97,530	222,176
Financial liabilities:						
Trade and other payables	12,142	–	12,142	3,693	–	3,693
Lease liabilities	100	255	355	102	189	291
Total undiscounted financial liabilities	12,242	255	12,497	3,795	189	3,984
Total net undiscounted financial assets	113,912	155,812	269,724	120,851	97,341	218,192

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

	2021			2020		
	1 year or less $'000	Over 1 year $'000	Total $'000	1 year or less $'000	Over 1 year $'000	Total $'000
Company						
Financial guarantees	38,150	–	38,150	63,632	–	63,632

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Interest rate risk (cont'd)*

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.

Loans denominated in	Increase/ decrease in basis points	Effect on profit after tax 2021 $'000	Effect on profit after tax 2020 $'000
Philippine Peso	+ 50	(107)	(133)
Philippine Peso	– 50	107	133

(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) and Australian Dollar (AUD). 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 $57,305,000 (2020: $64,675,000).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the Philippines and Australia. The Group's net investments in Malaysia, the Philippines and Australia are not hedged as currency positions in MYR, Peso and AUD are considered to be long-term in nature.

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.

		2021		2020	
		Profit after tax $'000	Equity $'000	Profit after tax $'000	Equity $'000
AUD	– strengthened 1% (2020: 1%)	480	–	649	–
	– weakened 1% (2020: 1%)	(480)	–	(649)	–
MYR	– strengthened 1% (2020: 1%)	(157)	88	(201)	118
	– weakened 1% (2020: 1%)	158	(89)	204	(121)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Loans and receivables				
Trade receivables	79,448	77,536	–	–
Other receivables	13,285	3,587	87,797	88,158
Cash and cash equivalents	88,705	81,362	38,357	36,488
Advances to subsidiaries	–	–	156,067	97,530
	181,438	162,485	282,221	222,176
Financial liabilities measured at amortised cost				
Trade payables	61,695	43,062	87	87
Other payables	52,469	49,821	12,055	3,606
Short-term borrowings	2,943	6,114	–	–
Long-term borrowings	30,095	38,020	–	–
	147,202	137,017	12,142	3,693

35. FAIR VALUE OF ASSETS AND LIABILITIES

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 and non-current floating rate loans based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

36. 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. SEGMENTAL REPORTING (CONT'D)

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.

	Continuing operations			Discontinued operations		
	Bakery $'000	Distribution and warehousing $'000	Investments and others $'000	Primary production $'000	Adjustments and Eliminations $'000	Consolidated $'000
2021						
Revenue and expenses						
Revenue from external customers	418,828	127,148	5,869	411,625	(411,625)	551,845
Other revenue from external customers	6,007	704	234	5,143	(5,143)	6,945
Inter-segment revenue	237	1,068	15,263	–	(16,568)	–
	425,072	128,920	21,366	416,768	(433,336)	558,790
Unallocated revenue						186
Total revenue						558,976
Segment EBITDA	60,293	6,437	6,251	46,472	(46,472)	72,981
Amortisation and depreciation	(30,681)	(3,388)	(316)	–	–	(34,385)
Segment EBIT	29,612	3,049	5,935	46,472	(46,472)	38,596
Unallocated revenue						186
Unallocated expenses						(13,823)
Profit from operating activities						24,959
Finance costs						(1,960)
Exceptional items						1,519
Share of profits of joint venture	4,223	–	–	–	–	4,223
Profit before tax						28,741
Income tax expense						(6,344)
Profit after tax						22,397
Timing of transfer of goods or services						
At a point in time	424,809	123,386	240	416,606	(416,606)	548,435
Over time	175	4,469	5,897	184	(184)	10,541
	424,984	127,855	6,137	416,790	(416,790)	558,976

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinued 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

