QAF Limited


# DIVERSIFYING CONSUMERS' CHOICES
## WITH OUR DYNAMIC BRANDS

**2023** ANNUAL REPORT

# CORPORATE INFORMATION
(AS AT 15 MARCH 2024)

## BOARD OF DIRECTORS
Lam Sing Chung (Chairman)
Philip Yeo Liat Kok (Vice-Chairman)
Lin Kejian (Joint Group Managing Director)
Michael Darren Hewat (Joint Group Managing Director)
Dawn Pamela Lum
Norman Ip
Chee Teck Kwong Patrick
Lian Hwee Peng Rebecca
Aw Syee Chia
Rachel Liem Yuan Fang
(Alternate Director to Lam Sing Chung)

## AUDIT AND RISK COMMITTEE
Norman Ip (Chairman)
Dawn Pamela Lum
Chee Teck Kwong Patrick
Lian Hwee Peng Rebecca

## NOMINATING COMMITTEE
Dawn Pamela Lum (Chairman)
Lam Sing Chung
Philip Yeo Liat Kok

## REMUNERATION COMMITTEE
Dawn Pamela Lum (Chairman)
Lam Sing Chung
Philip Yeo Liat Kok

## COMPANY SECRETARY
Serene Yeo Li-Wen

## REGISTERED 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)
9 Raffles Place
#26-01 Republic Plaza Tower 1
Singapore 048619

Tel: (65) 6236 3333

## 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
The Hongkong and Shanghai Banking Corporation Limited
HL Bank

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# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

2023 has been a year of gradual recovery. As the global economy continues to improve, growth has been moderated by inflationary pressures and tighter financial conditions. This environment, while providing some opportunities, has been a challenging one to manoeuvre.

Against this landscape, we have managed to achieve a 9% growth in revenue, driven by strategic price and product mix adjustments as well as opportunities in segments that benefited from the rebound of international travel. Despite the continuing high-cost environment, we achieved an improved profit before tax from continuing operations after exceptional items of $41.0 million in FY2023, 10% higher than FY2022. The Group's profit attributable to the owners of the Parent improved by 42% to $27.5 million in FY2023.

Our financial position also continues to remain strong as we ended FY2023 with a net cash balance of $166.8 million. While our conservative capital management will keep us resilient against the improving but still uncertain economic environment, we remain committed to distributing sustainable dividends to our shareholders. For FY2023, the Board has decided to recommend a final dividend of $0.04 per share. If approved by shareholders at the upcoming Annual General Meeting, the total dividends for FY2023 would amount to $0.05 per share.

As part of our succession planning and Board rejuvenation, there have been various Management and Board changes as announced during the past year. I am sure the new appointments will have a positive impact on the Group.

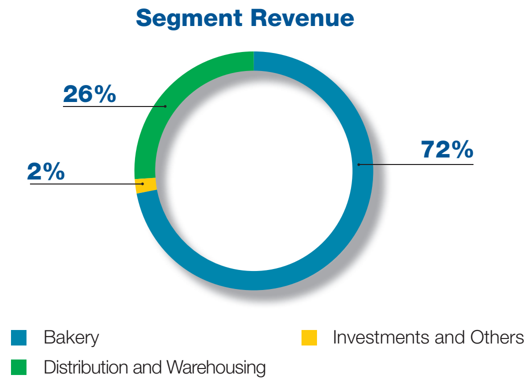
I would also like to offer my sincere thanks and acknowledge the invaluable contributions and leadership of Mr Goh Kian Hwee who retired last June after 9 years with the Group. Mr Goh was first appointed as an Independent Non-executive Director and subsequently joined as our Joint Group Managing Director in 2017.

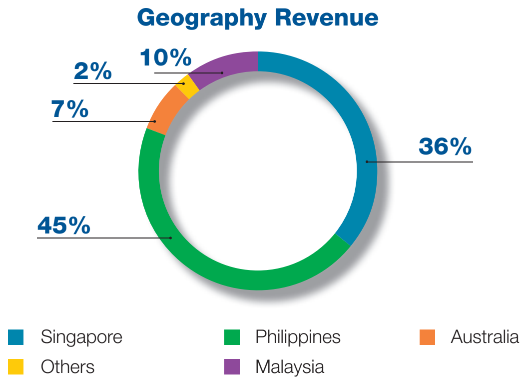
Lastly, on behalf of the Board, I express our heartfelt gratitude for the continuous support from our shareholders, customers, and business partners. I also express my sincere appreciation to our Management and all our staff for their dedication and efforts as we navigate this challenging business environment. We look forward to your continued support in the coming year ahead.

**Lam Sing Chung**
Chairman
15 March 2024

> **"Against this challenging landscape, we have managed to achieve a 9% growth in revenue. The Group's profit attributable to the owners of the Parent has improved by 42% in FY2023.**

## CONTINUING OPERATIONS




| REVENUE (EXCLUDING GBKL) | EBITDA[1] (BEFORE EXCEPTIONAL ITEMS) | PAT (AFTER EXCEPTIONAL ITEMS) | | |
|---|---|---|---|---|
| **$629m** | **$48.0m** | **$27.6m** | **> 9,000** | **c.40** |
| GBKL[2] Revenue $405m | GBKL[2] EBITDA $23.1m | GBKL[2] PAT $2.3m | employees | key brands |

### BAKERY

REVENUE
**$455m**

EBITDA[3]
(BEFORE EXCEPTIONAL ITEMS)
**$56.4m**

EBITDA MARGIN
**12%**

**16**
Factories
Singapore: 2
Philippines: 5
Malaysia: 8
Australia: 1

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

**c.79,000** third party outlets

**c.2,100** routes

**c.2,000** trucks


### DISTRIBUTION AND WAREHOUSING

REVENUE
**$162m**

EBITDA[4]
**$7.5m**

EBITDA MARGIN
**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 Investment 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

| | FY2023<br>$' million | FY2022<br>$' million | Change<br>% |
|---|---|---|---|
| Revenue | 628.6 | 577.5 | 9 |
| Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") from continuing operations before exceptional items | 48.0 | 45.7 | 5 |
| *EBITDA margin from continuing operations before exceptional items (%)* | *7.6%* | *7.9%* | |
| Profit before Taxation ("PBT") from continuing operations after exceptional items | 41.0 | 37.2 | 10 |
| *PBT margin from continuing operations after exceptional items (%)* | *6.5%* | *6.4%* | |
| Profit after Taxation ("PAT") from continuing operations after exceptional items | 27.6 | 26.0 | 6 |
| *PAT margin from continuing operations after exceptional items (%)* | *4.4%* | *4.5%* | |

## FY2023 RESULTS

Building on our Chairman's statement, we are pleased to present our Financial Results for FY2023.

The Group has achieved strong revenue growth of 9% to $629 million in FY2023. When foreign exchange effects are removed, the year-on-year improvement was 12% in constant currency terms.

Inflationary pressures, though abating, and slowing economic growth have brought about increasing consumer sensitivity to product prices. Shifts in household spending, coupled with the high-cost environment, were well considered, as strategic price and product mix adjustments were applied during the year to maintain our competitive position. We have also benefitted from the opportunities arising from the progressive reopening of international business and leisure travel post the pandemic.

These inflationary pressures have continued to impact the Group in terms of higher-cost raw materials which rose by 7%. Utilities costs also grew by 7% and a tight labour market and government measures, such as minimum wage increases in certain regions have driven the Group's labour costs up by 11%.

To pursue long-term growth, we remain committed to investing in our proprietary brands. During the year, we enlarged our product range across all markets. We also increased our brand promotion in high-visibility areas such as highways, public transport and mass events. Other initiatives included supporting community and promotional activities to drive the consumption of our quality and healthier products. Accordingly, advertising and promotion expenses in FY2023 rose by 40%.

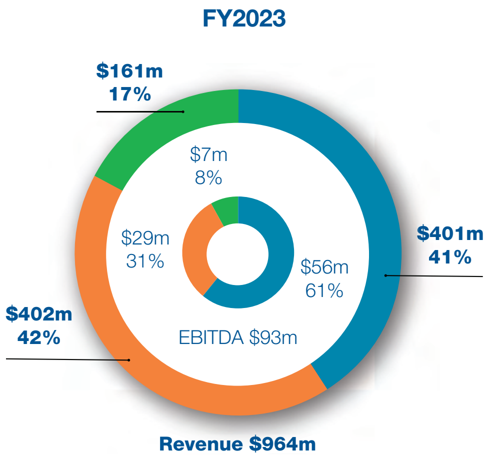
Our reported results were again affected by several non-trading items. In respect of the December 2021 flood damage at one of our factories in Malaysia, production was operationally restored in the third quarter. We recorded lower exceptional gains in respect of insurance receipts of $13.8 million in FY2023, compared to $19.5 million in FY2022. Full completion works and insurance claims will continue to be finalised during 2024.

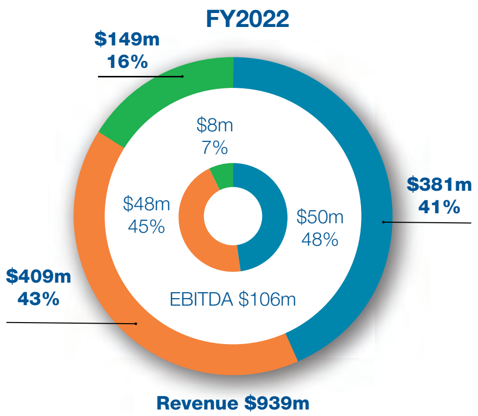
Additionally, in accordance with accounting standards, we periodically assessed the recoverable amount of our investment in the joint venture, Gardenia Bakeries (KL) Sdn Bhd, and recorded a non-cash impairment of $9.5 million in FY2023, compared to the non-cash impairment of $5 million recorded in FY2022. Lower foreign currency translation losses amounting to $2.4 million occurred in FY2023, compared to $10.4 million in FY2022, which mainly arose from the AUD-dominated cash and deposits.

As a result, the Group's EBITDA from continuing operations before exceptional items improved by 5% to $48.0 million for FY2023. Profit before tax from continuing operations after exceptional items also improved by 10% to $41.0 million.

Consolidating 100% of GBKL but excluding head office, total proforma revenue of $964 million was achieved in FY2023, 3% higher than FY2022. However, proforma EBITDA before exceptional items (including GBKL's royalty income to QAF Limited) fell by 12% to $93 million in FY2023. Please see the charts below.

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




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

The Group ended FY2023 in a strong financial position with a net cash position of $166.8 million as at 31 December 2023. In consideration of this financial performance and our commitment to sustainable dividend distributions, the Board has decided to recommend a final dividend of $0.04 per share for FY2023. If approved by shareholders at the upcoming Annual General Meeting, the total dividends for FY2023 would amount to $0.05 per share.

Looking forward to 2024, most of our operating regions are expecting inflation to continue its downward trend at a slower rate, and whilst this is a positive sign, the higher-for-longer interest rates, slowing growth rates and geopolitical conflicts continue to bring an element of uncertainty to our outlook.

We are mindful of any potential headwinds that this projection may bring, but our strong balance sheet should enable the Group to withstand any unexpected financial stresses whilst pursuing suitable growth opportunities.

We remain committed to building on our key strategic activities. Our revenue growth focus is underpinned by increasing our distribution routes and channels, developing new products, and making strategic pricing and product mix adjustments to strengthen our competitive position. We are also adding new products to our portfolio over the coming year. Leveraging the strengths of our distribution and supply chain network, we continue to pursue the expansion of trading activities, with a concentration on long shelf-life products, and any opportunities to grow into new regions. On the cost front, the Group continuously reviews its operations, seeks to improve efficiency, optimize manufacturing capacity and implement cost management improvements.

As we move into another year, we would like to offer our appreciation to the shareholders, customers, and business partners for their continuous support. We would also like to convey our sincere thanks to our recently retired, Joint Group Managing Director, Mr Goh Kian Hwee for his leadership these past years. Finally, we wish to acknowledge our colleagues and Board members for their trust and contributions to the Group during the last twelve months.

