

QAF Limited



CONSOLIDATING RESILIENCE AMIDST GLOBAL CRISES



2022
ANNUAL
REPORT

CORPORATE INFORMATION

(AS AT 15 MARCH 2023)

BOARD OF DIRECTORS

Lam Sing Chung (formerly, Andree Halim)
(Chairman)

Philip Yeo Liat Kok
(Vice-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

Lian Hwee Peng Rebecca

Rachel Liem Yuan Fang
(Alternate Director to Lam Sing Chung)

AUDIT AND RISK COMMITTEE

Norman Ip
(Chairman)

Triono J. Dawis

Lee Kwong Foo Edward

Dawn Pamela Lum

Chee Teck Kwong Patrick

Lian Hwee Peng Rebecca

Philip Yeo Liat Kok

NOMINATING COMMITTEE

Dawn Pamela Lum
(Chairman)

Lam Sing Chung

Triono J. Dawis

REMUNERATION COMMITTEE

Dawn Pamela Lum
(Chairman)

Lam Sing Chung

Chee Teck Kwong Patrick

EXECUTIVE COMMITTEE

Lam Sing Chung

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: Philip Ng Weng Kwai

(since the financial year ended 31 December 2022)

PRINCIPAL BANKERS

DBS Bank Limited

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank

United Overseas Bank Limited

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Notice of Annual General Meeting





CHAIRMAN'S STATEMENT

Dear Shareholders,

It was a turbulent year in 2022. The expected economic recovery, as the Covid-19 pandemic subsided, was disrupted by the geopolitical crisis in Europe in early 2022. This crisis has exacerbated the pre-existing inflationary pressures and supply chain disruption caused by Covid-19. As inflation hit multi-decade high in many countries, central banks have increased interest rates, further escalating business costs.

Like many others, QAF Group was affected by rising costs resulting from these events. We have however, managed to achieve higher sales. Compared to pre-Covid 2019, we achieved 16% higher sales and managed to maintain about the same level of profit before tax, impairment and exceptional items. Underlying earnings, however, were 27% higher than that of 2021.

Our prudent capital management policy has served us well especially during this turbulent time and we intend to continue with it. Our net cash position of more than \$175 million at the end of FY2022 is an effective buffer against any financial stress that may arise. The Board has decided to recommend a final \$0.04 dividend per share. Together with the interim dividend of \$0.01 paid in 2022, the total dividend for FY2022 would be \$0.05 per share. In addition, a Special Dividend of \$0.02 was paid in February 2022.

I would like to extend a warm welcome to Mr Philip Yeo Liat Kok and Dr Lian Hwee Peng Rebecca who joined our Board as new Independent Non-executive Directors on 1 November and 1 May 2022, respectively. I also welcome Mr Michael Darren Hewat, who has re-joined our Group as Chief Operating Officer on 1 November 2022. They bring with them much valuable experience, network, expertise, and leadership. Mr Yeo, who has extensive global experience and network, public and private sector experience, has been appointed as Vice-Chairman with effect from 24 February 2023. At the same time, I would like to thank three Directors who will be stepping down, for their services since 2014. Independent Directors, Mr Triono J. Dawis and Mr Lee Kwong Foo Edward, have decided to step down at the close of the coming Annual General Meeting as they will reach the nine-year tenure limit for independent directors before the end of 2023. Mr Choo Kok Kiong, our non-executive non-independent Director, has decided not to seek re-election at the coming Annual General Meeting, as part of Board renewal process.

Last but not the least, I wish to express heartfelt thanks to shareholders, customers and business partners for the continuing support. I would also like to express my gratitude to the management and staff for their efforts, which have strengthened the Group's resiliency amidst the challenging business environment we are currently facing.



Compared to pre-Covid 2019, we achieved 16% higher sales and managed to maintain about the same level of profit before tax, impairment and exceptional items. Underlying earnings, however, were 27% higher than that of 2021.

Lam Sing Chung

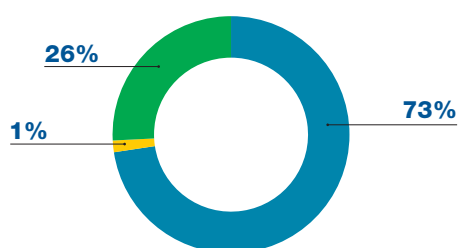
Chairman

15 March 2023

BUSINESS OVERVIEW

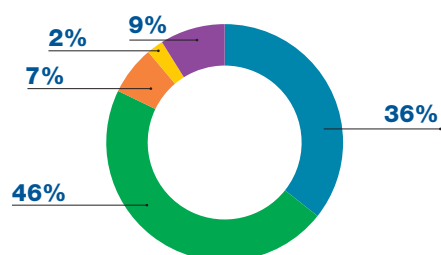
CONTINUING OPERATIONS

Segment Revenue



■ Bakery
■ Distribution and Warehousing
■ Investments and Others

Geography Revenue



■ Singapore
■ Philippines
■ Malaysia
■ Australia
■ Others

REVENUE
(EXCLUDING GBKL)

\$578m

GBKL² Revenue
\$413m

EBITDA¹
(AFTER EXCEPTIONAL
ITEMS)

\$65.2m

GBKL² EBITDA
\$41.7m

PAT
(AFTER EXCEPTIONAL
ITEMS)

\$26.0m

GBKL² PAT
\$15.4m

> 9,000
employees

c.30
major proprietary
brands

BAKERY

REVENUE 2022

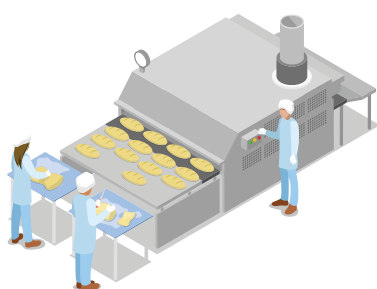
\$420m

EBITDA 2022³
(AFTER EXCEPTIONAL ITEMS)

\$70.1m

EBITDA MARGIN 2022

17%



16

Factories

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

Produced >
1.3 billion
units of bread
products annually

c.78,000
Third party
outlets

c.2,000
routes

c.1,900
trucks

DISTRIBUTION AND WAREHOUSING

REVENUE 2022

\$150m

EBITDA 2022⁴

\$7.8m

EBITDA MARGIN 2022

5%



> 10
export markets

3
Warehouses &
cold store facilities

c.20
overseas
distributors

c.38,000
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.

³ Excludes head office expenses and joint venture (GBKL) contribution.

⁴ Excludes head office expenses.

JOINT GROUP MANAGING DIRECTORS' REPORT

CONTINUING OPERATIONS

	FY2022	FY2021	Change
	\$' millions	\$' millions	%
Revenue	577.5	559.0	3
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") from continuing operations after exceptional items	65.2	64.9	0
– EBITDA margin from continuing operations after exceptional items (%)	11.3%	11.6%	
Profit before Taxation ("PBT") from continuing operations after exceptional items	37.2	28.7	29
– PBT margin from continuing operations after exceptional items (%)	6.4%	5.1%	
Profit after Taxation ("PAT") from continuing operations after exceptional items	26.0	22.4	16
– PAT margin from continuing operations after exceptional items (%)	4.5%	4.0%	
Underlying earnings ¹	37.1	29.1	27
– Underlying earnings margin (%)	6.4%	5.2%	

FY2022 RESULTS

As our Chairman puts it succinctly, 2022 was a turbulent year. The global economic environment in 2022 was characterised by uncertainties relating to high growth rates, low unemployment with labour shortages, and high inflation rates not seen in decades. Global supply chains, already impacted in recent years by the Covid-19 pandemic, faced further pressure from global geopolitical tensions, in particular, the Russian-Ukrainian war which broke out in February 2022. Central banks commenced interest rate increases to address the escalating inflation. By year's end, GDP rates were abating and fears of a global recession were being aired.

The Group had managed to navigate the difficult economic environment and recorded higher revenue growth of 7% during the year from continuing operations on a constant currency basis. However, with operating currencies dropping against the SGD (PHP 11%, MYR 6% and AUD 7%), the Group's revenue reported in SGD terms increased by only 3% to \$578 million in FY2022 from \$559 million in FY2021.

Key cost increases were borne by the Group due to the inflationary effects and constrained supply chains. If the flood-damaged factory in Malaysia is excluded, material costs

increased by 20% (mainly wheat flour), utility costs increased by 32% (electricity and gas) and distribution costs increased by 21% (crude oil). These increases impacted from the early part of FY2022 and have only started to decline towards the end of the year. The Group has maintained its competitive edge, amongst others, by applying strategic price and product mix adjustments during this high cost-inflation environment.

Our reported financials were also affected by several non-trading events. In accordance with accounting standards, we have assessed the recoverable amount of our investment in GBKL and recorded, a partial, non-cash write-down of \$5 million. We recorded higher unrealised foreign currency translation loss, of which approximately \$10 million arose from the AUD-denominated cash and deposits that were reserved from the sale of the primary production business in early 2022. The factory located in Malaysia which suffered material damage from the flood incident in December 2021, continued its asset reinstatement program and was badly affected with only one of its three production lines operational throughout the year, sustaining a loss of approximately \$4 million. On a positive note, we received interim insurance payments of approximately \$20 million in respect of this flood incident. As a result, our EBITDA after exceptional items remained flat at

¹ The Company considers Underlying earnings, which are used for internal reporting, to provide a more meaningful understanding of the Group's business performance. Underlying earnings is PBT excluding non-trading items. Non-trading items include non-cash foreign exchange translation gain and loss, non-cash impairment of assets, insurance receipts and one-off items like the loss sustained by the flood-damaged factory in FY2022. For purposes of better comparison, the earnings of the flood-damaged factory in FY2021 are also excluded.

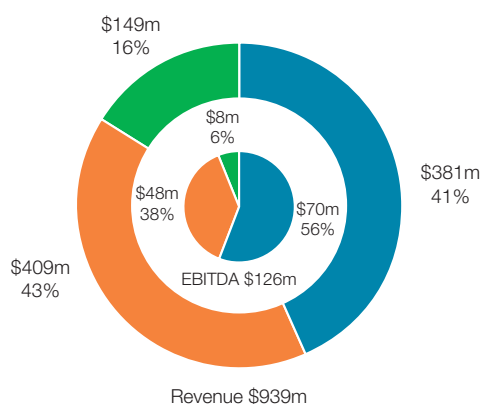
JOINT GROUP MANAGING DIRECTORS' REPORT

around \$65 million while our Profit before tax after exceptional items improved by 29% from \$28.7 million in FY2021 to \$37.2 million in FY2022. Our Underlying earnings improved by a significant 27% from \$29.1 million in FY2021 to \$37.1 million in FY2022.

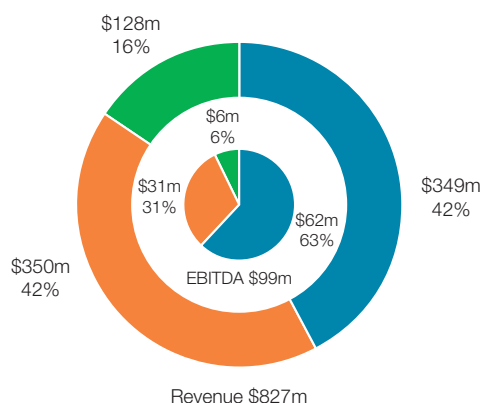
Including 100% of GBKL but excluding head office, the Group's companies of key continuing operations generated total proforma revenue of \$939 million, which was 14% higher than FY2021. Proforma EBITDA (including GBKL's royalty income to QAF Limited), improved by 27% from \$99 million in FY2021 to \$126 million in FY2022. Please see the charts below.

Proforma Revenue & EBITDA from key continuing operations excluding head office (net of inter-segment elimination)

FY2022



FY2021



■ Bakery excluding GBKL ■ GBKL (100%) ■ Distribution & Warehousing

OUTLOOK

The year ahead is likely to produce another challenging environment. Uncertainties surrounding the Covid-19 pandemic, the war in Ukraine and high inflation and interest rates have led to increased expectations for a global economic slowdown and recession in certain markets. The recent softening of wholesale commodity pricing in wheat, utilities and fuel is welcomed, however, these costs remain above pre-pandemic levels. Owing to the time taken for such reductions to filter through the supply chain, there will be a lag before the impact of the reductions in commodity prices is felt. In addition, the Group purchases several of its major raw material on a pre-commitment basis and therefore, it will take some time for these cost reductions to filter through our production systems. Five agencies of the United Nations have, in February 2023, jointly warned of high food inflation as supply chain disruptions, climate change, the COVID-19 pandemic, rising interest rates and the war in Ukraine have caused an unprecedented shock to the global food system. Besides being one of the largest wheat exporters in the world, Russia is also one of the largest exporters of fertilisers. The after-effects of fertiliser prices that spiked in 2022 may be a lower crop yield in 2023 if the farming industry had reduced the use of fertilisers. The recent reopening of the Chinese economy may also add upward pressure on commodity prices. As such, we expect to continue to face a challenging high-cost inflationary environment in 2023.

In respect of flood damage at one of our Malaysian factories and resultant consequential loss, we expect to recognise exceptional gain of up to approximately \$30 million from FY2023 onwards. The gain will be used to pay for the reinstatement of the damaged production lines, associated tax liabilities arising of approximately \$4 million and consultants' costs. The expected net gain after deducting the estimated tax liabilities and consultants' costs is estimated to be up to \$25 million. Please see page 23 in our Operations Review for more details. We expect the production lines to be operational in 2H2023.

During 2023 we will be concentrating on stable revenue growth across our core activities and we will expand our market position through more extensive distribution channels, product development and strategic adjustments to our product mix and prices. Price adjustments may however be moderated by any further softening of commodity prices and demand. In addition, we are also implementing programs relating to cost management, manufacturing and distribution efficiency and capacity utilization.

JOINT GROUP MANAGING DIRECTORS' REPORT

The Group is focusing on expanding its trading and distribution business. This capital-light, scalable approach, will concentrate on the sale and distribution of long-shelf-life products and is complementary to our expansive distribution and supply chain network.

Barring unforeseen circumstances, operating performance for FY2023 is expected to be satisfactory given the resilience of our business. However, as already mentioned, we will be operating in a challenging economic environment and it would be difficult to comment in greater detail on the trend in FY2023, given the volatile and uncertain global and risk factors that we have elaborated from pages 115 to 117 in our Corporate Governance Report.

The Group's balance sheet as at 31 December 2022 remains strong with a net cash position of \$175 million. Substantial cash balances have been prudently reserved from our trading results and the proceeds from the sale of the primary production business in early 2022. These cash balances are generating sizable interest returns in a rising interest rate setting. The Group's conservative capital management and capital expenditure policy will enable the Group to withstand unexpected financial stress that may arise, and if necessary, to fund steady dividend payments. Accordingly, the Board has decided to recommend a final dividend of \$0.04 per share for FY2022. Together with the interim \$0.01 dividend paid in September 2022, the total dividend for FY2022 would amount to \$0.05 per share or a total of \$28.8 million. In addition, in February 2022, we paid a Special Dividend of \$0.02 per share or a total of \$11.5 million following the completion of the sale of the Primary Production business.

Lin Kejian
Goh Kian Hwee

Joint Group Managing Directors
15 March 2023

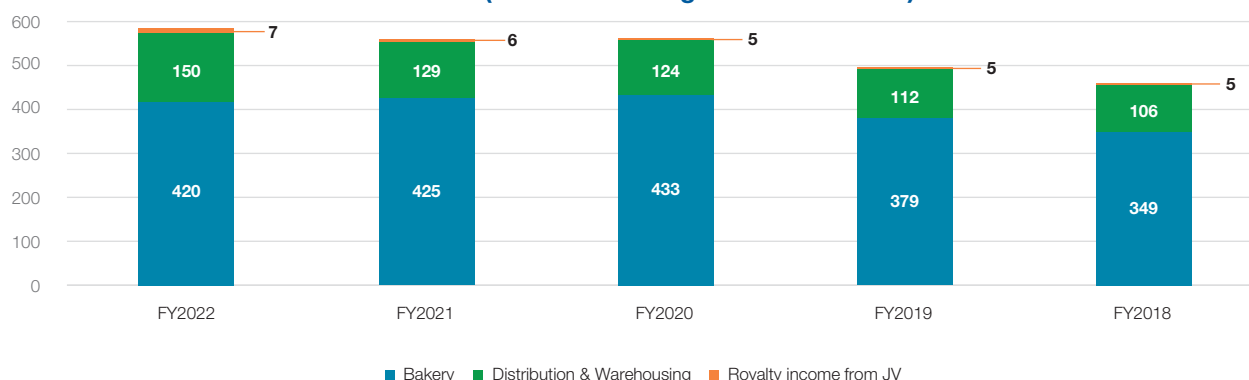
FINANCIAL HIGHLIGHTS

No restatements made for FY2018 between continuing and discontinued operations^(Note 14), unless otherwise expressly stated.

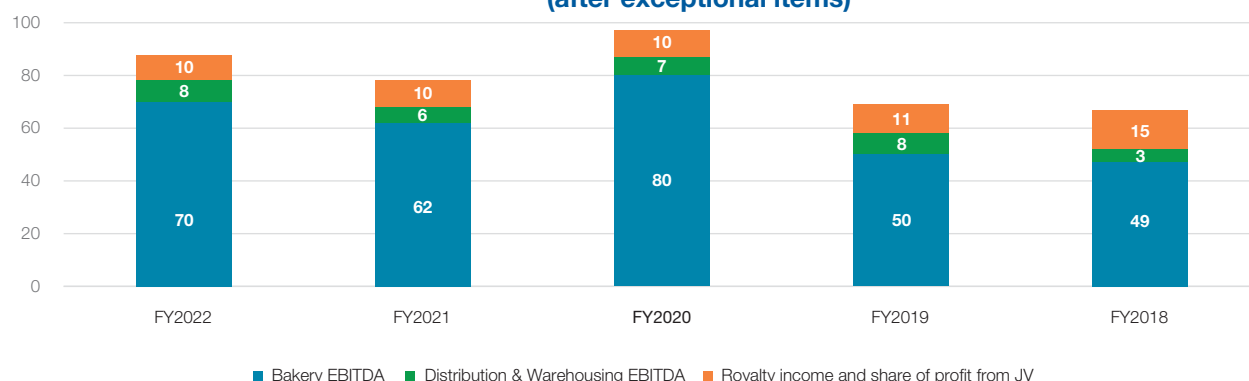
	FY2022	FY2021	FY2020	FY2019	FY2018 (Note 14)
INCOME STATEMENT (S\$'000)					
Revenue from continuing operations ^(Note 1a)	577,523	558,976	561,785	497,041	814,868
Earnings before interest, tax, depreciation and amortisation ("EBITDA") from continuing operations after exceptional items ^(Note 1b)	65,200	64,900	90,474	56,805	50,032
Profit before taxation ("PBT") from continuing operations after exceptional items ^(Note 1b)	37,151	28,741	54,400	22,761	13,298
Profit attributable to owners of the Company ("PATMI") from continuing operations after exceptional items ^(Note 1b)	25,748	22,220	42,066	18,171	8,129
STATEMENT OF FINANCIAL POSITION (S\$'000)					
Total assets	664,759	878,160	868,081	850,473	783,633
Total liabilities	165,300	345,832	351,162	350,153	278,614
Total equity	499,459	532,328	516,919	500,320	505,019
Equity attributable to owners of the Company	497,708	530,554	516,310	507,585	511,404
SELECTED EARNINGS, LIQUIDITY AND SOLVENCY DATA					
Earnings per share from continuing operations (cents)	4.5	3.9	7.3	3.2	1.4
Net asset value per share (cents) ^(Note 2)	86.5	92.2	89.8	88.2	88.9
Net tangible asset per share (cents) ^(Note 3)	86.5	92.2	89.7	88.2	88.9
EBITDA margin from continuing operations after exceptional items (%)	11%	12%	16%	11%	6%
Net margin from continuing operations after exceptional items (%) ^(Note 4)	4%	4%	7%	4%	1%
Return from continuing operations on average shareholders' equity after exceptional items (%)	5%	4%	8%	4%	2%
Return from continuing operations on average assets after exceptional items (%)	3%	3%	5%	2%	1%
Total dividends per share (cents)	7.0	5.0	5.0	5.0	5.0
Dividend payout on continuing operations (%) ^(Note 5)	112%	128%	68%	158%	351%
Current ratio (no. of times) ^(Note 6a)	3.1	1.9	1.9	1.5	1.6
Quick ratio (no. of times) ^(Note 6b)	2.7	1.5	1.6	0.9	1.0
Capital expenditure (S\$'000) ^(Note 7)	26,552	30,092	31,149	35,472	74,384
Total cash and cash equivalents (S\$'000)	216,792	88,705	81,362	73,167	60,259
Gross debt (S\$'000) ^(Note 8)	41,751	56,955	71,329	165,655	109,969
Net debt/(cash) (S\$'000)	(175,041)	(31,750)	(10,033)	92,488	49,710
Net gearing ratio (no. of times) ^(Note 9)	(0.35)	(0.06)	(0.02)	0.18	0.10
Net debt to EBITDA from continuing operations after exceptional items (no. of times)	n.m.	n.m.	n.m.	1.6	1.0
SELECTED VALUATION DATA					
Number of shares outstanding @ 31 December ('000)	575,268	575,268	575,268	575,268	575,268
Total market capitalisation (S\$'000)	477,473	506,236	514,865	463,091	336,532
Price/Book Value (no. of times) ^(Note 10)	1.0	1.0	1.0	0.9	0.7
Price/Revenue (no. of times) ^(Note 11)	0.8	0.9	0.9	0.9	0.4
P/E Ratio (no. of times) ^(Note 12)	18.5	22.8	12.2	25.5	41.4
Price/CF (no. of times) ^(Note 13)	9.1	4.6	5.4	7.8	16.1
Total Dividend Yield (%)	8%	6%	6%	6%	9%

FINANCIAL HIGHLIGHTS

Group Revenue from Key Segments (\$'m)
(before inter-segment elimination)



Contribution from Key Segments (\$'m)
(after exceptional items)



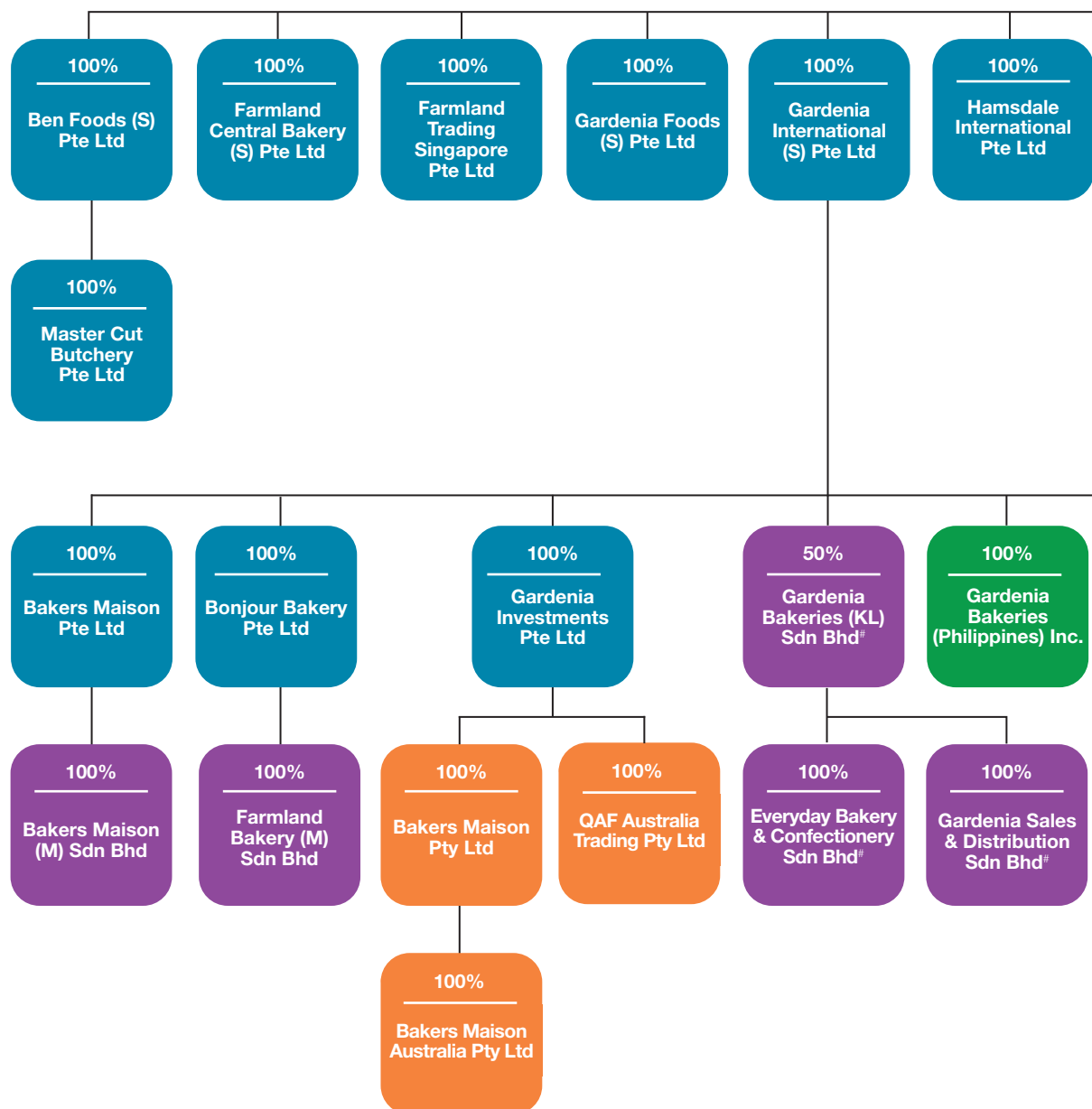
The above charts reflect financial performance of the key business segments only. The charts exclude financials of head office and Primary Production.

Notes:

- 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. The disposal was completed on 4 January 2022.
- For 2019 to 2021, the Group's EBITDA, PBT and PATMI excludes Primary Production business upon reclassification to discontinued operations following the Group's decision to pursue a sale. The disposal was completed on 4 January 2022.
- Net asset value per share is computed based on total assets less total liabilities and non-controlling interests.
- Net tangible asset per share is computed based on total assets less total liabilities, non-controlling interests and intangibles.
- Net margin from continuing operations is computed based on Group profit attributable to owners of the Company from continuing operations after exceptional items.
- Dividend payout on continuing operations is calculated by dividing ordinary dividends against profit from continuing operations attributable to owners of the Company after exceptional items. The special dividends paid in 2022 is excluded because it relates to the discontinued operations.
- 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.
- 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.
- Capital expenditure relates to actual cash flows incurred and includes those of discontinued operations.
- 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.
- Net gearing ratio is calculated by dividing net debt/(cash) against equity attributable to owners of the Company.
- Price/Book is calculated by dividing total market capitalisation against equity attributable to owners of the Company at the end of the year.
- Price/Revenue is calculated by dividing total market capitalisation at the end of the year against annual revenue.
- P/E Ratio is calculated by dividing total market capitalisation at the end of the year against Group profit attributable to owners of the Company from continuing operations after exceptional items.
- Price/CF is calculated by dividing total market capitalisation at the end of the year against net cash from operating activities.
- The Primary Production business or disposal group is considered as part of continuing operations for FY2018.

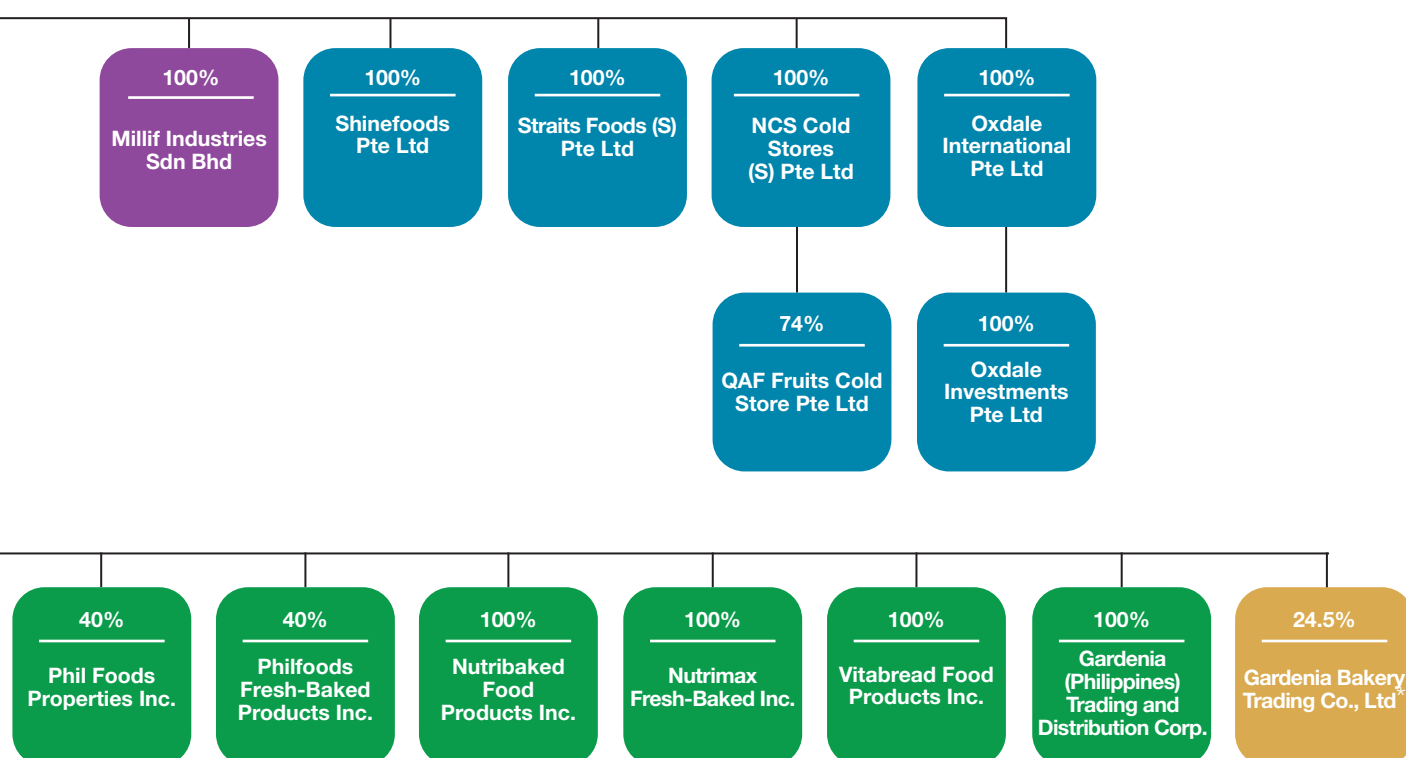
QAF GROUP

(as at 15 March 2023)



QAF GROUP

(as at 15 March 2023)



- Singapore
- Malaysia
- Australia
- Philippines
- Thailand

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

Joint venture of the QAF Group

* Associated company of the QAF Group proposed to be placed under voluntary liquidation

BOARD OF DIRECTORS

LAM SING CHUNG, 75

Chairman

Non-executive/Non-independent Director

Date of last election:

22 April 2022

Board Committee:

Nominating Committee (Member)

Remuneration Committee (Member)

Executive Committee (Member)

Mr Lam Sing Chung 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 Lam holds a diploma in Business Studies from the South East London Technical College of United Kingdom. Mr Lam 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 Lam 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 2023.

PHILIP YEO LIAT KOK, 76

Vice-Chairman

Non-executive/Independent Director

Date of last election:

Not applicable

Board Committee:

Audit and Risk Committee (Member)

Mr Yeo was appointed as a non-executive independent Director of the Company on 1 November 2022. He assumed the position of Vice-Chairman with effect from 24 February 2023.

Mr Yeo has more than 40 years of public sector experience and had held various leadership and senior roles, including as Executive Chairman of the Economic Development Board; Executive Chairman of A*Star (Agency for Science, Technology and Research); Special Advisor for Economic Development (Prime Minister's Office); and Chairman of Spring (Standards, Productivity and Innovation for Growth) Singapore.

He has received various public awards, including the Public Administration Medal (Silver) in 1974; the Public Administration Medal (Gold) in 1982; the Meritorious Service Medal in 1991; and the Order of Nila Utama (First Class), Singapore's most prestigious National Day award, in 2006. He was also awarded the highest civilian honour, the Bintang Jana Tama (the First Class Order of Service Award), by the Indonesian Government in 1994 in recognition of his role in fostering good bilateral ties between Indonesia and Singapore; the Order of the Rising Sun, Gold and Silver Star from the Government of Japan in 2007; and the Distinguished Service (Star) award from the Singapore Labour Movement, National Trade Union Congress in 2008.

Mr Yeo is currently Chairman of Economic Development Innovations Singapore Pte. Ltd., a company which

provides strategic advice and undertakes the development of integrated industrial and urban areas, Accuron Technologies Limited, a Singapore-based precision engineering and technology company, and Advanced MedTech Holdings, a high growth medical technology company in Southeast Asia with a well-established global footprint. It is also a global medical technology leader with a core focus in urology devices and services.

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering) and an Honorary Doctorate in Engineering from the University of Toronto, Canada; an Honorary Doctorate in Medicine from the Karolinska Institutet, Sweden; a Master of Science (Systems Engineering) from the University of Singapore; a Master of Business Administration from Harvard University, USA; an Honorary Doctor of Science from Imperial College, London; an Honorary Doctor of Letters from National University of Singapore; and an Honorary Doctor of Law from Monash University of Australia. He is also an Honorary Fellow of King's College London.

Mr Yeo is proposed to be re-elected at the Annual General Meeting. For further information on Mr Yeo as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 222 to 227 of this Annual Report.

Directorships in other listed companies:
City Developments Limited
Sunway Berhad

BOARD OF DIRECTORS

LIN KEJIAN, 44

*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 Lam Sing Chung, 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 2023.

GOH KIAN HWEE, 68

*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.

ONG WUI LENG, 62

*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.

Ms Ong is proposed to be re-elected at the Annual General Meeting. For further information on Ms Ong as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 222 to 227 of this Annual Report.

Directorships in other listed companies:
– SiS International Holdings Limited

BOARD OF DIRECTORS

CHOO KOK KIONG, 53

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).

Mr Choo who is, pursuant to the Company's Constitution, due for retirement by rotation at the upcoming AGM of the Company on 27 April 2023, has informed the Company that he will not be seeking re-election. He will be stepping down from the Board, as part of Board renewal process, at the close of such AGM.

Directorships in other listed companies:
Gallant Venture Ltd.
Singapore Kitchen Equipment Limited

TRIONO J. DAWIS, 41

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.

Mr Dawis will be stepping down from the Board at the close of the upcoming AGM of the Company on 27 April 2023, in light of the amendment to the SGX-ST Listing Rules on 11 January 2023 which prescribes a nine-year tenure limit for independent directors.

BOARD OF DIRECTORS

LEE KWONG FOO EDWARD, 75

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.

Mr Lee will be stepping down from the Board at the close of the upcoming AGM of the Company on 27 April 2023, in light of the amendment to the SGX-ST Listing Rules on 11 January 2023 which prescribes a nine-year tenure limit for independent directors.

Directorships in other listed companies:
Indofood Agri Resources Ltd.

DAWN PAMELA LUM, 69

Non-executive/Independent Director

Date of last election:

22 April 2022

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.

NORMAN IP, 70

Non-executive/Independent Director

Date of last election:

22 April 2022

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 in Singapore. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

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. He served as Chairman of GE from 2013 to 2014 and as Acting Group Chief Executive Officer from 2014 to 2015.

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 was awarded The Public Service Medal in 2020.

BOARD OF DIRECTORS

CHEE TECK KWONG PATRICK, 68

Non-executive/Independent Director

Date of last election:

22 April 2022

Board Committee:

Audit and Risk Committee (Member)
Remuneration Committee (Member)

Mr Chee 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.

Directorships in other listed companies:

- China International Holdings Limited
- MeGroup Ltd.
- OneApex Limited
- Sheng Siong Group Ltd.
- Noel Gifts International Ltd.

LIAN HWEE PENG REBECCA, 67

Non-executive/Independent Director

Date of last election:

Not applicable

Board Committee:

Audit and Risk Committee (Member)

Dr Lian was appointed as a non-executive independent Director of the Company on 1 May 2022.

Dr Lian has extensive experience in the food industry with major food groups. Her experience spans Research & Development and Product Innovation in multiple food categories such as Frozen Foods, Ambient Culinary, Coffee and Beverages, Dairy, Nutrition for seniors, Confectionary and Snacks, Food for Special Medical Purposes, Food Service and Quick Service Restaurant products. Dr Lian was with the Nestle group for more than 30 years, holding various leadership positions. She spent more than 20 years in China as Head of Nestle Operation and Manufacturing and Head R&D Centre, Nestle China. From 2016 to 2019, Dr Lian was a Distinguished Fellow and Co-Laboratory Director, Wilmar-NUS Lab Product Innovation and Program on Food, the New Medicine.

Dr Lian is an Innovation Advisor, Innovation Partner for Impact Singapore (a subsidiary of Enterprise Singapore) and an Adjunct Associate Professor at the School of Chemical and Biomedical Engineering at Nanyang Technological University. She is Chief Technology Officer at Green Planet Foods Pte. Ltd., a start-up company focused on the China market.

Dr Lian holds Bachelor of Science (First Class Honours) and Doctor of Philosophy (PhD) degrees in Food Technology from the University of Reading, United Kingdom. She also completed a Mastering Technology Enterprise course at IMD Business School, Switzerland.

Dr Lian is proposed to be re-elected at the Annual General Meeting. For further information on Dr Lian as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 222 to 227 of this Annual Report.

RACHEL LIEM YUAN FANG, 27

Alternate Director to Mr Lam Sing Chung

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 Lam Sing Chung, 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 Lam Sing Chung.

QAF MANAGEMENT STAFF

MICHAEL DARREN HEWAT

Chief Operating Officer

Mr Hewat was appointed Chief Operating Officer in November 2022. He is responsible for, amongst others, driving the overall operational performance of the QAF Group including providing leadership to the administrative functions, and developing and overseeing the implementation of strategies relating to operational efficiency, cost control and risk management. He was the General Manager Finance of QAF Group's Australian Primary Production business under Rivalea from 2008 and promoted to chief executive officer from 2014 until the disposal of such business by the QAF Group, which was completed in early 2022. Mr Hewat is a Certified Practising Accountant of CPA Australia and holds a Bachelor of Business (Accountancy) from the Charles Sturt University Riverina, Australia.

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

QAF Group – Bakery Segment	FY2022 \$' millions	FY2021 \$' millions	Change %
Revenue	419.8	425.1	(1)
Segment EBITDA after exceptional items ¹	70.1	61.8	13
EBITDA margin after exceptional items (%)	16.7%	14.5%	
Share of profits and royalty income from joint venture (GBKL) ²	9.5	10.1	(6)
Segment EBITDA after exceptional items and joint venture (GBKL) contribution	79.6	71.9	11



SINGAPORE

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

In 2022, Gardenia Singapore continued to achieve increased sales year-on-year and grew its market share in the local packaged bread industry despite operational challenges such as global escalating costs of raw materials, distribution and utilities, along with shortages in labour.

High global inflation was driven by disruptions to supply chains arising from the continuing pandemic situation, global crop shortages, global geopolitical tensions, in particular the war between Russia and Ukraine, as well as increases in US interest rates. Singapore's inflation reached 6.6% in fourth quarter 2022, from 3.7% in fourth quarter 2021. Businesses faced higher raw material and utility costs which were reflected in the rising prices of end products, and consumers remained cautious with their expenditures.