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36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinued operations	
	Bakery $'000	Distribution and warehousing $'000	Investments and others $'000	Primary productions $'000	Consolidated $'000
2021					
Assets and liabilities					
Segment assets	349,390	84,206	52,690	306,111	792,397
Investment in joint venture and associate	75,047	–	–	–	75,047
Total assets	424,437	84,206	52,690	306,111	867,444
Deferred tax assets					4,276
Tax recoverable					6,440
Total assets per consolidated statement of financial position					878,160
Segment liabilities	96,087	37,039	17,201	154,229	304,556
Income tax payable					3,236
Deferred tax liabilities					5,002
Bank borrowings					33,038
Total liabilities per consolidated statement of financial position					345,832
Other segment information					
Expenditure for non-current assets	15,989	1,466	68	12,103	29,626
Impairment loss charged	3,490	–	–	–	3,490
Allowance for inventories charged/(written-back) and inventories written off, net	1,523	(109)	2	–	1,416
Allowance for receivables charged and bad debts written off, net	277	36	–	–	313

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinued 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
Allowance for inventories charged/(written-back) and inventories written off, net	282	(205)	–	–	77
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 2021

36. SEGMENTAL REPORTING (CONT'D)

Geographical information

	Revenue		Non-current assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Australia	450,144	386,491	170,894	161,620
Philippines	242,328	248,354	96,918	105,111
Singapore	185,158	193,477	62,645	67,016
Malaysia	86,942	88,640	57,586	67,087
Other countries	11,194	18,083	–	–
Less: Disposal group classified as held for sale	(416,790)	(373,260)	(148,062)	(136,272)
	558,976	561,785	239,981	264,562

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.

37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE

(a) The subsidiaries as at 31 December 2021 are:

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2021 %	2020 %
	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
(1)	Shinefoods Pte Ltd (Singapore)	Agency and distribution of food and beverage products. (Singapore)	100	100
(2)	Millif Industries Sdn Bhd (Malaysia)	Manufacture of kaya and related products (Malaysia)	100	100

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37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) The subsidiaries as at 31 December 2021 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2021 %	2020 %
	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

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37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) *The subsidiaries as at 31 December 2021 are: (cont'd)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2021 %	2020 %
	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)	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
*	Straits Foods (S) Pte Ltd (Singapore)	Proposed trading of food products (Singapore)	100	–

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37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) *The subsidiaries as at 31 December 2021 are: (cont'd)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2021 %	2020 %
	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
@	Gaoyuan Pte Ltd (Singapore)	Investment holding (Singapore)	–	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(a) The subsidiaries as at 31 December 2021 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2021 %	Percentage of equity held by the Group 2020 %
	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
(2)	Delicia Sdn Bhd (Malaysia)	Dormant	100	100
@	Gardenia Trading (Fujian) Co Ltd (People's Republic of China)	Dormant	–	55
@	Gardenia Food (Fujian) Co Ltd (People's Republic of China)	Dormant	–	55
@	Ben Foods (East Malaysia) Sdn Bhd (Malaysia)	Dormant	–	100

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(b) *The joint venture as at 31 December 2021 is:*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2021 %	2020 %
(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 2021 is:*

#	Gardenia Bakery Trading Co. Ltd. (Thailand)	Proposed sale and distribution of bakery and other food products (Thailand)	24.5	24.5

Notes

- * Audit not required under the laws in the country of incorporation
- @ Disposed of or struck off during the year
- # 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 as they have the power to direct the relevant activities of these entities

Audited by:

(1) Ernst & Young LLP, Singapore

(2) Audited by member firms of EY Global in the respective countries

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37. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE (CONT'D)

(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
2021					
QAF Fruits Cold Store Pte Ltd	Singapore	26	184	1,376	208
Diamond Valley Pork Pty Ltd	Australia	20	1,214	5,404	80
Gaoyuan Group+	People's Republic of China	45	(59)	–	–
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)	–