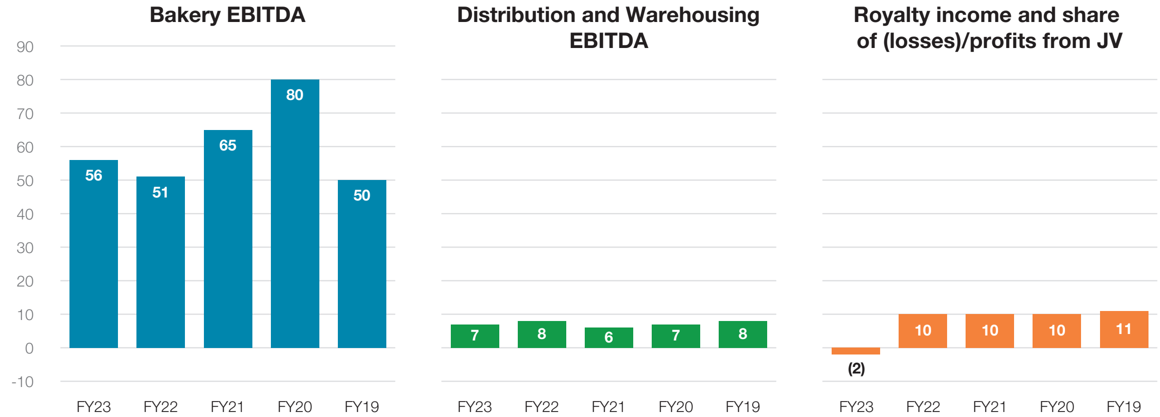
**Lin Kejian**
**Michael Hewat**
Joint Group Managing Directors
15 March 2024

# FINANCIAL HIGHLIGHTS

| | FY2023 | FY2022* | FY2021 | FY2020 | FY2019 |
|---|---|---|---|---|---|
| **INCOME STATEMENT** (S$'000) | | | | | |
| Revenue from continuing operations(Note 1) | 628,590 | 577,523 | 558,976 | 561,785 | 497,041 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") from continuing operations before exceptional items(Note 2) | 48,047 | 45,664 | 68,211 | 90,474 | 56,805 |
| Profit before taxation ("PBT") from continuing operations after exceptional items(Note 2) | 40,991 | 37,151 | 28,741 | 54,400 | 22,761 |
| Profit from continuing operations attributable to owners of the Parent ("PATMI") after exceptional items(Note 2) | 27,485 | 25,748 | 22,220 | 42,066 | 18,171 |
| **STATEMENT OF FINANCIAL POSITION** (S$'000) | | | | | |
| Total assets | 669,160 | 664,759 | 878,160 | 868,081 | 850,473 |
| Total liabilities | 180,678 | 165,300 | 345,832 | 351,162 | 350,153 |
| Total equity | 488,482 | 499,459 | 532,328 | 516,919 | 500,320 |
| Equity attributable to owners of the Parent | 486,851 | 497,708 | 530,554 | 516,310 | 507,585 |
| Total cash and cash equivalents | 215,677 | 216,792 | 88,705 | 81,362 | 73,167 |
| Gross debt(Note 3) | 48,923 | 41,751 | 56,955 | 71,329 | 165,655 |
| **SELECTED EARNINGS, LIQUIDITY AND SOLVENCY DATA** | | | | | |
| EBITDA margin from continuing operations before exceptional items (%) | 8% | 8% | 12% | 16% | 11% |
| Net margin from continuing operations after exceptional items (%)(Note 4) | 4% | 4% | 4% | 7% | 4% |
| Return from continuing operations after exceptional items on average shareholders' equity (%) | 6% | 5% | 4% | 8% | 4% |
| Return from continuing operations after exceptional items on average assets (%) | 4% | 3% | 3% | 5% | 2% |
| Earnings per share from continuing operations (cents) | 4.8 | 4.5 | 3.9 | 7.3 | 3.2 |
| Net asset value per share (cents)(Note 5) | 84.6 | 86.5 | 92.2 | 89.8 | 88.2 |
| Total dividends per share (cents) | 5.0 | 7.0* | 5.0 | 5.0 | 5.0 |
| Dividend payout on continuing operations (%)(Note 6) | 105% | 112%* | 129% | 68% | 158% |
| Current ratio (no. of times)(Note 7) | 2.7 | 3.1 | 1.9 | 1.9 | 1.5 |
| Net gearing ratio (no. of times)(Note 8) | (0.34) | (0.35) | (0.06) | (0.02) | 0.18 |
| Capital expenditure (S$'000)(Note 9) | 39,680# | 26,552# | 30,092 | 31,149 | 35,472 |
| **SELECTED VALUATION DATA** | | | | | |
| Number of shares outstanding @ 31 December ('000) | 575,268 | 575,268 | 575,268 | 575,268 | 575,268 |
| Total market capitalisation (S$'000) | 468,844 | 477,473 | 506,236 | 514,865 | 463,091 |
| Price/Book Value (no. of times)(Note 10) | 1.0 | 1.0 | 1.0 | 1.0 | 0.9 |
| Price/Revenue (no. of times)(Note 11) | 0.7 | 0.8 | 0.9 | 0.9 | 0.9 |
| P/E Ratio (no. of times)(Note 12) | 17.1 | 18.5 | 22.8 | 12.2 | 25.5 |
| Price/CF (no. of times)(Note 13) | 8.1 | 9.1 | 4.6 | 5.4 | 7.8 |
| Total Dividend Yield (%) | 6% | 8%* | 6% | 6% | 6% |

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


**Contribution from Key Segments (S$'m)**
**(before 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:

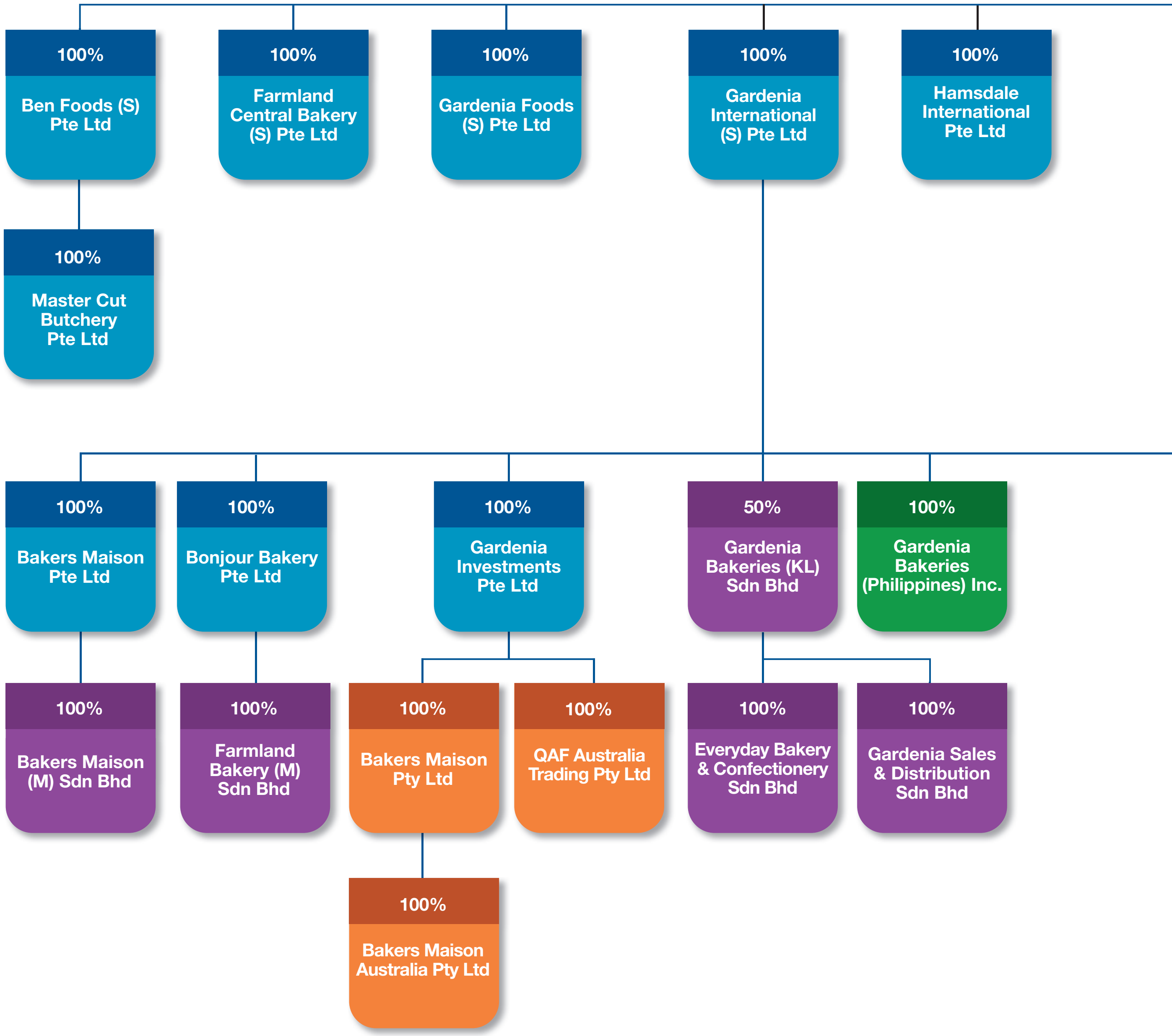
* In 2022, special dividends of $0.02 per share was paid. The special dividends is excluded from the calculation of dividend payout on continuing operations because it relates to the discontinued operations.

\# In 2022 and 2023, capital expenditure includes actual cash flow incurred for the reinstatement of the damaged production lines in connection with the severe flooding at one of the Group's Malaysian factories in December 2021.

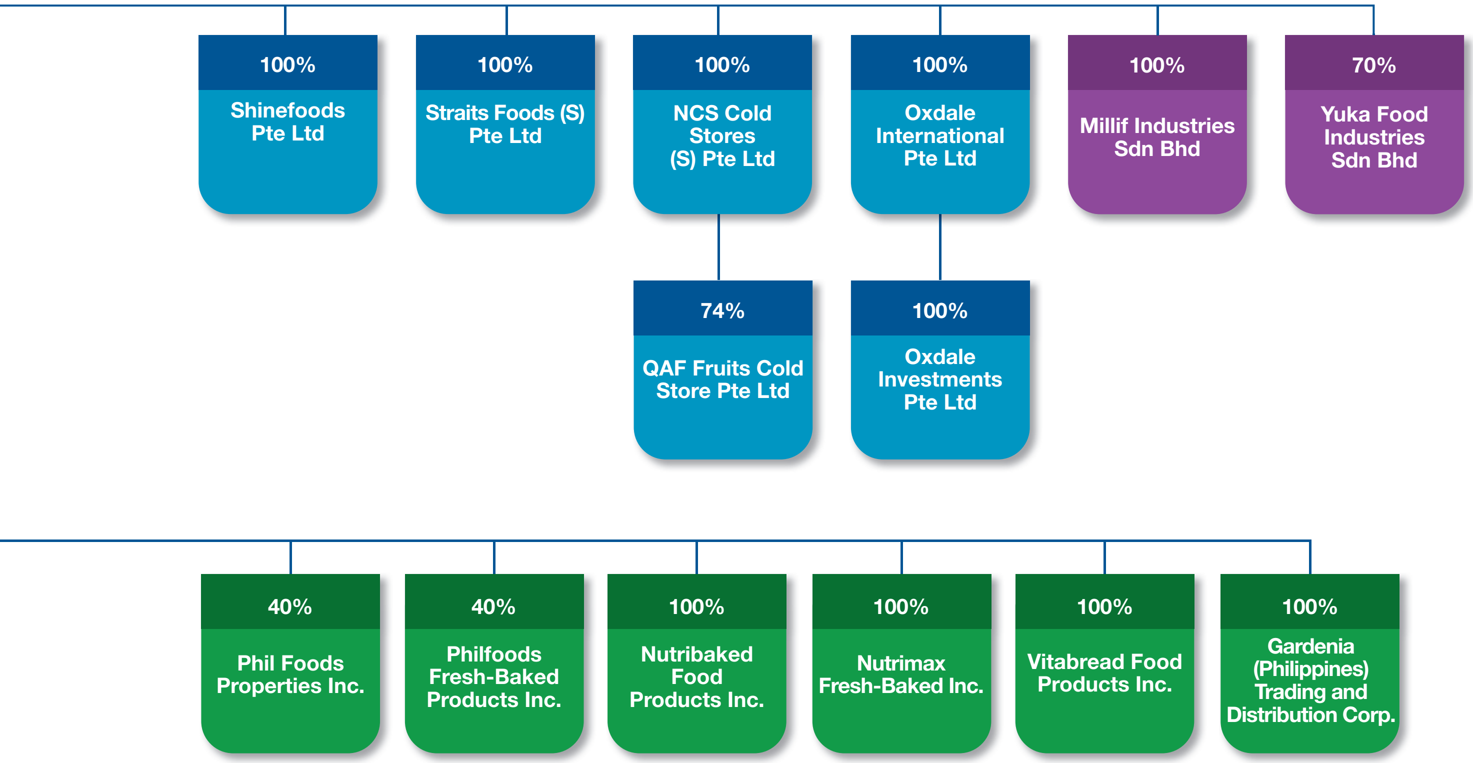
1. For 2019 to 2021, the Group's revenue excludes Primary Production business revenue upon its reclassification to discontinued operations following the Group's decision to pursue a sale. The disposal was completed on 4 January 2022.
2. For 2019 to 2021, Group's EBITDA, PBT and PATMI excludes Primary Production business upon its reclassification to discontinued operations following the Group's decision to pursue a sale. The disposal was completed on 4 January 2022.
3. Gross debt is calculated as bank borrowings, lease liabilities and loans from non-controlling interests, excluding those captured under liabilities belonging to disposal group classified as held for sale.
4. Net margin from continuing operations is computed based on Group profit from continuing operations after exceptional items attributable to owners of the Parent.
5. Net asset value per share is computed based on total assets less total liabilities and non-controlling interests.
6. Dividend payout on continuing operations is calculated by dividing ordinary dividends against profit from continuing operations after exceptional items attributable to owners of the Parent. The special dividends paid in 2022 is excluded because it relates to the discontinued operations.
7. Current ratio is computed based on total current assets and total current liabilities. Both assets and liabilities belonging to disposal group classified as held for sale are not included in the computation.
8. Net gearing ratio is calculated by dividing net debt/(cash) against equity attributable to owners of the Parent.
9. Capital expenditure relates to actual cash flows incurred and includes those of discontinued operations.
10. Price/Book Value is calculated by dividing total market capitalisation against equity attributable to owners of the Parent at the end of the year.
11. Price/Revenue is calculated by dividing total market capitalisation at the end of the year against annual revenue.
12. P/E Ratio is calculated by dividing total market capitalisation at the end of the year against Group profit from continuing operations after exceptional items attributable to owners of the Parent.
13. Price/CF is calculated by dividing total market capitalisation at the end of the year against net cash from operating activities.

# QAF GROUP
(AS AT 15 MARCH 2024)

QAF Limited



# QAF GROUP
(AS AT 15 MARCH 2024)




- Singapore
- Malaysia
- Australia
- Philippines

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

# BOARD OF DIRECTORS

## LAM SING CHUNG, 76

*Chairman*
*Non-executive/Non-independent Director*

Date of last election:
**22 April 2022**
Board Committee:
**Nominating Committee (Member)**
**Remuneration 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 shareholding interest of approximately 68.60% in the total issued shares of the Company as at 15 March 2024.

Mr Lam is proposed to be re-elected at the Annual General Meeting. For further information on Mr Lam as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 197 to 202 of this Annual Report.

## PHILIP YEO LIAT KOK, 77

*Vice-Chairman*
*Non-executive/Independent Director*

Date of last election:
**27 April 2023**
Board Committee:
**Nominating Committee (Member)**
**Remuneration 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; an Honorary Doctor of Law from Monash University of Australia; and an Honorary Doctor of Letters from Nanyang Technological University. He is also an Honorary Fellow of King's College London.