However, with the easing of restrictions and gradual transition towards living with Covid-19, Singapore has been progressively resuming social activities since 2022. The lifting of international travel restrictions together with pent-up demand for out-of-home dining and revenge travel has seen a strong recovery in the food and beverage (F&B), air travel and tourism sectors in Singapore.

To respond quickly to the changes in consumer demand, Gardenia Singapore initiated adjustments to its marketing, sales and distribution strategies for 2023, by offering more affordable basic bread such as white and wholemeal loaves, especially the bigger and better-valued loaves in the grocery retail trade. Responding to increases in demand, the company also expanded its distribution of bakery products to F&B customers as well as airline caterers.

According to the Ministry of Trade and Industry (MTI) figures, Singapore's GDP grew 3.6% in 2022 and is forecast to be 0.5% to 2.5% in 2023, at a pace that is below trend. Mindful of the global supply disruptions and higher cost pressures, Gardenia Singapore will align its product offerings and initiate strategic adjustments to fulfil consumers' varied needs in 2023.

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", "Flavoured Bread" and "Non-Filled Buns"³ for the period January to December 2022.

At the FairPrice Partners Excellence Awards 2023, Gardenia Singapore received 2 awards, namely "Top Business Partner of the Year Award" and "Most Popular Brand Award". The awards are a testament to its leadership and commitment in providing high quality products and services. The FairPrice Group is a leading retailer in Singapore serving more than half a million shoppers daily through a network of over 230 outlets.

¹ Segment EBITDA excludes head office expenses.

² Share of profits and royalty income from joint venture includes S\$5 million impairment of investment in joint venture at the Group level in FY2022.

³ Gardenia Singapore is No. 1 in this category in volume sales.

OPERATIONAL REVIEW

Bakery



Gardenia Singapore received two awards at the FairPrice Partners Excellence Awards 2023, namely "Top Business Partner of the Year Award" and "Most Popular Brand Award".

Hokkaido Milk products launched by Gardenia Singapore in 2022.

As Singapore's leading bakery, Gardenia Singapore prioritises food hygiene and workplace safety in its sustained efforts to produce quality products in a clean, hygienic and safe environment. The company continued to achieve Grade A status for the 28th consecutive year under the Food Safety Excellence Scheme administered by Singapore Food Agency.

In 2022, Gardenia Singapore improved the recipes of two existing milk bread products and launched the *Gardenia Hokkaido Butter Rolls* in February 2022 and the *Gardenia Hokkaido Hi-Calcium Milk Bread* in April 2022.

The new *Gardenia Hokkaido Butter Rolls* are made with a Hokkaido butter blend and packed in updated packaging with Japan-inspired visuals. To hype up the launch, several social media posts were featured to showcase the different ways to enjoy the *Gardenia Hokkaido Butter Rolls*. In addition to a convenient breakfast item, the *Gardenia Hokkaido Butter Rolls* can be enjoyed as savoury mini sliders and delightful desserts or with soups and spreads or by simply dipping into hot drinks. The creamy and soft bun texture makes the *Gardenia Hokkaido Butter Rolls* enjoyable on their own as well.

Following the launch of the *Gardenia Hokkaido Butter Rolls*, the company extended its *Hokkaido Milk Bread* series by launching a milk loaf targeted at milk bread lovers and families with young children. Made with Hokkaido skimmed milk powder, the new *Gardenia Hokkaido Hi-Calcium Milk Bread* contains Prebiotics, Calcium, Iron and both Vitamins B1 and B3.

Leveraging on the popularity of the Hokkaido milk bakery food trend, the launch publicity focused on communicating the creaminess, softness and fluffiness of the *Gardenia Hokkaido Hi-Calcium Milk Bread*, with materials featuring Japanese text to describe the milky goodness of the loaf. On social media, a series of contents were created with Japanese words (such as "パン時間" for "Bread Time") to deepen the association of the bread with its Hokkaido milk ingredients.

Gardenia is one of the few fast-moving consumer goods brands in Singapore that manages distribution to the island-wide retail outlets on daily basis. To support daily deliveries of fresh bread with short shelf life, the production plants operate 24 hours daily, 365 days a year on three production shifts. Gardenia Singapore has two production facilities and one logistics centre for bakery products. Regular maintenance is carried out for the production processes to improve food safety and quality.

As existing facilities have been in operation for many years, Gardenia Singapore is working towards upgrading its equipment capability and streamlining its processes via digitalisation and automation. One such upcoming upgrade is the new automatic unloading and stacking machines for its bun line to reduce manual handling, transforming to more efficient manufacturing of products that are in higher demand. With greater operational efficiencies, the company strives to stay true to its brand promise of providing premium, quality, healthier and delectable products for Singapore.

OPERATIONAL REVIEW

Bakery

Aligning with the increased consumer demand for healthier wholemeal and low-in-sugar food choices, Gardenia Singapore advocates healthy eating by offering a variety of 13 types of healthier *Gardenia* wholemeal and multi-grain bread choices, two variants of low glycemic index loaves and ten variants of low-in-sugar loaves in 2022.

To help consumers make prompt and easy decisions to choose healthier food during grocery shopping, all of *Gardenia* Singapore's wholemeal and multi-grain range carry Singapore's Health Promotion Board's "Healthier Choice" symbol. The company has been an active long-term supporter of initiatives of Singapore's Health Promotion Board to promote healthier living for Singaporeans. In 2022, the company supported two nationwide campaigns by Singapore's Health Promotion Board.

(A) "It's OKAY to Reach Out" Mental Wellbeing Campaign

To show its commitment to promoting a healthier lifestyle covering not only physical health but mental well-being as well, *Gardenia* Singapore supported the Health Promotion Board's inaugural national-wide "It's OKAY to Reach Out" mental well-being campaign in the first quarter of 2022. Singaporeans' livelihood and emotional well-being were affected by the outbreak of the Covid-19 Pandemic, hence the campaign aimed to encourage Singaporeans to reach out for support when they feel overwhelmed, stressed, worried or sad. The campaign also encouraged Singaporeans to reach out to support friends and loved ones who may have troubles. The company incorporated the campaign message on 950,000 *Gardenia* wholemeal loaves via the bread packaging and through its social media platforms to promote the campaign.

(B) "Eat Drink Shop Healthy (EDSH)" Challenge

In 2022, *Gardenia* Singapore once again supported the annual campaign aimed to motivate and encourage Singaporeans to make healthier choices by providing rewards and incentives through the Healthy 365 App. In addition to participating in roadshows which promoted healthier wholemeal bread to heartland residents, the company sponsored around 3,000 loaves of 100% *Wholemeal Extra Soft & Fine Bread* as prizes for the on-ground activities. The company also supported the campaign by channelling resources through its social media advertisements to drive awareness and organised in-store retail promotions such as Gift with Purchase and Price Discount Promotions.

Aligned with the EDSH's initiative to promote a healthier lifestyle among Singaporeans, *Gardenia* Singapore launched its three-month-long thematic campaign, the "Play to Get, Eat to Win" Challenge from July to September 2022. With more than \$28,000 worth of prizes to be won, consumers were encouraged to participate in the two-tiered campaign. The first tier "Play to Get!" challenge included a gamified microsite to educate consumers on the benefits of *Gardenia* Singapore's range of healthier choice products and allow consumers the opportunity to win e-vouchers from retail partners and

supermarket e-vouchers for discounts with the purchase of *Gardenia* breads. The second tier encouraged consumers to upload their receipts with the purchase of the participating healthier choice loaves to enter a lucky draw with 100 different prizes every month.

In celebration of World Bread Day, *Gardenia* Singapore launched a "Scan & Pledge to Eat More Wholemeal" campaign from mid-October till the end of 2022 with two objectives; to encourage consumers to pledge via a microsite to eat more wholegrains by converting to wholemeal bread and to give back by donating bread to the less privileged members of society.

With every pledge received, *Gardenia* Singapore donated a loaf of *Gardenia Fine Grain Wholemeal Bread* to charity organisations such as Society for the Physically Disabled (SPD), Food from the Heart and Canossaville Children & Community Services. A total of 10,000 loaves of wholemeal bread was donated by the end of the campaign.

To encourage consumers to switch to choosing healthier wholemeal bread, a set of 12 digital discount coupons were sent to consumers via electronic Direct Mails so that they could enjoy savings off selected *Gardenia* wholemeal bread from various retailers island wide.

With the incidence rate of diabetes in Singapore on the rise, *Gardenia* Singapore continued to step up in its fight against diabetes by working closely with Diabetes Singapore in 2022 to raise awareness and educate consumers on the prevention of diabetes through healthier living. To encourage consumers to eat low glycemic index (GI) foods, the company provided consumers with discount savings by organising retail promotions for its *Low GI Nutri Multi-Grain* and *Low GI Soft Grain* loaves. A series of social content was also launched in the month of November to promote the importance of a well-balanced diet by opting for low GI food choices which can help reduce the risk of diabetes in the long run.

To reinforce the company's strong commitment to building a healthier nation, *Gardenia* Singapore also participated in the annual World Diabetes Day event held on 12 and 13 November. By engaging health-conscious consumers and diabetic Singaporeans through on-the-ground activities, event participants were able to take part in a simple educational game to learn more about the benefits of low-GI bread. Rewards included e-vouchers and free wholemeal hotdog buns when they pledged to eat more wholegrain bread at the event site.

In conjunction with Singapore's 57th National Day, *Gardenia* Singapore celebrated with the nation by launching the National Day Parade 2022's message, "Stronger Together, Majulah" on the packaging overband of close to 1.5 million loaves of *Gardenia Enriched White Bread 400g*, *Gardenia Fine Grain Wholemeal Bread 420g* and *100% Wholemeal Extra Soft & Fine Bread 400g*. As a major partner of the National Day Parade, *Gardenia* Singapore contributed a sponsorship value of \$130,000 to celebrate the Nation's birthday.

OPERATIONAL REVIEW

Bakery

To create more brand engagement and drive sales, Gardenia Singapore launched a “Flash to Get” campaign by partnering with entertainment and F&B partners to bring exclusive deals to consumers when they flashed any of the selected bread packagings at partner outlets. During August, the company launched an attractive bundle deal, and price-off promotions in-store to motivate consumers to switch to healthier options, and also released a video, “Proudly Singapore, Our Bread Is For Every Home” to commemorate our brand as a long-standing Singapore brand loved and trusted by Singaporeans for its freshness and quality.

With the gradual transition towards living with Covid-19, Singaporeans have largely returned to their office for work and resumed their social activities and international travels. As consumers get busier again with the return to normalcy, they will expect more convenient, quick but healthier and quality food options to suit their lifestyle. Gardenia Singapore will continue to develop healthier products and grab-and-go single-serve buns to remain relevant to consumers' demands.

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

In 2023, Gardenia Singapore expects higher demand from the F&B, air travel and tourism sectors as consumers dine out more and travel resumes both locally and internationally. Hence, the company will concentrate on expanding the distribution of bakery products to these food service customers.

To amplify cross-brand collaborations, Gardenia Singapore will also work together with selected food service customers to hype up their meal offerings using *Gardenia* bread and by launching limited-time food items, as well as featuring such collaborations on Gardenia Singapore's website and social media platforms to drive marketing buzz.

In 2022, Gardenia Singapore continued to face pandemic-related disruptions and manpower shortages in our operations due to the resurgence of Covid cases. However, the company has managed to mitigate these challenges by filling up these temporary vacancies through contract workers.

To enhance operational efficiency, Gardenia Singapore continued to streamline its product mix to focus on the main bread products that consumers need and temporarily halted the production of some slower-moving products which were in lower demand during the pandemic.

Going forward, the current macroeconomic and geopolitical volatility, adverse weather conditions affecting crop yields, and the ongoing pandemic situation with possible new variants and sub-variants may continue to cause uncertainty in 2023. A tighter global supply of wheat crops and raw ingredients, as well as price volatility of commodities and energy, may further aggravate the situation.

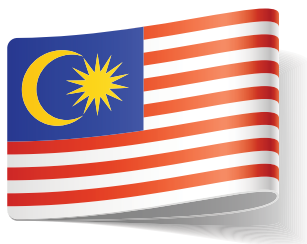
For 2023, Gardenia Singapore will continue to seek and secure alternative and additional sources of ingredients and raw materials to address the issue of declining crop harvest from certain regions. To mitigate the impact of rising costs, the company will continue to implement strategic adjustments to its product mix and strengthen distribution and operational efficiency, ultimately securing more market share in Singapore.



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

OPERATIONAL REVIEW

Bakery



MALAYSIA

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

The Malaysian economy picked up momentum from early 2022 when the country moved into the endemic phase and reopened its international borders on 1st April 2022. The recovery of the economy and the sanguine outlook on the labour market have boosted consumers' confidence, leading to an improved consumption pattern that augurs well for Gardenia Malaysia.

An unfortunate flood that happened in Shah Alam on 18th December 2021 incapacitated one of the plants in Malaysia, causing a supply disruption of bread and rolls. Gardenia Malaysia has again shown remarkable strength and resilience in dealing with this situation, as it did during the pandemic crisis in previous years, by swiftly ramping up production in other plants, restructuring its production mix for cost-effectiveness, and prioritizing its flagship products to defend the market share. As previously announced, we have received interim insurance payments of about \$20 million in respect of flood damage at one of our Malaysian factories and resultant consequential loss. The total amount of claims which has been submitted to date is RM159 million (equivalent to approximately \$50 million), out of which RM62 million (equivalent to approximately \$20 million) has been approved by and received from the insurer. Assuming all such insurance claims are accepted and paid by the insurer, the Group is expected to recognise another exceptional gain of up to RM97 million (equivalent to approximately \$30 million) from FY2023 onwards. On this basis, the tax liabilities attributable to the insurance payments of about \$20 million in FY2022 is estimated at RM13 million (equivalent to \$4 million) for which provisions have been made. For FY2023 onwards, the amount of tax liabilities is estimated at RM14 million (equivalent to approximately \$4 million). Consultants' costs of \$0.2 million had also been incurred in FY2022 and further costs are expected to be recognised in FY2023. The entire amount recovered under the insurance for property damage and consequential loss will be used to pay for the replacement and reinstatement of the damaged production lines, tax liabilities arising from the receipt of such insurance payments and consultants' costs. The expected net gain after deducting the estimated tax liabilities and consultants' costs is estimated to be up to \$25 million. We expect the production lines to be fully reinstated and operational in 2H2023. Separately, the Group's joint venture, Gardenia Bakeries (KL) Sdn Bhd, intends to submit insurance claim(s) for consequential losses to the insurer, subject to a policy limit of approximately RM42 million (equivalent to approximately S\$13 million). An assessment of this consequential loss is being undertaken and analysed in conjunction with their consultant.

It is highlighted that, as the replacement or reinstatement of the damaged production lines and other related matters, as well as the processing of the insurance claims, are ongoing, and as the audit of FY2023 (for determining consequential losses) will only be undertaken at a later date, there is no assurance that insurance claims made or to be made will materialise and/or that insurance payments to be received will be equivalent to the amount claimed under such insurance policies. The claims referred to above are based on current estimates and may be subject to variation. In addition, the Group's tax position as set out above arising from the receipt of the insurance payments is a current estimate and subject to finalisation with the tax authority.

The strategy deployed by Gardenia Malaysia to minimise loss of sales and income was effective, and the strong performance in revenue of more than RM1.3 billion for FY2022 reflected the successful efforts taken by Gardenia Malaysia.

OPERATIONAL REVIEW

Bakery

In March 2022, Gardenia Malaysia launched the *Gardenia Delicia Salted Caramel Flavoured Chocolate Spread* (“*Delicia Salted Caramel*”) as an additional choice within its range of spreads. With its savoury yet sweet and buttery taste, *Delicia Salted Caramel* is a popular choice with younger consumers. The product is sold in two sizes, 200g and 375g per tub, to suit different consumption appetites. *Delicia Salted Caramel* is the first domestic consumer brand of salted caramel-flavoured chocolate spread and has been well received by consumers since its launch.

Also in March 2022, a smaller pack size of 380g *NuMee* wet noodles was launched by Gardenia Malaysia. The *NuMee* wet noodles range is now complete with its 380g size for small families, 450g standard size for regular households and the 900g pack for the food service industry.

Gardenia Delicia Waffles which comprise four flavours – Fresh Egg Vanilla, Chocolate, Orange and Blueberry were relaunched as *Gardenia Toast'em Waffles* with a fresh new look on 16th May 2022. The launching of *Gardenia Toast'em Waffles* proved to be a hit with consumers and monthly sales have more than doubled.

Meanwhile, *Gardenia Toast'em* flavoured loaf range was also relaunched with a new packaging design in July 2022. The new packaging was introduced with different striking colours chosen to differentiate each of the five varieties. The relaunching campaign was successful and the refreshed *Gardenia Toast'em* flavoured loaf range has contributed to higher sales for the year.

Gardenia Malaysia has sharpened its strategic focus on wheat-based products by relaunching the *Gardenia Wholemeal* and *Canadian Purple Wheat* loaves as *Gardenia Breakthru*

wholemeal bread with the tagline of “Breakthrough All Barriers”. The launch event which featured Malaysian World Champion National Cyclist, Dato’ Azizul Awang, as the Brand Ambassador was officiated on 25th August 2022. The *Gardenia Breakthru* loaf is packed with healthy and nutritious benefits which are trademarked as “8CTIVE”.

Gardenia Malaysia has also leveraged its extensive distribution network by venturing into the highly competitive instant noodle market. *NuMee* instant noodle with its distinct *Gardenia* packaging features was launched at an introductory price of RM3.99 for a pack of five on 5th September 2022. Consumers were offered choices of Curry, Chicken or Goreng flavours. Consumers’ acceptance of *NuMee* instant noodles was encouraging and this has prompted Gardenia Malaysia to plan for new instant noodle flavours in 2023.

For the 13th year running, the strength of the *Gardenia* brand remains highly visible to consumers in Malaysia when Gardenia Malaysia was announced as the Platinum award winner in the Foodstuff category during the prestigious 2022 Putra Brand Awards ceremony held in January 2023.

Gardenia Malaysia has also clinched the Gold award in the Corporate Branding category of the Malaysia Public Relations Awards 2022 organised by the Public Relations and Communications Association of Malaysia for its “*Wellness Begins at Home*” campaign. The campaign aims to promote mental health literacy and encourages families to seek mental health support to navigate stressors.

In 2022, Gardenia Malaysia continued to support old folks’ homes, orphanages, schools for special needs, and rehabilitation centres with daily deliveries of bread. Other community engagements included initiatives to support flood disaster relief efforts, collaboration with local authorities to improve local drainage systems, and sponsorships for events and efforts commemorating national development.

Going into 2023, the inflationary pressures on production costs, due to prices of wheat and other raw materials being driven higher by the war in Ukraine, as well as utilities and manpower cost, are not expected to ease. However, Gardenia Malaysia is aiming to mitigate the inflationary pressures through production efficiency, strategic purchasing of major ingredients, and the continuing process of identifying alternative sources of supply. Savings are expected after the structural cost reduction review across operations and administration is completed by early 2023. However, the elevated inflationary environment is expected to remain challenging in FY2023.

The target reactivation of the plant at Gardenia Malaysia’s, flood-damaged factory by the second half of 2023 will enable the production and sales of bread and rolls to normalise. In the immediate term, the primary focus of Gardenia Malaysia will be on product innovation and income base diversification, including intensifying marketing campaigns to strengthen the trademarks of *Toast'em*, *Delicia*, *NuMee*, *Breakthru*, *QuickBites* and others.



Gardenia Malaysia was awarded “Putra Brand Platinum Award (Foodstuff Category)” for year 2022, the 13th year it has won the “Putra Brand Award”.

OPERATIONAL REVIEW

Bakery



New products launched by Gardenia Malaysia in 2022.



Products re-launched by Gardenia Malaysia in 2022.

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")

As the economy began to regain its momentum under the new normal in 2022, many Filipino consumers have demonstrated a shift in their consumption behaviour and spending habits. This led to an 18% increase in the total bread market. Despite the introduction of new aggressive competitors, Gardenia Philippines maintained its leadership in the packaged bread category with a growth of 21% and a market share of more than 65% and a product lineup that meets consumer needs. Gardenia Philippines secured No. 1 status from NielsenIQ in four categories, namely, "White Bread", "Health Bread", "Flavoured Bread" and "Pandesal" for the period January to December 2022. However, in 2022, the local bread industry, including Gardenia Philippines, faced several challenges, including the rising cost of raw materials and an unstable supply chain.

Gardenia Philippines avidly responded to the rising customer demand for healthier products. Its *High Fiber Whole Wheat Bread* now carries the *Nutri+Plus Advantage* label, a recognised trademark logo and an overall health communication handle that denotes the product's high levels of immunity-boosting nutrients as well as other vitamins and minerals that support overall health. Additionally, Gardenia Philippines reintroduced the *NeuBake Wheaten Bread* which emphasises both the fibre benefits and softness of wheaten bread, offered at a more affordable price to cater to the younger market who may be budget conscious but would want to start a healthier lifestyle.

In 2022, new products were launched under its second brand *NeuBake* to offer more affordable snack bread products, the *NeuBake Monggo* and *Choco Bread Rolls* which contain Vitamin A, Vitamin B1, Folate and Iron. Gardenia Philippines also expanded its line of bun products by introducing the *Pinoy Coco Pandesal*, in partnership with the national government. The *Pinoy Coco Pandesal* is made with 90% wheat flour and 10% coconut flour, an ingredient that is more sustainable and locally available. This initiative serves to address the rising cost of wheat flour in the global market.



Products launched by Gardenia Philippines in 2022.

OPERATIONAL REVIEW

Bakery

“Gardenia Anytime” and “Always Gardenia” campaigns were launched to focus on the white bread category. “Gardenia Anytime” aims to encourage bread consumption by highlighting the versatility of the *Gardenia Classic White Bread*. Whether for breakfast, lunch, snacking, or dinner, the campaign was able to feature these various meal occasions for enjoying bread through recipe videos, creative digital content and native content published online.

“Always Gardenia” seeks to reinforce the two key product attributes that set *Gardenia* apart from competitors: freshness and nutritional value. The debut of a new television commercial, which aired on national and regional networks, was a significant aspect of the campaign. Media partnerships through print and broadcast executions, and digital and public relations initiatives through influencer marketing activities, were used to supplement the television commercial. To amplify awareness, out-of-home advertisements were extensively utilised. Examples include transit ads on Gardenia Philippines’ trucks, street signage and toll banners along busy highways such as the North Luzon Expressway, as well as balloon-on-tour events where 20’ and 40’ inflatable balloons were set up in strategic, high-traffic areas. Lastly, in-store promotions were implemented to influence consumers at the point of purchase.

Gardenia Philippines has stepped up its wellness initiatives as people continue to adopt healthier lifestyles. Gardenia Philippines continued activities like nutrition counselling in workplaces and supermarkets. It also started the “Train the Trainers” initiative which aims to educate *barangay* nutrition scholars in various municipalities who then strive to educate the constituents. Furthermore, Gardenia Philippines collaborated with medical experts such as doctors and nutritionists to produce a series of webisodes which discussed topics such as the importance of checking nutrition facts on food products, proper family meal planning, and the role of fibre in our diet, health, and lifestyle.

Gardenia Philippines aggressively promoted its snack bread and also launched digital campaigns “Cheesy Milky Fun” for the *Gardenia Cheese Buns* and “Muffintastic” for *Gardenia Muffins*. These marketing campaigns were complemented by intensified distribution and penetration efforts. Gardenia Philippines’ territorial distributors increased by 40% and the number of routes covered increased by 9%. Market penetration in several provinces was made possible, specifically in Central Visayas and the Sulu archipelago, the islands of Bantayan, Camotes and Siquijor in Visayas and Basilan in Mindanao.

Gardenia Philippines continues to market its products on major e-commerce platforms such as Lazada, Shopee, and Pandamart, and online grocery delivery services like Metromart and Pickaroo. *Gardenia* products can also be purchased online from supermarkets, namely SM, Puregold, Waltermart, Landmark, and Robinsons.

During the year, Gardenia Philippines’ community engagement initiatives concentrated on its year-round bread donations to charitable institutions, immediate disaster relief operations, and school nutrition programs. Mobile data allowances were also offered to students. Additionally, Gardenia Philippines employees actively participated in voluntary tree-planting activities.



During the year, Gardenia Philippines introduced the Pinoy Coco Pandesal, which is made with 90% wheat flour and 10% coconut flour, an ingredient that is more sustainable and locally available.

All Gardenia Philippines plants – Laguna (Gardenia and Philfoods), Cebu (Nutribaked), North Luzon (Vitabread), and Cagayan de Oro (Nutrimax), have maintained their respective certification for ISO (Organization for Standardization) 9001:2015 Quality management systems to guarantee that consumers only receive the highest quality products available on the market. To demonstrate that Gardenia Manufacturing Facilities adhere to the systematic approach in the identification, evaluation, and control of food safety standards, Gardenia Philippines has also maintained its HACCP (Hazard Analysis Critical Control Point) certification.

This year saw Philfoods Fresh-Baked Products, Inc. attaining a Halal Company Registration from the Islamic Da’wah Council of the Philippines (IDCP). All other manufacturing facilities maintained their Halal registrations, confirming that Gardenia Philippines is qualified to produce Halal-quality products which conform with the quality standards being implemented by the federation at all times.

In the Philippines, *Gardenia* was also awarded the “Best Brand for Year 2022” in the Baked Products Category by a major supermarket chain store in Mindanao in February 2023. This award was granted to Gardenia Philippines in recognition of its outstanding sales growth and consistent quality assurance.

Gardenia Philippines remains steadfast in its commitment to serving the best quality products to its communities while maintaining the employees’ welfare as a top priority. With its continual innovation and excellence that go hand-in-hand with the employees’ passion and hard work, Gardenia Philippines will seize new opportunities and rise to new challenges to maintain its position as the market leader in the Philippines.

OPERATIONAL REVIEW

Bakery



AUSTRALIA

Bakers Maison Australia Pty Ltd
 ("Bakers Maison")

Bakers Maison started the year 2022 amidst a resurgence of Covid-19 cases on the Australian Eastern Seaboard. This critically impacted production volumes during the first quarter of 2022. However, Australia reopened its economy, which enabled Baker Maison to expand its customer base and improve efficiency throughout all departments. These positive factors, despite rising costs, turned FY2022 into a record year, with a 22% sales revenue increase from FY2021.

The Covid-19 spike in January and February caused production output to decline by up to 40% due to labour shortages arising from increased cases of sick leave and government-mandated isolation. Labour shortage caused by the tight labour market continued to impact Bakers Maison for the rest of the year, with positions remaining vacant for many weeks. Retaining new hires proved to be difficult with abundant alternative job opportunities for employees. Larger organisations have been offering higher than standard wages to secure staff. This has brought about wage competition in the labour market and higher-than-normal salary expectations. Large turnover in customer contacts was also experienced with people leaving their jobs or changing their roles, further complicating business relationship management.

Major disruptions in the supply chain, particularly in 4Q2022, also affected overall operations. The challenges that Bakers Maison faced included shortages of ingredients, late deliveries, scarcity of pallets and increased transportation costs. From December 2021, ingredient costs increased steadily during the first six months of 2022, up to as high as 21% for flour, 30% for butter, 15% for plastic packaging, 33% for milk powder and 21% for cheese. Short deliveries of packaging materials and pallets also created disruptions to production planning and material flow, adding work pressure on staff.

The chaotic operational environment started to stabilise near the end of 2022 with a decline in fuel costs, leading to hopes that the worst may be over. Costs of dairy materials have also stabilised in the latter part of 2022 and are expected to improve marginally in 2023, although flour price is anticipated to increase further in 2023. The pallet supply situation has improved and is expected to return to industry standard levels during the first half of 2023.

Major retailers in Australia have seen zero to very little growth in 2022. They have been directly affected by inflation but have managed to pass on the cost increases to final consumers. Likewise, Bakers Maison implemented two price increases in 2022 across all customer bases, which was necessary to mitigate increased material and operating costs.

Bakers Maison's sales to the food service channel have recovered very strongly from the years 2020 to 2021, which had been severely disrupted by lockdowns and restrictions during the onset of the Covid-19 pandemic. The labour shortage in 2022 has created an increase in demand for finished products, as food service operators try to simplify their operations. Food service operators also started to turn towards locally manufactured products as imports became less reliable and more expensive due to transport costs.

OPERATIONAL REVIEW

Bakery



Brioche Bun

Sales to Quick Service Restaurants (“QSR”) channel has been resilient in 2022 as QSR were able to maintain home deliveries at similar levels to 2021 despite the lifting of movement restrictions. Bakers Maison signed a two-year supply agreement with a major QSR chain that has over 350 stores operating nationally. Two bread rolls were developed to enhance the chain’s menu offer and were successfully launched in September, with strong positive consumer feedback. In addition, a major international coffee chain has selected two of Bakers Maison’s products for sale at their premises, offering strong marketing exposure for Bakers Maison. Bakers Maison also developed a partnership with a major cruise liner to supply 12 ships cruising in Australian and International waters.

Meanwhile, the sales volume of the home meal kits channel has fallen back to 2019 levels, as people have been returning to the office with the lifting of movement restrictions. Although tourism has not returned to pre-pandemic levels yet, the airline channel has shown significant growth since 2Q2022 and is expected to maintain a similar growth trend in 2023.

After three years of absence, industry trade shows resumed in 2022. Bakers Maison attended the Sydney Foodservice Expo in October 2022, at which over 20,000 national professionals attended. Bakers Maison also held a stand at the National Conference for Independent Retailers that was convened in July



Croissant Bent

2022. Social media presence continued to be a key marketing tool for Bakers Maison and continuing efforts in maintaining them have garnered more than a 12% increase in followers and subscribers in 2022.

Due to ongoing disruptions, less time has been allocated to new product development in 2022 compared to previous years. However, five new packaged items have been launched in November and will be available to 1,200 independent supermarkets across the country. A new Potato Bun was also launched in February 2022 to cater for vegetarian consumers.

In 2022, a new team was set up with the function of driving “Continuous Improvement”. This has helped Bakers Maison to steadily increase its production output. To keep up with increasing customer demand, overtime was introduced in 4Q2022, with operations running every second Sunday to maintain healthy stock levels. An additional oven was commissioned in August and the production area was extended to make room for an additional wrapping machine and new slicing equipment that were delivered in January 2023. As part of its continuing digitization efforts to cut paper usage costs and improve operating efficiency, Bakers Maison implemented new software in 1Q2023 that allows customers to acknowledge all deliveries electronically.

OPERATIONAL REVIEW

Bakery



Five new packaged items have been launched by Bakers Maison in November and will be available to 1,200 independent supermarkets across the country.

OPERATIONAL REVIEW

Distribution and Warehousing



SINGAPORE

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

As the economy gradually recovered with the relaxation of the Covid-19 measures, Ben Foods Group was able to take advantage of the reopening of the markets, especially the food service and hospitality businesses. The strategy to carry additional stock enabled Ben Foods Group to seize opportunities of securing additional businesses in both domestic and regional markets.

Sales performance for FY2022 surpassed FY2021 by 16% despite the challenging market conditions. As business conditions for 2023 are expected to be difficult with increasing risks of global recession and overhanging fear of the pandemic resurging, the sales growth achieved for FY2022 may not be repeated in FY2023. In view of the expected slower forecast growth for the Singapore economy, Ben Foods Group's strategy is to consolidate its position and maintain the existing business level.

Meeting these challenges of escalating operational and food costs, Ben Foods Group managed to secure additional sources for the supply of frozen vegetables and potatoes. Ben Foods Group also took the opportunity to repack quality products from new multiple sources in Europe and China under its *Farmchef* brand.

Participating in the *Food Hotel Asia 2022* event enabled Ben Foods Group to procure new sales leads and reconnect with its domestic and regional customers. Ben Foods Group was also able to provide its customers with an update on all the new product developments and it was a good opportunity for the official launch of the *Cowhead* range of creamy instant noodles. This range includes a variety of Asian spicy and western pasta flavours. *Cowhead* creamy instant noodles are being promoted to be cooked with *Cowhead* UHT milk as a strategy to further strengthen the brand through product synergy.

Ben Foods' propriety brands, *Cowhead* and *Farmchef* products, are being featured regularly in Ben Foods Group and its partners' e-commerce platforms to promote sales and enhance the brands' image. This is part of continuing efforts to establish a new source of sales and reduce reliance on traditional forms.

The warehousing business of Ben Foods Group will face increasing challenges in 2023. These challenges include increasing competition and potentially higher costs of operations due to energy price risks. Furthermore, a sizable portion of rental income is at fixed rates until 2024.

Ben Foods Group continues to contribute back to the community. Beneficiaries include various welfare and missionary organisations to support those that are marginalised. Food products were also contributed to schools and missionary homes catering to migrant workers. In 2022, Ben Foods Group continue to support NTUC Food Drinks and Allied Workers Union's "Gift from the Heart 2022" by contributing food products to the lower-income group.

QAF Group – Distribution and Warehousing Segment	FY2022 \$' million	FY2021 \$' million	Change %
Revenue	150.0	128.9	16
Segment EBITDA ⁴	7.8	6.4	22
EBITDA margin (%)	5.2%	5.0%	

⁴ Segment EBITDA excludes head office expenses.

OPERATIONAL REVIEW

Distribution and Warehousing



Products launched by Ben Foods Group in 2022.

QAF LIMITED



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SUSTAINABILITY REPORT

ABOUT THIS REPORT

QAF Limited (the “**Company**” or “**QAF**”) and its subsidiaries (the “**Group**”) is pleased to present our sixth annual Sustainability Report which covers our approach towards sustainability in our business operations for the period 1 January 2022 to 31 December 2022 (“**FY2022**”).

Report Scope

This report covers the Group’s Bakery businesses in Singapore (where QAF is headquartered), the Philippines, Australia, and Malaysia under our two key brands, *Gardenia* and *Bakers Maison*. 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

This report is prepared with reference to the Global Reporting Initiative’s (“**GRI**”) Standards 2021 and we have applied the following principles to define the report content and quality of information:

- (i) GRI Reporting Principles for defining report content: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness
- (ii) GRI Reporting Principles for defining report quality: Balance, Clarity, Accuracy, Timeliness, Comparability and Reliability

GRI data was collected at the subsidiary level and where appropriate has been aggregated to provide a group-level view. GRI Standards has been selected to guide our reporting as we believe it provides robust disclosure guidance and is widely accepted as a global standard for sustainability reporting. The GRI content index relevant to this report can be found on pages 96 to 97.

This year, we also commenced adopting some of the recommendations of the Taskforce on Climate-related Financial Disclosures (“**TCFD**”) in our climate reporting. Our TCFD disclosures can be found on pages 92 to 95.

This report is aligned with the reporting requirements of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B.

Our last sustainability report was published in March 2022. We publish our sustainability reports annually and our reports for previous years are available on our website www.qaf.com.sg.

The Company does not currently conduct external assurance on its sustainability reporting.

Feedback

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



SUSTAINABILITY REPORT

BOARD STATEMENT

With effect from 1 January 2022, Singapore Exchange Limited ("**SGX**") has required companies listed on SGX-ST to adopt certain enhancements for their sustainability reports, including climate-related disclosures which have to be adopted on a "comply or explain" basis in FY2022 and on a mandatory basis in FY2023 for listed companies in the food industry.

We are pleased to present our sustainability report for QAF Limited ("**QAF**" or the "**Company**"), which provides information on the material environmental, social and governance ("**ESG**") performance of QAF and its subsidiaries (the "**Group**") for FY2022 pursuant to the reporting requirements of SGX-ST Listing Rules 711A and 711B. We highlight efforts and initiatives taken in the reporting year in this context as we continue to embrace our commitment towards pushing the sustainability agenda across the Group and generating positive impact for our employees, the communities and the wider environment.

As the Board of a listed company, we maintain our stance of upholding sustainability values in our Group and monitoring the ESG factors that are relevant and material to our business and the above SGX requirements. For example, all of our Directors have attended SGX-ST prescribed sustainability training course(s) offered by the Singapore Institute of Directors. For FY2022, we worked with an external independent sustainability consultant to refresh our materiality assessment. With cyber-crimes on the rise globally, we have identified one new material ESG topic, Data Protection and Cybersecurity.

We also continue to recognise the following United Nations' Sustainable Development Goals ("**UN SDGs**"), namely SDG 3: Good Health and Well-being and SDG 12: Responsible Consumption and Production. The material ESG topics identified, as well as the topic of economic performance, have been categorised under the five key dimensions of the UN SDGs: Prosperity, Products & Process, Planet, People, and Peace & Partnerships (the "**5Ps**").

Prosperity

For our economic performance in FY2022, please refer to the rest of our FY2022 Annual Report for a holistic picture.

An example of our sustainability practice is in the area of corporate governance. QAF acknowledges the importance of robust corporate governance policies. In FY2022, QAF successfully maintained its place in the Singapore Exchange's Fast Track list in recognition of its high corporate governance standards and good compliance track record. QAF had earlier participated in the Goods and Services Tax ("**GST**") – Assisted Compliance Assurance Programme ("**ACAP**"), initiated by the Inland Revenue Authority of Singapore ("**IRAS**"). In recognition of its efforts in establishing a good structure to ensure GST compliance and its commitment to incorporate GST risk management as part of good corporate governance, QAF has been awarded "ACAP Premium" status for 5 years. QAF also plans to participate in programmes to strengthen its corporate income tax governance and the Company is currently working with its tax advisors, with a view to participate in two new initiatives by IRAS, namely Tax Governance Framework and Tax Risk Management and Control Framework.

Another example is in the area of cybersecurity. In 2022, we appointed a senior IT manager to oversee and improve the Group's IT environment, including cybersecurity practices. The Group has since aligned the IT policy and procedures to govern the proper use of email, internet, and computer antivirus software. In addition, we have invested in training our employees on data and cybersecurity practices to promote awareness across the organisation. Simulated email phishing exercise has also been conducted to test the preparedness and response of the employees in handling email phishing. In addition, we have strengthened our configurations to detect and prevent email spoofing and phishing attacks as well as account hacking. The Group continues to review and enhance their local and remote backup and recovery process and technology to further strengthen data protection and recovery. The Group will also continue to review and enhance current security technology and controls to stay relevant so that an effective layered defence capability is in place. 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.

SUSTAINABILITY REPORT

Products and Process

As an established food player in the region with strong regional brands, QAF strongly believes in our social responsibility to improve the nutrition and quality of our products and promote healthy diets. The Group achieves this through product innovation. Combining consumer insights and technical excellence, existing products' formulations are improved, or new products are launched to meet shifts in consumer demands. For example, Gardenia Philippines re-launched their *NeuBake Wheaten Bread*, which emphasises both the fibre benefits and softness of wheaten bread, catering more to health-conscious consumers. Gardenia Philippines also launched the *Neubake Monggo Bread Roll* and *Choco Bread Roll*, which contains vitamins and minerals including Vitamin A, Vitamin B1, Folate and Iron. Gardenia Singapore also improved the recipe of *Gardenia Hokkaido Hi-Calcium Milk Bread* in 2Q2022. Made with Hokkaido skimmed milk powder, the new *Gardenia Hokkaido Hi-Calcium Milk Bread* contains Prebiotics, Calcium, Iron and Vitamins B1 and B3. These products offer consumers with options that are also higher in nutritional value.