\+ Gaoyuan Group comprised of Gaoyuan Pte Ltd and its wholly owned subsidiaries, Gardenia Food (Fujian) Co Ltd and Gardenia Trading (Fujian) Co Ltd, and were disposed of during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. 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+	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current						
Assets	839	652	11,151	10,521	–	114
Liabilities	(629)	(736)	(17,664)	(12,295)	–	(2,428)
Net current assets/ (liabilities)	210	(84)	(6,513)	(1,774)	–	(2,314)
Non-current						
Assets	10,446	10,973	51,419	52,157	–	–
Liabilities	(5,363)	(5,506)	(17,899)	(28,353)	–	(246)
Net non-current assets/ (liabilities)	5,083	5,467	33,520	23,804	–	(246)
Net assets/(liabilities)	5,293	5,383	27,007	22,030	–	(2,560)

Summarised statement of comprehensive income

	QAF Fruits Cold Store Pte Ltd		Diamond Valley Pork Pty Ltd		Gaoyuan Group+	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue	2,809	2,863	71,248	56,745	38	–
Profit/(loss) before tax	841	749	7,388	4,667	(132)	25
Income tax expense	(132)	(147)	(1,318)	(1,479)	–	–
Profit/(loss) after tax	709	602	6,070	3,188	(132)	25
Other comprehensive income	–	–	(982)	1,594	(177)	(349)
Total comprehensive income	709	602	5,088	4,782	(309)	(324)

\+ Gaoyuan Group comprised of Gaoyuan Pte Ltd and its wholly owned subsidiaries, Gardenia Food (Fujian) Co Ltd and Gardenia Trading (Fujian) Co Ltd, and were disposed of during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Net cash flows from/(used in) operating activities	1,140	1,412	9,093	6,755	(223)	(197)
Acquisition of significant property, plant and equipment	22	224	5,899	10,419	–	–

38. 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	
	2021 $'000	2020 $'000
Net (cash)/debt (including disposal group)	(3,589)	48,987
Shareholders' funds	530,554	516,310
Net debt-to-equity ratio	(0.01) times	0.09 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. SUBSEQUENT EVENTS

Subsequent to the financial year end, the Group completed the disposal of its Primary Production business, and reached agreement on the final consideration, including shareholder loans, which amounted to A$158.8 million (approximately $155.7 million).

Accordingly, in the financial year ending 31 December 2022, the Group expects to recognise a gain of approximately $1.6 million in total comprehensive income from discontinued operations, comprising:

	$'million
Income statement:	
Loss on disposal of Primary Production business	(3.9)
Associated costs incurred in relation to the disposal	(2.2)
Loss after tax from discontinued operations	(6.1)
Other comprehensive income:	
Foreign currency translation reserve taken to profit or loss on disposal of Primary Production business	7.7
Total comprehensive income from discontinued operations	1.6

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

MAJOR PROPERTIES

The major properties of the Company and its principal subsidiaries as at 31 December 2021 are set out below. The sale of the Primary Production business was completed on 4 January 2022. As such, the properties in Australia under (b) below are no longer major properties of the QAF Group.

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
(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 2022

Class of Shares	:	Ordinary Shares
Number of Ordinary Shares	:	575,268,440
Number of Ordinary Shareholders	:	6,155
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	400	6.50	12,743	0.00
100 – 1,000	897	14.57	653,500	0.11
1,001 – 10,000	3,124	50.76	15,358,076	2.67
10,001 – 1,000,000	1,715	27.86	76,783,321	13.35
1,000,001 and above	19	0.31	482,460,800	83.87
	6,155	100.00	575,268,440	100.00