Directorships in other listed companies:
City Developments Limited
Sunway Berhad

## LIN KEJIAN, 45

*Joint Group Managing Director*
*Executive Director*

Date of last election:
**23 April 2021**
Board Committee:
**Nil**

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 shareholding interest of approximately 49.15% in the total issued shares of the Company as at 15 March 2024.

Mr Lin is proposed to be re-elected at the Annual General Meeting. For further information on Mr Lin information as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 197 to 202 of this Annual Report.

## MICHAEL DARREN HEWAT, 58

*Joint Group Managing Director*
*Executive Director*

Date of last election:
**Not applicable**
Board Committee:
**Nil**

Mr Hewat assumed the position of Joint Group Managing Director of the QAF Group with effect from 1 June 2023. Prior to that he was the Company's Chief Operating Officer, such appointment having commenced in November 2022.

Mr Hewat 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.

Mr Hewat is proposed to be re-elected at the Annual General Meeting. For further information on Mr Hewat as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 197 to 202 of this Annual Report.

## DAWN PAMELA LUM, 70

*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 served as Lead Independent Director from January 2018 to February 2023.

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 a major listed company and its subsidiaries.

Ms Lum is proposed to be re-elected at the Annual General Meeting. For further information on Ms Lum as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 197 to 202 of this Annual Report.

# BOARD OF DIRECTORS

## NORMAN IP, 71

*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 and/or chairman of some of the principal insurance subsidiaries of Great Eastern Holdings Limited ("GE"). 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.

## CHEE TECK KWONG PATRICK, 69

*Non-executive/Independent Director*

Date of last election:
**22 April 2022**
Board Committee:
**Audit and Risk 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.
- Sheng Siong Group Ltd.
- Noel Gifts International Ltd.

### LIAN HWEE PENG REBECCA, 68
*Non-executive/Independent Director*

Date of last election:
**27 April 2023**
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, Confectionery 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 & Health.

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.

### AW SYEE CHIA, 60
*Non-executive/Independent Director*

Date of last election:
**Not applicable**
Board Committee:
**Nil**

Mr Aw was appointed as a non-executive independent Director on 9 August 2023.

He has more than 30 years of experience in the information technology industry including experience working with clients in food-related business(es). Mr Aw is the Chief Executive Officer of Accel Works Worldwide Pte Ltd, a company which provides consultancy services for business process enhancement and automation through artificial intelligence and machine learning.

Mr Aw graduated from the University of Windsor, Canada with a Bachelor of Commerce (Honours Business Administration) and has a Master of Business Administration from the University of Technology, Sydney, Australia.

Mr Aw is proposed to be re-elected at the Annual General Meeting. For further information on Mr Aw as prescribed by Appendix 7.4.1 of the SGX-ST Listing Manual, please refer to pages 197 to 202 of this Annual Report.

### RACHEL LIEM YUAN FANG, 28
*Alternate Director to*
*Mr Lam Sing Chung*

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

### ALBERT LOH TECK HUI
*Chief Financial Officer*

Mr Loh was appointed Chief Financial Officer in June 2023 and is responsible for the overall financial and management accounting functions of the Group. He joined the QAF Group in May 2019 and served as the Group Corporate Finance Officer till May 2023. Mr Loh has more than 25 years of experience in corporate financial management. His last appointment before joining the QAF Group was as group corporate finance manager of a luxury retailer in the United Arab Emirates. Mr Loh is a Chartered Accountant of Singapore, Chartered Financial Analyst and Certified Internal Auditor. He holds a Bachelor degree from Nanyang Technological University and a Master of Business Administration from the National University of Singapore.

### 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 Nanyang Technological University.

# OUR KEY BRANDS

## BAKERY

Gardenia – So good... you can even eat it on its own!

BAKERS MAISON – YOUR AUTHENTIC FRENCH BAKE HOUSE

BONJOUR – Simply Delicious

DELICIA

NeuBake

BONANZA KELUARGA

Super Value

Fluffy Buns

Toasties

DOUBLE DELIGHTS

Squiggles

nuMee

Toastem

Bonjour Delights

Big Smile BREAD STATION

TWIGGIES

Cream Roll

Fun Bun

Pocket Sandwich

Toast Bites

ROLL-UP WRAPS

Delicia

Breakthru

Snack'em

Quick Bites

PUAZZ! SAVOURY BUN

Slim 'n Fit WHEATEN BREAD

Gourmet Selections

Original Classic

Auntie Rosie's

## DISTRIBUTION AND WAREHOUSING

Cowhead

farmland

HATON

SPICES OF THE ORIENT

COFFEE SMILE

ThinCurv

FARMVALE

farmchef

Orchard Fresh

happy mie

# OPERATIONAL REVIEW
## Segment Financials

| QAF Group – Bakery Segment | FY2023 $' millions | FY2022 $' millions | Change % |
|---|---|---|---|
| Revenue | 455.5 | 419.8 | 9 |
| Segment EBITDA before exceptional items[1] | 56.4 | 50.5 | 12 |
| *EBITDA margin before exceptional items (%)* | *12.4%* | *12.0%* | |
| Share of (losses)/profits and royalty income from joint venture (GBKL)[2] | (1.7) | 9.5 | n.m. |
| Segment EBITDA before exceptional items and joint venture (GBKL) contribution | 54.7 | 60.0 | (9) |

| QAF Group – Distribution and Warehousing Segment | FY2023 $' millions | FY2022 $' millions | Change % |
|---|---|---|---|
| Revenue | 162.2 | 150.0 | 8 |
| Segment EBITDA[1] | 7.5 | 7.8 | (4) |
| *EBITDA margin (%)* | *4.6%* | *5.2%* | |

1 Segment EBITDA excludes head office expenses.

2 Share of (losses)/profits and royalty income from joint venture includes the impairment of investment in joint venture at the Group level of $9.5 million in FY2023 and $5 million in FY2022.

## SINGAPORE

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

Gardenia Singapore continues to lead the local packaged bread industry in 2023 with fresh bread deliveries to retail outlets island-wide. Through new product developments and strategic marketing initiatives, Gardenia Singapore was able to achieve sales growth and successfully overcame persistent challenges in raw material, labour and energy-related costs.

This achievement was amidst a challenging global inflationary environment, slower economic growth of 1.1% and a backdrop of ongoing global uncertainties such as commodity prices, geopolitical tensions and tightening financial conditions.

Gardenia Singapore believes in enhancing the nutritional value and quality of its products for its consumers. In response to key market trends, Gardenia Singapore has directed its core product offerings towards developing healthier loaf bread options and grab-and-go single-serve products during 2023.

- To meet Singapore’s rapidly ageing population and address consumers with digestive issues, *Gardenia Nutri-Ace Sprouted Soft Grain 100% Wholemeal Loaf* was launched.
- In April 2023, as consumers started returning to their offices for work and resuming their social activities, Gardenia Singapore unveiled its single-serve *Gardenia Raisin Buns* and *Hokkaido Butter Buns* targeted at students, young families and busy working adults who are constantly on the move.
- Under its *Gourmet Selections* range, Gardenia launched two new products, the *Soft Rye Blackcurrant Loaf* and *Rustic Olive & Herbs Loaf*. These products cater to the emerging popularity of artisanal, specialty bakery products as consumers seek freshness and quality ingredients with high nutritional content.
- To offer more budget-friendly options to consumers, Gardenia introduced new varieties of buns under its sub-brand, *Bonjour Delights Ol’ School*, in July 2023 – *Bonjour Delights Ol’ School Custard Cheese Bun* and Bonjour *Delights Ol’ School Pizza Flavoured Bun*.

Additionally, demand for out-of-home dining and revenge travel have resulted in strong recovery performance across the Food Services and Aviation-related sectors. Capitalising upon these opportunities, Gardenia Singapore continued to introduce more bakery products for its food service customers as well as airline caterers.


*New products launched by Gardenia Singapore in 2023.*

# OPERATIONAL REVIEW
## Bakery

Beyond product developments for its consumers, Gardenia Singapore also continued to support a range of philanthropic, community and charitable causes in 2023, promoting healthy consumption habits among its consumers. Gardenia Singapore actively collaborated with partners strategically to advocate healthy and active lifestyles, as well as foster community bonding.

- Gardenia Singapore is an active long-term supporter of nationwide initiatives by Singapore's Health Promotion Board ("**HPB**") to promote healthier living for Singaporeans. To facilitate decisions on healthier options, Gardenia Singapore ensures that all its wholemeal and multi-grain ranges prominently display the HPB's "Healthier Choice" symbol.
- Gardenia Singapore also continued its dedicated support for the annual "*Eat Drink Shop Healthy 2023*" campaign by HPB, aimed at motivating and encouraging Singaporeans to make healthier choices.
- In celebration of World Bread Day, Gardenia Singapore engaged its social media followers to participate in an initiative that resulted in Gardenia Singapore donating 980 loaves of *Gardenia Jumbo Super Soft Wholemeal White Bread* to six NTUC Health Nursing Homes. This charitable effort aimed to bring the joy of wholesome bread to those communities in need and to encourage the elderly to consume more wholegrains.
- Gardenia Singapore collaborated closely with Diabetes Singapore to raise awareness and educate consumers about diabetes prevention through healthier living practices. To promote the importance of a well-balanced diet by opting for low glycemic index ("**GI**") foods which can help reduce the long-term risk of diabetes, a series of social media content was developed and launched in November 2023. Gardenia Singapore also organised retail promotions for its *Low GI Nutri Multi-Grain* and *Low GI Soft Grain* loaves.
- Gardenia Singapore also actively supported and sponsored various events organised by Diabetes Singapore, such as "*Walk Again with Confidence*," "*World Heart Day*," and "*World Diabetes Day 2023*".
- In a pioneering collaboration with the Singapore Police Force ("**SPF**"), Gardenia Singapore launched the "*Don't Feed the Scammers*" campaign in June 2023. Leveraging on the outreach of 2 million loaves, Gardenia Singapore promoted the national Anti-Scam message "I can A.C.T against Scams" on the packaging overbands of four key *Gardenia* products.
- Gardenia Singapore also collaborated with the SPF and Hong Kah North Grassroots Organisations in May 2023. Educational leaflets on anti-scam, accompanied by a complimentary *Gardenia 100% Wholemeal Extra Fine & Soft Loaf*, were distributed to more than 450 families.

*Gardenia Singapore donated loaves of Gardenia wholemeal bread to six NTUC Health Nursing Homes to encourage the elderly to consume more wholegrains.*

As a testament to the strong *Gardenia* brand and products, Gardenia Singapore has maintained its dominance in the packaged bread industry and is the No.1 Best Selling Bread Brand in Singapore in terms of value and volume sales for 2023. It has also secured No. 1 status from NielsenIQ in four categories, namely, "White Bread", "Wholemeal Bread", "Non-Filled Bun Bread" and "Flavoured Bread" for the year ended December 2023. In addition, Gardenia Singapore has also earned the following accolades from our business partners.

- At the *FairPrice Partners Excellence Awards 2024*, Gardenia Singapore was honoured with three prestigious awards for 2023 – "*Top Business Partner of the Year Award*", "*Most Improved Partner Award*" and "*Top Key Account Manager Award*".
- DFI Retail Group also awarded Gardenia Singapore with the "*Best Value Creation Award*" in the Packaged Bread category, for the company's leadership and commitment in providing top quality, value-for-money products which were able to maximise shoppers' satisfaction.

For the 29th consecutive year, Gardenia Singapore has continued to maintain its Grade A status, under the Food Safety Excellence Scheme by the Singapore Food Agency. This is a result of sustained efforts to prioritise food hygiene and workplace safety to ensure quality products for its consumers.

Moving into 2024, business conditions are expected to be challenging in Singapore, marked by slow economic growth, elevated prices stemming from uncertainties in supply chain disruption and unpredictable weather conditions globally.

To mitigate the impact of rising costs, Gardenia Singapore will continue to implement strategic adjustments to its product and price mix to assist affordability for the mass market. Gardenia Singapore will also continue to enhance production and operational efficiency through improvements and consolidation initiatives.

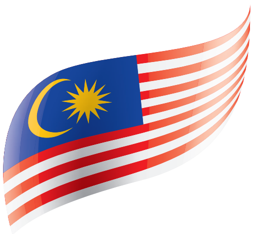
For its consumers, more retail promotions will be introduced to deliver cost savings to sustain product affordability. Gardenia Singapore will also cater to the diverse needs of its cost-conscious consumers by:

- Continuing to introduce wholesome products that meet the needs of nutrition and value.
- Offering consumers with busy lifestyles with quick and convenient snack options that provide an energy boost and a satisfying bite. Gardenia Singapore will continue to launch a variety of ready-to-eat, single-serve buns for consumers on-the-go.
- Actively working on launching new products while enhancing the distribution and visibility of popular items such as *Gardenia Gourmet Selections Country Loaves* and *Gardenia Wraps*, which have seen increasing demand over recent years.

Gardenia Singapore is focused on delivering revenue growth across its core activities. This involves an optimized mix of strong marketing campaigns aimed at delivering value to consumers, and product innovations geared towards strengthening consumer loyalty. Most importantly, Gardenia's brand promise of delivering premium, high-quality, healthier fresh products to consumers in Singapore will always remain paramount.


*For 2023, Gardenia Singapore is the No.1 Best Selling Bread Brand in Singapore in terms of value and volume sales. It has also secured No. 1 status from NielsenIQ in four bread categories for the period January to December 2023.*

# 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**”)*

2023 was a year of consolidation for the Malaysian economy with inflation declining steadily throughout the year. However, consumers remain cautious amidst the backdrop of a slower domestic economy, a tighter labour market and elevated prices.

Gardenia Malaysia focused on the performance of core products, expanding new business channels domestically and new export markets. These strategic moves have enabled Gardenia Malaysia to achieve more than RM1.3 billion in its gross revenue.