While the Covid-19 pandemic has subsided in FY2022, the geopolitical crisis in Europe has exacerbated pre-existing inflationary pressures and resulted in escalating cost of living for consumers. To maintain affordability for the mass market, Gardenia Singapore provides a diverse range of products through a multi brand approach by offering more affordable bread for the price-sensitive consumers under its different brands, as well as held several nationwide retail promotions to provide savings for consumers throughout the year. In FY2022, Gardenia Malaysia launched *NuMee* in a reduced size, the 380g packet, which offers a more economical option for smaller families. Gardenia Malaysia's *Gardenia Bonanza Keluarga*, a 500g white loaf, and Gardenia Philippines' *NeuBake* bread range were also offered at affordable prices to cater to the lower income mass market. In partnership with the national government, Gardenia Philippines also introduced the *Pinoy Coco Pandesal*, which is made with 90% wheat flour and 10% coconut flour, an ingredient that is more sustainable and locally available. This initiative serves to address the rising cost of wheat flour so that we can continue to offer products at affordable prices.

Apart from product development, the Group continues to upgrade our factories with hygiene, food safety and quality in mind. Gardenia Philippines' two factories at Philfoods and Nutrimax were awarded ISO 9001: 2015 and HACCP

certifications in 1Q2022. The Group's factory in Johor upgraded its food safety management system to FSSC 22000 version 5.1 in 1Q2022. The Group's other factories have all managed to maintain their food quality and safety certifications. As we regard food safety as our top priority, despite the Singapore government's removal of the mandate to wear masks in August 2022, Gardenia Singapore still mandates mask wearing, regular disinfection, sanitisation of common areas, as well as health and travel declarations for its production department. Posters are pasted around the factories to remind employees to practise good personal hygiene.

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 mitigated. We also continue to make our products easily accessible to our consumers through the Group's extensive distribution channels and e-commerce business.

Planet

Through our energy, waste and effluent management initiatives, we have taken steps to reduce our environmental impact and carbon footprint.

At Gardenia Malaysia and Bakers Maison Australia ("BMA"), we have solar rooftop panels to generate renewable energy. To partially offset the higher increases of electricity, Gardenia Singapore and Ben Foods Singapore are currently exploring the feasibility of installing solar panels at their Singapore based sites. Gardenia Malaysia also replaced the mercury halide lights and conventional fluorescent lights at the production lines, warehouse, and office areas of selected factories with LED lights. Since October 2021, BMA also used natural gas as a source of direct energy instead of liquefied petroleum gas. BMA also sources approximately 90% of its raw materials locally, indirectly reducing carbon emissions from the transportation of raw materials for its business. In 2022, Gardenia Philippines launched its SustainabilityTEAM program, which involves the implementation of activities that advocate "Great Products, Good People, and a Greener Planet". For example, tree planting activities were conducted where Gardenia Philippines' employees volunteered in planting more than 3,000 seedlings in the Philippines. To reduce energy consumption, during the year, Gardenia Singapore changed to a new freezer system using a more environmentally friendly refrigerant, thereby reducing the carbon footprint of its freezers and improving energy efficiency.

SUSTAINABILITY REPORT

As part of our sustainability efforts to reduce plastic used in packaging, Gardenia Singapore has commenced the reduction of packaging thickness of *Gardenia* cream rolls in 3Q2022. In an effort to reduce paper consumption, Gardenia Philippines has implemented digitization in its plants where selected departments have transitioned to online processing. At BMA, in celebration of World Environmental Day, a campaign was conducted to donate clothing to a recycling organisation for recycling. 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 approximately 52 tonnes of cardboard waste. BMA also donated approximately 104 tonnes of edible dough waste to local farmers, which is then recycled into animal feed by the farmers. In FY2022, Gardenia Singapore and Gardenia Philippines also upcycled unsold returned bread into animal feed. QAF has also embarked on partnerships to develop innovative solutions for a more sustainable supply chain. For example, since FY2021, Gardenia Singapore collaborated with its key food service partner, Burger King, to use certified "Roundtable on Sustainable Palm Oil" in the formulation of a product.

People

As one of the larger regional employers with more than 9,000 employees, the Group, including its joint venture, makes important economic and social contributions through provision of employment principally in Singapore, Philippines, Malaysia and Australia, and the recruitment of foreign workers from Malaysia, China, Vietnam, Bangladesh, Indonesia and Nepal. Safeguarding the health, safety and well-being of our people remains pivotal in maintaining employee satisfaction and long-term business success. For example, at Gardenia Malaysia, we extend various job benefits which are additional to what is mandated by law. Further, Gardenia Malaysia has commenced operating on a zero-cost recruitment fee basis for newly hired foreign workers. For more information on Gardenia Malaysia's human resource practices and the job benefits it provides to its foreign workers, please see "People" section of the report.

The Covid-19 pandemic has resulted in heightened focus on the importance of health and safety. To support staff well-being, Gardenia Philippines continued to provide staff with multivitamins on a monthly basis. At Gardenia Singapore, a complimentary health screening was organised for all employees in 4Q2022. Both Gardenia Philippines and BMA also provided free flu vaccines to their employees. In

January 2022, financial aid amounting to approximately RM274,000 was extended by Gardenia Malaysia to more than 750 employees who were gravely affected by the floods in December 2021. In recognition of its commitment to workplace safety, Gardenia Singapore is also accredited with BizSAFE Level 4 by the Workplace Safety and Health Council. The Group also continues to invest in the training and development of our employees.

Peace and Partnerships

At QAF, we strive to continue to make a positive impact to our communities by supporting a range of philanthropic, community and charitable causes and by promoting good health and positivity. In FY2022, more than 1.7 million units of *Gardenia* products were donated by the Group, including its joint venture, to the community. Through these bread donations, we have supported charitable organisations, students, frontline workers and vulnerable individuals.

We also continue to support local communities in disaster relief and recovery. For example, Gardenia Malaysia collaborated with the local authorities and the residents' associations surrounding our factories in Bukit Kemuning, Selangor, to embark on a flood mitigation project by improving the drainage system bordering our plants and the residential area. In line with its #GardeniaCares philosophy, Gardenia Malaysia has in 4Q2022, pledged a total of RM500,000 towards its 2022 national flood relief programme. The contribution was in the form of popular *Gardenia* products that were distributed to communities in affected areas and at relief centres with the cooperation of the Social Welfare Department. As part of disaster relief efforts, Gardenia Philippines donated bread loaves to families affected by the volcanic activities of Taal Volcano, the earthquake in Abra and Ilocos, as well as typhoons and fires in Luzon.

At the FairPrice Partners Excellence Awards 2023, Gardenia Singapore bagged 2 awards, namely "Top Business Partner of the Year Award" and "Most Popular Brand Award" for year 2022. The awards are a testament to its leadership and commitment in providing high quality products and services. In the Philippines, *Gardenia* was also awarded the "Best Brand for Year 2022" in the Baked Products Category by a major supermarket chain store in Mindanao in February 2023. This award was granted to Gardenia Philippines in recognition of its outstanding sales growth and consistent quality assurance.

SUSTAINABILITY REPORT

In 2023, Gardenia Malaysia was awarded “Putra Brand Platinum Award (Foodstuff Category)” for year 2022, the thirteenth consecutive year it has won the “Putra Brand Award” and the fourth consecutive year it was awarded the Platinum Award. This is a strong reflection of the credibility of the *Gardenia* brand in the community and consumers’ satisfaction with our products. Gardenia Malaysia was also awarded a Gold award under the Corporate Branding Category of the Malaysia Public Relations Awards 2022 organised by the Public Relations and Communications Association of Malaysia. The award was given in recognition of Gardenia Malaysia’s efforts to promote mental health literacy and increase mental health awareness through its “*Wellness Begins at Home*” campaign.

In addition to the material ESG topics identified in our materiality assessment, QAF recognises the growing importance of the impact of climate change on our society, environment, and economies. Changes in environmental conditions may result in disruptions to our supply chain including raw materials which are key for producing our food products. As such, we have taken our first step towards assessing climate-related risks and opportunities of our organisation by conducting a climate risk assessment on our manufacturing operations. We are also reporting climate-related disclosures consistent with

the recommendations of the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) on a “comply or explain” basis for the first time, providing an overview of our climate governance, strategy, risk management approach, identified climate-related risks, and our metrics. Please refer to the “TCFD” section on pages 92 to 95 of this report for such disclosures.

This is the first year in which climate-related disclosures in the Sustainability Report are required to be consistent with the recommendations of the TCFD on a “comply or explain” basis. Companies, including QAF, have more to learn on how TCFD disclosures and sustainability practices can be refined and improved. We would like to express our gratitude to everyone who has contributed to our ongoing sustainability journey. Looking ahead, our priority for FY2023 is to adapt and develop our sustainability practices within our business and operations. Please refer to pages 51 to 91 of this report for our sustainability progress across the 5Ps during the year.

The Board of Directors

QAF Limited



Gardenia Philippines was awarded the “Best Brand for Year 2022” in the Baked Products Category by a major supermarket chain store in Mindanao.



Gardenia Malaysia was awarded a Gold award under the Corporate Branding Category of the Malaysia Public Relations Awards 2022 organised by the Public Relations and Communications Association of Malaysia for its “*Wellness Begins at Home*” campaign.

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, together with our joint venture in Malaysia, currently employs over 9,000 employees. We are listed on the Singapore Exchange Securities Trading Limited.

Our Vision

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

Our Brands

Gardenia

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

Bakers Maison

BMA 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 food service 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 gluten-free by Coeliac Australia since 2018.



SUSTAINABILITY REPORT

AWARDS AND RECOGNITION



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.



QAF achieved a ranking of 47 out of 200 companies for The Straits Times **"Singapore's Best Employers 2021"**.



QAF ranked No. 262 out of 750 companies for Forbes **"World's Best Employers 2021"**.



Gardenia Singapore secured **No. 1 status from NielsenIQ** in four categories, namely, "White Bread", "Wholemeal Bread", "Flavoured Bread" and "Non-filled Bun Bread", for the period January to December 2022.



At the FairPrice Partners Excellence Awards 2023, Gardenia Singapore received the following two awards for year 2022 for its leadership and commitment to providing high quality products and services:

- **"Top Business Partner Award"** for exceptional sales results with remarkable sales growth, providing strong partnership support and having a high level of customer centricity.
- **"Most Popular Brand Award"** awarded to *Gardenia* for its consistent quality assurance and brand philosophy.



Gardenia Philippines secured **No. 1 status from NielsenIQ** in four categories, namely, "White Bread", "Health Bread", "Flavoured Bread" and "Pandesal" for the period January to December 2022.



Gardenia Philippines was awarded the **"Best Brand for Year 2022"** in the Baked Products Category by a major supermarket chain store in Mindanao, LTS Retails Specialists Inc., also known as NCCC Supermarkets, at their Suppliers Conference in February 2023. This award was granted to Gardenia Philippines in recognition of its outstanding sales growth and consistent quality assurance.



Gardenia Singapore holds **Grade A status** for 28 consecutive years under the Singapore Food Agency's Food Establishment Licensing Scheme which covers food hygiene and safety standards.



In Malaysia, Gardenia was awarded **"Putra Brand Platinum Award (Foodstuff Category)"** for year 2022, the thirteenth year it has won the "Putra Brand Award" and the fourth year it has won the Platinum award.



Gardenia Malaysia was also awarded a **Gold Award** under the **Corporate Branding Category** of the Malaysia Public Relations Awards organised by the Public Relations and Communications Association of Malaysia. The award was given in recognition of Gardenia Malaysia's efforts to promote mental health literacy and increase mental health awareness through its *"Wellness Begins at Home"* campaign.

1 Gardenia Singapore is No. 1 in this category in volume sales.

SUSTAINABILITY REPORT

MANAGING BUSINESS CONTINUITY THROUGH COVID-19 AND GLOBAL SUPPLY CHAIN PRESSURES

QAF Limited remains committed to supporting our staff and communities during the ongoing Covid-19 pandemic, and the safety and well-being of our employees remains a priority for the Group. Since the onset of the Covid-19 pandemic, the Group has implemented and followed statutory health and safety measures imposed at each geographic jurisdiction in which it operates. To better protect the workforce against Covid-19 and the emerging Monkeypox epidemic, the Group continues to apply its own health and safety measures. These measures are routinely updated in accordance with the relevant public health advisories and restrictions, and they are communicated to Group personnel on a regular basis.

Safety and precautionary measures included mandatory wearing of masks at work, conducting virtual meetings for large groups, regular disinfection of common areas and facilities, dissemination of posters, hourly intercom announcements to remind employees of social distancing measures, hand sanitation, daily declaration and submission of daily health monitoring forms, and provision of masks, sanitisers and antigen rapid test kits. Temperature checks of all employees and guests were conducted at all entrances and reception areas of the Group's premises. At Gardenia Philippines, employees serving home quarantine were also provided a home medical kit comprising face masks, digital thermometers, hand sanitisers, medicines, multivitamins, antigen saliva test kits, and guidelines for home quarantine, as well as monitoring of employees and family members affected by the virus. Gardenia Philippines also administers periodic vaccination programs against flu and Covid-19. Employees were granted an additional one (1) day leave for booster vaccinations. Additionally, Gardenia Philippines circulates information on preventive measures against Monkeypox through email blasts and bulletin board postings to increase awareness on how to protect oneself from contracting the disease.

The Group seeks to reduce the risk of disruptions to the availability of our workforce and the supply of our products through its Covid-19 response methods and operational continuity plans. BMA was particularly affected by Covid-19 during January and February 2022, when Covid-19 cases

spiked across Australia's Eastern States. This caused a high level of absenteeism, disrupting supply chains and our operations. Total production output during this period was reduced by up to 40% of normal volumes. Since then, BMA's operations have returned to normal. Gardenia Singapore has maintained its workforce by sourcing manpower through local contractors and hiring additional temporary workers who were displaced from other industries.

Cross-border movement restrictions disrupted the Group's raw materials supply chains from countries such as Europe, Malaysia, and Thailand. Global shipping shortages affected the Group's production supplies, causing shipment delays and a rise in shipping costs. In addition to the Covid-19 effects, climate change has resulted in lower crop yields for certain ingredients such as sugar, wheat, and raisins. This, accompanied by geopolitical tensions, have contributed to higher raw material costs for the Group and its joint venture, particularly for flour.

Increases in production costs has necessitated price adjustments for our products, however these price increases have been moderated so that we remain competitive. In FY2022, Gardenia Malaysia launched *NuMee* in a reduced size, the 380g packet, which offers a more economical option for smaller families. In the Philippines, the *NeuBake* bread range and *Gardenia Pinoy Pandesal* cater to the needs of the lower income market.

Global supply chains have been negatively impacted due to the Pandemic and exacerbated due to the war in Ukraine. To mitigate rising costs due to inflationary pressures, Gardenia Singapore worked closely with suppliers of flour and key ingredients to maintain a steady supply of freshly baked bread in Singapore. In addition, Gardenia Singapore also prepared ingredients ahead of time to prevent disruption in supplies.


The Group remains devoted to making a positive difference on its people, communities, and continues to give back to society through its various programs. Where possible, the Group provides support, both financial and non-financial, 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 programs.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY REASSESSMENT



Stakeholder engagement

The primary objective of the stakeholder engagement process is to better understand their perspectives on key issues and to build strong relationships. We also partner with international organisations, government bodies and NGOs, to understand relevant pressing concerns of the industry.





Key Stakeholders	Key Topics and Concerns	Engagement Methods ²	Frequency of Engagement
Employees 	<ul style="list-style-type: none"> Orientation for newly hired employees 	<ul style="list-style-type: none"> Discussion of expectations and employee commitments 	<ul style="list-style-type: none"> Weekly, or prior to deployment of new employees at Gardenia Philippines Prior to deployment of new employees at Gardenia Singapore and BMA Annually and prior to deployment of new employees at Farmland Malaysia
	<ul style="list-style-type: none"> Career progression/development 	<ul style="list-style-type: none"> Training and career development initiatives 	<ul style="list-style-type: none"> Periodically during the year
		<ul style="list-style-type: none"> Regular performance reviews 	<ul style="list-style-type: none"> 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 and Farmland Malaysia. Quarterly one on one discussions for existing employees at BMA. Annual review for performance appraisal at Gardenia Singapore
		<ul style="list-style-type: none"> Feedback sessions with manager at BMA 	<ul style="list-style-type: none"> One on one conversations quarterly
		<ul style="list-style-type: none"> Cross training for production staff at BMA 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Compensation and other benefits 	<ul style="list-style-type: none"> Health and wellness related initiatives 	<ul style="list-style-type: none"> Quarterly "Wellness Week" event at Gardenia Philippines Periodically during the year at BMA
		<ul style="list-style-type: none"> Mental health support, and mental health and well-being programmes at Gardenia Philippines and BMA 	<ul style="list-style-type: none"> Periodically during the year
		<ul style="list-style-type: none"> Vaccination programmes at Gardenia Philippines and BMA 	<ul style="list-style-type: none"> Periodically during the year
		<ul style="list-style-type: none"> Discussion of performance and achievements 	<ul style="list-style-type: none"> Annual performance reviews Periodically during the year for Gardenia Philippines Quarterly one on one conversations at BMA

² Includes virtual engagements, where applicable.

SUSTAINABILITY REPORT

Key Stakeholders	Key Topics and Concerns	Engagement Methods ²	Frequency of Engagement
		<ul style="list-style-type: none"> Virtual and social team building activities 	<ul style="list-style-type: none"> Periodically during the year for Gardenia Philippines Quarterly for BMA
		<ul style="list-style-type: none"> Engagement with applicable trade unions 	<ul style="list-style-type: none"> As and when required
		<ul style="list-style-type: none"> Livelihood training for employee dependents at Gardenia Philippines 	<ul style="list-style-type: none"> Periodically during the year
	<ul style="list-style-type: none"> Sustainability Reporting 	<ul style="list-style-type: none"> Materiality reviews 	<ul style="list-style-type: none"> Annually
Shareholders 	<ul style="list-style-type: none"> Business and financial performance, strategy, and outlook 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Half-yearly results announcements An Annual General Meeting is held once a year Extraordinary General Meetings are held as and when required
Customers 	<ul style="list-style-type: none"> Quality of products 	<ul style="list-style-type: none"> Participation in interactive roadshows held in conjunction with health promotion campaigns or initiatives. Participation in in-store promotions with health-related campaigns and initiatives 	<ul style="list-style-type: none"> Periodically during the year
	<ul style="list-style-type: none"> Nutritional content of products Use of trans-fat free and non-GMO products Availability/accessibility of products 	<ul style="list-style-type: none"> Digital Advertisements, Transit Ads, and marketing and sales promotions Interaction between brands and customers via websites and social media platforms Customer surveys 	<ul style="list-style-type: none"> Quarterly Daily monitoring of customer feedback and internal review meetings twice a year for Gardenia Singapore
	<ul style="list-style-type: none"> Customer and business partner relationships 	<ul style="list-style-type: none"> Gardenia Singapore and BMA conduct business reviews and updates with key customers/retailers 	<ul style="list-style-type: none"> Periodically during the year

SUSTAINABILITY REPORT

Key Stakeholders	Key Topics and Concerns	Engagement Methods ²	Frequency of Engagement
Suppliers and Business Partners 	<ul style="list-style-type: none"> Supplier and business partner relationships Quality of materials supplied On-time delivery of products 	<ul style="list-style-type: none"> Supplier and business partner meetings Regular audits of factories Audits by third parties and business partners 	<ul style="list-style-type: none"> Periodically during the year Ongoing for BMA Periodically during the year
Government and Regulators 	<ul style="list-style-type: none"> Compliance with relevant rules and regulations 	<ul style="list-style-type: none"> Routine and ongoing communication and collaboration Compliance with mandatory reporting requirements 	<ul style="list-style-type: none"> As and when required
Local Communities 	<ul style="list-style-type: none"> Promote healthier lifestyles and raise awareness of importance of food nutrition on overall mental and physical health Help improve the livelihoods and living quality of the local community 	<ul style="list-style-type: none"> 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 Activities to support various philanthropic, community and charitable causes 	<ul style="list-style-type: none"> Periodically during the year Periodically during the year
Industry Bodies 	<ul style="list-style-type: none"> Short and long-term interests of the industry body groups 	<ul style="list-style-type: none"> Collaboration with industry bodies like Philippine Baking Industry Group 	<ul style="list-style-type: none"> Periodically during the year for Gardenia Philippines

SUSTAINABILITY REPORT

Memberships and associations

The Group has memberships and is involved in industry organisations 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

Malaysia

- Federation of Malaysian Manufacturers
- Malaysia External Trade Development Corporation
- Malaysian Investment Development Authority
- SME Association of Malaysia (South Johor)

Philippines

- Employers Confederation of the Philippines, Inc.
- European Chamber of Commerce
- Filipino-Chinese Bakery Association, Inc.
- Laguna International Industrial Park Association, Inc.
- Makati Business Club
- Philippine Marketing Association
- People Management Association of the Philippines
- Philippine Baking Industry Group
- Philippine Chamber of Food Manufacturers, Inc.
- Philippine Institute for Supply Management
- Philippine Society for Talent Development
- The Wallace Business Forum

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

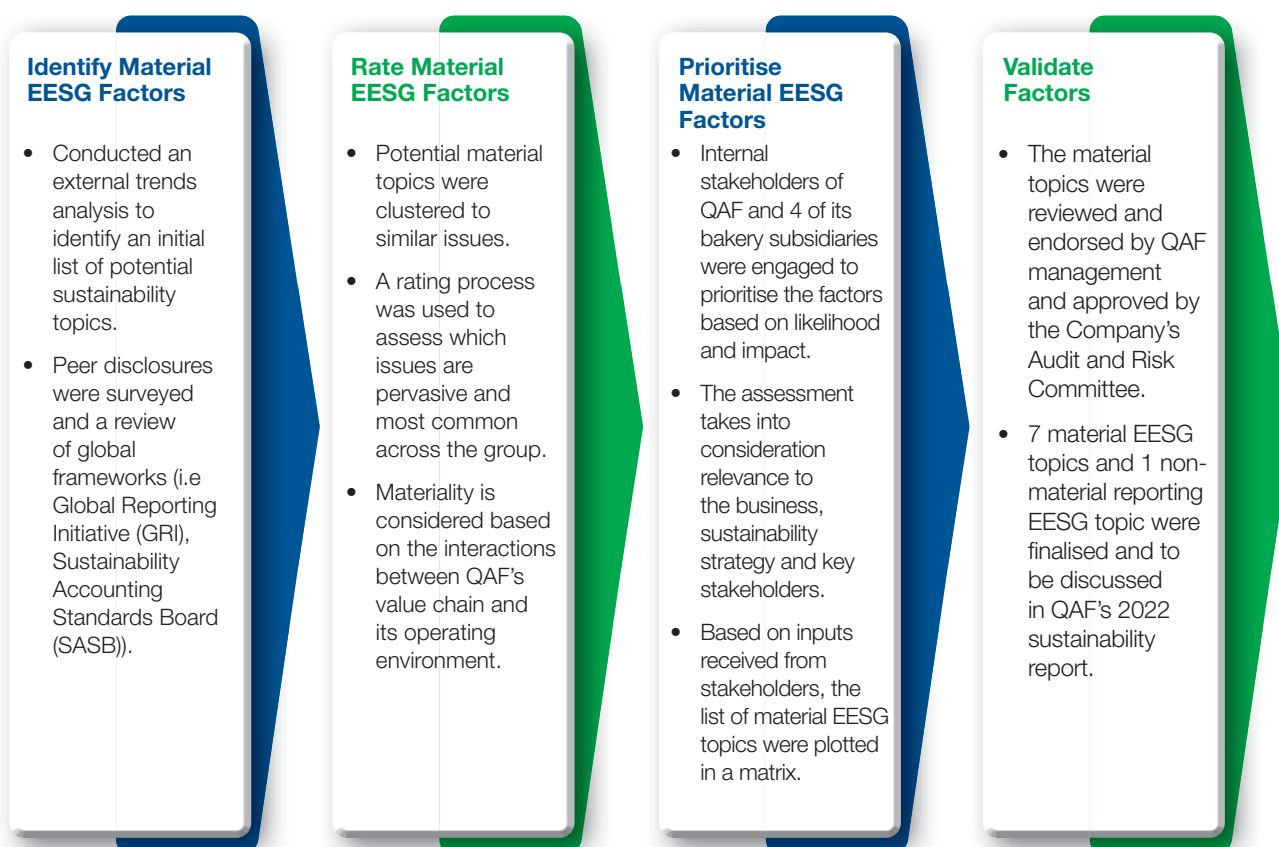
- Philippine Integrity Initiative

SUSTAINABILITY REPORT

Materiality determination process

The materiality assessment process is an ongoing exercise which helps identify and assess economic, environmental, social and governance (“EESG”) topics of significance to the business. Taking into account Rule 711B(1) of the SGX-ST Listing Manual and guidance from certain GRI Standards, the Group’s material EESG topics were refreshed this reporting year to determine and prioritise relevant EESG risks and opportunities. An independent sustainability consultant was engaged to facilitate the process. Our materiality methodology adopts a data-driven approach to evaluate our material stakeholders’ perspectives. Guided by the GRI Materiality Principle, the materiality assessment comprised of a four-step process which is summarised in the diagram below.





Figure 1: Overview of materiality assessment methodology



SUSTAINABILITY REPORT






Material mapping and topic boundary

The Group has, taking into account Rule 711B(1) of the SGX-ST Listing Manual and guidance from certain GRI Standards, identified the following material EESG topics which are relevant to the Bakery business. These topics have been further categorised into the 5Ps – Prosperity, Products and Process, Planet, People, and Peace and Partnerships, in alignment with the UN SDGs. The table below highlights the relevance of the material topics to the Group's business and its material stakeholders, as well as the related GRI Standards.


Alignment to 5 Ps	Material Topic	Materiality to QAF	Relevant GRI Disclosure	Stakeholder/s
Prosperity	Economic Performance 	Our financial performance is essential in delivering shareholder value and achieving long-term growth of the company.		<ul style="list-style-type: none"> Shareholders Employees
	Governance and Ethics (Ethical and Fair Business Practices) 	Our governance structure, business ethics, anti-corruption policies and procedures, and compliance against laws and regulations.	GRI 205: Anti-corruption 2016 <ul style="list-style-type: none"> GRI 205-3: Confirmed incidents of corruption and actions taken 	<ul style="list-style-type: none"> Employees Shareholders Government and Regulators
	Governance and Ethics (Data Protection and Cybersecurity ³) 	Promote governance in the management of cybersecurity.	GRI 3-3: Management of material topics	<ul style="list-style-type: none"> Consumers Government and Regulators Employees Shareholders
Products and Process	Consumer Health and Safety (Product Responsibility) 	Commitment to food safety and quality to our customers.	GRI 416: Customer Health and Safety 2016 <ul style="list-style-type: none"> GRI 416-1: Assessment of the health and safety impacts of product and service categories GRI 417: Marketing and Labelling 2016 <ul style="list-style-type: none"> GRI 417-1: Requirements for product and service information and labelling 	<ul style="list-style-type: none"> Consumers

3 New material EESG topic for FY2022.

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Alignment to 5 Ps	Material Topic	Materiality to QAF	Relevant GRI Disclosure	Stakeholder/s
Products and Process	Consumer Health and Safety (Product Responsibility) 	Commitment to food safety and quality to our customers.	GRI G4: Food Processing Sector Disclosures <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Consumers
	Consumer Health and Safety (Promoting healthy eating and lifestyles) 	Helping consumers lead healthy lives by catering to consumers' varying nutritional needs and tastes, spreading the benefits of a healthy diet and lifestyle.		<ul style="list-style-type: none"> Consumers
Planet	Resource Management (Energy Management, Waste Management and Water Management)   	Going beyond environmental compliance and running environmentally sustainable operations.	GRI 306: Waste 2020 <ul style="list-style-type: none"> GRI 306-2: Management of significant waste-related impacts GRI 303: Water and Effluents 2018 <ul style="list-style-type: none"> GRI 303-2: Management of water discharge-related impacts 	<ul style="list-style-type: none"> Shareholders Suppliers and Business Partners Government and Regulators

SUSTAINABILITY REPORT

Alignment to 5 Ps	Material Topic	Materiality to QAF	Relevant GRI Disclosure	Stakeholder/s
People	Our People (including Occupational Health & Safety, Employee Training & Development) 	<ul style="list-style-type: none"> • Creating safe working environments. • Investing in developing skills capabilities of our workforce. 	GRI 403: Occupational Health and Safety 2018 <ul style="list-style-type: none"> • GRI 403-1: Occupational health and safety management system • GRI 403-2: Hazard identification, risk assessment, and incident investigation • GRI 403-3: Occupational health services • GRI 403-4: Worker participation, consultation, and communication on occupational health and safety • GRI 403-5: Worker training on occupational health and safety • GRI 403-6: Promotion of worker health GRI 404: Training and Education 2016 <ul style="list-style-type: none"> • GRI 404-2: Programmes for upgrading employee skills and transition assistance programmes 	<ul style="list-style-type: none"> • Employees

The Group has also identified one non-material EESG reporting topic that is relevant to all of its Bakery businesses, categorised via the table below.

Alignment to 5 Ps	Reporting Topic	Relevance to QAF	Relevant GRI Disclosure	Stakeholder/s
Peace and Partnerships	Community Engagement 	Supporting economic development and creating positive social impact of the less fortunate and fostering strong ties within the communities in which we operate.		<ul style="list-style-type: none"> • Local Communities

SUSTAINABILITY REPORT

OUR APPROACH TOWARDS SUSTAINABLE GROWTH – UN SDGs & 5Ps

Our sustainability approach is aligned with our overall business strategy and priorities. In this regard, we continue to focus sustainability areas with the UN SDGs, which is an internationally recognised blueprint to achieving a better and more sustainable future for all. In doing so, QAF has aligned its sustainability approach with the broader global sustainability mission.



The SDGs is a collection of 17 interlinked global goals designed to end extreme poverty, fight inequality, protect the planet, and maximise peace and prosperity for all people by 2030. The SDGs represent an opportunity for businesses to contribute through sustainable business growth, promoting new opportunities and partnerships while contributing to societal development and environmental protection. Global challenges such as those highlighted in the SDGs need solutions that the private sector can help to deliver and contribute towards, representing a growing market for business innovation.

In FY2019, in line with its organisational vision and strategy, QAF identified two priority SDGs for which opportunities existed to make a positive impact through our business practices, products, and community programmes.

Additionally, QAF believes in the importance of the 5Ps – Prosperity, Products & Process, Planet, People, and Peace & Partnerships. They represent key issues and concepts that wholly encapsulate the pillars that QAF prioritises in our sustainability approach. We also consider that the 17 SDGs can be better categorised within the 5Ps to better assess the 17 goals. As such, whilst our core focus is on 2 SDGs, we consider all SDGs within the 5Ps.

We continue embedding the SDGs and 5Ps into our planning and operations, with a focus on those most relevant to our business. We have also aligned our sustainability reporting and frameworks with our priority SDGs and material topics mapped to 5Ps, to showcase our FY2022 sustainability performance and progress which is summarised in the following sections.



SDG 3: Good Health and Well-being

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

Why It Matters

According to the [2022 Global Nutrition Report](#), the global nutrition crisis has been exacerbated by the effects of Covid-19, the ongoing conflicts in the world, and the impacts of climate change. Malnutrition trends, from hunger to obesity, are concerning. People across the globe fail to meet minimum standards for healthy and sustainable diets with obesity and diet-related non-communicable diseases on the rise. Therefore, the need to promote good nutrition and healthy lives is a focus of QAF.

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 profiles. Beyond products, we work with our partners to promote healthy and active lifestyles.

SUSTAINABILITY REPORT

Our Key Contributions



Consumer health and well-being

- Gardenia Singapore continues to work actively with government agencies, healthcare organisations and community partners to promote healthy eating and well-being. It advocates healthy eating habits via its involvement in the outreach activities by the Singapore Health Promotion Board (“HPB”). In 2022, Gardenia Singapore worked with HPB to educate and encourage consumers to increase their intake of wholegrains, sponsoring our *Hokkaido Hi-Calcium Milk Bread* with the Osteoporosis Society of Singapore to highlight the importance of calcium in consumers’ diets, as well as supporting the Diabetic Society of Singapore during World Diabetes Day 2022 by promoting the health benefits of low GI loaves.
- Gardenia Philippines continued its “Corporate Wellness Movement” program to help the private sector and government employees achieve their health and wellness goals. The company also continued its “School Nutri-Tour” program for public and private school students, 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 contain no 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

- With the return of a face-to-face working environment, Gardenia Philippines places a key emphasis on supporting employees in the transition. This includes vaccination programs for Covid-19, and a “Covid-19 Preventative Measures Program” supplying staff with essential multivitamins on a monthly basis.
- Gardenia Philippines launched “Weight for Me”; a three-month weight management program designed to address the elevated body mass index (“BMI”) scores of its employees. It promotes regular physical activity and a healthy diet to help employees achieve their healthy weight goal and reduce risk factors for cardiovascular diseases like hypertension, diabetes, and dyslipidemia. Employees with a BMI of 25 and above may register for the program and sign up as pairs of “Body Buddies”, who will encourage and help each other towards the attainment of weight reduction goals. Aside from attention to physical health, Gardenia Philippines also conducts webinars focusing on improving one’s mental health and well-being.
- During 2022, BMA introduced a variety of employee wellbeing programs, primarily focused on supporting personal development goals, promoting healthy eating, and building on essential life skills. In March, BMA celebrated National Harmony Day by encouraging employees to share their home country food with everyone and teaching each other how to say “Welcome” in their native language, celebrating a culture of inclusion and diversity. In April, BMA promoted healthy eating month by providing a free fruit basket shared among team members every Monday of the month. Within personal development, staff were encouraged to expand on their existing expertise through training programs such as having sales and marketing teams participate in training sessions to expand their presentation and negotiation skills, and IT manager increase their knowledge on cyber security. Core life skills and essential work safety training such as first aid and fire and emergency response training were also conducted for staff representatives.



To read more about our initiatives to promote health and well-being, refer to the “Promoting Healthy Eating and Lifestyles” section on pages 66 to 70 and the “Our People” section on pages 76 to 84 of this report.

SUSTAINABILITY REPORT



SDG 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

Why It Matters

The 2022 Asia and the Pacific SDG progress report by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), identifies the gaps that must be closed to achieve the SDG 12 goals by 2030. In particular, the region must reverse current trends on material consumption and the use of materials in production processes. 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, reducing hazardous waste, and improving renewable energy usage. Transformation of business practices in procurement, energy management, and disposal will help improve performance and progress against SDG 12. At QAF, we seek to do more and better with less through our business operations.

Our Key Contributions

In our Bakery business operations, we monitor and reduce our energy consumption and waste generation, and source sustainably, where practicable.



Energy management

- LED lights and movement sensors for toilet lighting are used at both of Gardenia Singapore's factories, as well as its corporate office and warehouse.
- To reduce energy consumption, during the year, Gardenia Singapore changed to a new freezer system using a more environmentally friendly refrigerant, thereby reducing the carbon footprint of its freezers and improving energy efficiency.
- The installation of solar rooftop panels at one of the factories of our joint venture in Malaysia was completed in late 2021. The investment has resulted in an annual saving of approximately RM90,000 in 2022.
- Gardenia Malaysia continues to replace the mercury halide lights and conventional fluorescent lights at its production lines and warehouse area with LED lights.
- At the Group's factory in Johor, solar energy is used for factory fence lighting and rainwater is harvested for toilet flushing.
- Gardenia Philippines continues to deploy LED lights for lighting, inverter-type air-conditioning units with improved technology and energy-saving features, capacitor banks in electrical systems, and liquefied petroleum gas for major ovens to reduce overall energy consumption.
- With effect from 4Q2021, BMA replaced the use of liquefied 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 production facility generate approximately 6% of its electricity requirements.
- BMA has converted its freezer warehouse to LED lighting and sensor-activated lighting in 1Q2022. The new lighting system automatically turns off when there is no activity.



SUSTAINABILITY REPORT

Waste Management

- As a signatory to the Singapore Packaging Agreement, Gardenia Singapore seeks to reduce its packaging waste through product packaging development. As part of our sustainability efforts to reduce plastic use in packaging, Gardenia Singapore is adopting two main improvement plans, namely, the reduction in packaging thickness of selected products and consumer outreach to promote awareness of reusing and recycling our used packaging and kwik-loks. In 3Q2022, we commenced the reduction of the packaging thickness of *Gardenia* cream rolls.
- In collaboration with Sembcorp, Gardenia Singapore reached out to 40 primary and secondary schools to implement a recycling campaign. From April to July 2022, students were challenged to create useful objects or art pieces out of used *Gardenia* bread packaging and kwik-loks. Participants who created outstanding products were awarded with *Gardenia* hampers at the end of the campaign.
- 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 approximately 52 tonnes of cardboard.
- For FY2022, BMA provided approximately 104 tonnes of edible dough waste to local farmers, which was recycled into animal feed.



Sustainable Sourcing

- Gardenia Singapore seeks to source 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.
- Gardenia Singapore commenced working with key food service partners such as Burger King to develop clean ingredients with the replacement of palm oil to certified "Round Table Sustainable Palm Oil" in the formulation of selected products.
- BMA sources approximately 90% of its raw materials locally, indirectly reducing carbon emissions relating to raw material transportation.



To read more about our initiatives to promote resource efficiency, refer to the "*Resource Management*" section on pages 71 to 75 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 Topic Ethical and Fair Business Practices

 FY2022 Targets	 FY2022 Achievements	 FY2023 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.

Material Topic Data Protection and Cybersecurity

 FY2022 Targets	 FY2022 Achievements	 FY2023 Targets
No targets as this is a new material topic identified in FY2022.	Development and implementation of QAF Group IT Policy to promote awareness regarding data protection and cybersecurity practices across the organisation.	<ol style="list-style-type: none"> 1. To conduct annual cybersecurity awareness training and assessment for QAF and its bakery subsidiaries. 2. To conduct an annual simulated email phishing exercise for QAF and its bakery subsidiaries.

ECONOMIC PERFORMANCE

Our full year financial results can be found in our audited financial statements. Please refer to the rest of our FY2022 Annual Report for a holistic picture.

ETHICAL AND FAIR BUSINESS PRACTICES

Sustainability Governance

The Group's Audit and Risk Committee ("ARC") is responsible for overseeing and making recommendations to the Board on sustainability reporting. Pursuant to this, the ARC is responsible for approving the material EESG factors identified during the materiality assessment, as well as the review of the Group's sustainability policies, practices, performance, and targets for the purpose of such reporting. QAF has further appointed an independent consultant to advise the Group 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.

Figure 2: QAF Sustainability governance structure



SUSTAINABILITY REPORT

Tax Governance

Tax governance and tax risk management are essential to good corporate governance. Tax governance encompasses a well-defined and communicated corporate policy on taxation that is approved at the strategic level of a company, and reflects the attitude and culture of the company towards managing its tax risks. Tax risk management involves implementing a robust tax control framework to identify, mitigate and monitor key tax risks on an ongoing basis.

A company that adopts good tax governance and tax risk management practices can give confidence to its stakeholders and the general public that it is transparent in its tax matters and is contributing its fair share of taxes.

The Company is currently working with its tax advisors, with a view to participate in two new initiatives relating to corporate income tax introduced by IRAS, namely Tax Governance Framework and Tax Risk Management and Control Framework.

The Company had earlier participated in the GST ACAP, initiated by IRAS. In recognition of its efforts in establishing a good structure to ensure GST compliance and its commitment to incorporate GST risk management as part of good corporate governance, QAF has been awarded "ACAP Premium" status for five years from 2021 to 2026.

Anti-corruption

Corporate Governance

Our corporate governance is guided by the Singapore Code of Corporate Governance. More information can be found in our Corporate Governance Report on pages 99 to 127 of our FY2022 Annual Report. 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 trust and confidence of its material stakeholders. In addition to the Code of Business Conduct, some members of our Group have adopted local policies specific to their operations and jurisdictions.