Based on information available to the Company as at 15 March 2022, 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	302,543,168	52.59
2	CITIBANK NOMINEES SINGAPORE PTE LTD	118,401,279	20.58
3	DBS NOMINEES PTE LTD	17,384,434	3.02
4	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,206,897	0.91
5	TOH TIONG WAH	4,688,055	0.81
6	TAN KONG KING	4,510,000	0.78
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,042,169	0.70
8	OCBC NOMINEES SINGAPORE PTE LTD	3,549,767	0.62
9	LEE FOOK KHUEN	3,509,157	0.61
10	HSBC (SINGAPORE) NOMINEES PTE LTD	2,655,444	0.46
11	DB NOMINEES (SINGAPORE) PTE LTD	2,498,982	0.43
12	ABN AMRO CLEARING BANK N.V.	2,380,400	0.41
13	PHILLIP SECURITIES PTE LTD	2,186,411	0.38
14	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	2,031,485	0.35
15	OCBC SECURITIES PRIVATE LTD	2,009,859	0.35
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,479,324	0.26
17	TEO SOO BENG	1,240,089	0.22
18	UOB KAY HIAN PTE LTD	1,073,848	0.19
19	TAN PENG KIM	1,070,032	0.19
20	ONG TONG YANG @WONG TONG YANG	930,097	0.16
		483,390,897	84.02

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2022

Substantial Shareholders

	Direct Interest		Deemed Interest		Total Interest	
Name of Substantial Shareholder	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[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 2022.

(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 READ WITH RULE 720(6))

<table>
<tr><td>Name</td><td>Mr Andree Halim</td><td>Ms Dawn Pamela Lum</td><td>Mr Norman Ip</td><td>Mr Chee Teck Kwong Patrick</td></tr>
<tr><td>Job Title</td><td>Chairman, Non-executive, Non-Independent Director
Nominating Committee (Member)
Remuneration Committee (Member)
Executive Committee (Member)</td><td>Non-executive, Independent Director
Audit & Risk Committee (Member)
Nominating Committee (Chairman)
Remuneration Committee (Chairman)</td><td>Non-executive, Independent Director
Audit & Risk Committee (Chairman)</td><td>Non-executive, Independent Director
Audit & Risk Committee (Member)
Remuneration Committee (Member)</td></tr>
<tr><td>Age</td><td>74</td><td>68</td><td>69</td><td>67</td></tr>
<tr><td>Country of Principal residence</td><td>Singapore</td><td>Singapore</td><td>Singapore</td><td>Singapore</td></tr>
<tr><td>Date of Appointment</td><td>11 October 2003</td><td>12 February 2016</td><td>1 May 2021</td><td>1 May 2021</td></tr>
<tr><td>Date of Last Re-Appointment (if applicable)</td><td>26 April 2019</td><td>26 April 2019</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Board’s comments on re-election (including rationale, selection criteria, and the search and nomination process)</td><td colspan="4">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 Andree Halim: His performance and contribution to the effectiveness of the Board including long-term vision for the Group, entrepreneurial business skills, significant experience in overseeing businesses and strong industry knowledge, and taking into account that he is a controlling shareholder of the Company.
• Ms Dawn Pamela Lum: Her skills and experience in corporate and senior management functions, including in a Singapore-listed company, as well as her performance and contribution to the effectiveness of the Board and its Committees.
• Mr Norman Ip: His qualifications as a chartered accountant with over 40 years of commercial experience in finance and investment, real estate, mining, hospitality and general management, and his experience in senior management/directorship and chairmanship roles in listed companies in various industries in Asia and Australasia.
• Mr Chee Teck Kwong Patrick: His experience as a director of SGX-listed companies, including as chairman and member of various board committees such as audit, risk, nominating and remuneration committees.
For 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>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL READ WITH RULE 720(6))