In 3Q 2023, Gardenia Malaysia successfully reactivated one of its factories, which had been damaged by floods in December 2021. The timely reactivation of the production lines has enabled Gardenia Malaysia to normalise the production of its bakery products and meet the full demand of the market.

Given the additional production capacity, Gardenia Malaysia was able to reintroduce and enlarge its range of bakery products in Malaysia.

- In August 2023, Gardenia Malaysia relaunched *Gardenia Breakthru Bran & Wheat Germ* with an improved formula. This is the first *Gardenia* bread to be enriched with high calcium.
- In September 2023, Gardenia Malaysia reintroduced two of its European Crusty loaves under *Gardenia Gourmet Selections*, namely, *Gardenia Gourmet Selections Bonjour Sesawhite* and *Gardenia Selections Sommerset Cottage*.
- By October 2023, Gardenia Malaysia enlarged its range of premium cream rolls through the launching of *QuickBites Gold Pandan Gula Melaka* and *QuickBites Gold Hazelnut Chocolate*.


*Gardenia Malaysia reintroduced and enlarged its range of bakery products in Malaysia in 2023.*

To maintain market leadership in packaged breads, Gardenia Malaysia embarked on numerous marketing and public relations events engaging with consumers and achieving high brand visibility across all traditional and digital media platforms. Several notable events are included.

- *Always With You – Cahaya Ramadan*, a Ramadan celebration with Muslim consumers in 20 local mosques. Monetary and grocery support were provided to underprivileged children during the celebration. 25,000 bread loaves were also distributed after the Terawih prayers.
- *QuickBites – Hunt for Happiness*, an inter-state treasure hunt aimed at creating an association of the *QuickBites* brand with happiness.
- *NuMee – Setulus Kasih,* an event featuring Fasha Sandha, a leading celebrity with more than 5 million followers on Instagram, as the campaign's brand ambassador. A food truck was deployed at 120 locations across Peninsula Malaysia for consumers to sample its *NuMee* instant noodles. The objective of the campaign is to create awareness, induce trial and develop consumers' purchase intention for *NuMee* instant noodles.

A testament to its quality products, an independent market research study has found that *Gardenia* is the market leader across six bakery categories and is equal to its international competitor in the spread category in 2023. Additionally, despite its launch less than two years ago, Nielsen's research has found that *NuMee* instant noodle now ranks 11th among the 50 top brands in Malaysia. During 2023, Gardenia Malaysia has also received several other accolades.

- Malaysians have chosen the *Gardenia* brand as the Platinum winner in the *Prestigious Putra Brand Awards* for 2023. This is the 14th consecutive year that Gardenia Malaysia has won the "*Putra Brand Award*" and the 5th year it has won the Platinum award.
- Gardenia Malaysia bagged the acclaimed *44th London's People Telly Awards for Gardenia Breakthru* and *Gardenia NuMee* television commercials.
- Gardenia Malaysia was awarded Bronze for Corporate Branding, at the *2023 Malaysia Public Relations Awards* ceremony organised by the Public Relations and Communications Association of Malaysia. The award recognised the campaign on empowering Malaysians to move from "Challenges to a Challenger mentality" through its "*Wellness Begins at Home*" initiative. This is the 3rd consecutive win by Gardenia Malaysia.

Gardenia Malaysia expects challenges to continue in 2024. Inflationary pressures on major raw materials such as flour and gluten may be easing, but higher operating overheads relating to the possibility of further minimum wage increases and the weakening of the Malaysian Ringgit might offset this benefit.

To mitigate the higher operating overheads, Gardenia Malaysia will explore avenues to drive down production costs through the deployment of green technology, such as solar energy, and other cost-cutting measures.

In addition, Gardenia Malaysia will be launching new variants under the *QuickBites Gold*, *Toast'em* and *Puazzi* brands. It will also continue to grow its *Numee* brand by introducing *NuMee Signature*, a premium range of instant noodles.

For longer-term planning, novel products with long shelf-life will be a focus. While the domestic market continues to offer growth opportunities, Gardenia Malaysia will also look toward scaling up its exports into Southeast Asian markets to support sales growth.


*Gardenia Malaysia was awarded "Putra Brand Platinum Award (Foodstuff Category)" for 2023, the 14th year it has won the "Putra Brand Award".*

*Gardenia Malaysia was awarded Bronze for Corporate Branding, at the 2023 Malaysia Public Relations Awards ceremony organised by the Public Relations and Communications Association of Malaysia.*

# OPERATIONAL REVIEW
## Bakery

### AUSTRALIA
*Bakers Maison Australia Pty Ltd*
*(“**Bakers Maison**”)*

2023 was a record-breaking year for Bakers Maison. Sales in 2023 continued its momentum and grew by 26% from 2022 – a year which had already seen a growth of over 20% from 2021. This growth was driven organically as production output increased by 20%. At the same time, by controlling expenses, most cost ratios have improved from the previous year.

Bakers Maison’s record sales were driven by the growth of existing trade and capitalising on new business.

- In the Quick Service Restaurants (“**QSR**”) channel, new business was gained with two large chains for a range of new products, and success with medium-sized State-based accounts.
- The Foodservice Distributors channel grew by 21%, supported by individual product presentations and Distributor sales force engagement.
- Bakers Maison maximized investments in existing promotional programs, delivering double-digit growth across all States and Territories, except for the Australian Capital Territory which remained relatively flat. This growth moderated slightly in 4Q 2023 when both Distributors and QSR operators started to report a decline of 5 to 9% from the same period in 2022.
- With the continuous reopening of international borders, tourism reached levels not seen since 2019. Bakers Maison capitalised on new business gained with multinational airline caterers and international cruise liner companies to generate substantial growth.
- The meal kit channel also had a strong rebound delivering solid additional sales, after some market adjustment in 2022.

This strong performance was not without its challenges. During 1H 2023, Bakers Maison experienced cost increases in labour, raw materials, utilities expenses and a still disrupted supply chain not fully recovered from the impact of the pandemic.

- Labour costs – With many positions unfulfilled coupled with a low unemployment rate in Australia, job seekers have many options to choose from. This creates retention issues. Besides the tight labour market, the costs were further fuelled by legislated minimum wage increases and higher production output that was achieved principally by extending working hours, overtime and weekend work. Despite these challenges, Bakers Maison was able to deliver production efficiencies to keep labour cost ratios unchanged from 2022. For example, a new horizontal slicing machine, commissioned in March, assisted in reducing labour whilst improving quality, consistency and production output.
- Material costs – In general, material costs started to stabilize from 2Q 2023, and their increases remaining within single digits. However, some key material costs saw significant price increases from 2022, with items such as flour by 16%, gluten by 46% and eggs by 21%. Despite the inflationary costs, Bakers Maison has managed to keep its material cost ratio stable through price adjustments across all customers and disciplined material management. Key material costs are expected to remain stable in 2024.
- Distribution costs – In April 2023, a major national frozen food carrier and 3PL company went into liquidation and brought major disruptions to the national food supply chain. Despite the various disruptions during 2022 and 2023, coupled with distribution cost rates increasing in the 2H 2023, Bakers Maison recovered well and found stability in logistics operations, resulting in only a marginal increase in its distribution cost ratio.
- Electricity costs – To control electricity costs, Bakers Maison contracted a fixed price in 2022 for 2023. Despite this, overall utility costs still rose by over 45%.

To improve overall manufacturing productivity and preserve its profitability, Bakers Maison rationalised its product range and removed two major products from the retail channel. Looking forward, a two-pronged approach has successfully been implemented within the Petrol and Convenience store channel to deliver incremental business.

- First, the acceleration of Bakers Maison's partnership with a major independent group of convenience stores to double their volume.
- Second, the appointment of contract manufacturers to supply this channel.

During 2023, Bakers Maison released new customised products designed for specific customers, an artisan Baguette for a national QSR chain, a twin-pack Milk Bun for a Meal Kit customer and a rustic sandwich for a New South Wales State-based chain, accounting for over 25 stores.

To further expand its presence, Bakers Maison has been actively participating in various industry events such as the *Foodservice Australia Trade Show* in Melbourne in May 2023, the *Convenience & Impulse Expo* in Sydney in October 2023 and the *Good Food & Wine Show* in Sydney in September 2023. Apart from physical events, social media continues to be a key part of Bakers Maison's marketing campaign, engaging followers with regular weekly and monthly posts.

In line with its remarkable sales growth, Bakers Maison embarked on an expansion project aiming to increase production output by 35% over the coming years. This project which started at the end of 3Q 2023 is expected to complete in 3Q 2024. The project involves the purchasing and commissioning of an additional bread line, mixers, provers, ovens and packaging equipment to support the growth of Bakers Maison as well as maximizing production floor space. The expansion project will also improve efficiencies and reduce costly overtime and weekend work.

The Australian economy is expected to experience a soft landing in 2024 as high interest rates and inflationary pressures continue to weigh on disposable income. With inflation seemingly controlled and subsiding, interest rate increases should pause and may potentially be cut in the latter part of 2024 easing the tight financial conditions. The Australian Foodservice Market is still projected to continue to grow strongly over the next 5 years, supported by population growth driven by immigration.


*Artisan Baguette*


*Milk Bun*

# OPERATIONAL REVIEW
## Bakery, Distribution and Warehousing

## THE PHILIPPINES

*Gardenia Bakeries Philippines, Inc.,*
*Nutribaked Food Products, Inc.,*
*Nutrimax Fresh-Baked, Inc.,*
*Vitabread Food Products, Inc.,*
*Gardenia (Philippines) Trading and Distribution Corp.,*
*Phil Foods Properties Inc.,*
*Philfoods Fresh-Baked Products Inc.*
*("**Gardenia Philippines**")*

Gardenia Philippines has achieved a 10% growth in sales, gaining significant traction in its wheat and health categories as customers actively embrace their preference for healthier choices.

Consumer behavior in the Philippines underwent a transformation in 2023. Restrictions on social gatherings, face-to-face classes, work setups and events were lifted, along with the easing of the face mask requirement, encouraged consumers to resume their pre-pandemic lifestyles. Many Filipinos have embraced a hybrid shopping behavior by visiting brick-and-mortar stores and buying groceries online, especially food items such as bread.

Households continue to seek nutritious food staples for their families and Gardenia Philippines responded applying the Nutri+Plus Advantage label to its *Classic White Bread*. This recognized trademark logo and overall health communication handle, which is also carried by *Gardenia's High Fiber Whole Wheat Bread* and *Amazing Black Forest Loaf*, denotes a line-up of nutrients and minerals in every pack of *Gardenia* bread, further positioning Gardenia as a reliable partner for consumers who are continuously seeking ways to prepare nutritious meals.

Gardenia Philippines introduced new brands that complement its freshly baked breads by launching a new coffee brand, *Coffee Smile*, that is blended to suit those who love café-style coffee; and *Happy Mie*, an authentic mi goreng instant fried noodle.


*Gardenia Philippines' Classic White Bread, High Fiber Whole Wheat Bread and Amazing Black Forest Loaf all carry the Nutri+Plus Advantage label.*

*New products introduced by Gardenia Philippines in 2023.*

2023 marked a special milestone for Gardenia Philippines with the celebration of its 25th anniversary. A digital video commercial was launched, the *Pagsasama* ("*Coming Together*") highlights how *Gardenia*, with its growing product offerings, has been and continues to be a trusted brand and a staple in the lives of Filipino consumers. Gardenia Philippines also launched a limited-edition recipe book containing more than 100 recipes for bread-based dishes, highlighting the versatility of *Gardenia* breads.

In addition to these celebrations, Gardenia Philippines also ran campaigns and events to drive awareness and encourage the consumption of its range of quality products.

- The "*Gardenia Anytime*" campaign, aimed to encourage bread consumption anytime, anywhere. Through online media and print, recipes using *Gardenia Classic White Bread* as a meal component for breakfast, lunch, dinner or any meals in between, such as packed meals for school, office, or even a quick-fix meal were highlighted.
- A multi-pronged "*Always Gardenia*" campaign was launched.
    - o *Gardenia Classic White Bread* television commercials were aired on national and regional networks.
    - o Digital and public relations initiatives through media partnerships and influencer marketing activities were initiated.
    - o Out-of-home advertisements, such as balloon-on-tour events, transit ads on the *Gardenia* fleet trucks, and toll banners along busy highways such as the North Luzon Expressway and Cebu-Cordova Link Expressway were set up in strategic, high-traffic areas in the Philippines.
- In-store promotions were implemented to influence consumers at the point of purchase.
- A team of registered nutritionist-dietitians employed wellness initiatives such as nutrition counseling in workplaces and supermarkets, and lectures in schools and for *barangay* nutrition scholars in various municipalities. These activations highlighted the importance of healthy eating, made more delicious and easier by *Gardenia*'s line of high fiber wheat breads and snacks.
- To promote the flavored loaf breads, buns and snack products, Gardenia Philippines engaged in sampling activities at the Light-Rail Transit train stations and in various school and event sponsorships. Digital campaigns and animated videos were also launched.

These marketing campaigns were complemented by increased distribution and penetration efforts.

- Increasing the number of territorial distributors by 7% and the number of routes covered by 21%.
- Marketing its products on its own Gardenia Web Store, major e-commerce platforms such as Lazada, Shopee, TikTok Shop, and online grocery delivery services like Metromart, Sarisuki, and Pandamart.
- Retailing its products at physical supermarkets namely SM, Puregold, Waltermart, Landmark, and Robinsons.

During 2023, corporate social responsibility ("**CSR**") initiatives concentrated on its year-round bread donations to charitable institutions, immediate disaster relief operations, and school nutrition programs. Additionally, Gardenia Philippines employees actively participated in tree-planting and coastal clean-up activities. As part of Gardenia Philippines' sustainability initiatives, 300 school chairs made of single-use plastics were donated to public schools in Cebu and Davao. This project aims to reduce the impact of plastic waste, while also aspiring to enrich the lives of the students through school chairs and bread donations.