Whistleblowing Policy

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 officers and employees to raise, in confidence, concerns regarding 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, whistle-blowers raising genuine concerns in good faith are not at risk of losing their jobs or risk suffering from reprisal from the Company as a result, even if they are 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 and lawyers to conduct further investigations or review.

In 2022, the Group received one whistleblower report of alleged corruption in respect of one of its units operating outside of Singapore. The ARC reviewed the report pursuant to the Whistleblowing Policy. External lawyers were engaged to look into the matter and they found no evidence of the alleged corruption.

It has to be recognised that the review of the Group's internal controls and risk management systems is a continuing process. Part of the Group's business is located in regional countries which are challenging with different control environments to operate in and where laws, practices and cultures differ from those in Singapore. The internal controls and risk management systems are designed to provide reasonable, but not absolute, assurance as to certain material risks. No such system can provide absolute assurance against the occurrence of, amongst others, corruption, fraud or other irregularities. We continue to review and look at areas of improvement.

SUSTAINABILITY REPORT

Gardenia

Singapore

In Gardenia Singapore, employees are required to maintain high standards of integrity and to conduct themselves in an 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, the Group's code of business ethics (which covers anti-corruption), and are required to confirm their understanding of the required standards upon joining the company.

Philippines

In Gardenia 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, which promotes common ethical and acceptable integrity standards in the business community. It requires its suppliers to sign commitments adhering to the company's integrity initiative.

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. Through a training needs analysis, BMA identifies appropriate employees who are 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 persons 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 and safe working environments. To achieve accreditation and compliance with its stringent customer standards, BMA has developed a formal framework for the handling and management of any suspected violation of child labour laws by a supplier or sub-supplier.

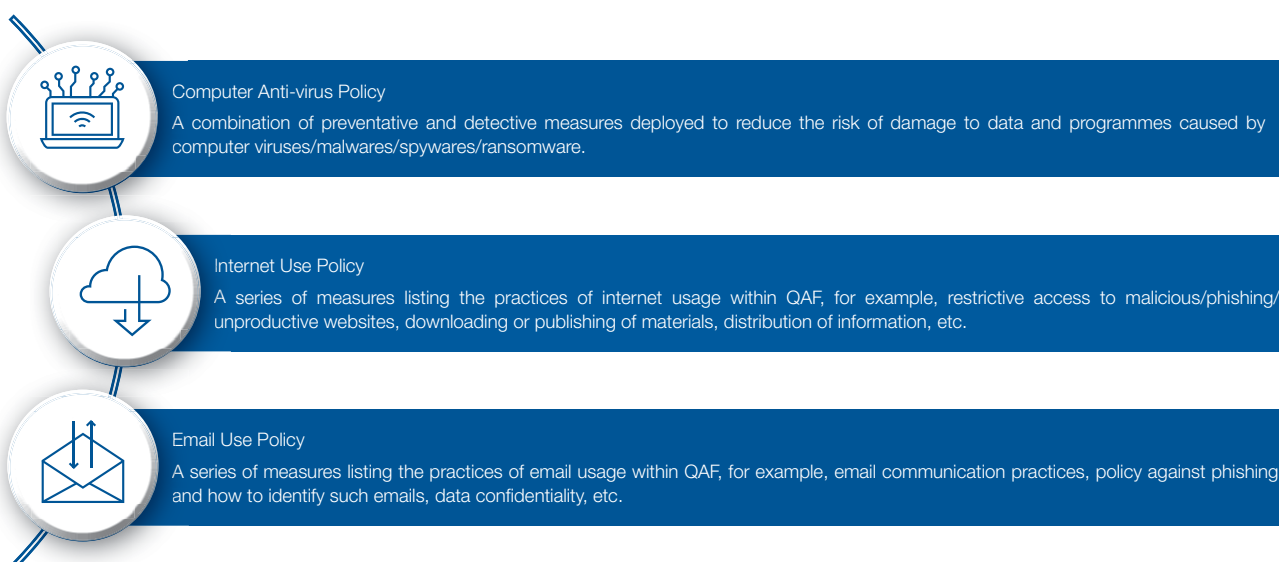
In FY2022, there were no confirmed incidents of corruption based on internal audits conducted, and therefore no follow-up actions taken.

DATA PROTECTION AND CYBERSECURITY

Data protection and cybersecurity has been identified as key to our organisation as we experience increased digitalisation throughout our operations. As a result, QAF focuses on system security and education across the group to improve our defence and readiness to protect our data against cyber intrusions.

QAF's Group IT Policy, created in June 2022, is practised by the Group. Key measures are highlighted below in Figure 3.

Figure 3: Summary of QAF's Group IT Policy



SUSTAINABILITY REPORT

Investing in People (The Human Firewall)

We believe our people can make a key difference in our defence against cyber threats. We continue to engage our employees in cybersecurity awareness education and to create a group wide cybersecurity risk aware and responsible culture.

- Newsletter on cyber related news and tips.
- Conduct cybersecurity awareness training and assessment.
- Conduct of Simulated email phishing exercise.

Gardenia

Singapore

Gardenia Singapore prioritises three key areas within data protection and cybersecurity, namely, ransomware data leakages and email phishing attacks. The following preventative measures are undertaken.

01

Ransomware attack resulting in data loss

1. Installation of antivirus software and restricting user permission to install third party software, mitigating instances of potential attacks.
2. Periodic installation of Windows security patch for protection from ransomware attacks.
3. User education on the risk of installing un-authorised software or freeware.

02

Data leakage resulting in the loss of confidential data

1. User hard-disk encryption and implementation of secondary password protection on all laptop access.
2. Degaussing and crushing of hard disk prior to disposal of old computers
3. Implementation of local and remote data backup.

03

Email phishing attack resulting in personal data and financial loss, as well as compromise of user accounts

1. Strengthening of email security configuration to prevent and detect phishing attacks.
2. Employee education on importance of a secure email account, phishing and how to identify potential phishing emails.
3. Implementation of two-factor authentication access control to email accounts.

SUSTAINABILITY REPORT

Philippines

Gardenia Philippines prioritises managing data protection and cybersecurity by limiting the impact of compromised accounts. Gardenia Philippines seeks to mitigate impacts such as a phishing attack which results from the introduction of malware to company through the following prevention and mitigation actions:

- System hardening (of computers, firewalls, e-mail, and the introduction of endpoint protection)
- Local and remote backup
- Data encryption
- Cyber training and drills on the topics of social engineering, e-mail phishing, and ransomware
- Vulnerability assessment and penetration testing
- Technology review and refresh

In addition to abiding by group policy, Gardenia Philippines also has local policies that enable us to avoid the instance of potential negative impacts. This includes policies on the acceptable use of IT resources, computer security practices to safeguard sensitive information, backup procedures, user access control procedures, and business continuity and disaster recovery.

Bakers Maison Australia

BMA applies robust digital-related policies that promote strong data protection practices. Aside from the Group's Must Know IT Policy, it has also strengthened Microsoft 365 email configurations to detect and prevent phishing attacks and account hacking by installing Multi-Factor Authentication ("MFA") into its systems. The introduction of local and remote backup and recovery has further strengthened data protection, lowering chances of loss of information.

An enhanced cybersecurity risk aware and responsible culture at BMA has been grounded and affirmed by an increased focus on cybersecurity education among employees. Methods of education and awareness include:




- Monthly newsletter to all employees regarding cyber news and tips.
- Periodic employee training and assessment on social engineering, email phishing, and ransomware.
- Annual simulated email phishing campaign.
- Annual vulnerability assessment and penetration test.

SUSTAINABILITY REPORT




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 Topic **Product Responsibility**

 FY2022 Targets	 FY2022 Achievements	 FY2023 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.	<p>Percentage of total production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards:</p> <ol style="list-style-type: none"> 1. Gardenia: 99% 2. BMA: 100% <p>The percentage for Gardenia has increased in FY2022 as Gardenia Philippines' two factories at Philfoods and Nutrimax (which, in FY2021, had not yet been ISO and HACCP certified) had attained ISO and HACCP certifications in 1Q2022.</p>	Maintain the FY2022 percentage of total production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards.

Material Topic **Promoting Healthy Eating and Lifestyles**

 FY2022 Targets	 FY2022 Achievements	 FY2023 Targets
<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 1. Gardenia Singapore has continued to lead in the wholemeal bread segment by creating and promoting more awareness of the benefits of healthier Gardenia wholegrain products via social media outreach and through active participation in Government's health outreach initiatives such as "Eat, Drink, Shop Healthy 2022 Challenge" organised by the Health Promotion Board and the "World Diabetes Event" organised by the Diabetic Society of Singapore. 2. To further respond to the consumers' rising demand for healthier products, Gardenia Philippines' <i>High Fibre Whole Wheat Bread</i> now carries the "Nutri+Plus Advantage" label, a recognised trademark logo and overall health communication handle that denotes the product's high levels of immunity-boosting nutrients as well as other vitamins and minerals that support overall health. 3. Gardenia Philippines also relaunched the <i>NeuBake Wheaten Bread</i>, which emphasises both the fibre benefits and softness of a wheaten bread. <i>NeuBake Wheaten Bread</i> contains zero trans-fat, which complies with the National Policy on the Elimination of Industrially Produced Trans-Fatty Acids for the Prevention of Non-Communicable Diseases by the Department of Health. 	<ol style="list-style-type: none"> 1. Gardenia Singapore aims to innovate more functional bread to provide more nutrients for Singaporeans. This is aligned with the consumers' changing tastes and lifestyle. Gardenia Singapore will continue to innovate on new products with functional benefits. Gardenia Singapore will continue to introduce more "Grab & Go" single serve products targeting at consumers who are looking for convenience. 2. Gardenia Philippines aims to continue producing more innovative and healthier product offerings for different target markets.

SUSTAINABILITY REPORT

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 stringent 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. Their factories also meet the stringent requirements of the HACCP certification. In addition, both factories and all products produced are Halal certified.
- Gardenia Singapore continues to hold Grade A status for the 28th 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. Gardenia Singapore engages with about 200 suppliers both locally and internationally and has mechanisms in place to affirm that they only source from suppliers that meet its supplier screening requirements.
- The Group's factory in Johor has upgraded its food safety management system to FSSC 22000 v5.1 in March 2022. 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 5.1). The factory has also attained Halal certification for all its products and listed in the Whitelist Fast Track in 2022 that effectively shorten the period of approval of our application.
- Product labelling communicates information about product quality and safety to consumers. Gardenia Singapore complies with the Singapore Code of Advertising Practice and guidelines set by the Singapore Food Agency through allergen declaration on the ingredient list and printing of the "Use By" Date on the kwikloks. Key information such as "Nutritional information", "Low in sugar" logo (for products that

contains less than 5g sugar per 100g bread), Health Promotion Board's "Healthier Choice" logo (for all wholemeal products) and a Halal logo (for all Halal certified products) are clearly stated on our packaging. Through clear labelling, consumers are able to make more informed decisions on their purchases and be reassured that only products that meet the health and nutrition requirements are consumed. Our factory in Johor also monitors on a regular basis that its product labelling standards and practices adhere to local requirements and an allergen declaration is printed on all packaging of our products.

Philippines

- Gardenia Philippines has continued to sustain its ISO and HACCP certifications since 2003. All Gardenia factories in the Philippines, including factories in South Luzon, North Luzon, Cebu, and Cagayan de Oro, hold ISO 9001:2015 Quality Management Systems and HACCP certifications. Of these factories, two factories at Laguna (Philfoods) and Cagayan de Oro (Nutrimax) were awarded ISO 9001: 2015 and HACCP certifications in 1Q2022. With the exception of Philfoods Fresh-Baked Products, Inc., all plants, were also granted 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 IDCP Halal Certification and Accreditation Authority ("HCAA") granted Halal Accreditation to the Gardenia facility in Mindanao and all the products produced in the plant. The IDCP HCAA also granted Halal Accreditation to the Gardenia factories in Cebu and North Luzon in 2021, and Halal Certification to all items produced at the North Luzon factory. All facilities in the Philippines follow strict GMP procedures to consistently manufacture products that meet the Group's high-quality standards.
- Internal quality audits are conducted on a regular basis to confirm that quality management systems, food safety, and Halal standards are met. Gardenia Philippines has also implemented extensive protocols for its supplier accreditation process to assess and promote quality consistency. As part of the supplier accreditation process, it undertakes supplier audits and site visits to confirm that suppliers follow the company's requirements, product specifications, and standards. No significant findings were noted during the conduct of supplier audits in 2022. External laboratories accredited by the Food and Drug Administration of the Philippines, performed environmental and product microbiological analyses.

SUSTAINABILITY REPORT

Malaysia

- In Farmland Malaysia, every new product developed is assessed through three different evaluations, sensory, packaging and design, and compliance. For the compliance evaluation, products developed have to satisfy the requirements of key food safety certifications, including HACCP, ISO 22000, and FSSC 22000.
- The Group's joint-venture operations in Malaysia are ISO 22000:2018 and HACCP certified. In addition, all Gardenia Malaysia's factories and products have received Halal certification from the Department of Islamic Development Malaysia ("**JAKIM**"), the federal government agency that administers Halal certification. The factories are also included in Jabatan Agama Islam Selangor ("**JAIS**")'s whitelist, a list which recognises companies that are committed to the Halal certification requirements in Malaysia.
- All operational employees are aware of Halal requirements, through organised Halal Awareness Training. Employees from other departments are also encouraged to participate. The course covers the terms and conditions under Malaysia's requirements and certification as per JAKIM standards.

Bakers Maison Australia

- BMA assesses the health and safety impacts of its products in the various lifecycle stages. BMA engages with its valued customers through communication channels and analysis of market demand during the product development stage. During the production and manufacturing stage, the quality of the products is continuously monitored, and these processes are audited annually by a third-party certification body to confirm compliance with internal health and safety requirements. The same quality assurance process also applies to the storage, distribution, and supply of our bakery items. BMA is committed to delivering safe and high-quality products and has attained Safe Quality Food ("**SQF**") Food Safety Code: Food Manufacturing and SQF Quality Code Edition 9 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. The BMA Quality Assurance Team practises stringent quality and safety control checks throughout the shifts to maintain high standards. It also undergoes annual audits by the third-party certifying body of SQF, and by key customers. This provides customers with the reassurance that BMA produces, processes, prepares, and handles food products to the highest possible global standards.
- Taking an additional step in getting certifications for its products, four *Bakers Maison* products were rated "Green" (the highest classification), and three of these products were given a Health Star Rating of 3.5 stars out of 5 against the "*Healthy Kids Nutrient Criteria*" for 2022. The ratings are administered by Healthy Kids Association ("**HKA**") under the "*Healthy Kids Product Registration Scheme*", the leading food and drink registration program 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 to educate and to empower families, children and school canteens to make the 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.
- In addition to monitoring compliance to product safety requirements in its manufacturing process, BMA adheres to local marketing and advertising policies. In accordance with Australian regulations, all products carry an allergen declaration, and declare the percentage of Australian components contained within each product.
- To make sure that employees keep abreast of food safety requirements, every year, each Production and Distribution employee at BMA attends a two-hour Food Safety Update course conducted by Australian Food Microbiology. This course is designed for any employee at any level working in the food industry. The course aims to remind employees of, and provide relevant updates on, topics including legislation; food safety hazards; temperature control; refrigeration, chilling, and cold holding; cooking, hot holding, and reheating; food handling; principles of safe food storage; cleaning; and food premises and equipment. At the end of the training session, all employees receive a Certificate of Participation after attending to indicate attendance.

SUSTAINABILITY REPORT

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 contain nutrients that contribute to good health and well-being.

The Group's in-house laboratories manage 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 27 staff to undertake research and development and compliance responsibilities for Gardenia. These staff comprise 10 professional staff, 3 laboratory technicians, 7 baking technologists and 7 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. Gardenia Singapore continues to move the bread market forward through the introduction of better and innovative products. In 2022, Gardenia focused on enhancing the visibility and distribution of products in the 'Gourmet Selections' range. These products include Gardenia Singapore's innovative artisanal country-styled sourdough loaves.

MALAYSIA

Gardenia Malaysia regularly reviews its existing products and introduces new products to meet changing consumer demands. To build a culture of innovation, the research and development team in Malaysia are continuously trained and exposed to global industry changes in anticipation of future challenges.

BAKERS MAISON AUSTRALIA

In Australia, most *Bakers Maison* products contain no added fat, preservatives, sugar, or artificial flavours and use only natural ingredients. 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

Exposure to international cuisines influences the preferences of the Singapore consumer. In recent years, the strong following of Japanese culture has generated a huge interest in food made with ingredients from Japanese origin. In recognising this shift, Gardenia Singapore launched in February 2022, the *Hokkaido Butter Rolls*. These rolls are made with Hokkaido butter blend and are targeted at consumers who prefer soft buns that have a creamy and buttery taste. In April 2022, *Gardenia Hokkaido Hi-Calcium Milk Bread* was introduced. This latest offering is made from creamy Hokkaido milk and contains Prebiotics, Iron and Vitamins B1 and B3. The bread has a soft texture and creamy taste which appeals to milk bread lovers. In addition, the *Hokkaido Hi-Calcium Milk Bread* contains calcium content, which helps support the building of strong bones and teeth.



The new Gardenia Hokkaido Hi-Calcium Milk Bread introduced by Gardenia Singapore contains Prebiotics, Calcium, Iron and Vitamins B1 and B3.

Philippines

- The Covid-19 pandemic has raised consumer awareness on the importance of healthy eating and Gardenia Philippines has continued to cater to the growing demand for healthy foods. It has extended the application of its Nutri+Plus Advantage concept, which is now a registered trademark logo and overall health communication handle, to its *Gardenia High Fiber Whole Wheat Bread*. The *Nutri+Plus Advantage logo* serves as a marker to consumers that the bread contains immunity-boosting nutrients and other vitamins and minerals that promote overall health.
- For its *NeuBake* brand, Gardenia Philippines reintroduced the *NeuBake Wheat Bread* which emphasises both the fibre benefits and softness of a wheat bread. Gardenia Philippines also launched the *NeuBake Monggo Bread Roll* and *Choco Bread Roll* which contain vitamins and minerals including Vitamin A, Vitamin B1, Folate and Iron.



Gardenia Philippines' Gardenia High Fiber Whole Wheat Bread contains immunity-boosting nutrients and other vitamins and minerals that promote overall health.

SUSTAINABILITY REPORT

Malaysia

- In March 2022, Gardenia Malaysia launched its 380g yellow noodle, *NuMee*. The introduction of the new pack size offers consumers a more economical option suitable for small families. The *NuMee* yellow noodle range is now available in 3 pack sizes, 380g for the small family, the standard 450g, and the 900g pack for the hotel, restaurant, and café sector.
- In the same quarter, Gardenia Malaysia introduced a new variant to its spread range, the *Gardenia Delicia Salted Caramel*, a Flavoured Chocolate Spread. The creamy, thick textured and rich caramel taste chocolate spread comes in 2 pack sizes: 200g and 375g.
- In 2Q2022, Gardenia Malaysia has achieved a new milestone with the launch of its *NuMee Instant Noodles*. *Gardenia NuMee Instant Noodles* offers rich aroma, good taste and great noodle texture that caters for all Malaysians. It comes in three flavours, namely Curry, Chicken and Fried Noodles Original Flavour.
- Gardenia Malaysia has sharpened its strategic focus on wheat-based products by relaunching the *Gardenia Wholemeal* and *Canadian Purple Wheat* loaves as *Gardenia Breakthru* wholemeal bread with the tagline of “Breakthrough All Barriers”. The *Gardenia Breakthru* loaf is packed with healthy and nutritious benefits which are trademarked as “8CTIVE”.



Gardenia Malaysia's *Gardenia Breakthru* loaf is packed with healthy and nutritious benefits which are trademarked as “8CTIVE”.

Bakers Maison Australia

BMA introduced 5 new single pack products for the retail market in 4Q2022. These five products, namely *Milk Bun*, *Continental Medium*, *Brioche Bun*, *Demi Baguette* and *Croissant Bent* were introduced to the market with a QR code printed on the pack that directs the consumer to meal creation recipes using the product. These single pack products were launched aiming to deliver food service quality products with better food hygiene for the retail market.

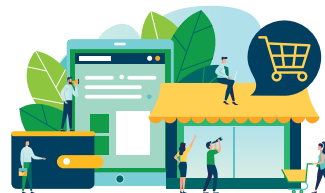


Milk bun was one of the 5 single pack products launched by Bakers Maison Australia with the aim to deliver food service quality products with better food hygiene for the retail market.

SUSTAINABILITY REPORT

PROMOTING HEALTHY EATING AND LIFESTYLES

Making Our Products Accessible



GARDENIA

With sixteen factories located in four countries, our distribution channels include supermarkets, hypermarkets, convenience stores, mini marts, petrol kiosks, caterers, restaurants, hotels, hospitals, airlines, and schools. This extensive network assists in the 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 consumers with greater convenience and accessibility to Gardenia bread and bun products 24 hours a day.
- With the growing trend out-of-home consumption in Singapore, more quick service restaurants ("QSR") are expanding their footprint in Singapore. Gardenia Singapore is the major supplier of buns to QSR customers such as KFC, Jollibee, Burger King, A&W. Food and beverage customers are converting to Gardenia as we are committed to providing a consistent supply of products despite the logistic disruptions in the supply chain during this pandemic period.

PHILIPPINES

- In the Philippines, Gardenia continues to market its products through major e-commerce platforms such as Lazada, Shopee, and Pandamart. Online grocery delivery apps like MetroMart and Pickaroo offer safe and convenient online shopping experience to consumers. In addition, it has expanded its online availability and e-commerce support through the grocery delivery services of 'bricks-and-mortar' supermarkets through their respective online channels including SM Markets Online, PureGo, WalterMart Delivery, Landmark and Robinson's GoCart.

MALAYSIA

- With seven factories located within a 20-kilometre radius in the Klang Valley, and one in Johor Bahru, coupled with more than 36,000 distribution outlets that include supermarkets, hypermarkets, convenience stores, mini marts, groceries shops, petrol kiosks, caterers, restaurants, hotels, hospitals and schools, *Gardenia* products are made easily available to consumers, providing Malaysians great access to their favourite choice of *Gardenia* products.

BAKERS MAISON AUSTRALIA

In Australia, *Bakers Maison* products are distributed as far as Tasmania, Western Australia, and the Northern Territory, using third-party distribution 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 impacts.

SUSTAINABILITY REPORT

Encouraging Healthier Choices

Gardenia

Singapore

- To make it easier for consumers to select healthier products, Gardenia Singapore's wholemeal and multigrain range carry the HPB's "Healthier Choice" symbol. Gardenia Singapore currently has 14 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.
- 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 45,200 Gardenia loaves and buns were sponsored to the community, of which approximately 24,400 units were "Healthier Choice" wholemeal products.
- Gardenia Singapore is committed to the promotion of healthy eating initiatives through nutrition. Gardenia Singapore partnered with HPB to promote healthy eating with wholegrains to the consumers. It committed to HPB's main campaign, the "Eat Drink Shop Healthy 2022" ("EDSH") challenge with S\$35,000 worth of product prizes, eVouchers, POS presence and cross marketing publicity.
- In support of HPB's EDSH challenge, Gardenia Singapore also launched a three-month long "Play to Get, Eat to Win" Campaign with more than \$28,000 worth of prizes. The campaign included a gamified microsite to educate consumers on the information of wholegrain as well as the benefits of Gardenia wholegrain bread.
- To spread the message of healthy eating to the heartlands, Gardenia Singapore sponsored 100% *Wholemeal Extra Soft & Fine Bread* to support 25 HPB roadshows in September 2022. The 100% *Wholemeal Extra Soft & Fine Bread* jumbo 600g loaf is a newly launched healthier choice product of Gardenia Singapore that was innovated with an improved recipe which includes 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.



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

SUSTAINABILITY REPORT

- In support of World Osteoporosis Day 2022, Gardenia Singapore sponsored our *Hokkaido Hi-Calcium Milk Bread* to the Osteoporosis Society of Singapore to encourage consumers to increase the in-take of calcium as well as to promote the benefits of *Hokkaido Hi-Calcium Milk Bread*.
- In line with the Singapore government's national initiative to reduce sugar intake and the fight against diabetes, Gardenia Singapore supported the World Diabetes Day 2022 organised by the Diabetic Society of Singapore through product sponsorship. Through the event, Gardenia Singapore also reached out to the public by promoting the health benefits of the two low glycaemic index loaves and to help Singaporeans incorporate healthier choices in their daily diets.

Philippines

As the ongoing pandemic resulted in raised consumer awareness of the importance of healthy eating, Gardenia Philippines has continued to cater to the growing demand for healthy foods. The Nutri+Plus Advantage concept is now a registered trademark logo and overall health communication handle and is planned to be extended to *Gardenia Classic White Bread* and *Gardenia High Fibre Whole Wheat Bread*. The Nutri+Plus Advantage logo serves as a marker for the consumers' reference that the bread contains high levels of immunity-boosting nutrients and other vitamins and minerals that promote overall health.

Making Our Products Affordable

Gardenia

Singapore

The escalating cost of living has resulted in consumers expecting more affordability. Gardenia Singapore has been monitoring price changes and has actively managed its higher costs through various means to help customers manage inflationary pressures.

- To support lower income groups who are facing financial difficulties, Gardenia Singapore held several price promotions at various retail outlets. These promotions at major supermarkets and online retailers allowed consumers to enjoy savings.



Gardenia Singapore held several price promotions at various retail outlets to allow consumers to enjoy savings.

- In July 2022, a promotion that allowed consumers to obtain \$0.30 savings for *Gardenia California Raisin Loaf* was held in selected retail outlets. During the same period, a bundle deal promotion for *Gardenia Fine Grain Wholemeal Bread* and *California Raisin Buns* allowed consumers to save \$0.40 for each bundle. As part of their year-end festive celebrations in December 2022, a promotion of \$0.40 savings for the *Gardenia Fruit & Nut Loaf* was held island wide.
- Gardenia Singapore organised Weekend Specials which provided complimentary *Gardenia* wholemeal hotdog buns with the purchase of selected *Gardenia* wholemeal loaves.

Philippines

- In 2022, as many Filipino consumers have demonstrated a shift in their consumption behavior and spending habits, Gardenia Philippines launched several in-store promotions, bundling activities and value pack offers to provide affordable products. These in-store deals featured its white bread, wheat bread and snack products in supermarkets and convenience stores.
- During the year, Gardenia Philippines also joined 12 *Diskwento Caravans* in the National Capital Region. The program is a government-led initiative between the Department of Trade and Industry and local food manufacturing companies to sell basic goods and basic commodities at discounted prices to selected communities.

SUSTAINABILITY REPORT

Malaysia

- 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.

Reaching out to the Community

Gardenia

Philippines

- Gardenia Philippines continued its “Corporate Wellness Movement” to help the private sector and government employees achieve their health and wellness goals. This program consisted of nutrition consultations administered by Gardenia Philippines’ Registered Nutritionist-Dietitians via video conference applications and the provision of bread samples. The workshops are free and open to corporate offices and institutions. From January to December 2022, more than 16,000 employees from about 225 offices participated in the workshops.
- Through its “High Fiber Helps Boost Immunity and Feel Lighter, Better, Healthier with Gardenia” campaigns, Gardenia Philippines collaborated with medical experts such as doctors and nutritionists to promote healthy eating, active lifestyles, and proper nutrition. Digital webinars were produced to discuss topics such as

the importance of checking the nutrition facts on food products, proper family meal planning, and the role of fibre in our diet. The bite-size webisodes were uploaded through the Gardenia Philippines Nutrition and Wellness page.

- 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 Philippines Facebook page, with a total of 8.2 million actual views and 104,000 link clicks that lead to Lazada and Shopee official stores.



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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.

SUSTAINABILITY REPORT

Reaching Out to Schools

Gardenia

Philippines

- The “School Nutri-Tour” is Gardenia Philippines’ health and wellness program, providing nutrition education, sandwich recipe demonstration, entertainment activities and bread sampling for public and private school children. In 2022, Gardenia Philippines catered to approximately 39,000 students from about 213 schools in an hour-long online program.
- The “Train the Trainers” Program is Gardenia Philippines’ health & wellness program for the community through the Barangay Nutrition Scholars. By providing webinars and training materials about reading nutrition labels and healthy meal preparation to about 892 Barangay Nutrition Scholars, Gardenia Philippines extended nutrition education to about 656 barangays (or districts), reaching more than 18,000 residents.

Educating through Bread Factory Tours

Gardenia

Philippines

In 2022, Gardenia Philippines’ online plant tours were attended by approximately 30,834 students from about 245 schools. This program also included the special online edition wherein more than 657 students whose schools were not implementing official school field trips, were able to experience learning activities outside of their regular online class modules. Physical plant tours recommenced from January 2022, with about 40 schools visiting with a total of approximately 4,000 participants.






In 2022, Gardenia Philippines catered to approximately 39,000 students from about 213 schools through the “School Nutri-Tour”.

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 Topic **Resource Management**

 FY2022 Targets	 FY2022 Achievements	 FY2023 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.	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.	Maintain no incidents of material 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 the over-exploitation of natural resources harms the health of ecosystems and the well-being of people.

Gardenia Singapore assesses supplier business practices to source responsibly through its supply chain. It 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. Since FY2021, Gardenia Singapore started to work with a key food service partner, Burger King, to use certified “Round Table Sustainable Palm Oil” (“**RSPO**”) in the formulation of a product.

In the face of the current growing environmental concerns, we need to exercise our responsibility and care towards the resources we depend on, such as energy and water. As a group, we will continue to monitor and seek to implement further reductions in our energy consumption and waste generation.

Energy Management

Gardenia

The Gardenia operations in Singapore and the Philippines use liquefied petroleum gas (“**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 seek to ensure that they are in good running condition and are fuel efficient thereby reducing air pollution.

Singapore

Gardenia Singapore is committed to reducing its energy consumption and its carbon footprint. Our initiatives are as follows:

- To enhance efficiency and reduce waiting time for Van Salesmen, trays of bread are 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.
- To promote energy efficiency, Gardenia Singapore uses high lumen LED lights at its factories, corporate office and warehouse and movement sensors are used for toilet lighting.

SUSTAINABILITY REPORT

- To reduce energy consumption, during the year, Gardenia Singapore changed to a new freezer system using a more environmentally friendly refrigerant, thereby reducing the carbon footprint of its freezers and improving energy efficiency.
- Solar energy is used at the Group's factory in Johor and the electricity generated is used to power the factory fence lighting.

Philippines

Gardenia Philippines' energy-saving measures include the use of LED lights for lighting in all factories, corporate offices, and warehouses in its Laguna plant; utilising inverter type air-conditioning units with improved technology and energy-saving features, and capacitor banks in electrical systems.

Malaysia

- Upon completion in late 2021, the installation of solar rooftop panels at Gardenia Malaysia's facility in Section 15, Shah Alam, has reduced its energy consumption from the grid. The panels generate approximately 235,000 kilowatt-hours ("kwh") of electricity per year and has resulted in an annual saving of approximately RM90,000 in 2022.
- In 2022, Gardenia Malaysia has extended its continuous energy saving initiative, to the plant in Puchong. Halide lights and conventional fluorescent lights in the office and canteen areas and lights on the streets have been replaced with LED lights. This has resulted energy saving of approximately 37,000kwh and approximately RM22,000 in 2022. Another of our Group factories in Malaysia also replaced 56 units of conventional lights with LED high bay lights, which has resulted in energy savings of approximately 88,300 kwh and approximately RM52,000 for 2022.

Bakers Maison Australia

- BMA's 2,100 sqm "green-rated" solar panel system generates renewable energy to displace approximately 6% of its electricity grid requirements.
- Since 4Q2021, BMA changed its fuel mix to cleaner fuels by switching to natural gas as a source of direct energy instead of using LPG.
- BMA sources approximately 90% of its raw materials locally, indirectly reducing carbon emissions from the transportation of raw materials for its business.
- BMA has converted all the lighting systems in its freezer warehouse to LED lighting and sensor-activated lighting in 1Q2022. The new lighting system automatically turns off when there is no activity.



Solar panels installed on the rooftops of BMA's production facility.

SUSTAINABILITY REPORT

Waste Management

Gardenia

Gardenia is conscious of our environmental footprint, and we aim to improve our operations and supply chains, so they are more efficient. During the reporting year, we implemented initiatives across the Group and worked with local partners to reduce and better manage waste.

Singapore

- As part of our sustainability effort to reduce plastic used in packaging, Gardenia Singapore adopted two main improvement plans. The first is packaging thickness reduction for some products and the second is a consumer outreach to promote awareness of re-using and recycling our used plastic packaging and kwik-loks. The reduction of packaging thickness of *Gardenia* cream rolls occurred in 3Q2022.
- During the year, Gardenia Singapore encouraged consumers to 'go green' by distributing reusable shopping bags with purchase of selected *Gardenia* wholemeal loaves.



During the year, Gardenia Singapore encouraged consumers to 'go green' by distributing reusable shopping bags with purchase of selected *Gardenia* wholemeal loaves.

- In collaboration between Gardenia and Sembcorp, 40 schools (Primary & Secondary) participated in a recycle challenge campaign. Students used *Gardenia* bread packaging & kwik-lok to make into useful objects or art pieces. Campaign period was April to July 2022 and *Gardenia* hampers were awarded to the winners. Winning entries were broadcasted on the "*Friends of Gardenia*" Facebook page to promote sustainability efforts.
- Farmland Malaysia has also taken actions to manage significant impacts from waste generated. Bakery products that cannot be sold due to appearance quality measures (e.g., size, shape, colour) are sold for animal feed to reduce impact to our environmental footprint.
- In addition to reducing overall waste, Farmland Malaysia selects third-party service providers from Malaysia Department of Environment approved certified service providers and uses the appropriate provider for the type of waste services required according to the providers' certified schedule waste codes. Each contractor is managed in-line with their contractual and legislative obligations, for example, each provider must provide the official receipt from the landfill, which is compared to the recorded weight waste generated from Farmland Malaysia.

Philippines

- Gardenia Philippines currently prevents upstream and downstream waste generation through recycling and reusing sanitation chemicals from soaking.
- Gardenia Philippines has also taken actions to manage impacts from waste generated. These actions include:
 - Waste segregation.
 - Improving waste staging areas to prevent pest infestations; this also has the co-benefit of reducing the cost of residual waste hauling.
 - Recycling rags and knitted gloves are washed and reused for cleaning purposes.
 - Continuing to implement the 5S system of good housekeeping (Sort, Set in Order, Shine, Standardise, and Sustain) at all its factories and offices. This enables the company to maintain uniformity of waste disposal procedures across the organisation. Moreover, a predefined baseline is used to monitor the total waste generated.

SUSTAINABILITY REPORT

- Gardenia Philippines engages with third parties to manage waste generated. The third-party waste hauler submits certification from the accredited landfill where they process and dispose of Gardenia Philippines waste, in accordance with contractual and legal obligations. Gardenia Philippines also partners with the third-party waste haulers to collect and monitor waste-related data by implementing truck weighing for the residual wastes and quantities are recorded.
- To reduce paper consumption and waste, Gardenia Philippines has also implemented digitization in its plants with several departments having transitioned to online processing.
- To further reduce paper consumption and waste, 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.
- BMA's commitment to recycling and reducing waste extends to its community engagement efforts. To celebrate World Environmental Day, BMA organised a clothing donation campaign in June 2022. In supporting this year's World Environmental Day campaign slogan "Only one earth", with a focus on "Living sustainability in harmony with nature", collected clothes were handed over to a recycling organisation called "Clothing clean up" for recycling. It became another well received project by all the staff at BMA.

Bakers Maison Australia

- BMA empties general waste bins daily and bread dough waste is collected twice weekly to alleviate the potential for odour.
- Waste generated by BMA in its activities are managed by third party waste disposal contractors, Veolia and Cleanaway. All wastage operators must operate in conjunction with the New South Wales Environmental Protection Authority (NSW EPA) standards.
- BMA is implementing the collection and monitoring of waste-related data, with carton wastage data provided by Veolia and captured in rolling reports.
- BMA donated approximately 104 tonnes of edible bread and pastry dough waste to local farmers, which is then mixed with grains and recycled into animal feed by the farmers.
- 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 approximately 52 tonnes of cardboard.
- To reduce paper consumption and waste, BMA implemented a Document Management System ("**DMS**") 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 allows all delivery documents to be signed electronically via electronic tablets, was completed in 1H2022.

Water Management

Gardenia

Singapore

- Gardenia Singapore's factories are located in a designated flood zone and all wastewater discharge is handled by the Public Utilities Board ("**PUB**"). The trade effluent is analysed in accordance with the latest edition of Standard Methods for the Examination of Water and Wastewater published jointly by the American Water Works Association and the Water Pollution Control Federation of the United States. These standards are in accordance with the Singapore Environmental Protection and Management (Trade Effluent) Regulations.
- Wastewater from Gardenia Singapore facilities 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 FY2022, there were no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities on water quality discharge.

SUSTAINABILITY REPORT

- Gardenia Singapore is committed 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 prevent oil, grease or sludge from entering sewages. The interceptors are maintained every month and Gardenia Singapore's operations team monitors the waste generated from production on a daily basis.
- 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 DOE for the discharge of industrial effluent. Wastewater analysis is performed weekly and test reports are submitted online to the DOE monthly. Farmland Malaysia has developed an internal checklist and operating manual to make sure that effluent water is discharged according to the local standard. All tests are carried out at an accredited laboratory.
- For reducing water consumption, the Group's factory in Johor harvests rainwater for toilet flushing.

Philippines

Gardenia Philippines complies with all relevant water discharge regulations set out by the Philippine government, Department of Environment and Natural Resources. Wastewater discharged from Gardenia Philippines' factories is 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 make sure that the effluents meet water quality standards is aligned with the Discharge Permit issued by the Laguna Lake Development Authority (LLDA). Issuance of the discharge permit is pursuant to the provisions of RA 9275 (Philippine Clean Water Act) and LLDA Board Resolution No. 33, series of 1996. Limitations on the effluent characteristics are based on the characteristics of the receiving water body and the monitored parameters are based on the significant effluent quality parameters per sector. In addition to complying with local regulations, Gardenia Philippines has considered both sector-specific standards and the profile of the receiving waterbody.

Bakers Maison Australia

In Australia, BMA's water discharge system is handled by the National Water Management System. Water utilised on site is discharged via sewer lines, in conjunction with New South Wales Environmental Protection Authority (NSW EPA) guidelines. Rainwater is collected and discharged via stormwater drains. 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 FY2022.

Conserving the Environment

Gardenia

Philippines

In 2022, tree planting activities were implemented where employees volunteered in planting more than 3,000 seedlings in Biñan and Siniloan, Laguna. There were also partnerships with local government units and offices for tree planting in Mabalacat City, Pampanga in celebration of Arbor Day 2022, as well as coastal clean-up, bamboo planting and mangrove planting in Tagoloan, Misamis Oriental.



Tree planting activities were implemented in 2022 where Gardenia Philippines' employees volunteered in planting more than 3,000 seedlings in the Philippines.

SUSTAINABILITY REPORT

PEOPLE

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

Material Topic **Our People**



FY2022 Targets

Occupational 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 Workplace Health and Safety ("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 labour and employment department of the Philippines.

Employee training and development

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.



FY2022 Achievements

Occupational Health and Safety

1. BMA ran in-house first aid training, food safety refresher training and fire safety training. BMA also conducted 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 continued to organise the mandatory occupational health and safety training and safe driving courses for its production workers, delivery team and office staff. This includes the annual Food Hygiene training, Quality & Safety talks, Fire Safety Manager courses and safety courses related to performing work at height, Occupational First Aid course for appointed first aiders as well as Defensive Driving course. Gardenia Singapore also continued to organise annual audiometric examination tests for production workers.
3. In 2022, Gardenia Philippines conducted 11 batches of virtual Basic Occupational Safety and Health ("BOSH") training attended by approximately 189 employees.