For Independent Directors only: Whether the board considers the Director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director.	Not applicable	The Board considers Ms Dawn Pamela Lum to be independent For more information on the considerations on the independent status of Directors, please refer to Principle 2: Board Composition and Guidance on pages 86 to 88 of the Corporate Governance Report.	The Board considers Mr Norman Ip to be independent For more information on the considerations on the independent status of Directors, please refer to Principle 2: Board Composition and Guidance on pages 86 to 88 of the Corporate Governance Report.	The Board considers Mr Chee Teck Kwong Patrick to be independent For more information on the considerations on the independent status of Directors, please refer to Principle 2: Board Composition and Guidance on pages 86 to 88 of the Corporate Governance Report.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive	Non-executive
Professional Qualifications	• Diploma in Business Studies from the South East London Technical College of United Kingdom	• LLB (Honours) degree, University of Singapore • Advocate and Solicitor, Supreme Court of Singapore	• Bachelor of Science (Economics), London School of Economics and Political Science • Fellow of the Institute of Chartered Accountants in England and Wales • Fellow of the Institute of Singapore Chartered Accountants	• LLB (Honours) degree, University of Singapore • Advocate and Solicitor, Supreme Court of Singapore • Solicitor in the Senior Courts of England and Wales • Notary Public • Commissioner for Oaths

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL READ WITH RULE 720(6))

Working experience and occupation(s) during the last 10 years	• Established entrepreneur with investments in a wide range of businesses. • Vice-Chairman of Board of Directors of the Company. • Chairman of Board with effect from 1 May 2021	• General Manager, Corporate Affairs and Group Company Secretary, GuocoLand Limited (1987 – 2015)	• Non-executive, Non-independent Director, Great Eastern Holdings Limited (2010 – 2022) o Chairman (2014) o Acting Group Chief Executive Officer (2014 – 2015) • Member/Deputy Chairman, Building and Construction Authority (Appointed to the Board in 2009, Deputy Chairman from 2016 – 2021) • Member, Securities Industry Council (2016 to present)	• Senior Consultant, KhattarWong LLP (2007 – 2017) • Senior Consultant, Withers KhattarWong LLP (2017 – present)
Shareholding interest in the Company and its subsidiaries	68.60% shareholding interest in the Company as at 15 March 2022.	None	None	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL READ WITH RULE 720(6))

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 Andree Halim is the father of Mr Lin Kejian, Joint Group Managing Director of the Company. Mr Andree Halim's alternate director is his daughter, Ms Rachel Liem Yuan Fang.	None	None	None
Conflict of interest (including any competing business)	Please see Appendix to this Annual Report and Corporate Governance Report – Interested Person Transactions for FY2021 at pages 108 to 109 of this Annual Report.	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company?	Yes	Yes	Yes	Yes
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.*			

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL READ WITH RULE 720(6))

For the past 5 years	See information below under the section "Present"	None	• Chairman, Far Island Bay Sdn Bhd (in members' voluntary liquidation) (2012 – 2019) • Chairman, WBL Corporation Limited (2012 – 2019) • Independent Director, AIMS AMP Capital Industrial REIT Management Limited (2010 – 2019) • Director, Lion Global Investors Limited (2011 – 2019) • Group Managing Director (2015 – 2017), Senior Advisor (2017 – 2020), United Engineers Limited • Member/Deputy Chairman, Building and Construction Authority (2009 – 2021) • Director, Great Eastern Holdings Limited (2010 – 2022)	• Independent Director, Ramba Energy Limited (now known as ENECO Energy Limited) (2004 – 2018) • Independent Non-Executive Chairman, CSC Holdings Limited (1998 – 2018) • Independent Director, Hai Leck Holdings Limited (2008 -2020)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(APPENDIX 7.4.1, SGX-ST LISTING MANUAL READ WITH RULE 720(6))

Present	• Directorships in various companies in the QAF Group including its associated company and joint venture • Directorships in private enterprises in which he has invested	None	• Chairman, Great Eastern Capital (Malaysia) Sdn Bhd • Chairman, Great Eastern General Insurance (Malaysia) Berhad • Chairman, Great Eastern Life Assurance (Malaysia) Bhd • Chairman, I Great Capital Holdings Sdn Bhd • Chairman, Overseas Assurance Corporation (Holdings) Bhd • Chairman, Great Eastern Takaful Bhd • Director, Great Eastern General Insurance Limited • Director, The Great Eastern Life Assurance Company Limited • Member, Securities Industry Council	• Independent Director, Noel Gifts International Ltd (2021 – present) • Lead Independent Director, Sheng Siong Group Ltd (2021 – present) • Lead Independent Director, MeGroup Ltd (2018 – present) • Lead Independent Director, OneApex Limited (2018 -present) • Independent Director, China International Holdings Limited (2008 – present)
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative confirmation	Negative confirmation	Negative confirmation	Negative confirmation