*Gardenia Philippines employees actively participated in coastal clean-up activities.*

# OPERATIONAL REVIEW
# Bakery, Distribution and Warehousing

As a testament to the company's commitment to excellence, Gardenia Philippines has won several awards in 2023.

- Gardenia Philippines was one of the recipients of *The Philippines' Best Employer Brand Award* by the World Federation of HR Professionals and the Employer Branding Institute. This citation is given to organizations and brands in Asia with commendable HR strategies in recruitment as well as talent management and development.
- Circle of Excellence Awardee of the *CSR Company of the Year* and *Top Employer of the Year* that was bestowed by the Asia CEO Awards. These awards recognized the company's outsized contributions to the nation's development and the opportunities they have given to Filipinos.
- Gardenia Bakeries Philippines, Inc. was one of the finalists of the *2023 Philippine Chamber of Commerce and Industry Excellence in Ecology and Economy Awards*. Representatives highlighted the company's initiatives and programs to a panel of industry professionals and government officials.

Gardenia Philippines has continued to maintain its certifications across all its manufacturing facilities.

- International Organization for Standardization ("**ISO**") 9001:2015 certification.
- Hazard Analysis Critical Control Point ("**HAACP**") to demonstrate adherence to the systematic approach in the identification, evaluation, and control of food safety standards.
- Halal registration, confirming that Gardenia Philippines is qualified to produce Halal quality products which conform with the quality standards being implemented by the Federation.

For Gardenia Philippines, 2023 marked a celebration and a commitment to producing the best quality products always; a passion for promoting wellness and healthier lifestyles to Filipinos; and a dedication to giving back to consumers and communities in every way it can.

From as far north as Aparri, all the way to the southern peninsula of Zamboanga, *Gardenia* ensures that consumers have access to freshly baked and nutritious breads, including their favorite classic white bread, high-fiber whole wheat bread, flavored bread and snacks. For 25 years and beyond, *Gardenia*'s mission to provide world-class quality products will remain constant. Fresh. Nutritious. Always *Gardenia*.

*Gardenia Philippines was honoured as the Circle of Excellence Awardee for CSR Company of the Year and Top Employer of the Year by the Asia CEO Awards.*

# Distribution and Warehousing

## SINGAPORE

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

Ben Foods Group has performed well in 2023, surpassing sales in 2022 by 8%. This is despite economic growth being slowed by inflationary pressures. The reopening of international borders has seen initiatives by the government to expand the Meetings, Incentives, Conferences, and Exhibitions ("**MICE**") and Tourism industry. This has boosted tourist and business travellers, providing opportunities for Ben Foods Group to capitalise on, especially in its food service business. Ben Foods Group has also been able to seize market opportunities due to its adept inventory management strategy.

Warehousing, especially frozen storage, continues to be in demand. Throughout the year, Ben Foods Group has been able to maintain significantly high occupancy rates, on top of higher rental rates and electrical surcharges imposed on tenants due to increased electricity costs.

Leveraging its strong proprietary brands, Ben Foods Group continued to expand its product portfolio.

- *Farmchef* and *Farmvale* – To strengthen our foothold in the food service business, the product range has been expanded in processed meats, frozen vegetables, and cheese snacks under these brands.
- *Cowhead* – New products such as whipping cream, natural Brie and Camembert cheese slices, wraps, garlic bread and buttermilk waffles, amongst others were added in 2023. Internationally, Ben Foods Group has also collaborated with its distributors in the Philippines to activate the regional branding of *Cowhead* to promote the *Cowhead* milk, noodles and biscuit product range.

Ben Foods Group continues to invest in supporting the visibility of its proprietary brands. For example, *Farmland* and *Cowhead* were featured on the advertising boards during the *FIFA World Cup 2026* qualifiers in Singapore.

To diversify its sources of income and reduce reliance on traditional forms, Ben Foods Group has maintained its efforts in increasing its presence on third-party e-commerce platforms. This is in addition to its own e-commerce platform, *Ben Mart*. The investment in digital marketing has supported the growth of this channel and allowed the penetration of its Cowhead products.

Ben Foods Group remains committed to contributing back to the community. Once again, Ben Foods Group supported NTUC Food Drinks and Allied Workers Unions' "*Gift from the Heart 2023*" by contributing *Cowhead* products for their gift bags. Ben Foods Group supported various charities, institutions and educational institutions.

Ben Foods Group has continued to improve its operations during 2023.

- A solar power system in QAF Fruits was installed and is scheduled to be operational in early 2024. This initiative will generate cost savings, mitigate the impact of rising electricity costs and create sustainable energy that contributes to a greener environment.
- The refrigeration plant and upkeep of the premises have been maintained regularly. This commitment mitigates any risks of refrigeration system breakdowns, ensuring customers' cargoes are consistently stored at optimal temperatures.
- International Organization for Standardization ("**ISO**") 22000:2018 certification for its warehousing operations at NCS has been maintained since August 2020. This globally recognised certification in food safety management shows our commitment to customers' cargo storage needs for extended periods.

Looking forward to 2024, the business landscape will be weighed by inflationary pressures and supply chain disruptions as operational and food costs escalate. To overcome these challenges, Ben Foods Group will continue to actively source for new and competitive suppliers, while developing its proprietary branded products. Ben Foods Group will also look for new markets both domestically and internationally.

# OPERATIONAL REVIEW
## Distribution and Warehousing


*Products launched by Ben Foods Group in 2023.*

# QAF LIMITED


2023 SUSTAINABILITY REPORT

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# INTRODUCTION

## About this Report

[GRI 2-1, 2-3]

QAF Limited (the "**Company**" or "**QAF**") is pleased to present our seventh annual Sustainability Report ("**SR**") covering our business operations for the period 1 January 2023 to 31 December 2023 ("**FY2023**").

## Reporting Scope

[GRI 2-1, 2-2, 2-6]

This report relates to our Bakery operations located in Singapore (where QAF is headquartered), the Philippines, Australia, and Malaysia. This year, we have also expanded our scope to include the Distribution and Warehousing businesses and the Group's joint venture bakery operations in Malaysia.

Unless otherwise stated, this Report covers the following entities, which are collectively referred to as the "**Group**":

| Entity | Location | Segment |
|---|---|---|
| QAF Limited | Singapore | Corporate Office |
| Gardenia Foods (S) Pte Ltd ("**Gardenia Singapore**") | Singapore | Bakery |
| Gardenia Bakeries (Philippines) Inc.<br>Philfoods Fresh-Baked Products Inc.<br>Nutribaked Food Products Inc.<br>Nutrimax Fresh-Baked Inc.<br>Vitabread Food Products Inc.<br>(collectively "**Gardenia Philippines**") | Philippines | Bakery |
| Gardenia Bakeries (KL) Sdn Bhd* ("**GBKL**")<br>Bakers Maison (M) Sdn Bhd ("**BMM**")<br>Farmland Bakery (M) Sdn Bhd ("**Farmland Malaysia**")<br>Millif Industries Sdn Bhd ("**Millif**") | Malaysia | Bakery |
| Bakers Maison Pty Ltd ("**Bakers Maison Australia**" or "**BMA**") | Australia | Bakery |
| Ben Foods (S) Pte Ltd ("**Ben Foods Singapore**")<br>NCS Cold Stores (S) Pte Ltd ("**NCS Cold Stores**")<br>QAF Fruits Cold Store Pte Ltd ("**QAF Fruits**") | Singapore | Distribution and Warehousing |

* *The Group has 50% interest in the ownership and voting rights of GBKL that is held through a wholly owned subsidiary.*

## Reporting Framework

[GRI 2-3]

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 because it is a globally recognised framework that enables a standardised approach for businesses to report on critical sustainability issues; and encourages transparency and consistency in the data presented. The GRI content index relevant to this report can be found on pages 75 to 77.

This year, we continue to adopt the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") in our climate reporting. Our TCFD disclosures can be found on pages 50 to 57.

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 2023. We publish our sustainability reports annually and our reports for previous years are available on our website www.qaf.com.sg.

QAF does not currently conduct external assurance on our sustainability reporting.

## Feedback

[GRI 2-3]

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

# SUSTAINABILITY REPORT

## BOARD STATEMENT

[GRI 2-22]

The Board of Directors ("**the Board**") is committed to positive sustainable advancements throughout the operations of the QAF Group. We apply a continuous improvement approach to sustainability and we acknowledge the significance of striking a balance between the environmental, societal, and economic expectations of our stakeholders.

The Board is pleased to present its Sustainability Report, which provides information on our material environmental, social, and governance ("**ESG**") performance and our ESG initiatives for the Group for FY2023, pursuant to reporting requirements of SGX-ST Listing Rules 711A and 711B.

The Board assumes overall responsibility for the Group's sustainability direction and maintains oversight over the management of QAF's material ESG factors. In FY2023, a materiality review was conducted, and our scope expanded, with the Group's distribution and warehousing business, as well as joint venture bakery operations in Malaysia added. Through this review, QAF's material ESG factors identified last year have been confirmed as remaining relevant and have received approval from the Board.

This year, our report has evolved, with a greater emphasis on sustainability activities from an overall group perspective, with the intention to offer a comprehensive understanding of how our actions are consistently applied across all our entities.

Our climate-related disclosures have been expanded in our second year of reporting. This is in line with the SGX phased approach recommendations, and in adherence to the guidelines set forth by the Task Force on Climate-Related Financial Disclosures ("**TCFD**"). This year, a more comprehensive qualitative assessment was applied across the different countries where we operate to identify potential climate-related risks and opportunities. Further details can be found on pages 50 to 57 of this report.

We continue to channel our efforts into enhancing our performance and initiatives in promoting sustainability practices across our operations. Being a food business, the safety and quality standards of our products, as well as employee well-being and health are at the forefront of QAF's priorities.

QAF Group is committed to achieving excellence throughout our operations, the achievements of our operations are a testament to our team's efforts and our commitment to that goal. The Board wishes to recognise some notable achievements during 2023, these can be found at page 34 of this report.

As we push forward in our sustainability journey, we are also conscious of the increasing threats that climate change poses. There are increasing expectations to reduce environmental impact and increase transparency in the food industry. Reductions in food waste, environmental packaging alternatives, locally sourced produce and more energy- and water-efficient practices are considerations for the group. We remain mindful of the evolving landscape and that navigating our business in a rapidly changing world requires us to remain nimble and adaptable.

Moving forward, we will continue to measure our sustainability progress and seek to create long-term value for our key stakeholders.

**The Board of Directors**
QAF Limited

## QAF – AT A GLANCE

[GRI 2-1, 2-6]

QAF is a leading multi-industry food company with core businesses in Bakery, and Distribution and Warehousing. We have an extensive operations and distribution network across the Asia-Pacific region. We employ more than 9,000 people regionally and are listed on the Singapore Exchange Securities Trading Limited.

Our operations span across bakery production as well as distribution and warehousing. Our bakery operations manufacture branded packaged and unpackaged bread, and a variety of specialty French-style frozen and par-baked breads and pastries. Our distribution and warehousing business is a leading importer and distributor of a wide range of global food and beverage brands.

### 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.

## AWARDS AND RECOGNITION

The Group has been awarded with the following recognitions during 2023:

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

**2** Gardenia Philippines was recognised by the World Federation of HR Professionals and the Employer Branding Institute as one of the **recipients** of "**The Philippines' Best Employer Brand Awards 2023**". This citation is given to organisations and brands in Asia with commendable HR strategies in recruitment as well as talent management and development.

**3** Gardenia Philippines was one of the **finalists** of the "**Excellence in Ecology and Economy Awards 2023**" organised by the Philippine Chamber of Commerce and Industry. Companies were given the opportunity to highlight their initiatives and programmes to a panel of industry professionals and government officials.

**4** Gardenia Philippines bagged the Circle of Excellence Award as the "**CSR Company of the Year**" and "**Top Employer of the Year**" bestowed by the Asia CEO Awards 2023. These awards recognise the company's outsized contributions to the nation's development, and the opportunities they have given to Filipinos.

**5** For 2023, Gardenia Singapore is the No.1 Best Selling Bread Brand in Singapore in terms of value and volume sales. It has also 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 2023.

**6** At the FairPrice Partners Excellence Awards 2024, Gardenia Singapore received the following three awards for year 2023 for its leadership and commitment to providing high quality products and services:

- "**Top Business Partner of the Year Award**", given to the top 10 suppliers of FairPrice which achieved holistic growth and outstanding sales, providing strong partnership support.
- "**Most Improved Partner Award**", given to suppliers with sales growth in 2023. Gardenia Singapore was one of the 26 recipients of the award.
- "**Top Key Account Manager Award**". The awards were nominated by FairPrice Directors, Managers and Buyers based on the support given to achieve growth and strong relationship with FairPrice. A Gardenia Singapore representative was one of the 17 recipients of the award.

**7** Gardenia Singapore was awarded "**Best Value Creation Award**" for the Packaged Bread category, by DFI Retail Group in 2023 for the company's leadership and commitment in providing top quality, value-for-money products which are able to maximise shoppers' satisfaction.


**8** In 2023, Gardenia Singapore holds **Grade A status** for 29 consecutive years under the Singapore Food Agency's Food Establishment Licensing Scheme which covers food hygiene and safety standards.

**9** In Malaysia, *Gardenia* was awarded the "**Putra Brand Platinum Award (Foodstuff Category)**" for year 2023, the fourteenth year it has won the "Putra Brand Award" and the fifth year it has won the Platinum award.

**10** Gardenia Malaysia was also awarded a **Bronze 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 empower Malaysians to move from challenges to a challenger mentality through its "Wellness Begins at Home 2023" campaign.


**11** Ben Foods Singapore was conferred the "**Plaque of Commendation**" by the National Trades Union Congress in the May Day Award 2023. This is in recognition of its strong support for Labour Movement initiatives, such as the formation of a Company Training Committee, as well as its commitment and support for workers through a strong partnership with the Food, Drinks and Allied Workers Union.

**12** Ben Foods Singapore was one of the recipients of the "**Most Popular Brand Award**" for year 2023 in the FairPrice Partners Excellence Awards 2024. Its proprietary brand, *Cowhead*, renowned for its quality dairy products, was honoured to receive the esteemed award, a testament to its exceptional brand reputation and customer satisfaction.