Employee training and development

1. Gardenia Singapore continues to conduct an annual 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 knowledge, skills and capabilities.



FY2023 Targets

Occupational Health and Safety

1. BMA will continue to 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 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 annual audiometric examination tests for production workers.
3. Gardenia Philippines will continue to conduct BOSH training for all newly hired employees as mandated by the labour and employment department of the Philippines.

Employee training and development

1. Gardenia Singapore will continue to conduct an annual 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 knowledge, skills and capabilities.

SUSTAINABILITY REPORT

QAF Workforce Profile

Table 1: Total number of employees in FY2022, broken down by region.

Employee data	Philippines		Malaysia		Singapore		Australia		Group	
Total employees	4,427	47%	4,254	45%	693	7%	145	2%	9,519	100%

Health, Safety and Well-being

A high-quality working environment for each employee is fundamental to QAF's continued success. A lack of proper health and safety management may result in an increase in injury rates and lost day rates which can significantly impact employee wellbeing and our operations. QAF is committed to creating a work environment that fosters the well-being of our employees to achieve a healthy, safe, and inclusive workplace.

Committees

Gardenia

Singapore

Gardenia Singapore's Occupational Health and Safety Management System ("OHSMS") consists of a Safety Committee and Work Health and Safety Officers. The management system should continually be improved and therefore, undergoes BizSAFE audit every 3 years. The OHSMS covers different activities including production, dispatch, maintenance, and sales. Workers are involved and consulted in the development, implementation, and evaluation of the OHSMS through the monthly Safety meetings.

The Group's factory in Johor maintains continuous improvement of its occupational health and safety practices through training, regular inspection, review, and corrective actions. Its OHSMS covers all production process, maintenance work (including by external contractors), warehouse activity and its wastewater treatment plant work activity. All employees and non-employees are covered by the OHSMS.

Hazard identification and risk assessment based on type of work are discussed during Management Meetings and Safety Committee Meetings. The objective is to improve safety and health of all stakeholders, and to review the Safety Policy. The long-term goal of the Group's factory in Johor is to achieve zero major accidents per year and to reduce minor accidents. The Safety and Health Committee, which comprises Employer Representatives and Employee Representative of Farmland Malaysia meet 4 times a year.

Philippines

GBPI's OHSMS is led by 3 Safety Officers (1 representative per department), as required by the OSH Standard from Department of Labour and Employment (DOLE). Safety programs have been implemented and monitored on weekly, monthly, and yearly basis (e.g., safety audit, firefighting equipment monitoring, BOSH, occupational first aid and CPR training).

The scope of the OHSMS include:

- Accident Investigation identifies any unsafe conditions, acts, or procedures that may have contributed to the injury/illness to the worker and prevents others from being injured in the same manner.
- Record keeping, monitoring and verification of corrective actions.
- Safety Audits, including planning, execution, compilation of audit reports, setting corrective action plans and process improvements and communicating results. For example, annual audiometric examination is major safety audit for GBPI.

SUSTAINABILITY REPORT

- Safety Training involves conducting safety trainings related to workplace safety like BOSH, Fire Safety, Electrical Safety, Ergonomics and Material Handling.
- Emergency Response Team seeks to prevent injuries/casualties and to smoothly execute evacuation procedure when needed.
- Contractors Monitoring is done to determine their compliance with Work Health and Safety obligations relating to workplace and employee safety for all third-party contractors.
- The OHSMS covers all production lines, offices, utilities, and perimeter areas. Only sales personnel who are working outside the plant are not covered by the OHSMS, yet regular training related to safety driving is provided by GBPI to reduce the risk of accidents.

Work-related hazards and risks are identified through monthly safety audits and action plan reports (“APR”) from accident/incident report. Hierarchy of controls is used to manage hazard environments and mitigate risks with 5 distinct types of action, elimination (physically remove the hazard), substitution (replace the hazard), engineering controls (isolate people from the hazard), administrative controls (change the way people work) and Personal Protective Equipment (“PPE”). The two people in charge of this process respectively followed 8-hours and 40-hours OSH training. One of them followed a 48-hours Loss Control Management with Hazard Identification Risk Assessment and Control training and has 2 years of experience as a Safety Officer.

GBPI also created an Emergency Response Team (“ERT”) comprising ERT Chief, Secretary, Safety Officers, and individual representatives from other departments for high consequence-emergency incidents (contact with hot surface e.g., baking pans, tripping hazards, contact in moving trolley with trays, slipping hazards e.g., water, oil), natural disasters, public health crises, or other potential business disruptions.

Bakers Maison Australia

- BMA conducts monthly workplace health and safety meetings to discuss hazards, injuries and any safety related concerns recorded in an “Injury Record” or raised by safety representatives during the meeting. The OHSMS covers all the work-related activities of employees, contractors, or any person in the workplace

during work hours. Necessary prevention actions and upgrades to the system are implemented based on the factors identified in the process by the senior leadership team as guided by the Managing Director.

- Consultation with employees regarding any changes or amendments to Workplace Health and Safety (“WHS”) policies is a regulatory requirement under Work Health and Safety Act 2011. BMA consults employees via its representatives in the WHS committee. WHS committee includes representatives of management and elected representatives from production of each shift. Elected representatives from production make up at least 50% of the committee members. WHS committee meetings are held every month to discuss hazards or any other safety concerns identified via safety walks and injuries recorded on the injury register. Once reviewed, the committee discusses prevention actions for safety incidents and other necessary maintenance precautions to avoid these incidents happening in the future. All safety meeting minutes are finally reviewed by the Managing Director and executive and actions are taken where necessary.

Policies and Processes

Gardenia

Singapore

- Work-related hazards and risks are identified and assessed through the risk assessment management process. The risk assessment is conducted for every new process and then for every activity every 3 years. A hierarchy of controls is used to manage potential hazards and reduce risk. The person in charge of the process went for BizSAFE level 2 training to have the right level of competency.
- Some work-related hazards in Gardenia Singapore can pose a risk of high-consequence injury if they are not controlled. In order to determine which hazards pose such a risk, injured employees notify their superiors and then submit the incident to HR within 10 days from the accident. Other well-identified hazards such as noise exposure are subject to annual audiometric examination to protect the workers.



SUSTAINABILITY REPORT

Philippines

GBPI developed a seven-step process has been developed to answer work-related incidents:

- Step 1: Identify the Problem.
- Step 2: Establish the Scope of the Problem.
- Step 4: Find the Root Cause of the Problem.
- Step 5: Plan Corrective Actions to Fix the Root Cause.
- Step 6: Implementation of Action Plans
- Step 7: Verification of effectiveness

When it comes to determining improvements needed in the occupational health and safety management system, GBPI OHSMS committee identify the problem, create, and implement a solution, evaluate data for effectiveness and implement the plan if it's successful and document the final results.

Those processes create a safe working environment, less workplace injury and workers' compensation claims, improved health and wellbeing and increased individual, team, and organisational resilience.

Malaysia

- Farmland Malaysia also implemented policies to protect its workers' health and safety:
 - The person in charge of the identification and risk assessment of a hazard undertakes specific training on Health and Safety within the organisation.
 - Confidentiality is a key part of the reporting process. Any worker can report verbally work-related hazards/hazardous situations to their superior, with absolute certainty that worker's identity is kept confidential.
 - The procedure regarding health and safety cases is structured in 3 parts. First, a notification report is completed by the supervisor, it is then sent to the Safety-In-Charge within 48 hours. An investigation is then conducted and completed within 3 weeks. A meeting with the Safety Committee Members can be conducted to determine the corrective actions to implement.

- Under Occupational Safety and Health (NOISE EXPOSURE) Regulations 2019, Farmland Malaysia carried out Occupational Health Service ("OHS") testing to identify work related hearing impairment. The service is provided by Competent Person recognised by the Government Malaysia.
- A strict protocol regarding organisational health and Safety at Farmland Malaysia requires.
 - o Work permit application for all activities such as installation, repairing, cleaning, servicing, and modification that having safety risk assessed and approved by Safety Officer.
 - o Briefing on safety procedure related safety hazard (working from height, working on moving part, electrical hazard, confined spaces, etc.) before starting their task.
 - o Provide suitable PPE (gloves, safety glasses, hearing protection, harness, and respirators)
 - o Monitoring by person in charge on the safety compliance until the task is completed.
- Regarding non-occupational health and safety programs, Farmland Malaysia offers panel clinic services to all levels of employees. Health insurance is available to all levels of employees and a vaccination program for Covid-19 was launched. Workers were allowed to go for their vaccination during working hours and transport was provided to ease the movement of the workers to the clinics.
- At Gardenia Malaysia, we place importance on the well-being of our foreign workers and our obligations as employer under Malaysian labour laws, in particular the Employment Act 1955 of Malaysia (as amended by the Employment (Amendment) Act 2022 with effect from 1 January 2023). Notwithstanding such obligations under Malaysian labour laws, we extend various job benefits which are additional to what is mandated by law, such as free catered meals, medical insurance, as well as other medical and dental expenses. Gardenia Malaysia's human resource practices are evolving, taking into account feedback from relevant stakeholders and market conditions. For example, Gardenia Malaysia has commenced operating on a zero-cost recruitment fee basis for newly hired foreign workers.

SUSTAINABILITY REPORT

Bakers Maison Australia

- Access to information is provided to workers with safety minutes that are stored in a common folder. Preventive actions are communicated via the safety representatives and where necessary strengthened by toolbox talks.
- Safety walks are conducted monthly (and as necessary) by a trained return-to-work coordinator. Once the hazards and risks are reviewed, BMA takes necessary steps to prevent them from re-occurring in the future.
- Any worker can report a hazard or any work-related injury by uploading the relevant details into incident reporting system in Employment Hero software. During their induction, all the employees are shown how to report injuries.
- Work health and safety is a shared responsibility of both employees and employers, therefore, all the employees are protected from reprisals.
- BMA implemented policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health such as the HR 025 – Work, Health and Safety Policy, the WHSE -002 – Risk management policy and procedure, and the WHSE – 009 Safety and Emergency procedure (for freezer and chiller areas).

Initiatives

Gardenia

Singapore

- At Gardenia Singapore's factories and the 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.
- To confirm health and safety compliance, a Department of Occupational Safety and Health accredited external consultant conducts reviews and undertake periodic assessments at the Johor factory. Chemical health risk assessments were also performed to assess the level of chemicals employees are exposed to and to assess the effectiveness of personal protective equipment to reduce or eliminate employees' risks of chemical exposure.



- Gardenia Singapore also facilitates access to non-occupational health and safety through the company clinic and on-site annual employee health screening. It includes work permit renewal check-ups (for foreign workers), pre-employment medical check-up, re-employment check-ups (for employees of age 63), employee health screening (for everyone).
- Gardenia Singapore organised a complimentary health screening for all employees in December 2022 to encourage them to follow a healthier lifestyle and to take charge of their individual health status.
- In 2022, goodie bags comprising of supermarket vouchers and food items were distributed by Gardenia Singapore to all employees for Lunar New Year and Singapore's National Day celebrations to help staff defray rising cost of living.
- Gardenia Singapore has recognised the contributions of long serving staff members via a corporate video on YouTube with special emphasis on the hard work that staff have put in to serve our customers.

Philippines

With the return to face-to-face working, Gardenia Philippines continues to provide support to its employees through different HR programs that will benefit their physical and mental well-being. These include vaccination programs for Covid-19 and wellness activities that promote overall health. Other initiatives undertaken in 2022 to promote employee well-being include:

- Gardenia Philippines continued to implement the "Covid-19 Preventive Measures Program" where it supplied its staff with multivitamins monthly and required thermal scanning of employees and guests at all entrance gates of its premises. Submission of daily health information checklists is also mandatory to screen for possible carriers of the Covid-19 virus. On-site employees are regularly reminded to practice physical distancing, hand washing, and sanitizing through signages and hourly announcements via the public announcement system. Common areas and facilities were regularly disinfected and thoroughly cleaned. Employees serving home quarantine were also given home medical kits comprising face masks, digital thermometers, hand sanitisers, medicine, multivitamins, antigen saliva test kits, and guidelines for home quarantine.

SUSTAINABILITY REPORT

- Implementation of its Vaccination Program continued where employees, their dependents and household members were regularly encouraged to register for free Covid-19 vaccination and booster shots in coordination with the local government. In addition, flu vaccines were also given to a total of 892 employees.
- “Weight for Me” is a three-month weight management program designed to address the elevated Body Mass Index scores based on the APE results. It promotes regular physical activity and a healthy diet that will help employees achieve their healthy weight goal. This program also aims to reduce risk factors for cardiovascular diseases like hypertension, diabetes, and dyslipidemia. Employees with a BMI of 25 and above may register for the program and sign up as pairs of Body Buddies. The pair is encouraged and help each other towards the attainment of weight reduction goal.
- Aside from physical health, Gardenia Philippines provides webinars focusing on improving one’s mental health and well-being.

Building good relationships among the employees is also a main priority of the company. With this, the HR Department spearheaded several activities including team-building activities, both physical and virtual, to strengthen the company’s culture and allow the employees to find connections beyond work duties.

Malaysia

During the year, Gardenia Malaysia provided approximately RM274,000 of monetary aid to more than 750 employees who have been gravely affected by the floods in December 2021. This aid was provided to facilitate workers’ recovery. The monetary aid also supported employees whose vehicles were stranded at the factory during the floods.



Gardenia Philippines organised physical team building activities during the year as part of its initiatives to take care of employees’ well-being.

Bakers Maison Australia

- To promote its employees’ non-occupational health and safety, BMA conducts a fitness to work assessment every other year.
- To address mental health issues, BMA has introduced an EAP provider named “Acacia”.
- As a part of annual Influenza vaccination program, all the BMA employees were given an opportunity to receive free flu vaccine in May 2022, just before the beginning of winter. A medical practitioner visited the premises and rolled out the in-house vaccination successfully. 37 employees participated in the event. Those who were unable to come on that day were given an opportunity to get the vaccine from a convenient location for them and BMA reimbursed the vaccination cost.
- BMA always encourages its employees to maintain a healthy lifestyle. This year’s initiative to promote healthy living was to offer employees free fruit. The theme this year was healthy April. To promote adding fruit to daily meals, BMA provided a free fruit basket which was shared by the team members every Monday, throughout the month of April.
- In March, BMA celebrated National Harmony Day by encouraging employees to share their home country food with colleagues and teach each other’s language, celebrating their culture of inclusion and diversity.



BMA celebrated National Harmony Day by encouraging employees to share their home country food with colleagues.

SUSTAINABILITY REPORT

- All BMA employees were invited to the end of year party held at Bankstown Sports Club. This year's theme was "Disco Glam". Among the fun events held at the party, crowd favourites were Karaoke and "The Best Dressed" awards. As an expression of the company's sincere gratitude, employees who completed 5 years, 10 years and 15 years of service were recognised with long service awards and cash incentives.
- As part of the Bakers Maison employee well-being program, a brand new lunch room was opened in 4Q2022 for all the employees to provide better facilities and a comfortable space for all the employees to relax and spend some quality time during their breaks.
- Safety of our delivery team is Gardenia Singapore's key responsibility. Gardenia Singapore organises a yearly training course for the delivery team to equip them with them with the techniques to understand the potential road hazards with driving on all road types and the techniques to recognise hazards, understand defensive driving and the ability to act in time.
- In 2022, Gardenia Singapore arranged for seminars, webinars, and workshops for its employees. The courses include Amazon SEA Seller Summit, BizSAFE Management courses, eCommerce workshops, financial budgeting, and income tax workshops as well as courses related to the food industry.

Employee Training and Development

Employee safety is promoted through the continuous training of QAF's employees, focusing on the latest requirements. We believe in empowering our employees with the right expertise, skills, and training experience 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 has continued to organise the mandatory occupational health and safety training and safe driving courses for its production workers, delivery team and office staff.
- Gardenia Singapore continues to 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.
- To provide continuous training for employees, Gardenia Singapore organised 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, safety courses related to performing work at height and BizSAFE trainings for department risk champions.
- At the Group's factory in Johor, various training is provided to employees including safety & health officers training, training for authorised entrants of confined spaces, firefighting training, food handling training, waste management training, and training for operators of industrial effluent treatment systems in physical chemical processes in compliance with regulatory requirements. Each year, Heads of Departments submit staff training requirements for the company's Annual Training Plan. Employees who have completed external training courses conduct in-house training sessions to share their knowledge gained with other employees.
- Farmland Malaysia invests in employee training through various courses such as first aid training and firefighting, training for emergency response team, forklift safety training, scaffold awareness training, confined space training, induction training, safety, and health officer training. Most training is tested to assess workers' abilities. Training is conducted on a needs basis but also follows annual requirements. All the expenses are covered by the Human Resources Development Fund and meals also provided during the training. All training conducted during paid working hours are free of charge to employees.

SUSTAINABILITY REPORT

Philippines

- Gardenia Philippines continues to prioritise the development of its employees. This is exemplified by its corporate Annual Training Plan and Departmental Training Plan which are focused on developing employees at different levels. All training recommendations are based on the semi-annual training needs analysis which assesses and addresses the learning gaps in employees' competencies. Moreover, cross-skills training programmes are also conducted to produce more well-rounded employees.
- The HR Department implemented the Building Blocks Training Programmes which covers new hire training, soft skills training, and government/regulatory updates. All employees are required to attend these training programmes that include Orientation for New Employees, ISO, HACCP, Food Safety and HALAL Training, BOSH Training, Financial Literacy, Sustainability Awareness Training, Business Communication Training, #1Life2Live: A Personal Breakthrough Training, and Developing Your Emotional Intelligence.
- The Expert's Track Training Programmes aim to help develop the specific functional expertise of employees. These include Quality Training Programmes (Internal Quality Auditor's Calibration, HACCP Team Calibration, Sensory Evaluation), Safety Training Programmes (First Aid, Fire Safety), and Technical Training Programmes such as Forklift Training/Assessment, Training the Trainers on Canva and Vyond as well as up-skilling programmes such as Excel Training and Google Workspace Tools.

- For supervisors, senior supervisors, and assistant managers, Gardenia Philippines has also implemented Leader's Track Training Programmes which aim to develop the leadership competence of employees for promotion. These include Developing Critical Thinking Skills, Employee Discipline and Grievance Handling, Developing Leadership Through Mentoring, and Crisis Leadership.

Training programmes are 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.



In 2022, Gardenia Philippines conducted 11 batches of virtual Basic Occupational Safety and Health ("BOSH") training attended by approximately 189 employees.

SUSTAINABILITY REPORT

Bakers Maison Australia

BMA makes training a priority for its employees. Production and distribution employees have special training opportunities such as annual food safety training, cross training, fire safety training, first aid training, and induction and safety training.

In terms of career development, all the supervisors, middle management members, administrative staff and senior management members participate in quarterly performance and career development process. In 2021, BMA introduced a conversation-based performance development system for those group of staff, named "One-on-one Conversations".

In 2022, BMA conducted numerous training sessions across multiple divisions to promote continuous learning and improvement. Trainings included:

- **Presentation and negotiation skills training** attended by the sales and marketing team as a part of their continuous training package for a high performing sales team.
- **Food Safety Update course** conducted by Australian Food Microbiology, attended by each Production and Distribution employee at BMA.
- **CISCO cybersecurity training** attended by IT personnel to encourage employee personal development goals.
- **Annual fire and emergency response training** attended by BMA fire representatives throughout the business to promote Workplace health and Safety regulation compliance and promote employee safety.
- **First Aid training** attended by all supervisors and employee representatives to make sure employees are trained in First Aid and CPR to attend into safety incidents promptly.
- **MAC training** attended by BMA logistics manager; this 10-week training program focused on increasing performance.
- **Manual handling training** completed by all production staff. Manual handling has been identified as one of the major reasons for the minor injuries occurring in production during past year and most of the production staff engage in manual handling labour in their day-to-day practices. BMA organised this training to increase staff awareness on correct manual handling techniques and to avoid wrong practices.
- **SAP training** were attended by all SAP users. The training covered basic SAP navigation and introduction on all SAP modules in use at BMA. User knowledge of SAP increased, and queries related to SAP were answered during the training session. All the participants were issued a certificate of participation to acknowledge their contribution.



Annual fire and emergency response training was attended by BMA fire safety representatives to promote workplace health and safety regulation compliance and promote employee safety.



BMA organised Manual Handling training for all production staff to increase their awareness on correct manual handling techniques.

SUSTAINABILITY REPORT

PEACE AND PARTNERSHIPS

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

Community Engagement



FY2022 Achievements

1. Contributing to society through Gardenia Singapore's support of philanthropic, community and charitable causes such as donations of bread products to the Southwest CDC, Bishan Community Centre ("CC") and Malay Youth Literary Association to help low-income families.
2. Sponsoring the nation's 57th National Day Parade ("NDP"). To celebrate this occasion, Gardenia Singapore incorporated the 2022 NDP message, "Stronger Together, Majulah" printed onto the overbands of the packaging for the top 3 *Gardenia* loaves.
3. In 2022, Gardenia Philippines supported several community pantries in NCR and Region 4A-Calabarzon with bread donations of more than 1,900 *Gardenia* loaves. Through its Quick Response donations, Gardenia Philippines has also extended support to more than 20,000 families who have been affected by natural calamities and fire incidents.
4. *Gardenia* Singapore continued to support Central Singapore CDC's "Give & Take" initiative by sponsoring about 2,000 loaves of *Gardenia* wholemeal bread to the needy families in Kampong Glam CC, Kreta Ayer CC, Kolam Ayer CC, Whampoa CC, and Kim Seng CC.

COMMUNITY ENGAGEMENT

Creating positive social impact for communities connected to our business activities is an important initiative of QAF. When all individuals and groups, regardless of ability, gender, or identity, fully participate in economic and social life, they contribute towards the growth of stronger community ties and values. QAF believes that detachment from the community poses a threat to our social licence to operate and hinder social mobility. Therefore, we aim to enhance the development of local communities by supporting a range of philanthropic, community and charitable causes and by promoting good health. Our initiatives reflect our continued commitment to delivering positive social impact and our continued support of the SDGs.

Supporting Philanthropic, Community and Charitable Causes

Gardenia

Singapore

- To support the lower income groups who are facing difficulties during this challenging period, Gardenia Singapore continued to reach out and contribute to the society through corporate social responsibility activities.
- Gardenia Singapore worked with MOS Burger to donate wholemeal bread to the lower income groups and the needy families living in Havelock rental flats.
- Gardenia Singapore worked with the Ministry of Social and Family Development through their ComCare Bread distribution programme in Bishan to sponsor bread for the lower income households during 1Q2022.

SUSTAINABILITY REPORT

- Gardenia Singapore donated healthier choice wholemeal bread to the foreign domestic helpers in Archdiocesan Commission for the Pastoral Care of Migrants & Itinerant People, Bayanihan Centre and Filodep to show comfort and care for them.
- Gardenia Singapore continued to support Central Singapore CDC's "Give & Take" initiative by sponsoring about 2,000 loaves of *Gardenia* wholemeal bread to the needy families in Kampong Glam CC, Kreta Ayer CC, Kolam Ayer CC, Whampoa CC and Kim Seng CC.
- To spread kindness to the Muslim community during the Ramadan period, Gardenia Singapore continued to support the Malay Youth Literary Association by sponsoring *Gardenia* products for the "Ramadan on Wheels" to help the low-income households, the vulnerable and the elderly.
- Gardenia Singapore is proud to be the major partner and sponsor of the 57th National Day Parade. To celebrate this occasion, Gardenia Singapore incorporated the 2022 NDP message, "Stronger Together, Majulah" printed onto the overbands of the packaging for the top 3 *Gardenia* loaves, namely the *Gardenia Enriched White Bread* 400g, *Fine Grain Wholemeal Bread* and *100% Wholemeal Extra Soft & Fine Bread*. This created high visibility of Gardenia Singapore's NDP sponsorship for brand goodwill and spread the NDP message.
- In 3Q2022, Gardenia Singapore launched a corporate video sending a strong message that Gardenia is always here to brave through challenging times together with the Singaporeans. It aims to emotionally engage the audience to develop trust in the brand. The video helps to create brand loyalty and goodwill that *Gardenia* bread is freshly baked in Singapore with the best quality delivered to every household. This video was featured on Facebook, Instagram, and YouTube.
- In partnership with the Singapore Cancer Society, Gardenia Singapore sponsored 1,000 loaves for the "Race Against Cancer" event in 3Q2022.



Gardenia Singapore donated healthier choice wholemeal bread to the foreign domestic helpers in Archdiocesan Commission for the Pastoral Care of Migrants & Itinerant People to show comfort and care for them.



Gardenia Singapore continued to support Central Singapore CDC's "Give & Take" initiative by sponsoring 2,000 loaves of *Gardenia* wholemeal bread to the needy families in various community clubs.

SUSTAINABILITY REPORT

Philippines

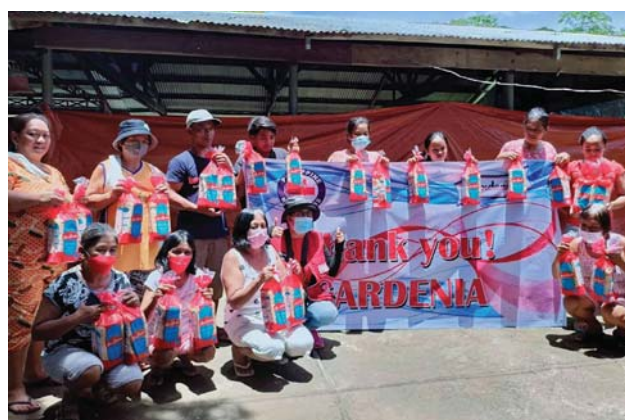
In 2022, Gardenia Philippines supported many charities, foundations, and philanthropic causes with bread donations providing approximately 366,000 loaves to more than 1000 organisations in NCR, CALABARZON, Pampanga, Cebu, and Cagayan de Oro ("CDO").

Philanthropic, community, and charitable causes included the following:

- In 2022, some community pantries have continued their operations to help the needy. These neighborhood food banks provided an opportunity for Gardenia Philippines to support families in the NCR and Calabarzon area with bread donations of more than 1,900 *Gardenia* loaves.
- Gardenia Philippines continued its Nutrition Assistance Programme, a feeding programme for undernourished public elementary students. The program aims to help improve the nutritional condition of these students and consequently improve their performance in class. In FY2022, Gardenia Philippines donated approximately 29,000 units of products to about 2,200 public elementary students in schools within Biñan in Laguna, Pampanga in Central Luzon, Cebu in Visayas and Cagayan de Oro in Mindanao.
- Under the Philippines' Daily Bread Nutrition Program, Gardenia Philippines donated approximately 580,000 packs of bread to 83 charitable organisations in several areas in the country including NCR, CALABARZON, Bulacan, Tarlac, Pampanga, Zambales, Bataan, Pangasinan, Ilocos Norte, Nueva Vizcaya, Isabela and Catanduanes in Luzon, as well as Cebu, Cagayan de Oro, Davao, and General Santos in the VisMin regions. The Daily Bread program aims to help improve the nutritional condition of the beneficiaries and help sustain food needs.
- Gardenia Philippines remained committed to providing immediate food relief to Filipinos affected by natural calamities and disasters. Through its Quick Response program, Gardenia Philippines distributed more than 36,000 loaves to approximately 20,000 families affected by the volcanic activities of Taal Volcano, the 7.0 magnitude earthquake in Abra and Ilocos, typhoons and different incidents of fire in Luzon in FY2022.
- Gardenia Philippines partnered with the Rotary Club of Alabang in the implementation of its Mobile Load Student Assistance Program wherein it donated Php500 worth of mobile data allowance to 50 public school students through the Department of Education Muntinlupa. This benefited students who were still attending online classes in 1H2022.



Under its Nutrition Assistance Programme, Gardenia Philippines donated approximately 29,000 units of products to about 2,200 public elementary students in schools within Biñan in FY2022.



Through its Quick Response program, Gardenia Philippines distributed more than 36,000 loaves to approximately 20,000 families affected by natural disasters and fires in FY2022.

SUSTAINABILITY REPORT

Malaysia

Gardenia Malaysia remains committed to maintaining strong positive relationship with the community. In 2022, Gardenia Malaysia, conducted initiatives that help support vulnerable individuals and create social equity. Contributions and achievements of Gardenia Malaysia includes:

- Under the “Gardenia Cares” initiative, Gardenia Malaysia has pledged a total of RM500,000 worth of *Gardenia* products towards 2022 National Flood Relief Programme. In collaboration with government agencies and NGOs that are involved in disaster relief and community welfare such as the Social Welfare Department and Yayasan Food Bank Malaysia, these products were distributed to communities located in affected areas and relief centres.
- In collaboration with local authorities and the residents’ associations surrounding our factories in Bukit Kemuning, Selangor, Gardenia Malaysia embarked on a flood mitigation project to improve the drainage system around our plants and the residential area. This project was completed in July 2022.
- During the year, Gardenia Malaysia’s annual Bag-2-School Programme provided support to 1,360 students from low-income families from nine schools in areas affected by the December 2021 floods. Through the distribution of backpacks, face masks and goodie bags, students were better prepared for the new school term.
- In 2022, Gardenia Malaysia donated a total of 53,000 units of *Gardenia* products to more than 28 schools. This provided breakfast to more than 8,000 students sitting for their Sijil Pelajaran Malaysia exam.
- Gardenia Malaysia sponsored 50,000 pieces of *Gardenia QuickBites* cream rolls that were distributed during the National Day celebration at the Dataran Merdeka, Kuala Lumpur, in August 2022. This demonstrates Gardenia Malaysia’s commitment to contributing to National events and efforts in commemorating national development.
- For more than 30 years, Gardenia Malaysia has provided support to charitable homes and centres. In 2022, Gardenia Malaysia supported more than 80 homes and centres, which included old folks’ homes, orphanages, schools for special needs, and rehabilitation centres. Daily delivery of *Gardenia* products has helped to alleviate hunger and provide better nutrition for people in these communities.
- As a reflection of strong support from consumers and the community, Gardenia Malaysia was awarded the Platinum Award of the Putra Brand Awards for the fourth consecutive year.
- For 2022, Gardenia Malaysia was also awarded the Gold Award under the Corporate Branding Category of the Malaysia Public Relations Awards organised by the Public Relations and Communications Association of Malaysia (PCRA Malaysia). This award is to recognise Gardenia Malaysia’s “*Wellness Begins at Home*” campaign, which promoted mental health literacy and encouraged families to seek mental health support to navigate stressors.



During the year, Gardenia Malaysia's annual Bag-2-School Programme distributed backpacks, face masks and goodie bags to 1,360 students from low-income families from nine schools in areas affected by the December 2021 floods.

SUSTAINABILITY REPORT



Under the "Gardenia Cares" initiative, Gardenia Malaysia distributed Gardenia products to communities located in affected areas and relief centres.

Bakers Maison Australia

- In way of strengthening bonds with the community, BMA donated two boxes of fully baked Croissants to East Hills Girl school for their Mother's Day event. The donation was appreciated by the attendees and the organising committee as it was their first on-site event since Covid-19 and the croissants were a great way of attracting guests back to the face-to-face world from the virtual world.
- In supporting Australian Cancer Council, BMA hosted the "Biggest Morning Tea" event in May 2022 to raise money for cancer research. This event was open for the employees and outsiders. During the two-hour session and with kind donations made by staff members, BMA managed to raise approximately \$1,309, exceeding the original fundraising goal of \$1,000. In addition to house baked goods, BMA introduced a \$2 barista made coffee at this year's event, which became a great hit among the employees and visitors.
- BMA organised a recycling clothing donation campaign in June 2022 to celebrate World Environmental Day. This campaign was organised, in supporting this year's world environmental day campaign slogan "Only one earth", with a focus on "Living sustainability in harmony with nature". Collected clothes were handed over to a recycling organisation called "Clothing clean up" for recycling. It became another well received project by all the staff by BMA.

- As a responsible corporate citizen, BMA always enjoys helping local community events. One such event which was organised by Bankstown Community was a street library with guest appearances. BMA donated one box of croissants, one carton of muffins and one box of Danish pastries.
- Lindsay Transport is one of the logistics providers for BMA and they reached out to us for product donations for their biggest morning tea fund raiser. In supporting stake holders of the business and the charity event, BMA donated two cartons of bread rolls.
- In June 2022, Broderick Gillarwana School ("BGS") hosted their Biggest Morning Tea to raise vital funds to support cancer research and those people impacted by cancer. Fostering the new friendship, BMA donated 60 Croissants to this event. BGS is a school for special needs kids situated in the neighbourhood close to BMA.
- BMA was also chosen as the main Croissant and bread sponsor for Milindra Farmer's breakfast event. This Annual Conference is a highlight of the state's agricultural calendar, with farmers, industry leaders and key thinkers coming together to discuss how they can grow the future of farming. It was their first face to face conference since 2019. BMA sponsored the event by donating eight boxes of croissants and eight boxes of milk buns.



In supporting Australian Cancer Council, BMA hosted the "Biggest Morning Tea" event in May 2022 to raise money for cancer research.

SUSTAINABILITY REPORT

- In 3Q2022, BMA took note of “Are You Okay Day”. This event aims to inspire and empower everyone to meaningfully connect with the people around them and start a conversation with those who may be struggling with mental health. BMA invited a Paralympian, Australia’s premier female Para snowboarder, to share her mental health journey after losing a leg, with BMA employees. Her story inspired employees to think differently and overcome everyday mental health struggles. Followed by the motivational speech, employees got together to enjoy a summer barbecue.
- In 4Q2022, BMA participated in “Movember” fund raiser to raise awareness for the key issues of mental health and suicide prevention, prostate cancer, and testicular cancer. By growing moustaches or hosting events, participants joined millions of people worldwide who are helping men live happier, healthier, and longer lives. “Movember” has funded 1,250 game-changing health projects so far. The men at BMA set themselves a bold task and an ambitious fundraising target to grow moustaches to raise funds. Seven members of the BMA team participated in this fun yet meaningful challenge, including the Managing Director, Mr. Pascal Chaneliere. Our goal was to raise \$500 but we exceeded the target by raising approximately \$1,120.
- BMA welcomed the Christmas month by bringing Christmas spirits into Broderick Gillarwarna School. Continuing the tradition started in 2021, BMA’s leadership team visited the school in December distributing Christmas gifts to 64 primary school students. The team spent quality time with the kids and the special guest, Santa.
- BMA employees were given an opportunity to participate in a blood donation campaign organised by Australian Red Cross held in 4Q2022. Volunteers who participated in this blood donation campaign during the working hours were paid up to 2 hours pay as a token of appreciation.



Seven members of the BMA team, including the Managing Director, participated in a challenge to grow moustaches to raise funds to raise awareness for men's health.

SUSTAINABILITY REPORT

Investing in the Future by Developing Young Students and Talent

Gardenia

Singapore

- Under the Internship programme, Gardenia Singapore partnered with Singapore Polytechnic to provide internship opportunities to students. During the internship, students were given opportunities to undertake day to day operational tasks which helped them gain corporate experience and better prepare them to join the workforce. To enhance the internship experience, a full-time Gardenia Singapore staff member was appointed to coach and guide the interns in carrying out their duties. At the end of their internship, the students undertook a performance assessment, allowing them to evaluate their performance and identify areas for improvement.

- As part of Gardenia Singapore's effort to nurture aspiring young bakers, the company also partnered with Temasek Polytechnic to provide training opportunities for final year students through project collaborations. These collaborations include the innovation of new bakery products. The programme provides learning opportunities through hands on baking experience with Gardenia Singapore's Research & Development team. This year, Gardenia Singapore worked with final year students of Singapore Polytechnic to innovate two new and exciting premium fusion breads for the Singapore market.

Malaysia

Gardenia Malaysia continues to support in the development of future generations by nurturing young talents. During the year, Gardenia Malaysia offered internship positions to 17 local university students from various fields of study to provide them with real-life working experience.

SUSTAINABILITY REPORT

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In December 2021, the Singapore Exchange Regulation (SGX RegCo) announced that all issuers must provide climate reporting on a “comply or explain” basis within their sustainability reports, from FY2022 onwards. Within the agriculture, food, and forest products sector as identified by TCFD, climate reporting will be mandatory from FY2023. QAF has commenced adopting the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”) in our climate change reporting for FY2022.

This section details QAF’s approach to managing climate-related risks that may impact our business, with reference to the four key pillars of TCFD, namely Governance, Strategy, Risk Management, and Metrics and Targets. Understanding that the challenges associated with climate change is ever-evolving, QAF plans to continuously update our plans accordingly.

TCFD Pillar	Recommended Disclosure	QAF’s Approach	Report Section
Governance	a) Describe the Board’s oversight of climate-related risks and opportunities. b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The Board is ultimately responsible for the Group’s sustainability reporting, which includes reporting on climate-related risks and opportunities and approves the disclosures in the Annual Report and Sustainability Report. In respect of climate-related risks and opportunities, QAF’s governance is evolving.</p> <p>The Group’s ARC is responsible for overseeing and making recommendations to the Board on sustainability matters, which includes the review of the Group’s sustainability policies, practices, performance, and targets. The ARC consists of non-executive independent Directors. The ARC is supported by the QAF Sustainability Working Group that consists of executives of the Company including the Chief Sustainability Officer who work with employees from relevant business units.</p>	Prosperity
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning. c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>During FY2022, QAF conducted our first qualitative climate risk assessment exercise as a step towards a phased approach to SGX’s climate reporting regulations. This exercise involved identifying and assessing the potential climate-related physical and transition risks⁴ that our business and operations face. Workshops and awareness sessions were also held with senior management and members from various departments across QAF Group to determine key climate-related exposures and to assess the relative significance of these risks and opportunities. The key climate-related risks that QAF have identified are detailed in the section below, titled “Physical and Transition Risks”. As QAF is adopting a phased approach towards TCFD disclosures, QAF will incorporate time horizons (i.e., the short, medium and long term) as well as our climate-related opportunities as our climate reporting matures.</p> <p>The Group has conducted a high-level analysis on the impact of climate-related risks on the organisation’s business as outlined in the “Physical and Transition Risks” section below. We seek to improve and refine our climate risk assessment strategy in the future by conducting climate scenario analysis to better understand the impacts on QAF’s overall operations, manufacturing sites, our value chain, and ultimately our strategy and financial planning. Through this process, we expect to develop greater resilience in the business to the effects of climate change.</p>	Physical and Transition Risks

⁴ Climate-related risks are typically divided into physical and transition risks. Physical risks are related to the physical impacts of climate change on our environment, arising from extreme weather conditions (e.g., extreme heat, flooding, bushfires) known as acute impacts and long-term shifts in climate (e.g., sea level rise, water stress, prolonged drought) that are known as chronic impacts. Transition risks arise from the process of shifting towards a low-carbon economy, which include shifts in the market, policy and legal, technology and social landscape.