Note:
Information in this section is as of 15 March 2022

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, 22 April 2022 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 2021 and auditors' report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of S$0.04 per ordinary share in respect of the financial year ended 31 December 2021. **(Resolution 2)**

3. To re-elect Mr Andree Halim retiring under Regulation 102 of the Company's Constitution. **(Resolution 3)**

4. To re-elect Ms Dawn Pamela Lum retiring under Regulation 102 of the Company's Constitution. **(Resolution 4)**

5. To re-elect Mr Norman Ip under Regulation 112 of the Company's Constitution. **(Resolution 5)**

6. To re-elect Mr Chee Teck Kwong Patrick under Regulation 112 of the Company's Constitution. **(Resolution 6)**

7. To approve Directors' fees of up to $338,333 for the financial year ended 31 December 2021 (FY2020: $345,000). **(Resolution 7)**

8. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

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

9. 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 9)**

NOTICE OF ANNUAL GENERAL MEETING

Authority to issue shares under the QAF Limited Scrip Dividend Scheme

10. 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 10)**

Renewal of Interested Person Transactions Mandate

11. 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 2022 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 11)**

By Order of the Board

Serene Yeo Li-Wen
Company Secretary

Singapore, 25 March 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions:

(i) Ordinary Resolutions 3 and 4 are to re-elect Mr Andree Halim and Ms Dawn Pamela Lum 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.

(ii) Ordinary Resolutions 5 and 6 are to re-elect Mr Norman Ip and Mr Chee Teck Kwong Patrick pursuant to Regulation 112 of the Company's Constitution.

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 7. 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 FY2021.

(iv) **Special Business**: Ordinary Resolution 9, 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 9 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 10, 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 10 is in addition to the general authority to issue shares sought under Ordinary Resolution 9.

(vi) **Special Business**: Ordinary Resolution 11 relates to the renewal of the IPT Mandate, which was last renewed at the Annual General Meeting of the Company on 23 April 2021, 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 2022 (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 2022 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 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. Please see the Documents for more information.**

4. The Chairman of the Meeting, acting as a proxy, need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. Persons who hold shares of the Company through relevant intermediary(ies) (as defined in Section 181 of the Companies Act 1967 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 voting instructions by **9.00 a.m. on 12 April 2022**.

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 19 April 2022**.

   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 safe distancing measures (if any) 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 FY2021 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 "2021 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 FY2021 Annual Report, the proxy form and the Company's announcement dated 25 March 2022 uploaded on SGXNET accompanying this Notice of AGM. All references to dates and times are to dates and times in Singapore.

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;

NOTICE OF ANNUAL GENERAL MEETING

(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, sharing 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 geopolitical crisis in Europe, and 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 wholly or partially 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. **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.**

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APPENDIX TO ANNUAL REPORT 2021 DATED 25 MARCH 2022

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 FY2021. 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 22 April 2022 at 11.00 a.m. by electronic means. The Notice of Annual General Meeting is 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, the Question Form and the Company's accompanying announcement dated 25 March 2022 may be accessed at the Company's corporate website at at the URL https://www.qaf.com.sg/company-announce/ and the SGXNET website at the URL https://www.sgx.com/securities/company-announcements.