## SUSTAINABILITY AT QAF

QAF has utilised the 5Ps framework – "People, Planet, Prosperity, Peace, and Partnership" and adapted it to fit our organisation's context. This adaptation includes the addition of "Products and Process".

### Our Approach towards Sustainable Growth

The Group also considers the United Nations' Sustainability Development Goals ("**SDG**"s) to reinforce our commitment to sustainable growth. In particular, we have focused our resources on the advancement of SDG 3 and SDG 12, which bear the most relevance to our material topics.


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

- Acknowledge the significant role that good health and well-being play in sustainable development.
- Aim to promote healthy dietary patterns among our consumers and foster healthy lifestyles among our staff.
- Undertake initiatives aimed at ensuring the healthy lives and promoting the well-being for all.


Ensure sustainable consumption and production patterns.

- Implemented initiatives to secure sustainable consumption and production practices.
- Introduce efficient resource management strategies, reducing food waste, exploring sustainably sourced and packaged products, and advocating recycling and reutilisation in our operations.
- Enhance resource efficiency, we seek to do more and better with less through our business operations.

### Sustainability Governance

[GRI 2-9, 2-12, 2-13, 2-14, 2-17]

Governance is fundamental in steering a company towards a resilient and sustainable future. It involves implementing strategies, policies, and practices that align with QAF's sustainability strategy.

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 economic, environmental, social and governance ("**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 engaged an independent consultant to advise the Group on this report. The ARC is supported by the Sustainability Working Group, which comprises Company executives and personnel from key business departments.

The Board assumes overall responsibility for the Group's sustainability direction and delegates the Audit and Risk Committee to maintain oversight over the management of QAF's material EESG factors. The Sustainability Working Group (which includes the Joint Group Managing Director) is more operationally focused and collaborates with the business units to deliver the Group's commitment to positive sustainable advancements.

Besides performing governance duties over the sustainability report, the Board has also tasked the ARC with supervising climate-related matters. The ARC is kept informed of any progress in QAF's climate-related developments through regular updates from the Sustainability Working Group.

To enhance sustainability competencies and provide updates with the latest sustainability trends, all Board members have attended SGX-ST prescribed sustainability training course(s) offered by the Singapore institute of Directors.

*Figure 1: QAF Sustainability governance structure*

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

### Stakeholder Engagement

[GRI 2-16, 2-26, 2-29]

Stakeholders are individuals or groups who are impacted by or interested in our activities. Building strong relationships with our material stakeholders is vital to QAF as it ensures that our approach towards sustainable growth remains relevant and effective. We build and maintain close connections to attain a better understanding of alternative perspectives on key issues.

| Key Stakeholders | Key Topics and Concerns | Engagement Methods[1] | Examples of Engagement Frequency |
|---|---|---|---|
| **Employees** | • Orientation for newly hired employees | • Discussion of expectations and employee commitments | • Weekly, or prior to deployment of new employees at Gardenia Philippines<br>• Prior to deployment of new employees at Gardenia Singapore and BMA<br>• Annually and prior to deployment of new employees at Farmland Malaysia |
| | • Career progression/ development | • Training and career development initiatives | • Periodically during the year |
| | | • Regular performance reviews | • 3-month and 5-month intervals for new hires and semi-annually for tenured employees at Gardenia Philippines<br>• 1-month, 3-month and 6-month intervals for new hires at BMA and Farmland Malaysia.<br>• Quarterly one on one discussions for existing employees at BMA.<br>• Annual review for performance appraisal at Gardenia Singapore |
| | | • Feedback sessions with manager at BMA | • One on one conversations quarterly |
| | | • Cross training for production staff at BMA | • Ongoing |
| | • Compensation and other benefits | • Health and wellness related initiatives | • Quarterly "*Wellness Week*" event at Gardenia Philippines<br>• Periodically during the year at BMA |
| | | • Mental health support, and mental health and well-being programmes at Gardenia Philippines and BMA | • Periodically during the year |
| | | • Vaccination programmes at Gardenia Philippines and BMA | • Periodically during the year |
| | | • Discussion of performance and achievements | • Annual performance reviews are held<br>• Periodically during the year for Gardenia Philippines<br>• Quarterly one on one conversations at BMA |

1 Includes virtual engagements, where applicable.

| Key Stakeholders | Key Topics and Concerns | Engagement Methods[1] | Examples of Engagement Frequency |
|---|---|---|---|
| | | • Virtual and social team building activities | • Periodically during the year for Gardenia Philippines<br>• Quarterly for BMA |
| | | • Engagement with applicable trade unions | • As and when required |
| | | • Livelihood training for employee dependents at Gardenia Philippines | • Periodically during the year |
| | • Sustainability Reporting | • Materiality reviews | • Annually |
| **Shareholders** | • Business and financial performance, strategy, and outlook | • Release of financial results and other announcements, and other relevant disclosures through SGXNet and QAF's website | • Half-yearly results announcements<br>• As and when required |
| | | • Publish Annual Report<br>• Annual General Meeting | • Annually |
| | | • Extraordinary General Meeting(s), where necessary | • As and when required |
| | | • Responding to questions raised through channel provided (info@qaf.com.sg) | • Ongoing as and when relevant questions/concerns are raised |
| **Customers and Consumers** | • Quality of products | • Participation in interactive roadshows held in conjunction with health promotion campaigns or initiatives<br>• Participation in in-store promotions with health-related campaigns and initiatives | • Periodically during the year |
| | | • Customer satisfaction surveys<br>• Customer feedback and internal feedback review meetings for Gardenia Singapore | • Periodically during the year<br>• Daily monitoring of customer feedback and internal review meetings twice a year for Gardenia Singapore |
| | • Nutritional content of products<br>• Use of non-GMO products<br>• Availability/ accessibility of products | • Digital Advertisements, Transit Ads, and marketing and sales promotions<br>• Interaction between brands and customers via websites and social media platforms<br>• Customer surveys<br>• Product packaging including nutritional panels and logos such as "*Healthier Choice*" logos. | • Regular interaction throughout the year |
| | • Customer and business partner relationships | • Gardenia Singapore and BMA conduct business reviews and updates with key customers/ retailers | • Periodically during the year |

| Key Stakeholders | Key Topics and Concerns | Engagement Methods[1] | Examples of Engagement Frequency |
|---|---|---|---|
| **Suppliers and Business Partners** | • Supplier and business partner relationships | • Supplier and business partner meetings | • Periodically during the year<br>• Ongoing for BMA |
| | • Quality of materials supplied<br>• On-time delivery of products | • Regular audits of factories<br>• Audits by third parties and business partners | • Periodically during the year |
| **Government and Regulators** | • Compliance with relevant rules and regulations | • Routine and ongoing communication and collaboration<br>• Compliance with mandatory reporting requirements | • As and when required |
| **Local Communities** | • Promote healthier lifestyles and raise awareness of importance of food nutrition on overall mental and physical health | • Participation in interactive roadshows held in conjunction with healthy eating promotion campaigns or initiatives<br>• Participation in wellness activities at schools, offices, supermarkets, communities and hospitals held in conjunction with promoting healthy eating<br>• Educational plant tours at Gardenia Philippines showcasing our modern bread-making facility<br>• "Kusina ni Gardee" (Gardee's Kitchen) bread recipe digital videos and art cards on social media by Gardenia Philippines<br>• Promotion of healthier lifestyles via social media platforms | • Periodically during the year |
| | • Help improve the livelihoods and living quality of the local community | • Activities to support various philanthropic, community and charitable causes | • Periodically during the year |
| **Industry Bodies** | • Short and long-term interests of the industry body groups | • Collaboration with industry bodies like Philippine Baking Industry Group | • Periodically during the year for Gardenia Philippines |

## Materiality Assessment

[GRI 2-29, 3-1]

QAF has completed a 4-step process to identify and assess the EESG topics of significance to the group. This process takes into consideration Rule 711B(1) of the SGX-ST Listing Manual and draws guidance from select GRI Standards. This year, a materiality review has been conducted, which included engagements with the new entities in scope. A materiality assessment survey was conducted with the additional reporting entities for their input and prioritisation. Upon review, the seven material EESG topics and one non-material topic identified in the prior year remain relevant in 2023.

Our materiality methodology adopts a data-driven approach to evaluate our material stakeholders' perspectives. Guided by the GRI Materiality Principle, the materiality assessment comprised the following steps:

*Figure 2: Overview of materiality assessment methodology*

**Identify Material EESG Factors**

- Conducted an external trends analysis to identify an initial list of potential sustainability topics.
- A scan of peers' disclosures was assessed, along with a review of global frameworks, such as the Global Reporting Initiative and the Sustainability Accounting Standards Board.

**Rate Material EESG Factors**

- Potential material topics were clustered to similar issues.
- A rating process was used to assess which issues are pervasive and most common across the group.
- Materiality is considered based on the interactions between QAF's value chain and its operating environment.

**Prioritise Material EESG Factors**

- Internal stakeholders of QAF and its subsidiaries were engaged to prioritise the factors based on likelihood and impact.
- The assessment takes into consideration relevance to the business, sustainability strategy and key stakeholders' expectations.
- Based on inputs received from stakeholders, the list of material EESG topics were plotted in a matrix.

**Validate Factors**

- The material topics were reviewed and endorsed by QAF management and approved by the Company's Audit and Risk Committee.
- 7 material EESG topics and 1 non-material reporting EESG topic were finalised and to be discussed in QAF's sustainability report.
- The material matters are reviewed annually for their continuing relevance and to identify if there are other matters that should be included.

## Material Mapping and Topic Boundary

[GRI 3-2]

With guidance from GRI Standards and SGX Practice Note 7.6 Sustainability Reporting Guide, the Group has identified the following material EESG topics as shown in the table below. These topics have been categorised into the 5Ps – Prosperity, Products and Process, Planet, People, and Peace and Partnerships. The table below explains the relevance of the material topics to the Group's business and its material stakeholders, as well as the related GRI Standards.

| Alignment to 5Ps | Material Topic | Materiality to QAF | Key Stakeholder/s |
|---|---|---|---|
| **Prosperity** | Economic Performance | Our financial performance is essential in delivering shareholder value and achieving long-term growth of the company. | • Shareholders<br>• 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. | • Employees<br>• Shareholders<br>• Government and Regulators |
| | Governance and Ethics: Data Protection and Cybersecurity | Promote governance in the management of cybersecurity. | • Consumers<br>• Customers<br>• Government and Regulators |
| **Products and Process** | Consumer Health and Safety: Product Responsibility | Commitment to food safety and quality to our customers. | • 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. | • Consumers |

| Alignment to 5Ps | Material Topic | Materiality to QAF | Key Stakeholder/s |
|---|---|---|---|
| **Planet** | Resource Management (Energy Management, Waste Management and Water Management) | Going beyond environmental compliance and running environmentally sustainable operations. | • Shareholders<br>• Suppliers and Business Partners<br>• Government and Regulators |
| **People** | Our People (Including Occupational Health and Safety, Employee Training and Development) | • Creating safe working environments.<br>• Investing in developing skills capabilities of our workforce. | • Employees |

The Group has also identified a non-material EESG reporting topic that is relevant to QAF.

| Alignment to 5Ps | Reporting Topic | Relevance to QAF | Key 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. | • Local Communities |

## PROSPERITY

### Economic Performance [Material topic]

Financial stability, strong economic performance and adherence to Corporate Governance principles are key to strategic and sustainable long-term growth of the Group. This ultimately benefits both our shareholders and the stakeholders in our business. Our economic performance is disclosed in the Chairman's Statement, Joint Group Managing Directors' Report and Financial Highlights as contained in our FY2023 Annual Report and is confirmed in the audited financial statements of the FY2023 Annual Report.

### Governance and Ethics: Ethical and Fair Business Practices [Material topic]

[GRI 2-15, 2-16, 2-25, 2-26, 2-27, 3-3]

#### 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 79 to 107 of our FY2023 Annual Report.

#### Anti-corruption

The Group places importance on integrity, transparency, and management of conflicts of interest. We adopted the Code of Business Ethics which emphasises its commitment to conducting business with integrity and good ethical standards and complying with applicable anti-bribery and anti-corruption laws. Corrupt practices could subject the Group and the individuals concerned, to criminal and civil liabilities, as well as negatively impact the Group's reputation and the confidence of its material stakeholders. In addition to the Code of Business Ethics, 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 our 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, whistleblowers raising genuine concerns in good faith are not at risk of losing their jobs or risk suffering from reprisal as a result, even if they are mistaken. The Company seeks to treat complaints in a confidential and sensitive manner. A complaint is only to be disclosed to persons in the Group on a need-to-know basis so as to carry out an investigation (subject to exceptions such as legal and regulatory requirements to disclose). The ARC considers the concerns raised, and, amongst others, if 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.

#### 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 a 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 strong tax governance and risk management practices instills confidence in its stakeholders and the general public by demonstrating transparency in its tax matters and contributing its fair share of taxes.

The Company has approved a Tax Governance Policy with respect to its Singapore based operations in the current year, which has been submitted to the Inland Revenue Authority of Singapore ("**IRAS**") for endorsement under the Tax Governance Framework programme. Through a strong corporate governance culture and practice, QAF Group is committed to ensure accurate, transparent and timely submission of tax returns. Business strategies pursued are supported by bona-fide commercial and economic circumstances, and in compliance with relevant tax laws. The Company's Joint Group Managing Director, assisted by the Chief Financial Officer and Tax Vice President, will escalate tax matters based on the materiality threshold to the Board and ARC.

The Company will be working with its tax advisors to participate in another new initiative relating to corporate income tax introduced by the IRAS, namely Tax Risk Management and Control Framework.

The Company had earlier participated in the Goods and Services Tax ("**GST**") – Assisted Compliance Assurance Programme ("**ACAP**"), also initiated by the 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.