SUSTAINABILITY REPORT

TCFD Pillar	Recommended Disclosure	QAF's Approach	Report Section
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	QAF acknowledges the significance and impact of climate change in its Enterprise Risk Management ("ERM") Framework. QAF also recognises adverse weather conditions as a key risk and the potential impact that these events can have on operations at production sites and raw material supply and costs. The ERM Framework appears in our Annual Report, under the Corporate Governance Report.	Corporate Governance Report
	b) Describe the organisation's processes for managing climate-related risks.	Our risk management of adverse weather conditions is just beginning, however, our subsidiary, Gardenia Philippines, has already developed Business Continuity Plans ("BCP") for major events such as volcanic eruptions, fires, major earthquakes, and typhoons and floods.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	QAF adopts a phased approach towards climate reporting and will continue the integration of different climate considerations into our enterprise decision-making, and our approach to identifying, assessing, and managing our climate risks and opportunities in the future.	
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Group closely monitors its energy management, water management, and waste management consumption and QAF has adopted resource management as a key climate related metric. In line with the GHG Protocol Corporate Accounting and Reporting Standard ("GHG Protocol") methodology, QAF is reporting its Scope 1 and 2 GHG emissions for the first time. Results are provided in the "Scope 1 and Scope 2 Emissions" section below.	
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	In the following phases of reporting against TCFD recommendations, QAF will be reviewing and considering materiality and relevant disclosure of Scope 3 GHG emissions. QAF has adopted a continuous improvement approach to assessing climate-related risks and opportunities. QAF will monitor our operating environment and review climate-related issues materially relevant to our business and consider disclosing the most appropriate metrics that support our strategic planning process in the future.	
	c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	Moving forward, QAF will explore measurable and appropriate targets according to our strategic priorities, aligned with TCFD recommendations.	

SUSTAINABILITY REPORT

Scope 1 and Scope 2 GHG Emissions

Scope 1 and Scope 2 GHG emissions were calculated in accordance with the GHG Protocol, a set of “comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions”.⁵ The below table illustrates FY2022 emissions:

Table 2: Scope 1 and Scope 2 Greenhouse Gas Emissions

Subsidiary	Scope 1 Emissions (tonne CO ₂ e)	Scope 2 Emissions (tonne CO ₂ e)
Bakers Maison Australia	544	2,930
Gardenia Singapore⁶	4,645	5,120
Gardenia Philippines	17,189	16,567
TOTAL	22,378	24,617

⁵ Please find more information on the GHG Protocol here: [About Us | Greenhouse Gas Protocol \(ghgprotocol.org\)](#)

⁶ Please note that Gardenia Singapore includes Farmland Malaysia.

SUSTAINABILITY REPORT

PHYSICAL AND TRANSITION RISKS

As part of the TCFD process, the Group carried out a qualitative climate risk assessment exercise involving identifying significant physical and transition risks that could be materially relevant impactful to our business. The key risks that the Group has identified and the impacts of the risks are listed below. As mentioned, our risk management approach is in development, and we have an ongoing BCP in our subsidiary, Gardenia Philippines, that addresses managing the risk of major physical events in that region. In the next phase, the Group will be considering the likelihood and impact of identified transition and physical risks at both Group and subsidiary levels. Existing and potential mitigation actions will be reviewed and enhanced to assess and qualify residual risks to our business.

Risk and Category	Impact of Risk
Physical Risk⁷	
Change in Precipitation: Increased intensity, frequency and/or duration of flooding	<ul style="list-style-type: none"> Potential impact on manufacturing capabilities, assets, and employee health and safety.
Extreme weather: Storms – Increased intensity, frequency and/or duration of storms	<ul style="list-style-type: none"> Potential impact on operations due to physical damage of facilities and/or public infrastructure, resulting in increased and prolonged operational disruptions at facilities. Potential impact to supply chain, manufacturing facilities, and employee health and safety.
Extreme weather: Droughts – Increased intensity, frequency and/or duration of droughts	<ul style="list-style-type: none"> Potential decrease in access to raw materials or water in the manufacturing facilities, impacting operations, strategy, financial planning, and/or operating costs and profit margins. Events of water shortages and water stress would further negatively impact employee health and safety.
Transition Risk⁸	
Market: Increased cost of raw materials	<ul style="list-style-type: none"> Potential impact on strategy and financial planning.
Reputation: Increased stakeholder concern or negative stakeholder feedback, including shifts in consumer preferences	<ul style="list-style-type: none"> Potential impact on strategy and financial planning should expectations for F&B companies change, such as consumers prioritising sustainability when purchasing goods.
Policy and legal: Mandates on and regulation of existing products and services	<ul style="list-style-type: none"> Potential impact on operations, strategy, and financial planning of QAF subsidiaries.
Policy and legal: Enhanced emissions reporting obligations	<ul style="list-style-type: none"> Potential impact on resource allocation to comply with enhanced emissions reporting obligations, e.g., data collection capacity. Potential impact on customer preferences.

⁷ Chronic physical risks have not been reported this year, but QAF will consider this in the future as our climate reporting evolves.

⁸ Risks associated with technological developments have not been reported this year, but QAF will consider this in the future as our climate reporting evolves.

SUSTAINABILITY REPORT

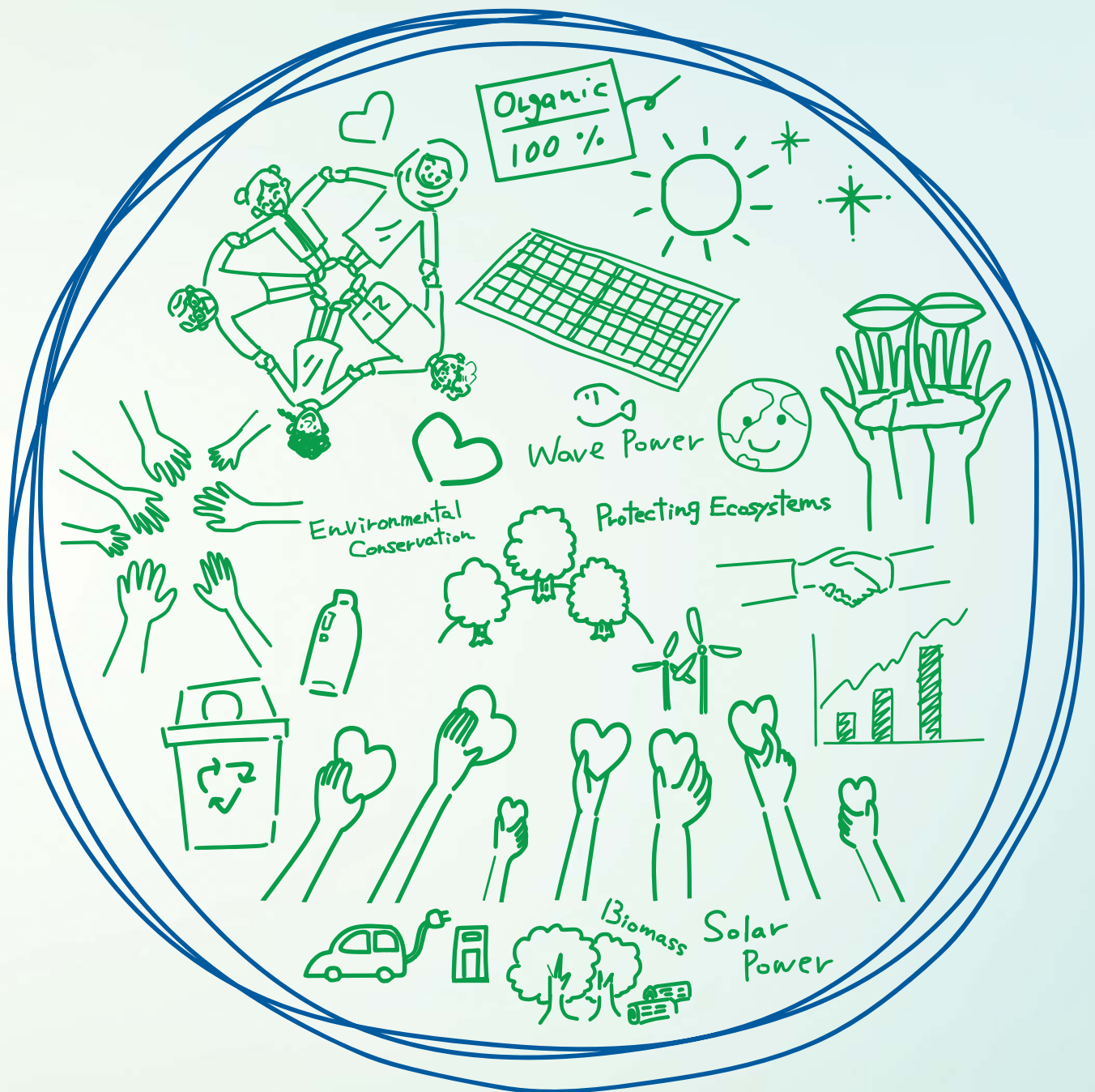
GRI CONTENT INDEX

Statement of use	QAF Limited has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location: Report section	Page No.
GRI 2: General Disclosures 2021	Organisation and its reporting practices		
	2-1 Organisational details	About this report, QAF – At a glance, Annual Report 2022	Page 10, 11, 35, 40
	2-2 Entities included in the organisation's sustainability reporting	About this report	Page 35
	2-3 Reporting period, frequency and contact point	About this report	Page 35
	Activities and workers		
	2-6 Activities, value chain and other relationships	QAF – At a glance, Annual Report 2022	Page 19-30, 40
	2-7 Employees	People	Page 77
	Governance		
	2-9 Governance structure and composition	Prosperity, Annual Report 2022 (Corporate Governance Report)	Page 55, 99-104, 119-120
	2-10 Nomination and selection of the highest governance body	Annual Report 2022 (Corporate Governance Report)	Page 106-108
	2-11 Chair of the highest governance body	Annual Report 2022 (Corporate Governance Report)	Page 105
	2-12 Role of the highest governance body in overseeing the management of impacts	Prosperity, Annual Report 2022 (Corporate Governance Report)	Pg 55, 119-120
	2-13 Delegation of responsibility for managing impacts	Prosperity	Page 55
	2-16 Communication of critical concerns	Prosperity	Page 56
	2-19 Remuneration policies	Annual Report 2022 (Corporate Governance Report)	Page 107-113
	2-20 Process to determine remuneration	Annual Report 2022 (Corporate Governance Report)	Page 107-113
	Strategy, policies, and practices		
	2-22 Statement on sustainable development strategies	Board Statement	Page 36-39
	2-26 Mechanism for seeking advice and raising concerns	Stakeholder engagement and materiality assessment, Prosperity	Page 43-45, 47-50, 56
	2-28 Membership associations	Membership and associations	Page 46
	Stakeholder engagement		
	2-29 Approach to stakeholder engagement	Stakeholder engagement and materiality assessment	Page 43-45, 47-50

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GRI Standard		Disclosure	Location: Report section	Page No.
GRI 3: Material topics	3-1	Process to determine material topics	Materiality determination process	Page 47
	3-2	List of material topics	Material mapping and topic boundary	Page 48-50
	3-3	Management of material topics	Prosperity	Page 57-59
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Prosperity	Page 55
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	Planet	Page 74-75
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	Planet	Page 73-74
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	People	Page 76-81
	403-2	Hazard identification, risk assessment, and incident investigation	People	Page 76-81
	403-3	Occupational health services	People	Page 76-81
	403-4	Work participation, consultation, and communication on occupational health and safety	People	Page 76-81
	403-5	Worker training on occupational health and safety	People	Page 82-84
	403-6	Promotion of worker health	People	Page 76-82
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	People	Page 82-84
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Products and Process	Page 61-63
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	Products and Process	Page 61-63
GRI G4: Food Processing Sector Disclosures	FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Products and Process	Page 60



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(as at 15 March 2023)

In this Corporate Governance Report, QAF Limited (“**QAF**” or the “**Company**”) describes its corporate governance practices for the financial year ended 31 December 2022 (“**FY2022**”) with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (“**Code**”). This report makes cross-references to certain sections of the Annual Report such as information on our Directors on pages 12 to 16 and our sustainability approach on pages 33 to 98. For completeness, this report should be read in conjunction with the other reports and information in the Annual Report.

The Company recognises 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 98 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. For FY2022, the Board had in place 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 page 114 of this report (Principle 9 “Provisions 9.1 and 9.2”) for more information on matters where decisions require Board approval. During FY2022, the Executive Committee reported to the Board on significant decisions and developments relating to the Group on at least a half-yearly basis. The long-term vision and strategy for the Company is formulated and discussed at Executive

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Committee and/or 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 107 to 110 of this report under Principle 5 “Provisions 5.1 and 5.2” and Principle 7 “Provisions 7.1 and 7.3”.

During FY2022, 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 and Committee meetings and discussions, whether by physical or electronic means or a combination of both, 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 FY2022 attendance and participation of the Directors at such Board and Committee meetings as well as the Company’s Annual General Meeting (“**AGM**”) in April 2022, is set out below:

	Board	Audit & Risk Committee	Nominating Committee	Remuneration Committee	AGM
Number of meetings held in FY2022	2	4	1	1	1
Name of Director	Number of meetings attended in FY2022				
Lam Sing Chung	2	N/A	1	1	1
Philip Yeo Liat Kok ⁽¹⁾	–	–	–	–	–
Lin Kejian	2	N/A	N/A	N/A	1
Goh Kian Hwee	2	N/A	N/A	N/A	1
Ong Wui Leng	2	N/A	N/A	N/A	1
Choo Kok Kiong	2	N/A	N/A	N/A	1
Dawn Pamela Lum	2	4	1	1	1
Triono J. Dawis	2	4	1	N/A	1
Lee Kwong Foo Edward	2	3	N/A	N/A	1
Norman Ip	2	4	N/A	N/A	1
Chee Teck Kwong Patrick	2	4	N/A	1	1
Lian Hwee Peng Rebecca ⁽²⁾	1	3	N/A	N/A	N/A

(1) Mr Philip Yeo Liat Kok was appointed Director and member of the Audit & Risk Committee with effect from 1 November 2022. On 24 February 2023, the Company announced Mr Yeo’s appointment as Vice-Chairman of the Board.

(2) Dr Lian Hwee Peng Rebecca was appointed Director and member of the Audit & Risk Committee with effect from 1 May 2022.

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

Subsequent to FY2022, in February 2023, the Board formed a Strategic Business Development Board Committee. Please refer to the Company's announcement dated 24 February 2023.

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 107 of this report.

(2) *Provision 1.2*

Newly-appointed Directors of the Company are given orientation including briefings to familiarise 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 as well as information on material matters and issues being dealt with by Management. 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 and to discharge their responsibilities.

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

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

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BOARD COMPOSITION AND GUIDANCE

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

(1) Provisions 2.1, 2.2, 2.3 and 2.4

The Board comprises 12 Directors as at the date of this report, seven of whom are, in the Board's judgment, independent Directors, constituting more than one-third of the Board. Our independent Directors are Mr Philip Yeo Liat Kok (who is also Vice-Chairman of the Board), Ms Dawn Pamela Lum, Mr Triono J. Dawis, Mr Lee Kwong Foo Edward, Mr Norman Ip, Mr Chee Teck Kwong Patrick and Dr Lian Hwee Peng Rebecca. A majority of the Board comprises (a) non-executive Directors, namely, nine out of 12; and (b) independent Directors, namely, seven out of 12.

Certain changes and proposed changes with respect to the Board were announced by the Company on 24 February 2023. Three Directors will step down from the Board at the close of the Annual General Meeting to be held on 27 April 2023, namely, Mr Triono J. Dawis and Mr Lee Kwong Foo Edward (who are stepping down in light of the amendment to the SGX-ST Listing Rules on 11 January 2023 which prescribes a nine-year tenure limit for independent directors), and Mr Choo Kok Kiong, a non-executive, non-independent Director (who is stepping down as part of our Board renewal process).

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 FY2022, 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 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.

In FY2022, none of the independent Directors had served for an aggregate period of more than nine years. In January 2023, SGX-ST announced that independent directors who have served for more than nine years must be re-designated as non-independent or step down from the Board no later than the close of the annual general meeting to be held in 2024. As stated above, Mr Triono J. Dawis and Mr Lee Kwong Foo Edward will be stepping down from the Board at the close of the coming AGM in light of this requirement.

The Board is 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". The Board is made up of members with diverse backgrounds, skillsets

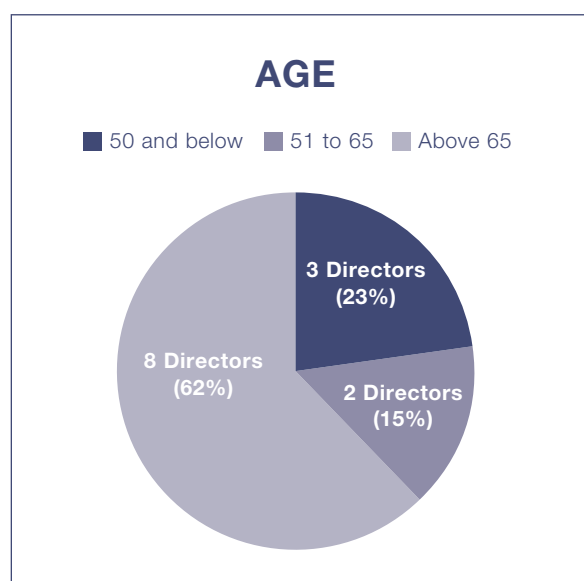
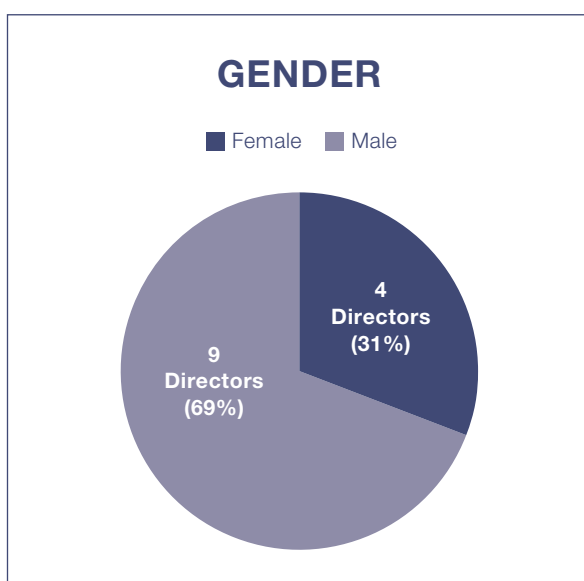
CORPORATE GOVERNANCE REPORT

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and experience (including extensive and in-depth corporate experience such as in the food industry and in relation to listed companies), ranging from accounting, finance, insurance, regulatory and legal expertise to entrepreneurial business skills, network 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 FY2022, Mr Philip Yeo Liat Kok and Dr Lian Hwee Peng Rebecca. Two of our Board Committees are chaired by our female Director, Ms Dawn Pamela Lum. Our Joint Group Managing Director, Mr Lin Kejian (age 44), focuses on strategic matters. Ms Rachel Liem Yuan Fang (age 27) is the alternate Director to Mr Lam Sing Chung and 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 16.

Whilst the Board consists of 12 members, to facilitate operational efficiency, it has an Executive Committee consisting of four Directors to whom it has delegated overall supervision and management of the Group’s operations and affairs. At the same time, the Board continues to benefit from, *inter alia*, 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, our Chairman and Mr Choo Kok Kiong, have elected not to receive director’s fees, as stated under Principle 8 “Provisions 8.1 and 8.3”.

For the selection, appointment and re-appointment of Directors, the Board has a Board Diversity Policy that covers diversity factors such as age, gender and skills & experience, for the purpose of enhancing Board effectiveness and in the context of the needs and future plans of the Group. Based on the Singapore Board Diversity Index 2020 launched by the Singapore Institute of Directors (“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 65 mid-cap SGX-ST listed companies. In addition to the skillsets and experience of the Board members mentioned above, certain information on the diversity of the Company’s Board (including Alternate Director) for FY2022 is shown below:



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The Board does not intend pursuant to the Board Diversity Policy to appoint persons as Directors by reason of their gender or age as token representatives on the Board or simply to meet quotas. In the Board's view, the fundamental principle is that the candidate must be of the right fit, taking into account the needs and future plans of the Group's businesses, and must meet the relevant needs and vision of the Board and Company at the material time, such as possessing relevant experience in the food or relevant industry or an extensive network of connections. The pursuit of quotas, if any, should take this overriding principle into account. Under the Company's Board Diversity Policy, the Nominating Committee shall, in this context, review annually the relevant targets for promoting Board diversity and make its recommendations with accompanying plans and timelines for consideration and approval by the Board. The Nominating Committee shall also undertake an annual review of the Board's composition with the Policy in mind (including succession planning), review key selection criteria as well as different channels for sourcing candidates. It is to report and make recommendations to the Board accordingly. With respect to the following elements of diversity, the Company's targets in the context of the Board Diversity Policy are as follows:

In respect of gender, the Company targets to maintain a Board that has female representation of at least 25% over the next three years. The Company notes that the Diversity Action Committee (later succeeded by the Council for Board Diversity) had in 2017 set a target of 25% female representation on the boards of Singapore listed companies by 2025. The Company's practice since 2016 reflects the increase in female representation on its Board. In 2016, Ms Dawn Pamela Lum joined the Board as independent Director, and she is currently chairman of the Nominating and Remuneration Committees. In 2017, Ms Ong Wui Leng was appointed as another independent Director, and she is currently Group Finance Director. Ms Rachel Liem Yuan Fang became our then Vice-Chairman's Alternate Director in 2018 and, recently in 2022, Dr Lian Hwee Peng Rebecca joined as an additional independent Director. All of them have differing skillsets and experience. Currently, approximately 31% of the Company's Board of Directors (including Alternate Director) comprise female Directors.

In respect of age, the Company targets to have a mix of both younger and more senior Directors, with heavier emphasis being on depth of experience, track record and business and other networks. In the light of this principle, the Company's objective is to have a Board where more than 50% of the Directors are within the age group of 51 and above, such age group being particularly relevant in the context of today's turbulent and volatile economic environment. In FY2022, the Company appointed two independent Directors within the age group of 51 and above, namely Mr Philip Yeo Liat Kok and Dr Lian Hwee Peng Rebecca. The Company currently meets this percentage, and will seek to maintain it over the next three years.

In respect of skills & experience, the Company targets to appoint by FY2026 at least one more Director with experience relevant to our business and future plans, for example in the food industry or a related industry. Business opportunities and threats are constantly evolving and a diverse combination of in-depth skills & experience, such as extensive relevant experience in the food industry or a related industry, would enhance the quality and effectiveness of the Board and its performance.

(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.

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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 Lam Sing Chung is the non-executive Chairman of the Board. Mr Lam Sing Chung and one of the Joint Group Managing Directors, Mr Lin Kejian, are immediate family members. The Board had considered that whilst Mr Lam Sing Chung and Mr Lin Kejian are immediate family members, the Vice-Chairman, Mr Philip Yeo Liat Kok, and the other Joint Group Managing Director, Mr Goh Kian Hwee, are not relatives 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 Lam Sing Chung, Mr Lin Kejian, Mr Goh Kian Hwee and Ms Ong Wui Leng). Mr Lam Sing Chung and Mr Lin Kejian do not comprise a majority of the Executive Committee. In addition, Mr Lam Sing Chung 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.

(2) Provision 3.3

Provision 3.3 of the Code provides that “The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate”. Our Chairman, Mr Lam Sing Chun, is not an independent Director. On 24 February 2023, the Company announced the appointment of Mr Philip Yeo Liat Kok as Vice-Chairman of the Board. He is an independent Director. With the appointment of an Independent Director as Vice-Chairman, the Board considers that it is no longer necessary to have a lead independent director, a position previously held by Ms Dawn Pamela Lum (who continues to be chairman of the Remuneration and Nominating Committees). Whilst we may have varied from Provision 3.3, our Vice-Chairman, who is an independent Director, would be an alternative channel of communication for shareholders. Importantly, our Chairman and his son, Mr Lin Kejian, do not comprise a majority of the Executive Committee. In addition, together, they 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, the Company’s practice is consistent with the intent of Principle 3 of the Code.

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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), Mr Lam Sing Chung and Mr Triono J. Dawis. The majority of the Nominating Committee, including the chairman, are independent Directors. The Board will in due course announce a new Nominating Committee member to replace Mr Triono J. Dawis who is stepping down from the Board at the close of the Annual General Meeting on 27 April 2023.

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) 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, the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors, and Board diversity (as further elaborated under Principle 2 "Provisions 2.1, 2.2, 2.3 and 2.4").

(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 Listing Manual and the Code for independent directors, whether the candidate is of the right fit taking into consideration the needs and future plans of the Group's businesses and the Board, as the case may be, and whether the candidate meets or is expected to meet the relevant needs and vision of the Board and Company at the material time. With respect to the need for Board diversity in matters such as skillsets, experience and expertise, gender and age so as to enhance the Board's effectiveness, please refer to the write-up above under Principle 2 "Provisions 2.1, 2.2, 2.3 and 2.4". The Nominating Committee typically identifies and searches for candidates through various contacts and recommendations (including proposals and recommendations of substantial shareholders and Board members). The Nominating Committee's recommendation is subject to the Board's approval.

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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 FY2022, please refer to the section dealing with Principle 2 "Provisions 2.1, 2.2, 2.3 and 2.4" on pages 102 to 104 of this report.

(4) *Provision 4.5*

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

The Directors' board representations (if any) on other listed companies and other principal commitments are set out on pages 12 to 16 and pages 222 to 227 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.

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 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.

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The Nominating Committee has established a formal evaluation process for assessing the Board as a whole, the Board Committees and individual Directors. For FY2022, 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 decision-making.

REMUNERATION MATTERS

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

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

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

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

(1) Provisions 6.1 to 6.4

The Remuneration Committee consists of Ms Dawn Pamela Lum (chairman), Mr Lam Sing Chung 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 FY2022.

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

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(2) Provisions 7.1 and 7.3

The Remuneration Committee's review and recommendations to the Board on the remuneration packages of the executive Directors and key management personnel (who are not also Directors) are undertaken with objective of ensuring that their remuneration is competitive and sufficient to attract, retain and motivate persons of the required caliber, skills and integrity to provide good stewardship and manage the Company and oversee the Group successfully, as well as motivate competent, committed and loyal key executives. For FY2022, 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 relevant 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 FY2022 amounting to a total approximately S\$28.8 million, as well as a further S\$11.5 million special dividend in connection with the sale of the Primary Production business in FY2022, although the Group's profit after tax for continuing operations attributable to shareholders for such financial year amounted to approximately S\$25.7 million (see the write-up on considerations regarding recommendation/declaration of dividends on page 124 of this report under Principle 11 "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 (for example, arising from the Covid-19 pandemic, geopolitical crises and inflationary pressures such as energy and wheat price volatilities and rising interest rates) to continue to build a solid foundation for growth and sustainability, including continuing succession planning; contribution to the successful completion of the sale of the Primary Production business in FY2022 (such sale strengthened the Group's financial position with the receipt of approximately A\$159 million, enabling the Group to have a net cash position of approximately S\$175 million as at 31 December 2022 and pay QAF shareholders a special dividend of S\$11.5 million); 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 including related insurance claims and major cyberattack(s) on the Group. See the disclosure on page 117 of this report under "*Information technology risks such as cybersecurity challenges*") and emphasis on enhancing the Group's cybersecurity and protection of Group's intellectual property, for example through educating the business units of the importance of data and 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), which span several countries and generated revenue close to S\$1 billion in FY2022.

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For FY2022, a total of four executives (other than Directors) were considered by the Company to be 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). One such key management personnel ceased employment during the financial year.

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. None of the executive Directors' and key management personnel's remuneration is tied solely and specifically to the profitability of the Company or the Group. Executive Directors and the key management personnel (other than Directors) receive remuneration as employees of the Company and do not receive directors' fees or other remuneration from the Company or its subsidiaries.

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

The Company did not have contractual provisions to reclaim incentive components of remuneration from FY2022 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*

For Directors' fees for FY2022, non-executive Directors are to be paid a basic fee for Board membership and an additional fee for serving on Committees as per the fee structure set out below:

Board Membership (base fee)	S\$40,000 ⁽¹⁾
Board Chairman	Nil as our Chairman has elected not to receive fees
Audit & Risk Committee	
Chairman	S\$30,000
Other members	S\$20,000
Nominating/Remuneration Committee	
Chairman	S\$20,000
Other members	S\$15,000
Executive Committee	Nil
Lead Independent Director	S\$5,000

(1) Increased from S\$30,000 (FY2021).

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The Remuneration Committee conducted a review of the annual fee structure for the non-executive Directors for FY2022. The fee structure for non-executive Directors has not been revised since 2016, apart from the introduction of the fee for Lead Independent Director when that appointment was made in 2018. The Remuneration Committee's recommendation, with which the Board concurs, is an increase in the basic Board membership fee from S\$30,000 to S\$40,000, taking into consideration, amongst others, the directors' fees paid by mid-cap companies listed on the SGX-ST, the responsibilities and expected time spent for the respective roles, increase in compliance requirements and complexity of the issues non-executive Directors deal with. Other than the increase in Board Membership (basic) fee, there are no changes to the FY2021 fee structure. In the interest of maintaining the objectivity and independence of the non-executive Directors, the Company has applied a cash-based fixed fee.

Directors' fees are subject to approval by the shareholders of the Company as a lump sum at each AGM of the Company and accordingly, shareholders may vote on the total FY2022 remuneration of non-executive Directors at the AGM to be held on 27 April 2023. The total Directors' fees, subject to shareholders' approval, payable for FY2022, as well as the breakdown payable to each non-executive Director, 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 teamwork 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. As disclosed by the Company previously, one of the key categories of risks faced by the Group is competition, not only in Singapore but also in other jurisdictions where it operates. 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 risk, 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). Further, the *Singapore Board of Directors Survey 2022* disclosed that of the 150 listed companies who responded to the survey, only 45% of mid-cap companies provided detailed compensation information of their board members in accordance with Provision 8.1.

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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 FY2022 remuneration of its five key management personnel (including the executive Directors). It has also disclosed the FY2022 remuneration of such key management personnel in band(s) as set out below. The total FY2022 remuneration of QAF's five key management personnel (including the executive Directors) was S\$4.80 million (versus S\$4.99 million for FY2021). 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	67.1%	31.5%	1.4%	100%
S\$650,000 to S\$950,000				
Ong Wui Leng	76%	19%	5%	100%

Key Management Personnel (other than Directors)

Remuneration ⁽¹⁾ Band	Number of Key Management Personnel
Below S\$850,000	4 ⁽²⁾

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

(2) One executive ceased employment during FY2022.

The fees payable to the non-executive Directors of the Company who served in FY2022, subject to the approval of Shareholders at the AGM, are set out below:

Name of Director	Directors' Fees ⁽¹⁾
Lam Sing Chung Chairman of the Board Member of Nominating Committee Member of Remuneration Committee	Elected not to receive Directors' fees
Philip Yeo Liat Kok Member of the Board Member of Audit & Risk Committee (Pro-rated for period 1.11.2022 to 31.12.2022)	S\$10,000

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Name of Director		Directors' Fees ⁽¹⁾
Dawn Pamela Lum	Member of the Board Chairman of Nominating Committee Chairman of Remuneration Committee Member of Audit & Risk Committee Lead Independent Director	S\$105,000
Lee Kwong Foo Edward	Member of the Board Member of Audit & Risk Committee	S\$60,000
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	S\$75,000
Norman Ip	Member of the Board Chairman of Audit & Risk Committee	S\$70,000
Chee Teck Kwong Patrick	Member of the Board Member of Audit & Risk Committee Member of Remuneration Committee	S\$75,000
Lian Hwee Peng Rebecca	Member of the Board Member of Audit & Risk Committee (Pro-rated for period 1.5.2022 to 31.12.2022)	S\$40,000
Total		S\$435,000

(1) Any discrepancies in figures included in this table between the amounts shown and the total(s) thereof are due to rounding. Accordingly, figure(s) shown as total(s) in this table may not be an arithmetic aggregation of the figures that precede it/them.

(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 FY2022. Mr Batuhan Guven, spouse of Ms Rachel Liem Yuan Fang, was during FY2022 employed in a subsidiary of the Group. His remuneration (including benefits in kind) for FY2022 was between S\$200,000 to S\$300,000. He has left the Group with effect from 30 December 2022.

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

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ACCOUNTABILITY AND AUDIT

Risk management and Internal Controls

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

Provisions 9.1 and 9.2

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

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

- (a) Major transactions (as defined in the Listing Manual) require Board approval. Generally, under the Listing Manual, major transactions are acquisitions or disposals of assets or the provision of financial assistance where the 20% threshold, based on the prescribed benchmarks, are exceeded. Examples are where the net profit attributable to the relevant asset exceeds 20% of the Group's net assets and where the aggregate value of the consideration for the asset exceeds 20% of the market capitalization of the Company;
- (b)
 - (i) Interested person transactions of value below 3% of the latest audited consolidated NTA of the Group require the approval of the Audit & Risk Committee; and
 - (ii) Interested person transactions of value equal to or more than 3% of the latest audited consolidated NTA of the Group require Audit & Risk Committee and Board approval;
- (c) Investments or divestments with a value more than 10% of the market capitalization of the Company require Board approval; and
- (d) Any matter which the Executive Committee considers to be material for deliberation by the Board.

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

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The Group's financial performance and operations are influenced by a wide range of risk factors and some of these risks are not within 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 2022 are summarised as follows:

Risk	
Changes in foreign currency exchange rates	<p>The Group is exposed to foreign currency exchange volatility. Its operations and subsidiaries and joint venture operating in foreign countries are subject to the translation of the foreign currency earnings and carrying values of the overseas operations (including intercompany loans extended to these entities). For example, the Group recorded a non-cash unrealised foreign currency translation loss of S\$11.1 million arising mainly from the translation effects from AUD to SGD of the Group's holdings in AUD-denominated cash and deposits.</p> <p>In addition, the Group's subsidiaries' input costs (for example, flour and fuel) are correlated to movements in foreign currencies and are therefore impacted by fluctuations of these currencies.</p>
Changes in the value of investments	<p>The Company holds investments which are required under accounting requirements to be regularly tested for any impairment of their carrying value. Factors such as currency movements, interest rates, trading performance and future decisions by joint venture partners (if applicable) may impact future results of the Group. For example, the Group incurred a S\$5.0 million write down of its GBKL investment in FY2022.</p>
Global health pandemics and epidemics	<p>Global and regional health outbreaks may affect operations by way of increases or decreases in revenue due to government responses, such as lockdowns. Cost of production can also be affected by factors, such as labour and raw material availability, supply chain interruption and increased costs of key inputs.</p>
Geopolitical uncertainty	<p>Geopolitical uncertainties from events such as the Russia-Ukraine war and geopolitical tensions between China and the United States in relation to Taiwan can impact operations from supply chain interruptions, raw material cost and availability, access to foreign labour and closure of markets.</p>
Changing macroeconomic conditions	<p>Global economic instability in our markets including high GDP and low unemployment followed by high inflation, necessitates governments to employ monetary policy measures in response. This creates volatility in commodity markets impacting input costs and availability of raw materials and may change consumer spending habits. In addition, it creates volatility for global financial markets, including liquidity crisis in the global financial systems and volatility of currency exchange.</p>
Fluctuating commodity prices	<p>Fluctuations in raw material prices (for example, flour) and fuel prices affect the Group. As markets move towards a low-carbon economy, shifts in supply and demand for certain commodities and products may also contribute to such fluctuations.</p>

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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.
Adverse weather conditions, including climate change	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 (for example, flour) and other ingredients. Owing to climate change, extreme weather conditions are now more prevalent. In December 2021 for example, 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.
Changes in consumer spending habits	Consumers may reduce or increase their spending preferences in response to various factors, including higher inflation. The Group’s ability or inability to predict, interpret, and respond to these changes may affect trading results.
Production Costs	Increase in costs of operations, including labour, maintenance, energy, transportation and distribution costs may affect group margins and trading results. The availability of labour may also be an impediment, with impacts including higher overtime costs or rationalization of production lines and/or products.
Food quality and safety	Food safety risks include products not satisfying product or food safety or safety requirements and the contamination of ingredients due to non-compliance of product handling procedures. Food safety and health issues may lead to product recalls and affect consumer confidence in our business and result in reduced demand which may in turn lead to downward pressure on prices.
Occupational health, safety and site security	<p>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, may lead to disruption of operations and injuries to employees, visitors and the general public. This 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.</p> <p>The Group’s operating entities have, as a risk management measure, adopted stringent health and safety policies including the ongoing training and education of staff. Nevertheless, business risks remain and situations such as Covid-19 pandemic may worsen or continue with multiple waves of infection.</p>

CORPORATE GOVERNANCE REPORT

(as at 15 March 2023)

Risk	
Information technology risks such as cybersecurity challenges	<p>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 recent trend toward remote working and virtual meetings, 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 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 claims by and 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 increased its IT resources, and has strengthened and continues to enhance its processes in its defense and education in respect of cybersecurity attacks. However, the risk of further attacks remains and cyberattacks are not currently covered by insurance.</p>
Intellectual property	<p>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.</p>
Changes in regulations	<p>Governments may impose new or changes in regulation in response to economic conditions, mutual global agreements and political factors. Examples can include tax laws and rates, policies that attempt to constrain or dictate the Group's actions on the basis of climate change concerns, changes to operating conditions and licenses (ie carbon reporting and taxes) and trading sanctions. Changes in regulations can impact the Group's operating and compliance costs.</p>
Reputational damage from adverse publicity	<p>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. For example, negative publicity that may arise from changing customer or community perceptions of the Group's level of contribution or detract from the transition to a lower-carbon economy.</p>

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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 FY2022 were presented to the Audit & Risk Committee for discussion. The following key audit matter in respect of FY2022 was 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 this matter and what decision was made
Recoverability of investment in joint venture	<ul style="list-style-type: none"> 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 FY2022. Please refer to page 134 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 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, corruption, 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 FY2022:

- (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 2022 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.

CORPORATE GOVERNANCE REPORT

(as at 15 March 2023)

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 seven non-executive independent Directors as at the date of this report, namely Mr Norman Ip (chairman), Ms Dawn Pamela Lum, Mr Lee Kwong Foo Edward, Mr Triono J. Dawis, Mr Chee Teck Kwong Patrick, Dr Lian Hwee Peng Rebecca and Mr Philip Yeo Liat Kok. Mr Lee Kwong Foo Edward and Mr Triono J. Dawis will cease to be members of the Audit & Risk Committee when they step down from the Board at the close of the Annual General Meeting on 27 April 2023.

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. Dr Lian Hwee Peng Rebecca has extensive experience with major food groups, holding various leadership positions and worked closely with business head(s) on financial, technical and management of ongoing business as well as mergers & acquisitions of new businesses. Mr Philip Yeo Liat Kok is and has been a board member of other listed entities and is conversant with the roles and responsibilities as director of a listed company.

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

CORPORATE GOVERNANCE REPORT

(as at 15 March 2023)

- To review and discuss with the external auditors their annual audit report including key audit matters
- To review and discuss with the external auditors, *inter alia*, the assistance given by the Group's officers to the external auditors and the findings arising from their audit including their evaluation of the Group's internal controls
- To review the significant financial reporting issues and judgements so as to obtain reasonable assurance as to the integrity of the financial statements of the Company and the consolidated financial statements of the Group before making recommendations to the Board
- To review the assurance provided to the Board by the management (including the Group Managing Director(s) and chief financial officer or their equivalent) on the financial records and financial statements
- To oversee the Management in the implementation of the risk management framework of the Group
- To review interested person transactions pursuant to the Listing Manual of the SGX-ST
- 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.

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(2) Provisions 10.4 and 10.5

The Group had in place in FY2022 three 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.

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 fees for audit and non-audit services in FY2022 amounted to approximately S\$883,000 and S\$101,000, respectively. E&Y has informed the Committee that it has evaluated its independence and, *inter alia*, that it has policies and procedures in place to safeguard its independence. E&Y had also confirmed to the Audit & Risk Committee that the non-audit services provided during FY2022 have not impaired its independence, and that it is not aware of any relationships between E&Y and the Company that, in its professional judgement, may reasonably be thought to bear on its independence. 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 FY2022. Taking into account the foregoing, the Audit & Risk Committee is of the opinion that the non-audit fees paid to the auditors for FY2022 would not compromise the independence of E&Y and the Audit & Risk Committee recommended to the Board the re-appointment of the external auditor for FY2023 (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.