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:

"2021 AGM"	:	Annual general meeting of the Company held on 23 April 2021
"2022 AGM"	:	Annual general meeting of the Company to be held on 22 April 2022
"Annual Report"	:	Annual report of the Company for FY2021
"Appendix"	:	This appendix dated 25 March 2022 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 1967 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 the 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
"immediate family"	:	In relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent
"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 2022, 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 of the Company dated 25 March 2022 convening the 2022 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 2001 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**
Andree Halim *(Chairman, Non-Independent, Non-Executive Director)* Lin Kejian *(Joint Group Managing Director, Executive Director)* Goh Kian Hwee *(Joint Group Managing Director, Executive Director)* Ong Wui Leng *(Group Finance Director, Executive Director)* Choo Kok Kiong *(Non-Independent, Non-Executive Director)* Dawn Pamela Lum *(Independent, Non-Executive Director)* Triono J. Dawis *(Independent, Non-Executive Director)* Lee Kwong Foo Edward *(Independent, Non-Executive Director)* Norman Ip *(Independent, Non-Executive Director)* Chee Teck Kwong Patrick *(Independent, Non-Executive Director)* Rachel Liem Yuan Fang *(Alternate Director to Andree Halim)*	150 South Bridge Road #09-03 Fook Hai Building Singapore 058727

25 March 2022

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 11 set out in the notice convening the 2022 AGM to be held on 22 April 2022.

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 2021 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 FY2020.

The IPT Mandate was expressed to take effect until the conclusion of the then next AGM of the Company, namely, the 2022 AGM which is scheduled to be held on 22 April 2022. Accordingly, Shareholders' approval is being sought for the renewal of the IPT Mandate at the 2022 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.

For Shareholders' information, the audited consolidated NTA of the Group as at 31 December 2021 amounted to approximately S$530.39 million. 3% and 5% of such audited consolidated NTA of the Group amounts to approximately S$15.91 million and S$26.52 million, respectively.

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 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. 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, Chairman of the Board, 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 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 FY2021 with Interested Persons pursuant to the IPT Mandate are set out on pages 108 to 109 of the Annual Report in the section entitled "Interested Person Transactions for FY2021". Please refer to the aforesaid section for more information. For example, the Group sold unsold and returned bread to the Salim Group[1]. 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$1.05 million, which represented less than 3% of the then latest audited consolidated NTA of the Group. In FY2021, the Group also purchased from the Salim Group instant noodles for which the aggregate value was approximately S$372,000, representing less than 3% of such audited consolidated NTA of the Group. In addition, the Group purchased from the Salim Group raw materials such as flour, the aggregate value of which amounted to approximately S$16.78 million, being more than 3% (that is, approximately 3.3%) of the then latest audited consolidated NTA of the Group. As such, pursuant to the

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 property development, industrial parks, utilities and resort operations which is listed on the SGX-ST. PT ISM and IndoAgri are subsidiaries of First Pacific.

IPT Mandate, approval 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 FY2021.

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 audited consolidated financial statements of the Group for FY2021, 3% of the latest audited consolidated NTA of the Group would be approximately S$15.91 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 2022 AGM, the renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2022 AGM (Resolution 11 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 2022 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				
Andree Halim	–	–	394,629,813(2)	68.60%
Lin Kejian	47,600	0.01%	277,369,871(3)	48.22%
Goh Kian Hwee	–	–	–	–
Ong Wui Leng	–	–	–	–
Choo Kok Kiong	–	–	–	–
Dawn Pamela Lum	–	–	–	–
Triono J. Dawis	–	–	–	–
Lee Kwong Foo Edward	–	–	–	–
Norman Ip	–	–	–	–
Chee Teck Kwong Patrick	–	–	–	–
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 2021 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 2022 AGM.

Mr Andree Halim and Mr Lin Kejian (being the Interested Persons) abstain from making any recommendation. In addition, Mr Choo Kok Kiong, who is a director of certain entities within the Salim Group, voluntarily abstains 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 2022 AGM (Resolution 11 in the Notice of AGM).

In addition, Mr Choo Kok Kiong intends to voluntarily abstain from voting on Resolution 11 in respect of his 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 2022 AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for FY2021.

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

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