## Governance and Ethics: Data Protection and Cybersecurity [Material topic]

[GRI 3-3]

Data protection and cybersecurity has been identified as key areas of focus in our organisation as we introduce additional technology throughout our operations. With cyber-attacks and breaches becoming more prevalent and sophisticated, QAF aims to improve our defence and readiness to protect our data, and guard against cyber intrusions. This is achieved by investing our efforts on three core pillars across the group: Process (mitigation measures), Technology (system security) and People (education).

### Must Know IT Policy

The Group has established a comprehensive IT policy, the "Must Know IT Policy", which governs the secure usage of email, internet, antivirus software, password management, personal data protection and data and information classification. This policy is readily accessible to all employees and undergoes regular reviews and updates.

Key features of QAF's Group IT Policy are highlighted below in Figure 3.

*Figure 3: Summary of QAF's Group IT Policy*

**Computer Anti-virus Policy**

A combination of preventive and detective measures deployed to reduce the risk of damage to data and programmes caused by computer viruses/malwares/spywares/ransomware.

**Internet Use Policy**

A series of measures listing the practices of internet usage within QAF, for example, restrictive access to malicious/phishing/unproductive websites, downloading or publishing of materials, distribution of information, etc.

**Email Use Policy**

A series of measures listing the practices of email usage within QAF, for example, email communication practices, policy against phishing and how to identify such emails, data confidentiality, etc.

### Data Backup and Recovery

The Group recognises the importance of systems and data backup and recovery. This includes local on-site backup and remote off-site backup. Regular back up of critical data to secure storage and maintain reliable backup procedures will help ensure data availability and facilitate timely recovery in the event of data loss, system failures, or security incidents, especially ransomware attack.

Regular technical restoration is conducted and validated by our IT personnel to ensure data availability and recoverability. IT Disaster recovery exercises are also performed on key operational and financial systems and data.

### Incident Response Management

To build cyber resilience and enhance our ability to respond and recover effectively, we have standardised our cybersecurity incident response management at the QAF corporate office. This entailed the formation of a Crisis Management Team and Cyber Incident Response Team, defining their roles and responsibilities, and outlining the incident response process.

### Investing in People (The Human Firewall)

We believe our people are key in our defence against cyber threats. We continue to engage our staff in cybersecurity awareness education to create a group wide cybersecurity risk aware and responsible culture. Initiatives include:

- Distributing monthly newsletters on cyber related news and tips to employees so that they are kept abreast of recent cyber incidents and best practices to identify, detect, protect, and respond to social engineering and email phishing.
- Conducting annual cybersecurity awareness training and assessment.
- Conducting annual simulated email phishing exercise to validate employees' preparedness and readiness.

For example, at a recent employee get together lunch, the corporate office conducted a quiz in a fun and learning environment, on topics relating to cybersecurity and data privacy and protection.

## PRODUCTS AND PROCESS

### Consumer Health and Safety: Product Responsibility [Material topic]

[GRI 2-27, 3-3, 416-1, 416-2, 417-1]

#### Our Commitment to Food Safety and Quality

The Group is committed to producing food that is consistently high in quality and meets the requirements of all applicable food safety standards. We maintain strict standard operating procedures with the aim of ensuring that our products and production processes are safe, hygienic, and compliant with the relevant regulations and quality standards. All the Group's bakery facilities have maintained their internationally-recognised food quality and safety certifications, as well as Halal certifications, throughout the year. Our internationally-recognised certifications include ISO, Food Safety System and/or Hazard Analysis and Critical Control Point ("**HACCP**") certifications. Internal quality audits are conducted on a regular basis to confirm that quality management systems, food safety, and Halal standards are met.

The Group's bakery operations have mechanisms in place to only source from suppliers that meet its supplier screening requirements. Raw materials from our suppliers are measured against our specifications through batch samplings and testing. This ensures that the ingredients used in our products meet the quality and safety requirements. Employees of our bakery operations who are involved in food handling are required to attend food safety and Halal awareness trainings to make sure they remain updated on food safety and Halal requirements.

The Group also monitors on a regular basis that its product labelling standards and practices adhere to local requirements. Our product labels include the product's expiry date, allergen declaration and ingredients. Where applicable, we also highlight key information such as the product's nutritional content and compliance with halal standards. This allows us to communicate information with our consumers, and allow them to make more informed decisions about their purchases.

As a testament to our commitment to ensuring food safety and quality, in FY2023, the Group has reported that there are zero incidents of non-compliance with applicable laws and regulations relating to food safety of its Bakery products, resulting in a fine or penalty or regulatory warning.

Please refer to "Appendices: Certifications" section on page 73 for the Group's quality and food safety certifications.

#### Key case studies

1) Gardenia Singapore continues to hold Grade A status for the 29th consecutive year under the Singapore Food Agency's Food Establishment Licensing Scheme which covers food hygiene and safety standards.

2) Every year, relevant employees at Bakers Maison Australia attend a two-hour Food Safety Update course, conducted by Australian Food Microbiology. This course is specially designed for the food industry and serves to ensure that employees are kept abreast of the latest food safety topics. Topics covered in this course include 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 course, all employees receive a certificate which confirms their participation.

## Consumer Health and Safety: Promoting Healthy Eating and Lifestyles [Material topic]

[GRI 3-3]

### Innovating and Developing Wholesome Food with Great Taste

Gardenia regularly reviews its product range to keep in touch with changing consumer tastes and market trends. It strives to innovate wholesome products that not only taste good but contain nutrients that contribute to good health, well-being and value.

The Group's in-house teams 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. The Group currently employs a total of 32 staff to undertake research and development ("**R&D**") and compliance responsibilities for Gardenia. These staff comprise 12 professional staff, 8 baking technologists, 4 laboratory technicians and 8 support staff.

A selection of new products launched by the Group in FY2023 are set out below.

| New products launched in FY2023 | | Key features of new products |
|---|---|---|
| Launched in Singapore: | | |
|  | ***Gardenia Nutri-Ace Sprouted Soft Grain 100% Wholemeal Loaf*** | High in dietary fibre which aids in digestion and boosts gut health, this loaf also contains Iron, Protein and Vitamins A, B1, B2, B3, and E. |
|  | ***Gourmet Selections Soft Rye Blackcurrant Loaf*** | New country loaf which contains nutritious rye and blackcurrants which are sources of Vitamin C and antioxidants. |
|  | ***Gourmet Selections Rustic Olive and Herbs Loaf*** | New country loaf made with olives which are sources of Vitamin E and antioxidants. |
| Re-launched in Malaysia with improved formula: | | |
|  | ***Gardenia Breakthru Bran & WheatGerm Bread*** | Soft and fluffy in texture, delicious in taste, high in calcium and infused with nutrients such as Iron, Protein and Vitamins A and E. |

### Encouraging Healthier Choices

We promote nutrition education and encourage healthy consumption habits among our consumers. In the Philippines and Singapore, we work closely with government agencies and schools to encourage consumers to adopt sensible food habits such as increasing wholegrains and fibre intake. To encourage consumers to create healthier meals at home, delicious and healthy recipes using *Gardenia* loaves and buns were also featured on social media such as Facebook and Instagram, with a total reach of almost two million in the Philippines. Gardenia Philippines also brought back "Supermarket Wellness", a wellness programme for in-store shoppers as consumers continue to shift back to brick-and-mortar shopping. Upon its comeback, Gardenia Philippines was able to reach and engage over 25,000 shoppers across 63 supermarkets.

## Making Our Products Accessible

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. Our bakery operations deliver fresh bread to approximately 79,000 third party outlets and through major e-commerce platforms. This extensive network enables the wide distribution of the Group's products to many consumers, improving public access to healthier food options.

## Making Our Products Affordable

To maintain affordability for the lower income mass market, the Group's bakery operations offer selected product ranges, for example the *Neubake* bread range in the Philippines, the *Super Value* bread range in Singapore, and the *Gardenia Bonanza Keluarga* in Malaysia. Nationwide retail promotions such as price-off discounts, bundling activities and value pack offers are also held throughout the year to provide savings for consumers.

### Key case studies

1) **Singapore**
Gardenia Singapore has 15 wholemeal products certified by Health Promotion Board ("**HPB**") as "*Healthier Choice*", two of which includes "*Low GI*" loaves.

Gardenia Singapore works with various organisations such as HPB and Diabetes Singapore to educate and encourage consumers to increase their intake of wholegrains. This is done through sponsorship of events such as "Walk Again with Confidence", "World Heart Day" and "World Diabetes Day 2023". Collaborating with dietitians from Mount Alvernia Hospital, Gardenia Singapore worked together with Frontier Healthcare which organised a Patient Forum to educate the public on label reading and healthy eating to manage chronic diseases.

2) **Philippines**
In 2023, Gardenia Philippines' physical and online plant tours were attended by over 279,000 students from about 973 schools, a welcome return to our pre-pandemic programme. In addition, the "School Nutri-Tour" programme hosted over 89,000 students from about 242 schools in an hour-long programme, which provided nutrition education, a sandwich recipe demonstration, physical activities and bread sampling for public and private school children.

Gardenia Philippines continued its "Corporate Wellness Movement" to help private sector and government employees achieve their health and wellness goals. This programme consisted of nutrition consultations administered by registered Nutritionist-Dietitians via face-to-face and video conference sessions. The workshops were free with more than 31,000 participants from 157 offices in 2023.

Gardenia Philippines joined 4 *Diskwento Caravans* in the National Capital Region, 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.

3) **Australia**
Most *Bakers Maison* products are made with only natural ingredients, and contain no added fat, palm oil, preservatives, sugar or artificial flavours. A selection of its products is also gluten-free and certified by Coeliac Australia. In 2023, four *Bakers Maison* products were rated "Everyday" and "Green" (the best classification) by the Healthy Kids Association, which is the leading food and drink registration programme for school canteens in Australia.


*Gardenia Singapore worked with Diabetes Singapore to educate and encourage consumers to increase their intake of wholegrains through sponsorship of "World Diabetes Day 2023" event.*

# SUSTAINABILITY REPORT

## PLANET

### Resource Management [Material topic]

[GRI 3-3]

Natural resources support all life on this planet. Proper management of these natural resources lays the foundation for sustainable development. QAF recognises that the over-exploitation of natural resources harms the health of ecosystems and the well-being of all living things.

In the face of the growing environmental concerns, we exercise our responsibility and care for the resources we depend on, such as energy and water. As a group, we continue to monitor and seek to implement reductions in our energy consumption and waste generation to reduce negative environmental impacts.

#### Energy Management

[GRI 3-3]

The Group aims to optimise our energy consumption to reduce our greenhouse gas emissions and operating expenses. This will be achieved through regular monitoring of our energy consumption and evaluating available energy efficiency solutions and renewable energy technology.

The Group's energy management initiatives across its facilities include:

- The implementation of solar technology to generate renewable energy.

  Solar panels have been installed at Bakers Maison Australia since FY2017, and at GBKL's facility in Malaysia since FY2021.

  1,217 square metres ("**sqm**") of new solar panels have been installed by Gardenia Philippines in FY2023.

  As of 31 December 2023, the Group had 4,800 sqm of solar panels which were operational.

  In Q4 2023, QAF Fruits installed 2,800 sqm of solar panels, which are set to be operational in January 2024.

  Gardenia Singapore has initiated a pilot project for its two plants aimed at testing the feasibility of standalone solar lighting. Five solar-powered lighting fixtures were set up during the preliminary round to study the potential energy savings and energy efficiency.

- A heat recovery system is in use at one of our factories in Malaysia. This system produces hot water directly from the condensers of the factory cooling system, instead of using electrical heaters to heat water separately. The hot water is used to clean the cream roll injectors and bread cooler conveyors. A similar heat recovery system is also in use at one of the factories of GBKL.

- Installation and use of LED lights and sensor activated lighting at the Group's factories, offices and warehouses.

- Utilising energy efficient technology such as inverter-type air-conditioning units with energy-saving features, enhancing cooling efficiency while minimising energy usage and the deployment of capacitor banks in electrical systems to improve power factor and reduce energy wastage.

*New solar panels were installed at Gardenia Philippines in FY2023.*

### Performance

[GRI 302-1, 302-3]

In 2023, the Group has expanded our disclosures to include energy consumption and energy intensity.

The disclosure of energy intensity will be presented on a per metric tonne (production volume) basis, given that production constitutes a substantial portion of our business. With the expected growth of our business, monitoring of intensity will provide insights to our energy efficiency performance.

The energy consumption of QAF's entities (bakery, GBKL JV, distribution and warehousing) are presented into two categories – production and operations, and transport-related activities. Whilst we anticipate a rise in energy use in future years because of our continuing focus on growing business volumes, we plan to actively manage our energy through initiatives such as introduction of solar power projects and heightening our focus on energy efficiency across the Group.

*Energy consumption and energy intensity*

| Metric and year | Bakery | GBKL JV | Distribution and Warehousing | Total |
|---|---|---|---|---|
| **Production and operations** | | | | |
| Electricity consumption, non-renewable (kWh) | 54,176,964.54 | 63,602,009.00 | 10,274,368.41 | 128,053,341.95 |
| Electricity consumption, renewable (kWh) | 350,886.44 | 248,721.00 | – | 599,607.44 |
| Fuel consumption, stationary combustion (TJ) | 177.69 | 240.42 | – | 418.11 |
| **Transport-related activities** | | | | |
| Fuel consumption, mobile combustion (TJ) | 201.83 | 441.50 | 10.74 | 654.07 |
| **Total usage based on category** | | | | |
| **Production and operations** (TJ) | 373.99 | 470.28 | 36.99 | 881.26 |
| **Transport-related activities** (TJ) | 201.83 | 441.50 | 10.74 | 654.07 |
| **Energy intensity (per metric tonne "MT" of production volume)** | | | | |
| Production volume (MT) | 175,232.63 | 141,952.70 | Not relevant | Not relevant |
| Production and operations (TJ/MT) | 0.00213 | 0.00331 | *Note* | *Note* |

Note: As production volume is not relevant in the context of distribution and warehousing, disclosure of intensity cannot be provided.