CORPORATE GOVERNANCE REPORT

(as at 15 March 2023)

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).

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.

CORPORATE GOVERNANCE REPORT

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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 are made known to shareholders at the meeting. The total number and percentage of votes cast for or against the resolutions are also 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 FY2022, 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.

(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.

(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 FY2022, the Company published minutes of general meetings of shareholders on its corporate website as required by the listing rules and/or applicable laws that were in place as a result of the Covid-19 pandemic. In general, as a risk management measure, 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, and vote, and have the opportunity to

CORPORATE GOVERNANCE REPORT

(as at 15 March 2023)

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 and during the “live” webcast of the coming AGM to be held in April 2023, questions may be submitted electronically 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 steady 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. In line with the strategy of value creation 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 FY2022. Together with the interim \$0.01 dividend paid in 2022, the total dividend for FY2022 would amount in total to \$0.05 per share (total of S\$28.8 million) plus a further \$0.02 per share (total of S\$11.5 million) in special dividend, although the FY2022 profit after tax from continuing operations attributable to shareholders amounted to approximately S\$25.7 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.

CORPORATE GOVERNANCE REPORT

(as at 15 March 2023)

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.

(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.

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 98 discloses its strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022.

(3) *Provision 13.3*

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

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Interested Person Transactions for FY2022

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) (\$'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) (\$'000)
Salim Group – Sale of unsold and returned bread	See Note ⁽¹⁾	N.A.	885
Austral Dairy Group Sdn. Bhd. – Sale of products (cheese)	Entity in which Mr Lam Sing Chung and immediate family member of Ms Rachel Liem Yuan Fang have an interest	N.A.	3,724
Salim Group – Purchase of raw materials including flour	See Note ⁽¹⁾	N.A.	21,405
Austral Dairy Group Sdn. Bhd. – Purchase of finished products (processed cheese)	Entity in which Mr Lam Sing Chung and an immediate family member of Ms Rachel Liem Yuan Fang have an interest	N.A.	2,909
The French Farm Co. Pte. Ltd. – Shared services fees paid to QAF Group	Entity in which Mr Lin Kejian has an interest	240	N.A.
TOTAL		240	28,923

Note:

- (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 Lam Sing Chung.

CORPORATE GOVERNANCE REPORT

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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 FY2022, or if not then subsisting, entered into since the end of FY2021.

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.

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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 2022.

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 2022 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:–

Lam Sing Chung	(Chairman)
Philip Yeo Liat Kok	(Vice-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	
Lian Hwee Peng Rebecca	
Rachel Liem Yuan Fang	(Alternate director to Lam Sing Chung)

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:

Names of directors	Direct interest			Deemed interest		
	At 1.1.2022	At 31.12.2022	At 21.1.2023	At 1.1.2022	At 31.12.2022	At 21.1.2023
Number of shares in						
QAF Limited						
Lam Sing Chung	–	–	–	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, 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 2022.

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 contains information relating to 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 2023

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 31 December 2022

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 2022, the consolidated statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows 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 of Singapore (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 2022 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 2022

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 \$64.2 million as of 31 December 2022. Note 20 to the financial statements provides information on the contractual agreement with the partner of the joint venture. During the year, the Group recognised an impairment loss of \$5.0 million.

The recoverable amount of the investment in joint venture was determined based on value-in-use calculations using cash flow projections 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 reviewed management's identification of indicators of impairment in the joint venture. 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 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 2022

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 2022

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 Philip Ng Weng Kwai.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 March 2023

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Continuing operations			
Revenue	3	577,523	558,976
Costs and expenses			
Costs of materials		314,868	293,071
Staff costs	4	110,717	109,931
Amortisation and depreciation	5	28,549	34,385
Repairs and maintenance		12,746	14,190
Utilities		19,687	17,138
Advertising and promotion		7,532	5,516
Other operating expenses		66,853	54,956
Total costs and expenses		(560,952)	(529,187)
Profit from operating activities	6	16,571	29,789
Finance costs	7	(1,676)	(1,960)
Exceptional items	8	19,536	(3,311)
Share of profits of joint venture		2,720	4,223
Profit before tax from continuing operations		37,151	28,741
Income tax expense	9	(11,147)	(6,344)
Profit after tax from continuing operations		26,004	22,397
Discontinued operations			
(Loss)/profit after tax from discontinued operations	10	(6,339)	31,077
Profit after tax		19,665	53,474
Attributable to:			
Owners of the parent			
– Profit after tax from continuing operations		25,748	22,220
– (Loss)/profit after tax from discontinued operations		(6,339)	29,863
		19,409	52,083
Non-controlling interests			
– Profit after tax from continuing operations		256	177
– Profit after tax from discontinued operations		–	1,214
		256	1,391
		19,665	53,474
Earnings per ordinary share (basic and diluted):			
From continuing operations	11	4.5 cents	3.9 cents
From continuing and discontinued operations	11	3.4 cents	9.1 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 2022

	2022 \$'000	2021 \$'000
Profit after tax	19,665	53,474
Other comprehensive income:		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Actuarial gain on defined benefit plans	69	916
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Currency translation arising on consolidation	(15,816)	(8,834)
Share of other comprehensive income of joint venture	(4,052)	(1,189)
Other comprehensive income for the year, net of tax	(19,799)	(9,107)
Total comprehensive income for the year	(134)	44,367
Total comprehensive income attributable to:		
Owners of the parent	(306)	43,087
Non-controlling interests	172	1,280
	(134)	44,367
Total comprehensive income attributable to owners of the parent:		
From continuing operations, net of tax	(1,696)	17,739
From discontinued operations, net of tax	1,390	25,348
	(306)	43,087

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Inventories	12	54,333	50,903	–	–
Trade receivables	13	78,514	79,448	–	–
Other receivables	14	17,300	27,249	52,783	87,971
Tax recoverable		7,527	6,440	–	–
Cash and cash equivalents	15	216,792	88,705	159,048	38,357
Assets belonging to disposal group classified as held for sale	10	–	306,111	–	–
		<u>374,466</u>	<u>558,856</u>	<u>211,831</u>	<u>126,328</u>
Non-current assets					
Property, plant and equipment	16	203,313	217,338	3,604	3,420
Right-of-use assets	17	19,300	22,475	289	327
Investment in subsidiaries	18	–	–	101,532	101,532
Advances to subsidiaries	19	–	–	146,553	156,067
Investment in joint venture and associate	20	64,312	75,047	–	–
Intangibles	21	165	168	99	83
Deferred tax assets	22	3,203	4,276	–	–
		<u>290,293</u>	<u>319,304</u>	<u>252,077</u>	<u>261,429</u>
Total assets		<u>664,759</u>	<u>878,160</u>	<u>463,908</u>	<u>387,757</u>

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
LIABILITIES					
Current liabilities					
Trade payables	23	57,536	61,695	80	87
Other payables	24	49,183	55,576	116,618	12,730
Short-term borrowings	25	676	2,943	–	–
Long-term borrowings – current portion	26	6,019	4,526	–	–
Lease liabilities – current portion	17	3,373	3,325	92	92
Income tax payable		2,596	3,236	492	494
Liabilities belonging to disposal group classified as held for sale	10	–	154,229	–	–
		<u>119,383</u>	<u>285,530</u>	<u>117,282</u>	<u>13,403</u>
Non-current liabilities					
Other payables	24	8,677	9,139	2,865	3,539
Long-term borrowings	26	14,152	25,569	–	–
Lease liabilities	17	17,531	20,592	206	247
Deferred tax liabilities	22	5,557	5,002	754	739
		<u>45,917</u>	<u>60,302</u>	<u>3,825</u>	<u>4,525</u>
Total liabilities		<u>165,300</u>	<u>345,832</u>	<u>121,107</u>	<u>17,928</u>
Net assets		<u>499,459</u>	<u>532,328</u>	<u>342,801</u>	<u>369,829</u>
CAPITAL AND RESERVES					
Share capital	27	277,043	277,043	277,043	277,043
Reserves	28	220,665	253,511	65,758	92,786
Equity attributable to owners of the parent		497,708	530,554	342,801	369,829
Non-controlling interests		<u>1,751</u>	<u>1,774</u>	<u>–</u>	<u>–</u>
Total equity		<u>499,459</u>	<u>532,328</u>	<u>342,801</u>	<u>369,829</u>

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 2022

	Note	Attributable to owners of the parent							Non-controlling interests	Total equity
		Share capital	Capital reserve	Revenue reserve	Foreign currency translation reserve	Reserve of disposal group classified as held for sale	Total			
								\$'000		
Balance at 1 January 2022		277,043	(1,511)	267,662	(3,360)	(9,280)	530,554		1,774	532,328
Total comprehensive income for the year										
Net profit for the year		–	–	19,409	–	–	19,409		256	19,665
Other comprehensive income for the year:										
– Currency translation arising on consolidation		–	–	–	(15,658)	–	(15,658)		(158)	(15,816)
– Actuarial (loss)/gain on defined benefit plans		–	–	(5)	–	–	(5)		74	69
– Share of other comprehensive income of joint venture		–	–	161	(4,213)	–	(4,052)		–	(4,052)
Other comprehensive income for the year, net of tax		–	–	156	(19,871)	–	(19,715)		(84)	(19,799)
Total comprehensive income for the year		–	–	19,565	(19,871)	–	(306)		172	(134)
Transactions with owners in their capacity as owners										
Contributions by and distributions to owners										
Dividends	29	–	–	(40,269)	–	–	(40,269)		(195)	(40,464)
Total contributions by and distributions to owners		–	–	(40,269)	–	–	(40,269)		(195)	(40,464)
Change in ownership interest in subsidiaries										
Disposal of subsidiaries		–	–	(1,551)	–	9,280	7,729		–	7,729
Total change in ownership interest in subsidiaries		–	–	(1,551)	–	9,280	7,729		–	7,729
Total transactions with owners in their capacity as owners		–	–	(41,820)	–	9,280	(32,540)		(195)	(32,735)
Balance at 31 December 2022		277,043	(1,511)	245,407	(23,231)	–	497,708		1,751	499,459

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 2022

Note	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Revenue reserve	Foreign currency translation reserve	Reserve of disposal group classified as held for sale	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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
<u>Other comprehensive income for the year:</u>								
– 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								
<u>Contributions by and distributions to owners</u>								
Transfer to other payables	–	–	–	–	–	–	(1,214)	(1,214)
Dividends	–	–	(28,843)	–	–	(28,843)	(208)	(29,051)
Total contributions by and distributions to owners	–	–	(28,843)	–	–	(28,843)	(1,422)	(30,265)
<u>Change in ownership interest in subsidiary</u>								
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 CASH FLOWS

For the Financial Year Ended 31 December 2022

	2022 \$'000	2021 \$'000
Cash flows from operating activities:		
Profit before tax from continuing operations	37,151	28,741
(Loss)/profit before tax from discontinued operations	(6,339)	48,441
Profit before tax, total	30,812	77,182
Adjustments for:		
Amortisation and depreciation	28,549	34,385
Loss/(gain) on disposal of property, plant and equipment	88	(122)
Impairment loss on property, plant and equipment	–	3,490
Fair value changes on biological assets	–	(2,360)
Interest expense	1,676	3,594
Share of profits of joint venture	(2,720)	(4,223)
Loss on disposal of disposal group classified as held for sale	3,861	–
Net gain on disposal of a subsidiary	–	(1,519)
Allowance for receivables (written back)/charged and bad debts written off, net	(12)	313
Remeasurement gain on disposal group classified as held for sale	–	(5,653)
Interest income	(2,176)	(291)
Exchange differences	4,920	2,416
Operating profit before working capital changes	64,998	107,212
Decrease/(increase) in trade and other receivables	5,894	(13,462)
Increase in inventories and biological assets	(5,072)	(409)
(Decrease)/increase in trade and other payables	(1,489)	32,381
Cash from operations	64,331	125,722
Interest paid	(1,667)	(3,621)
Interest received	2,176	291
Income tax paid	(12,395)	(13,202)
Net cash from operating activities	52,445	109,190
Cash flows from investing activities:		
Purchase of property, plant and equipment	(26,552)	(30,092)
Proceeds from disposal of property, plant and equipment	211	334
Purchase of intangibles	(27)	(28)
Dividends received from joint venture	9,251	6,471
Net proceeds from disposal of disposal group classified as held for sale (Note A)	111,489	–
Net proceeds from disposal of a subsidiary	–	(98)
Net cash from/(used in) investing activities	94,372	(23,413)

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 2022

	2022 \$'000	2021 \$'000
Cash flows from financing activities:		
Dividends paid during the year	(40,269)	(28,763)
Dividends paid to non-controlling interests	(195)	(288)
Proceeds from borrowings	226	74
Repayment of borrowings	(9,326)	(34,462)
Payment of lease liabilities	(3,381)	(9,454)
Proceeds from long-term loans from non-controlling interests	—	217
Net cash used in financing activities	(52,945)	(72,676)
Net increase in cash and cash equivalents	93,872	13,101
Cash and cash equivalents at beginning of year	130,488	120,107
Effect of exchange rate changes on cash and cash equivalents	(7,568)	(2,720)
Cash and cash equivalents at end of year (Note 15)	216,792	130,488

Note A: Analysis of disposal of disposal group classified as held for sale

	2022 \$'000
Biological assets	61,416
Inventories	37,656
Trade and other receivables	26,481
Cash and cash equivalents	41,783
Property, plant & equipment	128,721
Right-of-use assets	19,341
Pension assets	2,108
Deferred tax assets	12,640
Remeasurement loss	(24,035)
Trade and other payables	(62,137)
Short-term borrowings	(39,079)
Long-term borrowings	(16,961)
Lease liabilities	(13,904)
Deferred tax liabilities	(22,148)
Net assets disposed	151,882
Loss on disposal, gross	(3,861)
Reclassification of reserves	7,729
Cash consideration	155,750
Cash and cash equivalents of disposal group	(41,783)
Associated costs incurred for the disposal	(2,478)
Net cash inflow on disposal of disposal group classified as held for sale	111,489

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 2022

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position 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 2022. 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 2022

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) 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 2022

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 2022

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 2022

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	–	4 – 50
Office equipment	–	20 – 33 ⅓
Motor vehicles	–	20 – 33 ⅓

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 2.15 *Impairment of non-financial assets*.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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 2022

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 ½
Leasehold properties	–	1 ⅔ – 6
Leasehold improvements	–	2 – 20
Plant and machinery	–	5 – 33 ⅓
Furniture, fittings and office equipment	–	7 ½ – 40
Motor vehicles	–	10 – 33 ⅓

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 2022

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 2022

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 2022

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.

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 2022

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 2022

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

2.15 *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.

Other assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets that have an indefinite useful life and are not subject to amortisation or depreciation are tested annually for impairment.

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

Reversal of impairment losses recognised in prior years is recorded when there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years. The reversal is recorded in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.16 *Impairment of financial assets*

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

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

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

For debt instruments at fair value through 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.

2.17 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.17 *Financial liabilities (cont'd)*

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.

2.18 *Provisions*

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

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.19 *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.

2.20 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.21 *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.

2.22 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.22 Revenue recognition (cont'd)

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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.23 *Income taxes (cont'd)*

Deferred tax (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.23 *Income taxes (cont'd)*

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.

2.24 *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.

2.25 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.25 *Employee benefits (cont'd)*

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

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.25 *Employee benefits (cont'd)*

(iii) *Employee entitlements (cont'd)*

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.

2.26 *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.

2.27 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

2.28 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.28 Significant accounting estimates and judgements (cont'd)

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) 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.

In 2022, the Group recognised a non-cash impairment of \$5,000,000 on the Group's investment in joint venture.

The carrying amount of the investment in joint venture as at 31 December 2022 is \$64,164,000 (2021: \$74,899,000).

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

2.28 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(ii) Provision for expected credit losses of trade receivables (cont'd)

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 2022 is \$78,514,000 (2021: \$79,448,000).

(iii) 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.

(iv) 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 2022 was \$492,000 (2021: \$494,000) and \$2,596,000 (2021: \$3,236,000) respectively. The carrying amount of the Group's tax recoverable as at 31 December 2022 was \$7,527,000 (2021: \$6,440,000). The carrying amount of the Company's deferred tax liabilities as at 31 December 2022 was \$754,000 (2021: \$739,000). The Group's deferred tax assets and deferred tax liabilities as at 31 December 2022 was \$3,203,000 (2021: \$4,276,000) and \$5,557,000 (2021: \$5,002,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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	
	2022 \$'000	2021 \$'000
Sale of goods	561,570	545,357
Rental income from storage and warehousing facilities	4,492	4,489
Royalty income	6,801	5,869
Interest income from:		
– Fixed deposits with financial institutions	2,078	89
– Others	98	97
Government grants	–	1,254
Other income	2,484	1,821
	<u>577,523</u>	<u>558,976</u>

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 and Wage Credit Scheme.

4. STAFF COSTS

	Group	
	2022 \$'000	2021 \$'000
Staff costs (including Executive Directors):		
– salaries, wages and other related costs	103,045	102,176
– contributions to defined contribution plans	7,672	7,755
	<u>110,717</u>	<u>109,931</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

5. AMORTISATION AND DEPRECIATION

	Note	Group	
		2022 \$'000	2021 \$'000
Depreciation of property, plant and equipment	16	24,933	30,701
Depreciation of right-of-use assets	17	3,591	3,669
Amortisation of intangibles	21	25	15
		<u>28,549</u>	<u>34,385</u>

6. PROFIT FROM OPERATING ACTIVITIES

		Group	
	Note	2022	2021
		\$'000	\$'000
Profit from operating activities is stated after charging/(crediting):			
Audit fees:			
– Auditor of the Company		617	491
– Member firms of the auditor of the Company		266	173
Non-audit fees:			
– Auditor of the Company		77	–
– Member firms of the auditor of the Company		24	627
Fees and remuneration for the directors of the Company:			
– fees and remuneration		3,930	3,921
– Contribution to defined contribution plans		24	22
Provision for retirement benefits charged	24(b)	1,078	1,481
Distribution and transportation expense		13,853	11,471
Professional fees		2,602	2,090
Operating lease expense		14,908	14,921
Foreign currency translation loss – unrealised		11,102	2,237
Foreign currency translation loss – realised		(730)	428
Allowance for inventories charged and inventories written off, net		2,011	76
Allowance for trade receivables charged	13	135	103
Allowance for other receivables (written back)/charged	14	(154)	192
Bad debts written off		7	18
Loss/(gain) on disposal of property, plant and equipment		88	(176)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

7. FINANCE COSTS

	Group	
	2022 \$'000	2021 \$'000
Interest expense on borrowings	740	917
Interest expense on lease liabilities	936	1,043
	<u>1,676</u>	<u>1,960</u>

8. EXCEPTIONAL ITEMS

	Group	
	2022 \$'000	2021 \$'000
Interim insurance payments for consequential loss and damage to stock, property, plant and equipment arising from the severe flooding in Peninsular Malaysia	19,536	–
One-off stock write-off and impairment loss on property, plant and equipment arising from the severe flooding in Peninsular Malaysia	–	(4,830)
Net gain on disposal of a subsidiary	–	1,519
	<u>19,536</u>	<u>(3,311)</u>

9. INCOME TAX EXPENSE

	Note	Group	
		2022 \$'000	2021 \$'000
Income tax expense/(credit) on the profit for the year:			
– current tax		7,825	8,470
– deferred tax		694	(1,098)
		<u>8,519</u>	<u>7,372</u>
Under/(over) provision in respect of prior years:			
– current tax		2,337	(305)
– deferred tax		291	(723)
		<u>2,628</u>	<u>(1,028)</u>
Income tax expense recognised in profit or loss		<u>11,147</u>	<u>6,344</u>
Deferred tax related to other comprehensive income:			
– actuarial gain on defined benefit plans	22	<u>23</u>	<u>549</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

9. INCOME TAX EXPENSE (CONT'D)

The income tax expense on the results of the Group differ from the amount of tax determined by applying the Singapore statutory tax rate of 17% (2021: 17%) to the profit before tax from continuing operations due to the following factors:

	Group	
	2022 \$'000	2021 \$'000
Profit before tax	37,151	28,741
Tax expense at statutory tax rate of 17% (2021: 17%)	6,316	4,886
Adjustments:		
Income not subject to tax	(4,311)	(1,280)
Expenses not deductible for tax purposes	2,250	990
Tax reliefs, rebates and incentives	(102)	(131)
Utilisation of tax benefits not recognised in prior years	–	(203)
Deferred tax assets not recognised	275	648
Effect of different tax rates in foreign jurisdictions	4,255	2,536
Under/(over) provision in respect of prior years, net	2,628	(1,028)
Others	(164)	(74)
Income tax expense recognised in profit or loss	11,147	6,344

The Group has unutilised tax losses of approximately \$2,890,000 (2021: \$2,750,000), 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.

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 “(loss)/profit after tax from discontinued operations”. The disposal was completed on 4 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

Balance sheet disclosures

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

	\$'000
Assets:	
Biological assets	61,416
Inventories	37,656
Trade and other receivables	26,481
Cash and cash equivalents	41,783
Property, plant and equipment	128,721
Right-of-use assets	19,341
Pension assets	2,108
Deferred tax assets	12,640
Remeasurement loss	(24,035)
Assets belonging to disposal group classified as held for sale	306,111
Liabilities:	
Trade and other payables	62,137
Short-term borrowings	39,079
Long-term borrowings	16,961
Lease liabilities	13,904
Deferred tax liabilities	22,148
Liabilities belonging to disposal group classified as held for sale	154,229
Net assets belonging to disposal group classified as held for sale	151,882
Reserves:	
Revaluation reserve	244
Capital reserve	(1,795)
Foreign currency translation reserve	(7,729)
	(9,280)

As at 31 December 2021, inventories and property, plant and equipment belonging to the disposal group, with net carrying amounts of \$32,834,000 were mortgaged/pledged to financial institutions to secure credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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:

	2022 \$'000	2021 \$'000
Revenue	–	416,790
Expenses	–	(370,213)
Profit from operating activities	–	46,577
Finance costs	–	(1,634)
Gain recognised on remeasurement to fair value less cost to sell	–	5,653
Loss on disposal of disposal group classified as held for sale	(3,861)	–
Associated costs incurred for the disposal	(2,478)	(2,155)
(Loss)/profit before tax	(6,339)	48,441
Income tax expense	–	(17,364)
(Loss)/profit after tax	(6,339)	31,077

Cash flow statement disclosures

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

	2022 \$'000	2021 \$'000
Operating	–	51,622
Investing	–	(12,027)
Financing	–	(36,557)
Net cash inflows	–	3,038

(Loss)/earnings per share disclosures

	2022	2021
(Loss)/earnings per ordinary share from discontinued operations attributable to owners of the Company		
– Basic and diluted	(1.1) cents	5.2 cents

Basic and diluted (loss)/earnings per share from discontinued operations are calculated by dividing the (loss)/profit 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 2022

11. EARNINGS PER ORDINARY SHARE ("EPS")

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

	Group	
	2022 \$'000	2021 \$'000
Group's earnings used for the calculation of EPS:		
Earnings/(loss) for the financial year attributable to owners of the Company		
– Continuing operations	25,748	22,220
– Discontinued operations	(6,339)	29,863
	<u>19,409</u>	<u>52,083</u>
	2022 '000	2021 '000

Number of shares used for the calculation of:

Basic and diluted EPS

Weighted average number of ordinary shares in issue	<u>575,268</u>	<u>575,268</u>
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Basic and diluted earnings per share are calculated on the Group's earnings/(loss) 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	
	2022 \$'000	2021 \$'000
Raw materials	15,724	15,768
Finished goods	21,001	11,546
Spare parts and consumables	5,298	5,807
Goods-in-transit	<u>12,310</u>	<u>17,782</u>
Total inventories at lower of cost and net realisable value	<u>54,333</u>	<u>50,903</u>

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

	Group	
	2022 \$'000	2021 \$'000
First-in-first-out	22,253	22,554
Weighted average	<u>32,080</u>	<u>28,349</u>
	<u>54,333</u>	<u>50,903</u>
Inventories are stated after deducting allowance of	<u>2,465</u>	<u>1,535</u>

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 2022

13. TRADE RECEIVABLES

	Group	
	2022 \$'000	2021 \$'000
Trade receivables		
– third parties	71,721	68,854
– joint venture	7,495	11,431
	79,216	80,285
Less: Allowance – third parties	(702)	(837)
	<u>78,514</u>	<u>79,448</u>

At the end of the reporting period, approximately 2% (2021: 2%) 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	
	2022 \$'000	2021 \$'000
Less than 3 months	22,242	24,016
3 months to 6 months	840	1,559
6 months to 12 months	87	250
More than 12 months	317	423
	<u>23,486</u>	<u>26,248</u>
Receivables that are impaired:		
Gross amount	702	837
Less: Allowance	<u>(702)</u>	<u>(837)</u>
	<u>–</u>	<u>–</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

13. TRADE RECEIVABLES (CONT'D)

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

	Group	
	2022 \$'000	2021 \$'000
At 1 January	837	789
Charged for the year (Note 6)	135	103
Written-off	(251)	(50)
Currency realignment	(19)	(5)
At 31 December	702	837

14. OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-financial assets				
Prepayments	6,986	7,191	105	163
Sales tax receivable	4,758	6,773	19	11
	11,744	13,964	124	174
Financial assets				
Sundry deposits	1,709	1,813	25	50
Staff advances and loans	1	1	–	–
Amount due from joint venture – non-interest bearing	9	–	7	–
	1,719	1,814	32	50
Sundry debtors	3,893	11,694	229	8,601
Less: Allowance	(56)	(223)	–	–
	3,837	11,471	229	8,601
Amounts due from subsidiaries				
– interest bearing	–	–	–	34,826
– non-interest bearing	–	–	55,155	45,695
Less: Allowance	–	–	(2,757)	(1,375)
	–	–	52,398	79,146
	5,556	13,285	52,659	87,797
	17,300	27,249	52,783	87,971

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

14. OTHER RECEIVABLES (CONT'D)

Receivables that are impaired:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gross amount	56	223	2,757	1,375
Less: Allowance	(56)	(223)	(2,757)	(1,375)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 January	223	127	1,375	3,463
(Written back)/charge for the year (Note 6)	(154)	192	1,382	638
Written-off	–	(92)	–	(2,726)
Currency realignment	(13)	(4)	–	–
At 31 December	<u>56</u>	<u>223</u>	<u>2,757</u>	<u>1,375</u>

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

The non-interest bearing amount due from joint venture is unsecured, repayable upon demand and is to be settled in cash.

In 2021, included in sundry debtors was trust monies receivable of \$8,584,000 which pertained 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 had recognised a corresponding payable to its subsidiaries as set out in Note 24 in the financial statements. During the year, the trust monies have been received following the completion of the disposal of Primary Production.

The non-interest bearing amounts due from subsidiaries are unsecured and are repayable upon demand, and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances	51,755	83,144	9,220	38,357
Fixed deposits with financial institutions	165,037	5,561	149,828	–
	<u>216,792</u>	<u>88,705</u>	<u>159,048</u>	<u>38,357</u>

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 2022 for the Group and Company were 3.13% and 3.18% (2021: 1.48% and Nil%) per annum respectively.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2022 \$'000	2021 \$'000
Cash and cash equivalents		
– Continuing operations	216,792	88,705
– Discontinued operations	–	41,783
	<u>216,792</u>	<u>130,488</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'000	Leasehold properties \$'000
Group			
Cost:			
At 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 and 1.1.2022	17,130	9,699	111,944
Currency realignment	(1,508)	(656)	(5,248)
Additions	–	–	13
Disposals	–	–	–
Transfers between categories	–	–	5,319
At 31.12.2022	15,622	9,043	112,028
Accumulated depreciation and impairment loss:			
At 1.1.2021	–	1,758	47,964
Currency realignment	–	(57)	(478)
Charge for the year (Note 5)	–	233	2,487
Disposals	–	–	–
Impairment loss (Note 8)	–	–	–
Disposal of a subsidiary	–	–	–
At 31.12.2021 and 1.1.2022	–	1,934	49,973
Currency realignment	–	(139)	(827)
Charge for the year (Note 5)	–	222	2,274
Disposals	–	–	–
At 31.12.2022	–	2,017	51,420
Net carrying amount:			
At 31.12.2022	15,622	7,026	60,608
At 31.12.2021	17,130	7,765	61,971

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For the Financial Year Ended 31 December 2022

Leasehold improvements \$'000	Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
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
(1,981)	(20,111)	(962)	(1,742)	(566)	(32,774)
1,710	6,995	1,189	784	15,973	26,664
(127)	(3,886)	(148)	(815)	–	(4,976)
2,102	885	–	–	(8,306)	–
40,256	265,829	17,889	22,869	14,047	497,583
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
(1,375)	(12,695)	(778)	(1,503)	–	(17,317)
2,704	15,757	1,476	2,500	–	24,933
(117)	(3,620)	(128)	(812)	–	(4,677)
26,276	180,701	14,380	19,476	–	294,270
13,980	85,128	3,509	3,393	14,047	203,313
13,488	100,687	4,000	5,351	6,946	217,338

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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 1.1.2021	4,921	751	709	6,381
Additions	–	40	–	40
Disposals	–	(6)	(410)	(416)
At 31.12.2021 and 1.1.2022	4,921	785	299	6,005
Additions	53	57	278	388
Disposals	–	(19)	(12)	(31)
At 31.12.2022	4,974	823	565	6,362
Accumulated depreciation:				
At 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 and 1.1.2022	1,641	650	294	2,585
Charge for the year	107	47	50	204
Disposals	–	(19)	(12)	(31)
At 31.12.2022	1,748	678	332	2,758
Net carrying amount:				
At 31.12.2022	3,226	145	233	3,604
At 31.12.2021	3,280	135	5	3,420

In 2021, the Group recognised an impairment loss of \$3,490,000 in relation to property, plant and equipment that were damaged by flood.

At the end of financial year, property, plant and equipment with net carrying amounts of \$220,000 (2021: \$Nil) were pledged to financial institutions to secure credit facilities (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

17. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has lease contracts for certain office premises, factories, warehousing/trading facilities, office equipment 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	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Group				
At 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 and 1.1.2022	18,395	52	4,028	22,475
Additions	201	281	168	650
Charge for the year (Note 5)	(1,657)	(68)	(1,866)	(3,591)
Currency realignment	(234)	–	–	(234)
At 31.12.2022	16,705	265	2,330	19,300

	Leasehold land and building \$'000	Office equipment \$'000	Total \$'000
Company			
At 1.1.2021	239	28	267
Additions	156	–	156
Charge for the year	(85)	(11)	(96)
At 31.12.2021 and 1.1.2022	310	17	327
Additions	–	53	53
Charge for the year	(80)	(11)	(91)
At 31.12.2022	230	59	289

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

Group as a lessee (cont'd)

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 January	23,917	27,195	339	277
Additions	662	366	61	164
Accretion of interest	936	1,043	8	7
Payments	(4,317)	(4,612)	(101)	(101)
Disposals	(16)	(8)	(9)	(8)
Currency realignment	(278)	(67)	–	–
At 31 December	20,904	23,917	298	339
Current	3,373	3,325	92	92
Non-current	17,531	20,592	206	247
At 31 December	20,904	23,917	298	339

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

The following are the amounts recognised in profit or loss:

	Group	
	2022 \$'000	2021 \$'000
Depreciation of right-of-use assets	3,591	3,669
Interest expense on lease liabilities	936	1,043
Expense relating to short-term leases and cancellable leases (included in other operating expenses)	14,908	14,921
Total amount recognised in profit or loss	19,435	19,633

The Group had total cash outflow for leases of \$19,225,000 in 2022 (2021: \$19,533,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
Unquoted equity shares, at cost	104,134	104,134
Less: Impairment loss	(2,602)	(2,602)
	<u>101,532</u>	<u>101,532</u>

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

Movements in the impairment loss are as follows:

	Company	
	2022 \$'000	2021 \$'000
At 1 January	2,602	4,002
Written-back	–	(1,400)
At 31 December	<u>2,602</u>	<u>2,602</u>

In 2021, the Company wrote back 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.

20. INVESTMENT IN JOINT VENTURE AND ASSOCIATE

	Note	Group	
		2022 \$'000	2021 \$'000
Investment in joint venture	20(a)	64,164	74,899
Investment in associate	20(b)	<u>148</u>	<u>148</u>
		<u>64,312</u>	<u>75,047</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(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.

During the year, the Group performed an assessment on the recoverable amount of its investment in joint venture. The recoverable amount of the investment was determined based on cash flow projections approved by management. Key assumptions include the revenue growth rates and discount rates. The pre-tax discount rate is 9.5% (2021: 9.2%). Accordingly, a partial, non-cash impairment of \$5.0 million has been recognised as part of the Group's share of profits of joint venture.

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

	2022 \$'000	2021 \$'000
Inventories	21,927	18,237
Trade and other receivables	35,845	34,862
Tax recoverable	6,491	–
Cash and cash equivalents	13,883	10,619
Current assets	78,146	63,718
Property, plant and equipment	109,836	121,263
Total assets	187,982	184,981
Current liabilities	(100,061)	(88,540)
Deferred tax liabilities	(8,355)	(3,346)
Other non-current liabilities	(23,793)	(34,813)
Total liabilities	(132,209)	(126,699)
Net assets	55,773	58,282
Proportion of the Group's ownership	50%	50%
Group's share of net assets	27,887	29,141
Net fair value uplift on identifiable assets	17,435	20,573
Goodwill on acquisition	23,842	25,185
Less: Accumulated impairment loss	(5,000)	–
Carrying amount of the investment	64,164	74,899

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

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

Summarised statement of comprehensive income

	2022 \$'000	2021 \$'000
Revenue	412,768	352,531
Interest income	233	208
Amortisation and depreciation	(19,455)	(17,175)
Operating expenses	(371,023)	(326,822)
Interest expense	(1,898)	(1,380)
Profit before tax	20,625	7,362
Income tax (expense)/credit	(5,185)	1,083
Profit after tax	15,440	8,445
Other comprehensive income	(8,104)	(2,378)
Total comprehensive income	7,336	6,067

Dividends of \$9,310,000 were declared and paid by GBKL to the Group during the year (2021: \$6,480,000).

(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. GBT is proposed to be placed under voluntary liquidation.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

21. INTANGIBLES

	Group				Company		
	Trademark \$'000	Intellectual property		Total \$'000	Trademark \$'000	Software \$'000	Total \$'000
		\$'000	Software \$'000				
Cost:							
At 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 and 1.1.2022	2,750	141	83	2,974	7,150	83	7,233
Additions	–	–	27	27	–	27	27
Currency realignment	–	(10)	–	(10)	–	–	–
At 31.12.2022	2,750	131	110	2,991	7,150	110	7,260
Accumulated amortisation and impairment loss:							
At 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 and 1.1.2022	2,750	56	–	2,806	7,150	–	7,150
Amortisation for the year (Note 5)	–	14	11	25	–	11	11
Currency realignment	–	(5)	–	(5)	–	–	–
At 31.12.2022	2,750	65	11	2,826	7,150	11	7,161
Net carrying amount:							
At 31.12.2022	–	66	99	165	–	99	99
At 31.12.2021	–	85	83	168	–	83	83

Trademark, intellectual property and software with finite lives are amortised on a straight-line basis over their useful lives of 20, 10 and 5 years respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

22. DEFERRED TAXATION

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 January	726	1,954	739	856
Recognised in profit or loss	985	(1,821)	15	(117)
Recognised in other comprehensive income (Note 9)	23	549	–	–
Currency realignment	620	44	–	–
At 31 December	2,354	726	754	739

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Represented by:				
– Deferred tax assets	(3,203)	(4,276)	–	–
– Deferred tax liabilities	5,557	5,002	754	739
	2,354	726	754	739

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	Others \$'000	Total \$'000
Deferred tax assets				
At 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 and 1 January 2022	983	2,279	1,014	4,276
Recognised in profit or loss	(683)	401	(384)	(666)
Recognised in other comprehensive income	–	(23)	–	(23)
Currency realignment	(38)	(266)	(80)	(384)
At 31 December 2022	262	2,391	550	3,203

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

22. DEFERRED TAXATION (CONT'D)

	Property, plant and equipment \$'000	Deferred income \$'000	Others \$'000	Total \$'000
Deferred tax liabilities				
At 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 and 1 January 2022	4,239	716	47	5,002
Recognised in profit or loss	413	(115)	21	319
Currency realignment	226	–	10	236
At 31 December 2022	4,878	601	78	5,557

The movements in the Company's deferred tax liabilities during the year are as follows:

	Deferred income \$'000	Unremitted income \$'000	Property, plant and equipment \$'000	Total \$'000
At 1 January 2021	831	–	25	856
Recognised in profit or loss	(115)	–	(2)	(117)
At 31 December 2021 and 1 January 2022	716	–	23	739
Recognised in profit or loss	(115)	108	22	15
At 31 December 2022	601	108	45	754

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2021: \$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 \$20,298,000 (2021: \$81,813,000). The deferred tax liability is estimated to be \$3,045,000 (2021: \$12,272,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

23. TRADE PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables:				
– third parties	57,308	61,517	80	87
– joint venture	228	178	–	–
	<u>57,536</u>	<u>61,695</u>	<u>80</u>	<u>87</u>

24. OTHER PAYABLES

(a) Other payables

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
<i>Payable within one year:</i>					
Accrued staff related expenses		13,327	12,109	2,798	2,199
Accrued operating expenses		22,136	21,891	460	514
Sundry creditors		11,072	18,433	409	373
Sales tax payable		1,706	2,423	11	1
Amounts due to subsidiaries		–	–	112,266	8,969
Amounts due to joint venture		31	36	–	–
Deferred income		911	684	674	674
		<u>49,183</u>	<u>55,576</u>	<u>116,618</u>	<u>12,730</u>
<i>Payable after one year:</i>					
Provision for retirement benefits	24(b)	5,638	5,443	–	–
Deferred income		3,039	3,696	2,865	3,539
		<u>8,677</u>	<u>9,139</u>	<u>2,865</u>	<u>3,539</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

24. OTHER PAYABLES (CONT'D)

(a) Other payables (cont'd)

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.

Movements in deferred income are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	4,380	6,042	4,213	4,991
Currency realignment	(64)	(46)	–	–
Released to profit or loss	(675)	(1,616)	(674)	(778)
Additions during the year	309	–	–	–
Balance at end of year	3,950	4,380	3,539	4,213

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Represented by:				
– payable within one year	911	684	674	674
– payable after one year	3,039	3,696	2,865	3,539
Balance at end of year	3,950	4,380	3,539	4,213

(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	
	2022 \$'000	2021 \$'000
Benefit liability		
Fair value of plan assets	(1,960)	(2,941)
Present value of benefit obligation	7,598	8,384
	5,638	5,443

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

24. OTHER PAYABLES (CONT'D)

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

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

	Group	
	2022 \$'000	2021 \$'000
Balance at beginning of year	2,941	1,575
Employer contribution	–	1,507
Interest income	121	100
Actual return on plan assets less interest income	(87)	(77)
Benefits paid	(706)	(101)
Currency realignment	(309)	(63)
Balance at end of year	1,960	2,941

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Group	
	2022 %	2021 %
Cash and cash equivalents	57	100
Philippines government bonds	43	–
	100	100

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

	Group	
	2022 \$'000	2021 \$'000
Balance at beginning of year	8,384	9,085
Interest cost	377	364
Current service cost	701	1,117
Actuarial losses/(gains) due to:		
Changes in financial assumptions	(1,075)	(666)
Changes in demographic assumptions	286	(1,581)
Experience adjustments	610	426
Benefits paid	(749)	(116)
Currency realignment	(936)	(245)
Balance at end of year	7,598	8,384

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

24. OTHER PAYABLES (CONT'D)

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

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

	Group	
	2022 \$'000	2021 \$'000
Net benefit expense (recognised within staff costs):		
Current service cost	701	1,117
Interest cost	256	264
	<u>957</u>	<u>1,381</u>

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	
	2022 %	2021 %
Discount rate	7.25 – 7.40	5.05 – 5.19
Salary increase rate	<u>5.00 – 7.00</u>	<u>5.00 – 6.50</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

24. OTHER PAYABLES (CONT'D)

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

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease) in basis points	Effect on present value of benefit obligation \$'000
2022		
Discount rate	+25	(130)
	-25	151
Salary increase rate	+25	150
	-25	(131)
2021		
Discount rate	+25	(152)
	-25	178
Salary increase rate	+25	174
	-25	(152)

The Group expects to contribute \$Nil (2021: \$2,562,000) to the defined benefit plans in 2023.

The average duration of the defined benefit obligation at the end of the reporting period is 8.2 years (2021: 9.3 years).

25. SHORT-TERM BORROWINGS

	Group	
	2022 \$'000	2021 \$'000
Short-term bank loans:		
– secured	220	–
– unsecured	456	2,943
	<u>676</u>	<u>2,943</u>

The Group's short-term bank loans are interest bearing at rates of 1.06% to 4.28% (2021: 1.06%) per annum. The secured portion of the borrowings is secured by a charge over certain property, plant and equipment of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

26. LONG-TERM BORROWINGS

	Effective interest rate per annum %	Maturities	Group	
			2022 \$'000	2021 \$'000
Loans from banks	2.56 – 6.07	2026	20,171	30,095
Less: Current portion			(6,019)	(4,526)
Non-current portion of loans			<u>14,152</u>	<u>25,569</u>

Loans from banks, denominated in Philippine Peso, are unsecured, bear floating interest rates ranging from 2.56% to 6.07% (2021: 2.43% to 6.07%) per annum and are repayable in instalments till 2026.

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

	Non-cash changes				
	1 Jan 2022 \$'000	Cash flows \$'000	Acquisition \$'000	Foreign exchange movement and others \$'000	31 Dec 2022 \$'000
Short-term borrowings	2,943	(2,163)	–	(104)	676
Loans from banks	30,095	(6,937)	–	(2,987)	20,171
Lease liabilities	<u>23,917</u>	<u>(3,381)</u>	<u>662</u>	<u>(294)</u>	<u>20,904</u>
Total	<u>56,955</u>	<u>(12,481)</u>	<u>662</u>	<u>(3,385)</u>	<u>41,751</u>

	Non-cash changes					
	1 Jan 2021 \$'000	Cash flows \$'000	Acquisition \$'000	Foreign	Disposal of a subsidiary \$'000	31 Dec 2021 \$'000
				exchange		
				movement and others \$'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

NOTES TO THE FINANCIAL STATEMENTS

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27. SHARE CAPITAL

	Group and Company			
	2022		2021	
	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.

28. RESERVES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Capital reserve	(1,511)	(1,511)	–	–
Revenue reserve	245,407	267,662	65,758	92,786
Foreign currency translation reserve	(23,231)	(3,360)	–	–
Reserve of disposal group classified as held for sale (Note 10)	–	(9,280)	–	–
	<u>220,665</u>	<u>253,511</u>	<u>65,758</u>	<u>92,786</u>

	Company	
	2022	2021
	\$'000	\$'000

Analysis of movement in the reserves of the Company:

Revenue reserve

At 1 January	92,786	38,794
Net profit for the year	13,241	82,755
Dividends	<u>(40,269)</u>	<u>(28,763)</u>
At 31 December	<u>65,758</u>	<u>92,786</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

29. DIVIDENDS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2022	5,753	–	5,753	–
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2021	23,010	–	23,010	–
Special tax-exempt (one-tier) dividend of 2 cents per share paid in the financial year ended 31 December 2022	11,506	–	11,506	–
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	–	–
	<u>40,269</u>	<u>28,843</u>	<u>40,269</u>	<u>28,763</u>

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 2022. 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 (2021: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

30. COMMITMENTS

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

	Group	
	2022 \$'000	2021 \$'000
Expenditure contracted in respect of property, plant and equipment	36,017	7,035
Share of joint venture's capital commitments in relation to property, plant and equipment	760	631
Share subscription in associate	–	396
	<u>36,777</u>	<u>8,062</u>
(b) Operational trade commitments	<u>2,536</u>	<u>3,393</u>

- (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	
	2022 \$'000	2021 \$'000
Guarantees issued for bank facilities granted to subsidiaries	<u>31,375</u>	<u>97,227</u>
Amounts utilised by subsidiaries as at end of the reporting period	<u>456</u>	<u>38,150</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Management fee income from subsidiaries	–	–	360	346
Royalty income from subsidiaries	–	–	16,165	14,919
Royalty income from joint venture	6,127	5,195	6,127	5,195
Interest income from advances to subsidiaries	–	–	–	433
Dividend income from subsidiaries	–	–	7,607	77,786
Purchase of goods from joint venture	3,604	2,166	–	–
Sale of goods to joint venture	38,086	75,901	–	–
Dividend income from joint venture	9,310	6,480	–	–
Purchase of goods from a company in which Mr Lam Sing Chung and immediate family member of Ms Rachel Liem Yuan Fang have an interest	2,909	1,805	–	–
Sales of goods to a company in which Mr Lam Sing Chung and immediate family member of Ms Rachel Liem Yuan Fang have an interest (Proceeds of the sales is covered by the personal guarantee by Mr Lam Sing Chung of up to \$1,000,000)	3,724	2,603	–	–
Shared services income from a company in which Mr Lin Kejian has an interest	240	–	143	–

- (b) Compensation of key management personnel

	Group	
	2022 \$'000	2021 \$'000
Short-term employee benefits	4,731	4,919
Contribution to defined contribution plans	67	71

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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.

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 considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days, when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(a) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of \$31,375,000 (2021: \$97,227,000) 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 \$456,000 (2021: \$38,150,000).

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector and country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2022		2021	
	\$'000	% of total	\$'000	% of total
By industry:				
Bakery	56,262	72	57,283	72
Distribution and warehousing	22,252	28	22,165	28
	<u>78,514</u>	<u>100</u>	<u>79,448</u>	<u>100</u>
By country:				
Singapore	37,306	48	37,030	47
Philippines	25,669	33	22,815	29
Malaysia	8,213	10	12,830	16
Australia	6,369	8	5,075	6
Other countries	957	1	1,698	2
	<u>78,514</u>	<u>100</u>	<u>79,448</u>	<u>100</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(b) Liquidity risk (cont'd)

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.

	2022				2021			
	1 year	1 to 5	Over	Total	1 year	1 to 5	Over	Total
	or less	years	5 years		or less	years	5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Financial assets:								
Trade and other receivables	84,070	–	–	84,070	92,733	–	–	92,733
Cash and cash equivalents	<u>217,617</u>	–	–	<u>217,617</u>	<u>88,707</u>	–	–	<u>88,707</u>
Total undiscounted financial assets	<u>301,687</u>	–	–	<u>301,687</u>	<u>181,440</u>	–	–	<u>181,440</u>
Financial liabilities:								
Trade and other payables	104,102	–	–	104,102	114,164	–	–	114,164
Borrowings	7,138	14,738	–	21,876	11,012	23,929	–	34,941
Lease liabilities	<u>4,165</u>	<u>7,898</u>	<u>16,695</u>	<u>28,758</u>	<u>4,240</u>	<u>10,004</u>	<u>18,792</u>	<u>33,036</u>
Total undiscounted financial liabilities	<u>115,405</u>	<u>22,636</u>	<u>16,695</u>	<u>154,736</u>	<u>129,416</u>	<u>33,933</u>	<u>18,792</u>	<u>182,141</u>
Total net undiscounted financial assets/(liabilities)	<u>186,282</u>	<u>(22,636)</u>	<u>(16,695)</u>	<u>146,951</u>	<u>52,024</u>	<u>(33,933)</u>	<u>(18,792)</u>	<u>(701)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(b) Liquidity risk (cont'd)

	2022			2021		
	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	52,659	–	52,659	87,797	–	87,797
Cash and cash equivalents	159,859	–	159,859	38,357	–	38,357
Advances to subsidiaries	–	146,553	146,553	–	156,067	156,067
Total undiscounted financial assets	212,518	146,553	359,071	126,154	156,067	282,221
Financial liabilities:						
Trade and other payables	116,013	–	116,013	12,142	–	12,142
Lease liabilities	99	214	313	100	255	355
Total undiscounted financial liabilities	116,112	214	116,326	12,242	255	12,497
Total net undiscounted financial assets	96,406	146,339	242,745	113,912	155,812	269,724

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.

Company						
Financial guarantees	456	–	456	38,150	–	38,150

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans, borrowings and fixed deposits with financial institutions.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit after tax.

Loans and fixed deposits denominated in	Increase/ decrease in basis points	Effect on profit after tax	
		2022 \$'000	2021 \$'000
Australian Dollar	+ 50	443	(17)
Australian Dollar	- 50	(443)	17
Philippine Peso	+ 50	(78)	(107)
Philippine Peso	- 50	78	107

(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 \$135,903,000 (2021: \$57,305,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD and MYR exchange rates (against SGD), with all other variables held constant, of the Group's profit after tax and equity.

	2022		2021	
	Profit after tax \$'000	Equity \$'000	Profit after tax \$'000	Equity \$'000
AUD – strengthened 1% (2021: 1%)	1,112	–	480	–
– weakened 1% (2021: 1%)	(1,112)	–	(480)	–
MYR – strengthened 1% (2021: 1%)	(154)	88	(157)	88
– weakened 1% (2021: 1%)	155	(89)	158	(89)

34. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets measured at amortised cost				
Trade receivables	78,514	79,448	–	–
Other receivables	5,556	13,285	52,659	87,797
Cash and cash equivalents	216,792	88,705	159,048	38,357
Advances to subsidiaries	–	–	146,553	156,067
	<u>300,862</u>	<u>181,438</u>	<u>358,260</u>	<u>282,221</u>
Financial liabilities measured at amortised cost				
Trade payables	57,536	61,695	80	87
Other payables	46,566	52,469	115,933	12,055
Short-term borrowings	676	2,943	–	–
Long-term borrowings	<u>20,171</u>	<u>30,095</u>	<u>–</u>	<u>–</u>
	<u>124,949</u>	<u>147,202</u>	<u>116,013</u>	<u>12,142</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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. The disposal of this business segment was completed on 4 January 2022. |

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Adjustments and Eliminations \$'000	Consolidated \$'000
	Bakery \$'000	Distribution and warehousing \$'000	Investments and others \$'000		
2022					
Revenue and expenses					
Revenue from external customers	413,921	148,316	6,944	–	569,181
Other revenue from external customers	5,474	622	70	–	6,166
Inter-segment revenue	360	1,084	16,525	(17,969)	–
	419,755	150,022	23,539	(17,969)	575,347
Unallocated revenue					2,176
Total revenue					577,523
Segment EBITDA	50,545	7,820	(1,604)	–	56,761
Amortisation and depreciation	(24,781)	(3,462)	(306)	–	(28,549)
Segment EBIT	25,764	4,358	(1,910)	–	28,212
Unallocated revenue					2,176
Unallocated expenses					(13,817)
Profit from operating activities					16,571
Finance costs					(1,676)
Exceptional items					19,536
Share of profits of joint venture	2,720	–	–	–	2,720
Profit before tax					37,151
Income tax expense					(11,147)
Profit after tax					26,004
Timing of transfer of goods or services					
At a point in time	419,369	144,469	72	–	563,910
Over time	343	4,472	8,798	–	13,613
	419,712	148,941	8,870	–	577,523

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinued operations	Adjustments and Eliminations	Consolidated
	Bakery	Distribution and warehousing	Investments and others	Primary production		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	65,123	6,437	6,251	46,472	(46,472)	77,811
Amortisation and depreciation	(30,681)	(3,388)	(316)	–	–	(34,385)
Segment EBIT	34,442	3,049	5,935	46,472	(46,472)	43,426
Unallocated revenue						186
Unallocated expenses						(13,823)
Profit from operating activities						29,789
Finance costs						(1,960)
Exceptional items						(3,311)
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 2022

36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Consolidated \$'000
	Bakery \$'000	Distribution and warehousing \$'000	Investments and others \$'000	
2022				
Assets and liabilities				
Segment assets	333,941	91,350	164,426	589,717
Investment in joint venture and associate	64,312	–	–	64,312
Total assets	398,253	91,350	164,426	654,029
Deferred tax assets				3,203
Tax recoverable				7,527
Total assets per consolidated statement of financial position				664,759
Segment liabilities	91,544	37,099	7,657	136,300
Income tax payable				2,596
Deferred tax liabilities				5,557
Bank borrowings				20,847
Total liabilities per consolidated statement of financial position				165,300
Other segment information				
Expenditure for non-current assets	23,558	2,719	414	26,691
Allowance for inventories charged and inventories written off, net	714	1,297	–	2,011
Allowance for receivables (written-back)/charged and bad debts written off, net	(121)	109	–	(12)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

36. SEGMENTAL REPORTING (CONT'D)

	Continuing operations			Discontinued operations	Consolidated \$'000
	Bakery \$'000	Distribution and warehousing \$'000	Investments and others \$'000	Primary production \$'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
Allowance for inventories charged/(written-back) and inventories written off, net	183	(107)	—	—	76
Allowance for receivables charged and bad debts written off, net	277	36	—	—	313
One-off stock write-off and impairment loss on property, plant and equipment arising from the severe flooding in Peninsular Malaysia	4,830	—	—	—	4,830

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

36. SEGMENTAL REPORTING (CONT'D)

Geographical information

	Revenue		Non-current assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Philippines	268,647	242,328	79,707	96,918
Singapore	205,918	185,158	60,928	62,645
Malaysia	51,308	86,942	61,712	57,586
Australia	38,548	450,144	20,431	170,894
Other countries	13,102	11,194	–	–
Less: Disposal group classified as held for sale	–	(416,790)	–	(148,062)
	<u>577,523</u>	<u>558,976</u>	<u>222,778</u>	<u>239,981</u>

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 2022 are:

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2022 %	2021 %
	Bakery			
(1)	Gardenia Foods (S) Pte Ltd (Singapore)	Bread manufacturer (Singapore)	100	100
(1)	Farmland Central Bakery (S) Pte Ltd (Singapore)	Purchasing agent of bread, confectionery and bakery products (Singapore)	100	100
(2)	Millif Industries Sdn Bhd (Malaysia)	Manufacture of kaya and related products (Malaysia)	100	100
(2)	Gardenia Bakeries (Philippines) Inc (Philippines)	Manufacture and distribution of bread, confectionery and bakery products (Philippines)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(a) The subsidiaries as at 31 December 2022 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2022 %	2021 %
	Bakery (cont'd)			
(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
	Primary production			
@	Rivalea (Australia) Pty Ltd (Australia)	Intensive pig production and wholesaling (Australia)	–	100
@	Diamond Valley Pork Pty Ltd (Australia)	Pig meat processing and wholesale (Australia)	–	80
@	Oxdale Dairy Enterprise Pty Ltd (Australia)	Leasing investment (Australia)	–	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(a) The subsidiaries as at 31 December 2022 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2022 %	2021 %
	<i>Distribution and warehousing</i>			
(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
(1)	Shinefoods Pte Ltd (Singapore)	Agency and distribution of food and beverage products (Singapore)	100	100
(1)	Straits Foods (S) Pte Ltd (Singapore)	Trading of food products (Singapore)	100	100
*	Master Cut Butchery Pte Ltd (Singapore)	Proposed processing of meat and meat products (Singapore)	100	–
(2)	Gardenia (Philippines) Trading and Distribution Corp (Philippines)	Distribution, trading, selling, import and export of food and non-food products on wholesale basis (Philippines)	100	–
*	QAF Australia Trading Pty Ltd (Australia)	Trading and distribution of food and beverage products (Australia)	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(a) The subsidiaries as at 31 December 2022 are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
			2022 %	2021 %
	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
@	Rivalea Holdings Pty Ltd (Australia)	Investment holding (Australia)	–	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
	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
&	Delicia Sdn Bhd (Malaysia)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(b) The joint venture as at 31 December 2022 is:

Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
		2022 %	2021 %
⁽²⁾ Gardenia Bakeries (KL) Sdn Bhd (Malaysia)	Bread manufacturer (Malaysia)	50	50

Held by Gardenia Bakeries (KL) Sdn Bhd

Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
		2022 %	2021 %
⁽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 2022 is:

Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
		2022 %	2021 %
[#] Gardenia Bakery Trading Co. Ltd. (Thailand)	Dormant	24.5	24.5

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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

(c) *The associate as at 31 December 2022 is: (cont'd)*

Notes

- * Audit not required under the laws in the country of incorporation
 @ Disposed of during the year
 & In the process of liquidation
 # 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

(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 allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
2022:					
QAF Fruits Cold Store Pte Ltd	Singapore	26	165	1,346	195
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

Diamond Valley Pork Pty Ltd ceased to be subsidiary of the Group following the completion of disposal of Primary Production business on 4 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Assets	1,143	839	–	11,151
Liabilities	(684)	(629)	–	(17,664)
Net current assets/(liabilities)	459	210	–	(6,513)
Non-current				
Assets	9,940	10,446	–	51,419
Liabilities	(5,223)	(5,363)	–	(17,899)
Net non-current assets	4,717	5,083	–	33,520
Net assets	5,176	5,293	–	27,007

Summarised statement of comprehensive income

	QAF Fruits Cold Store Pte Ltd		Diamond Valley Pork Pty Ltd	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue	2,860	2,809	–	71,248
Profit before tax	786	841	–	7,388
Income tax expense	(153)	(132)	–	(1,318)
Profit after tax	633	709	–	6,070
Other comprehensive income	–	–	–	(982)
Total comprehensive income	633	709	–	5,088

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net cash flows from operating activities	1,116	1,140	–	9,093
Acquisition of significant property, plant and equipment	31	22	–	5,899

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 and lease liabilities 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	
	2022 \$'000	2021 \$'000
Net debt/(cash) (including disposal group)	(175,041)	(3,589)
Shareholders' funds	497,708	530,554
Net debt-to-equity ratio	(0.35) times	(0.01) 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.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors dated 15 March 2023.

MAJOR PROPERTIES

The major properties of the Company and its principal subsidiaries as at 31 December 2022 are set out below.

Name of building/location	Description	Tenure of land
(a) Properties in Singapore		
150 South Bridge Road #09-01 to #09-04 and #10-02 Fook Hai Building Singapore	Office Use	99-year lease from 18 January 1972
224 Pandan Loop Singapore	Bakery and office premises	30-year lease from 2 July 2010
230B Pandan Loop Singapore	Warehouse, bakery and office premises	20-year lease from 1 October 2011
(b) Properties in Malaysia		
No. 35 Persiaran Sabak Bernam Seksyen 26 40400 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	Freehold

SHAREHOLDING STATISTICS

As At 15 March 2023

Class of Shares	:	Ordinary Shares
Number of Ordinary Shares	:	575,268,440
Number of Ordinary Shareholders	:	6,297
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	411	6.53	13,016	0.00
100 – 1,000	911	14.47	666,171	0.12
1,001 – 10,000	3,156	50.12	15,659,316	2.72
10,001 – 1,000,000	1,798	28.55	76,744,937	13.34
1,000,001 and above	21	0.33	482,185,000	83.82
	<u>6,297</u>	<u>100.00</u>	<u>575,268,440</u>	<u>100.00</u>

Based on information available to the Company as at 15 March 2023, 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	302,365,645	52.56
2 CITIBANK NOMINEES SINGAPORE PTE LTD	117,335,553	20.40
3 DBS NOMINEES PTE LTD	16,685,084	2.90
4 TOH TIONG WAH	4,770,255	0.83
5 UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,283,242	0.74
6 CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,224,936	0.73
7 TAN KONG KING	4,000,000	0.70
8 OCBC NOMINEES SINGAPORE PTE LTD	3,876,379	0.67
9 LEE FOOK KHUEN	3,509,157	0.61
10 ABN AMRO CLEARING BANK N.V.	2,508,500	0.44
11 PHILLIP SECURITIES PTE LTD	2,269,270	0.39
12 PUI CHENG WUI	2,202,200	0.38
13 DB NOMINEES (SINGAPORE) PTE LTD	2,188,082	0.38
14 HSBC (SINGAPORE) NOMINEES PTE LTD	2,052,795	0.36
15 TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	2,031,485	0.35
16 OCBC SECURITIES PRIVATE LTD	1,970,127	0.34
17 TEO SOO BENG	1,422,889	0.25
18 DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,183,524	0.21
19 IFAST FINANCIAL PTE LTD	1,165,748	0.20
20 TAN PENG KIM	1,140,032	0.20
	<u>481,184,903</u>	<u>83.64</u>

SHAREHOLDING STATISTICS

As At 15 March 2023

Substantial Shareholders

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Lam Sing Chung (formerly, 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 2023.
- (2) Mr Lam Sing Chung 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))

Name	Ms Ong Wui Leng	Dr Lian Hwee Peng Rebecca	Mr Philip Yeo Liat Kok
Job Title	Group Finance Director	Non-executive, Independent Director Audit & Risk Committee (Member)	Vice-Chairman, Non-executive, Independent Director Audit & Risk Committee (Member)
Age	62	67	76
Country of Principal residence	Singapore	Singapore	Singapore
Date of Appointment	1 January 2017 (as a Director) 1 May 2021 (as Group Finance Director)	1 May 2022	1 November 2022
Date of Last Re-Appointment (if applicable)	24 April 2020	Not applicable	Not applicable

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Appendix 7.4.1, SGX-ST Listing Manual read with Rule 720(6))

<p>Board's comments on re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)</p>	<p>Upon the recommendation of the Nominating Committee, the Board of Directors recommends the re-appointment of Ms Ong Wui Leng taking into account, amongst others, her qualifications and extensive experience in accounting and related financial management matters, corporate banking, corporate finance and management and her contributions as Group Finance Director.</p> <p>For information on the evaluation undertaken by the Nominating Committee, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 106 to 108 of the Corporate Governance Report.</p>	<p>Upon the recommendation of the Nominating Committee, the Board of Directors recommends the re-appointment of Dr Lian Hwee Peng Rebecca taking into account, amongst others, her extensive experience in the food industry with major food groups and her professional qualifications and expertise.</p> <p>For information on the evaluation undertaken by the Nominating Committee, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 106 to 108 of the Corporate Governance Report.</p>	<p>Upon the recommendation of the Nominating Committee, the Board of Directors recommends the re-appointment of Mr Philip Yeo Liat Kok taking into account, amongst others, his extensive global experience and network, public and private sector experience including leadership and senior roles in a variety of industries and market sectors, and his experience as a director of SGX-listed companies including as chairman and member of various board committees.</p> <p>For information on the evaluation undertaken by the Nominating Committee, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 106 to 108 of the Corporate Governance Report.</p>
<p>For Audit Committee Directors only:</p> <p>Whether the board considers the Director to be independent.</p> <p>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.</p>	<p>Not applicable</p>	<p>The Board considers Dr Lian Hwee Peng Rebecca to be independent.</p> <p>For more information on the considerations on the independent status of Directors, please refer to Principle 2: Board Composition and Guidance on pages 102 to 103 of the Corporate Governance Report.</p>	<p>The Board considers Mr Philip Yeo Liat Kok to be independent.</p> <p>For more information on the considerations on the independent status of Directors, please refer to Principle 2: Board Composition and Guidance on pages 102 to 103 of the Corporate Governance Report.</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Appendix 7.4.1, SGX-ST Listing Manual read with Rule 720(6))

Whether appointment is executive, and if so, the area of responsibility	Executive, Group Finance Director Responsible for the overall financial and management accounting functions of the Group.	Non-executive	Non-executive
Professional Qualifications	<ul style="list-style-type: none"> • Bachelor of Science (Economics) in Management Studies, University of London, UK • Master of Practising Accounting, Monash University (Australia) 	<ul style="list-style-type: none"> • Bachelor of Science (Honours) and Doctor of Philosophy (Phd) degrees in Food Technology, University of Reading, United Kingdom • Mastering Technology Enterprise course, IMD Business School, Switzerland 	<ul style="list-style-type: none"> • Bachelor of Applied Science (Industrial Engineering) and Honorary Doctor of Engineering from the University of Toronto, Canada • Honorary Doctor in Medicine from the Karolinska Institutet, Sweden • Master of Science (Systems Engineering) from the University of Singapore • Master of Business Administration from Harvard University, USA • Honorary Doctor of Science from Imperial College, London • Honorary Doctor of Letters from National University of Singapore • Honorary Doctor of Law from Monash University, Australia • Honorary Fellow of King's College, London

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	<ul style="list-style-type: none"> • Director, BlackInk Corporate Partners Pte. Ltd. 	<ul style="list-style-type: none"> • Head of Nestle Operation and Manufacturing China (1994-2006) • Head R&D Centre, Nestle China (2006 – 2016) • Distinguished Fellow and Co-Laboratory Director, Wilmar-NUS Lab Product Innovation and Program on Food, the New Medicine (2016 – 2019) • Innovation Advisor, Innovation Partner for Impact Singapore (a subsidiary of Enterprise Singapore) (2019 – present) • Adjunct Associate Professor, Nanyang Technological University (2020 – present) • Chief Technology Officer, Green Planet Foods Pte. Ltd. (2021 – present) 	<ul style="list-style-type: none"> • Chairman, Economic Development Innovations Singapore Pte. Ltd. (2013 – Present) • Chairman, SPRING (Standards, Productivity and Innovation for Growth) Singapore (2007 – 2018) • Special Advisor for Economic Development, Prime Minister's Office (2007 – 2011)
Shareholding interest in the Company and its subsidiaries	No	No	No
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	None	None	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Appendix 7.4.1, SGX-ST Listing Manual read with Rule 720(6))

Conflict of interest (including any competing business)	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
Other Principal Commitments including directorships:	<p><i>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.</i></p>		
For the past 5 years	<ul style="list-style-type: none"> • Director, Hwa Hong Corporation Limited (2013 – 2020) • See information below under the section “Present” 	<ul style="list-style-type: none"> • Distinguished Fellow and Co-Laboratory Director, Wilmar-NUS Lab, Product Innovation and Program on Food, the New Medicine (2016 – 2019) • See information below under the section “Present” 	<ul style="list-style-type: none"> • Galaxis Ventures (S) Pte. Ltd. (2016 – 2018) • Hitachi Ltd (2012 – 2018) • Kerry Logistics Network Limited (2013 – 2021) • Baiterek National Managing Holding JSC, Kazakhstan (2013 – 2022) • See information below under the section “Present”

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Appendix 7.4.1, SGX-ST Listing Manual read with Rule 720(6))

Present	<ul style="list-style-type: none"> • Director, BlackInk Corporate Partners Pte. Ltd. • Director, SiS International Holdings Limited • Directorships in various companies in the QAF Group 	<ul style="list-style-type: none"> • Chief Technology Officer, Green Planet Foods Pte. Ltd. • Adjunct Associate Professor, Nanyang Technical University • Innovation Advisor, Innovation Partner for Impact Singapore (a subsidiary of Enterprise Singapore) 	<ul style="list-style-type: none"> • Accuron Technologies Limited • Advanced MedTech Holdings Pte. Ltd. • AtumRa Therapeutics Pte. Ltd. • AbAsia Biolabs Pte. Ltd. • Biopolis Ventures Pte. Ltd. • City Developments Limited • Economic Development Innovations Singapore Pte. Ltd. • Hexagon Development Advisors Pte. Ltd. • IGlobe Partners (II) Pte. Ltd. • IGlobe Platinum Fund Limited • IGlobe Platinum Fund II Pte. Ltd. • IGlobe Platinum Fund III Limited • JobTech Pte. Ltd. • MTIC Holdings Pte. Ltd. • P*Yeo Investments Pte. Ltd. • Singapore Aerospace Manufacturing Pte Ltd • St. Joseph's Institution Philanthropic Fund for the Lasallian Mission Ltd. • Sunway Berhad • Dornier Medtech GmbH (Munchen) • Determinant Holding Private Limited • Quaternion Holdings Private Limited
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative confirmation	Negative confirmation	Negative confirmation

Note:

Information in this section is as of 15 March 2023

NOTICE OF ANNUAL GENERAL MEETING

QAF LIMITED

Company Registration No. 195800035D
(Incorporated in the Republic of Singapore)
(the “Company”)

NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2023

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on Thursday, 27 April 2023 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 2022 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 2022. **(Resolution 2)**
3. To re-elect Ms Ong Wui Leng retiring under Regulation 102 of the Company's Constitution. **(Resolution 3)**
4. To note the retirement of Mr Choo Kok Kiong retiring under Regulation 102 of the Company's Constitution.
(Note: Mr Choo Kok Kiong will not be seeking re-election and will retire as Director of the Company at the close of the Annual General Meeting on 27 April 2023)
5. To note the retirement of Mr Triono J. Dawis retiring under Regulation 102 of the Company's Constitution.
(Note: Mr Triono J. Dawis will not be seeking re-election and will retire as Director of the Company at the close of the Annual General Meeting on 27 April 2023)
6. To note the retirement of Mr Lee Kwong Foo Edward.
(Note: Mr Lee Kwong Foo Edward will retire as Director of the Company at the close of the Annual General Meeting on 27 April 2023)
7. To re-elect Mr Philip Yeo Liat Kok under Regulation 112 of the Company's Constitution. **(Resolution 4)**
8. To re-elect Dr Lian Hwee Peng Rebecca under Regulation 112 of the Company's Constitution. **(Resolution 5)**
9. To approve Directors' fees of up to \$435,000 for the financial year ended 31 December 2022 (FY2021: \$338,333). **(Resolution 6)**
10. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

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

11. 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
- (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 *pro rata* 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

NOTICE OF ANNUAL GENERAL MEETING

(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 8)

Authority to issue shares under the QAF Limited Scrip Dividend Scheme

12. 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 9)

Renewal of Interested Person Transactions Mandate

13. 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 30 March 2023 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 10)

By Order of the Board

Serene Yeo Li-Wen
Company Secretary

Singapore, 30 March 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions:

- (i) Ordinary Resolution 3 is to re-elect Ms Ong Wui Leng who is retiring by rotation pursuant to the Constitution of the Company.

Certain information on her is found in the sections entitled “Board of Directors” and “Additional Information on Directors Seeking Re-Election” of the Annual Report.

- (ii) Ordinary Resolutions 4 and 5 are to re-elect Mr Philip Yeo Liat Kok and Dr Lian Hwee Peng Rebecca, respectively, 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 6. 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 FY2022.

- (iv) **Special Business:** Ordinary Resolution 8, 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 *pro rata* 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 8 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 9, 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 9 is in addition to the general authority to issue shares sought under Ordinary Resolution 8.

- (vi) **Special Business:** Ordinary Resolution 10 relates to the renewal of the IPT Mandate, which was last renewed at the Annual General Meeting of the Company on 22 April 2022, authorising the Company and its subsidiaries and associated companies (if any) 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.

NOTICE OF ANNUAL GENERAL MEETING

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 ("**Covid-19 Order 2020**"). **Printed copies of this Notice of AGM, the proxy form, question form and the Company's accompanying announcement dated 30 March 2023, as well as the Company's FY2022 Annual Report (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 30 March 2023 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.** Shareholders may participate at the AGM by:
 - (a) observing and/or listening to the AGM proceedings via "live" audio-visual webcast and/or "live" audio-only stream;
 - (b) submitting questions, if any, in advance of the AGM, or "live" via text-based questions through the audio-visual webcast platform at the AGM; and/or
 - (c) voting at the AGM (i) "live" by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to attend and vote on their behalf at the AGM.

Please refer to the Documents for more information.

3. A proxy (including the Chairman of the Meeting, acting as a proxy), need not be a member of the Company.
4.
 - (a) A member of the Company who is not a relevant intermediary (defined below) is entitled to appoint not more than two proxies to attend, submit text-based question(s) and vote "live" at the AGM to be held electronically. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy (expressed as a percentage as a whole) shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
 - (b) A member of the Company who is a relevant intermediary (defined below) is entitled to appoint more than two proxies to attend, submit text-based question(s) and vote "live" at the AGM to be held electronically, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of shares, class of shares and percentage) in relation to which the proxy has been appointed. If the relevant information is not specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

NOTICE OF ANNUAL GENERAL MEETING

5. Persons who hold shares of the Company through relevant intermediary(ies) (as defined in paragraph 4 above), including CPF and SRS investors (collectively “**Investors**”), and who wish to:
- (a) observe and/or listen to the AGM proceedings via “live” audio-visual webcast and/or “live” audio-only stream;
 - (b) submit questions in advance of the AGM, or “live” via text-based questions through the audio-visual webcast platform at the AGM; and/or
 - (c) vote at the AGM,

should contact their relevant intermediary (which would include, in the case of CPF and SRS Investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements.

In addition, CPF and SRS Investors may vote “live” via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **9.00 a.m. on Monday, 17 April 2023**.

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;
 - (b) if sent by email, be received by the Company’s Share Registrar at sg.is.QAFproxy@sg.tricorglobal.com; or
 - (c) submitted electronically via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/QAF2023>,

in each 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 24 April 2023**.

A member who wishes to submit an instrument of proxy via Notes 6(a) or 6(b) above 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.

Members are strongly encouraged to submit completed proxy forms electronically via email or appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/QAF2023>.

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.

NOTICE OF ANNUAL GENERAL MEETING

8. The electronic copy of the FY2022 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 "2022 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 FY2022 Annual Report, the proxy form and the Company's announcement dated 30 March 2023 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 registering to attend and/or attending the AGM (including any adjournment thereof), submitting an instrument appointing proxy(ies) (including the Chairman of the Meeting) and/or representative(s) to attend, speak and vote at the AGM (including any adjournment thereof) and/or submitting questions in advance of, or during, the AGM, a member of the Company:

- (i) agrees and consents that the Company, its agents and/or its service provider(s) may collect, use and disclose the personal data, as contained in any communication from or on behalf of the member in relation to the AGM (including but not limited to questions sent in advance of the AGM, pre-registration forms and proxy forms), for purposes of processing, administering, verifying and/or analysis of his/her/its request, proxies and representatives appointed and registration for the webcast/audio feed of the AGM and managing and conducting the AGM, including preparation and compilation of minutes and questions submitted and the answers thereto for disclosure and publication before, at or after (as the case may be) the AGM and/or on SGXNET and the Company's website (including publication of names of the shareholders/proxies/representatives asking questions), attendance lists and other documents relating to the AGM, and/or in order for the Company, its agents and/or service provider(s) to comply with any applicable laws, regulations, listing rules including code of corporate governance, takeover rules and guidelines;
- (ii) warrants that all information submitted is true and accurate and, where the member has disclosed the personal data of his/her/its proxy(ies), representative(s) and/or any other party to the Company, its agents or service provider(s), he/she/it has obtained the prior consent of such parties for the collection, use and disclosure of their personal data for the purposes described in (i) above;
- (iii) agrees that he/she/it will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his/her/its breach of warranty; and
- (iv) agrees and understands that (a) only authenticated shareholders and/or proxy(ies) may attend, speak and vote at the AGM, and 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. Examples of these factors include (without limitation) geopolitical uncertainties from events such as the Russia-Ukraine war and geopolitical tensions between China and the United States in relation to Taiwan, global economic instability in our markets, foreign currency exchange volatility, increase in cost of operations, the Covid-19 situation and its impact, supply chain disruptions and other risk factors set out in this Annual Report including in the Corporate Governance Report. 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.**

APPENDIX TO ANNUAL REPORT 2022 DATED 30 MARCH 2023

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 FY2022. 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 27 April 2023 at 11.00 a.m. by way of 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 30 March 2023 may be accessed at 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>.

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

(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:

“2022 AGM”	:	Annual general meeting of the Company held on 22 April 2022
“2023 AGM”	:	Annual general meeting of the Company to be held on 27 April 2023
“Annual Report”	:	Annual report of the Company for FY2022
“Appendix”	:	This appendix dated 30 March 2023 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”	:	<p>(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family (that is, the person’s spouse, child, adopted-child, step-child, sibling and parent);</p> <p>(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</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</p> <p>(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</p>
“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”	:	<p>A person who:</p> <p>(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</p> <p>(b) in fact exercises control over the Company</p>
“Directors”	:	The directors of the Company for the time being
“entity at risk”	:	<p>(a) The listed company;</p> <p>(b) A subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or</p> <p>(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</p>
“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 2023, being the latest practicable date prior to the issue 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 30 March 2023 convening the 2023 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: <ul style="list-style-type: none"> (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

Lam Sing Chung (formerly, Andree Halim)
(Chairman, Non-Independent, Non-Executive Director)
Philip Yeo Liat Kok
(Vice-Chairman, 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)
Lian Hwee Peng Rebecca
(Independent, Non-Executive Director)
Rachel Liem Yuan Fang
(Alternate Director to Lam Sing Chung)

Registered Office

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

30 March 2023

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 10 set out in the notice convening the 2023 AGM to be held on 27 April 2023.

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 2022 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 FY2021.

The IPT Mandate was expressed to take effect until the conclusion of the then next annual general meeting of the Company, namely, the 2023 AGM which is scheduled to be held on 27 April 2023. Accordingly, Shareholders' approval is being sought for the renewal of the IPT Mandate at the 2023 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 2022 amounted to approximately S\$497.54 million. 3% and 5% of such audited consolidated NTA of the Group amounts to approximately S\$14.93 million and S\$24.88 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 Lam Sing Chung, 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 Lam Sing Chung 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 Lam Sing Chung, 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 FY2022 with Interested Persons pursuant to the IPT Mandate are set out on page 126 of the Annual Report in the section entitled “Interested Person Transactions for FY2022”. Please refer to the aforesaid section for more information. For example, the Group sold unsold and returned bread to the Salim Group¹. The Salim Group is an Interested Person as Mr Anthoni Salim is the brother of Mr Lam Sing Chung. The aggregate value of the unsold and returned bread sales amounted to approximately S\$0.89 million, which represented less than 3% of the then latest 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\$21.41 million, being more than 3% (that is, approximately 4.04%) of the then latest audited consolidated NTA of the Group. As such, pursuant to the 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 FY2022.

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 Lam Sing Chung’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 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.

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.

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 <i>(each having no interest, direct or indirect, in the Interested Person Transaction)</i>
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 FY2022, 3% of the latest audited consolidated NTA of the Group would be approximately S\$14.93 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 2023 AGM, the renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2023 AGM (Ordinary Resolution 10 in the Notice of Annual General Meeting), 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 2023 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 the Director(s), are as follows:

	Direct Interests		Deemed Interests	
	No. of Shares	Percentage of Shareholding ⁽¹⁾	No. of Shares	Percentage of Shareholding ⁽¹⁾
<u>Directors</u>				
Lam Sing Chung, (formerly, Andree Halim)	—	—	394,629,813 ⁽²⁾	68.60%
Philip Yeo Liat Kok	—	—	—	—
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	—	—	—	—
Lian Hwee Peng Rebecca	—	—	—	—
Rachel Liem Yuan Fang	432,900	0.08%	—	—
<u>Substantial Shareholders (other than Directors)</u>				
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 Lam Sing Chung 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 2022 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 2023 AGM.

Mr Lam Sing Chung 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 Lam Sing Chung 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 2023 AGM (Ordinary Resolution 10 in the Notice of Annual General Meeting).

In addition, Mr Choo Kok Kiong intends to voluntarily abstain from voting on Ordinary Resolution 10 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 2023 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2022.

Yours faithfully,
For and on behalf of the Board of Directors of
QAF Limited

Goh Kian Hwee
Joint Group Managing Director

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