### Key case study

In 2023, our bakery operations in Malaysia, including that of our joint venture, have initiated an Energy Conservation Plan ("**ECP**") and Energy Policy. An ECP Task Force and an Energy Committee ("**EC**") comprising ECP Lead Team and EC members, have also been set up. Short term targets have also been set to achieve reductions in energy consumption and carbon dioxide emissions ("**CO2e**"). The ECP Lead Team organises EC meetings twice yearly, during which energy conservation plans and solutions are proposed to the EC. Status reporting on the ECP projects (prior and post-implementation) are also presented to the EC at the meeting.

The ECP initiative from Malaysia have been shared with other group subsidiaries for consideration and adoption.

### Task Force on Climate-related Financial Disclosures (TCFD)

QAF commenced its climate risk assessment aligned to the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations in 2022. In our second year of reporting, we built upon these foundations by conducting an initial scenario analysis and compiled a more comprehensive assessment of both risks and opportunities impacting the Group. For our most material climate risks, we have also identified opportunities and actions to mitigate and manage QAF's risk exposure.

The Group's strategy for managing material climate-related risks is grounded in the four key pillars of TCFD: Governance, Strategy, Risk Management, and Metrics and Targets, and encompasses a total of 11 disclosure recommendations. With the understanding that landscape associated with climate risk is very dynamic, plans will be reviewed, risks assessed and opportunities considered on an ongoing basis. The objective is to build resilience against all material risks of the Group.

| TCFD Pillar | Recommended Disclosure | QAF's Approach | Report Section |
|---|---|---|---|
| **Governance** | a) Describe the Board's oversight of climate-related risks and opportunities.<br>b) Describe management's role in assessing and managing climate-related risks and opportunities. | The Board is ultimately responsible for the Company's reporting on climate-related risks and opportunities and approves the disclosures in the Annual and Sustainability Reports. Annually, the Board is updated on climate-related assessments, issues, and updates to the climate risk register, if any.<br>The Group's ARC is responsible for overseeing and making recommendations to the Board on sustainability matters. This includes the review of the Group's sustainability policies, practices, performance, and targets, which include climate-related matters. The ARC consists of non-executive independent Directors who are supported by the QAF Sustainability Working Group which comprises Company executives and personnel from key business departments. Collectively, this team manages climate-related risks and opportunities at the Group level, including assessing and implementing appropriate mitigation actions. | **Sustainability Governance** |

| TCFD Pillar | Recommended Disclosure | QAF's Approach | Report Section |
|---|---|---|---|
| **Strategy** | a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.<br><br>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.<br><br>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | In FY2023, QAF has enhanced our climate risk assessment for operations located in Singapore, the Philippines, Malaysia, and Australia. The approach involved in-depth research into various physical and transition risks, categorising and assessing the relevance and impact of each risk to QAF. QAF adopted 2 scenarios, Net-Zero and Business as Usual ("**BAU**") for assessment across the short-, medium- and long-term horizons. Categorisation of risks were conducted in reference to QAF's Enterprise Risk Management ("**ERM**") framework. Additional details about the evaluation are discussed in the following section.<br><br>QAF has recognised nine categories of high climate-related risks: five pertaining to transition risks and four to physical risks. Transition risks are anticipated to be particularly significant for QAF over the medium and long terms, especially under the net zero scenario. On the contrary, physical risks such as changes in precipitation and rising average temperatures are set to be more apparent under the business-as-usual scenario.<br><br>QAF consistently reviews its mitigation strategies as part of ongoing efforts to enhance and optimise operations. We adopt a forward-thinking management approach. As a manufacturer and wholesaler, QAF is committed to minimising the effects of increased energy costs associated with greenhouse gas emissions. In respect of transition risk, the Group has begun to invest in green energy production such as solar power and implement measures to reduce energy consumption.<br><br>To address material physical risks, QAF is evaluating flood protection measures and backup power sources at its most vulnerable sites to minimise disruption to production and operations. Contingency plans are being developed to diminish the risk of loss in production in the event of disruption at one or more locations. Additionally, QAF will also consider physical risk of current locations when evaluating any extension of current leased premises, and implementation of relevant measures when upgrading facilities.<br><br>At the current stage, risk mitigation measures are not as critical over the shorter term, but are being evaluated for future implementation ahead of medium to long term impacts. However, QAF remains vigilant and will assess and modify this strategy if and when required. | **Climate-Risk Assessment** |

## Climate-Risk Assessment

Aligning to our Group risk management processes, we conducted climate scenario analysis across our entities. The following illustrates our risk assessment approach and scope of scenario analysis:

### Risk Assessment Approach

Conduct in-depth research into climate-related risk categories – physical risks and transition risks → Determine risk relevance and impact to QAF → Employ scenario analysis across short, medium and long term horizons → Assess opportunities for adoption and mitigation actions for implementation

### Scenario Analysis

<table>
<tr><th colspan="7">Physical and Transition Climate Change Risk Assessment Scope</th></tr>
<tr><td>Assessment Scope</td><td colspan="3">Physical Risk: Manifests from extreme weather events and longer-term shifts in climate</td><td colspan="3">Transitional Risk: Manifests from shift towards a low-carbon economy</td></tr>
<tr><td>Time Horizons</td><td colspan="2">Short Term (2025)</td><td colspan="2">Medium Term (2030)</td><td colspan="2">Long Term (2050)</td></tr>
<tr><td>Scenarios</td><td colspan="3">Net-Zero</td><td colspan="3">BAU</td></tr>
<tr><td rowspan="2">For Physical risks and key assumptions</td><td colspan="3">Intergovernmental Panel on Climate Change (“IPCC”) Representative Concentration Pathway (“RCP”) 2.6</td><td colspan="3">IPCC RCP 8.5</td></tr>
<tr><td colspan="3">• Greenhouse gas (“GHG”) emissions are strongly reduced, resulting in global average temperature increase of no greater than 2°C in an organised transition.[2]</td><td colspan="3">• Minimal policies or actions are in place to support decarbonisation, GHG emissions continue to rise with continued high fossil fuel usage. Depicting implications of a future with higher physical risks.[2]</td></tr>
<tr><td rowspan="2">For Transition risks and key assumptions</td><td colspan="3">Network for Greening the Financial System (“NGFS”) Net Zero</td><td colspan="3">NGFS Nationally Determined Contributions (“NDCS”)</td></tr>
<tr><td colspan="3">• Assumes ambitious climate policies are introduced immediately. Net $CO_2$ emissions to reach zero around 2050, with a chance of limiting global warming to below 1.5 °C by the end of the century, with transition risks expected to be high.[3]</td><td colspan="3">• Assumes that the moderate and heterogeneous climate ambition reflected in the conditional NDCs at the beginning of 2021 continues over the 21st century, with transition risks expected to be relatively low.[3]</td></tr>
</table>

2 For more information, please visit: Intergovernmental Panel on Climate Change, Topic 2 - Future Climate Changes, Risks and Impacts, https://ar5-syr.ipcc.ch/topic_futurechanges.php

3 For more information, please visit: Network for Greening the Financial System Scenarios Portal, https://www.ngfs.net/ngfs-scenarios-portal/explore/

**Physical and Transition Risks**

QAF focuses on high-risk factors in the following table but maintain firm commitment to review and monitor all recognised climate-related risks. The risks deemed as high under various scenarios are consolidated in the following table:

| Scenario | Net-Zero | | BAU | | |
|---|---|---|---|---|---|
| Risk and Category/Time Horizon | Medium Term (2030) | Long Term (2050) | Short Term (2025) | Medium Term (2030) | Long Term (2050) |
| **Physical Risk** | | | | | |
| Acute: Change in Precipitation (Increased intensity, frequency and/or duration of flooding) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Acute: Extreme temperature spells | ✓ | ✓ | | ✓ | ✓ |
| Acute: Extreme weather (Increased intensity, frequency and/or duration of storms) | | | ✓ | ✓ | ✓ |
| Chronic: Change in average temperature | | | | ✓ | ✓ |
| **Transition Risk** | | | | | |
| Market: Changes in customer behaviour | ✓ | ✓ | | | ✓ |
| Market: Uncertainty in market signals | ✓ | ✓ | ✓ | | |
| Policy and Legal: Increased pricing of GHG emissions | | ✓ | | | |
| Reputation: Shifts in consumer preferences | ✓ | ✓ | | | |
| Technology: Costs to transition to lower emissions technology | ✓ | | | | |

Additional details regarding the risks and QAF's strategy to mitigate these risks are presented below:

| Risk and Category | Impact of Risk | Opportunities and Mitigation Actions |
|---|---|---|
| | **Physical Risk** | |
| **Acute: Change in Precipitation (Increased intensity, frequency and/or duration of flooding)** | • Projected increase in frequency and intensity of extreme weather events in the medium and long term, especially in the Philippines, Malaysia, and Singapore.<br>• Costs associated to weatherproof facilities can become prohibitive | • Evaluate installation of flood mitigation measures (i.e. barriers) at premises and assess backup energy supply in case of grid or utility disruption.<br>• Ensure sufficient insurance coverage.<br>• Develop and maintain operationally ready business continuity plans which may include ramping up production in alternative sites to mitigate production capacity loss. |
| **Acute: Extreme temperature spells** | • High or extreme temperatures can result in heatwaves, particularly in the Philippines in the medium to long term, and especially in the business-as-usual scenario.<br>• Heatwaves can result in decreased worker productivity and increased costs with higher cooling loads. | • Evaluate alternative engineering designs to enhance ventilation and airflows.<br>• Monitor developments in Occupational Health and Safety standards and evaluation of technology targeted to improve operational comfort. |
| **Acute: Extreme weather (Increased intensity, frequency and/or duration of storms)** | • For the business-as-usual scenario, in the medium and long term, floods are predicted to occur more often and with greater severity, potentially disrupting road access and resulting in factory shutdowns, particularly relevant to manufacturing facilities in Malaysia and the Philippines.<br>• Operational disruptions can result in significant decrease in revenue. | • Evaluate installation of flood mitigation measures (i.e. barriers) at premises and assess backup energy supply in case of grid or utility disruption.<br>• Ensure sufficient insurance coverage.<br>• Activation of business continuity plans. |
| **Chronic: Change in average temperature** | • Rising global temperatures will lead to an escalation in cooling requirements. In Malaysia and the Philippines, temperatures are expected to increase by an estimated 1.6 degrees, in the long term under the business-as-usual scenario.<br>• Production delays caused by affected infrastructure and lower productivity can result in significant revenue impact. | • Evaluate initiation or installation of energy efficient or environmentally friendly cooling measures or systems.<br>• Ongoing monitoring and evaluation of developments in Heating, Ventilation and Air Conditioning technologies, with view to implement viable options. |

| Risk and Category | Impact of Risk | Opportunities and Mitigation Actions |
|---|---|---|
| | **Transition Risk** | |
| **Market: Changes in customer behaviour** | • Large segment of consumers committing to purchasing from 'sustainable' brands. This risk is especially prevalent in net zero scenario where businesses are expected to improve traceability and transparency, and potential revenue impact if customers' expectations are not met. | • Expand on range of products to accommodate variety of consumer preferences.<br>• Close monitoring of sales results by product, conducting customer surveys to keep abreast of graduating shifts in consumer preferences. |
| **Market: Uncertainty in market signals** | • Greater investor scrutiny over supply chain ESG impacts. Investors expect companies to demonstrate decarbonisation efforts including value chain engagement.<br>• Lack of investment in transition initiatives resulting in more limited access to capital due to decreased investor confidence. | • Focus on continuous improvement approach to realise decarbonisation efforts.<br>• Investment in green energy generation (i.e., solar) and energy intensity reduction (efficient equipment and lighting). |
| **Policy and Legal: Increased pricing of GHG emissions** | • Carbon pricing policies in some countries may impact the agricultural sector in upstream supply chain, resulting in increased operational costs for suppliers procuring raw agricultural products.<br>• Increase in fuel and energy costs incurred in manufacturing processes observed where carbon taxes are passed through | • Consider adopting viable lower emissions technology.<br>• Reducing emissions throughout production processes through improving energy efficiency.<br>• Close monitoring of current emissions to facilitate cost evaluation and future planning.<br>• Explore green rebates and financing arrangements for adoption of new technologies. |
| **Reputation: Shifts in consumer preferences** | • Consumers shift away from traditional packaged food products. Packaged food companies are driven to expand product offerings to cater to shift in customer preferences.<br>• Increase in capital expenditure for research and development to ensure accommodating shifts in consumer preferences will not compromise food quality and safety. | • Close monitoring of market and sales performance to ensure that products are aligned with the latest consumers trends and choices.<br>• Review sourcing arrangements (including purchasing from locations closer to manufacturing facilities).<br>• Reviewing equipment and energy requirements.<br>• Review product development, particularly relating to sustainable packaging. |
| **Technology: Costs to transition to lower emissions technology** | • Local policies necessitate QAF to reduce emissions by purchasing more energy-efficient equipment | • Ongoing monitoring of commercially available technologies.<br>• Scheduling current asset replacement or deferral to reduce future transition costs associated with adopting new technology. |

**Opportunities**

Our recent assessment reveals that the current landscape features minimal climate-related opportunities for early business adoption within the Group. In view of this, we continue to evaluate opportunities focusing on improvements to our existing processes, raw material sourcing, and low-energy initiatives, as well as exploring emerging technology related to sustainable packaging and advancements in the distribution industry.

| TCFD Pillar | Recommended Disclosure | QAF's Approach | Report Section |
|---|---|---|---|
| **Risk Management** | a) Describe the organisation's processes for identifying and assessing climate-related risks.<br>b) Describe the organisation's processes for managing climate-related risks.<br>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | Our ERM framework has recently been revised and employs a top-down approach focusing on Group risk. This framework is designed to systematically identify and evaluate substantial risks, including those associated with climate change. During the year, we updated our Corporate Governance Report to encompass climate risk in our risk management procedures. Various internal stakeholders were consulted during these assessments to secure diverse insights and perspectives. Risk parameters outlined in the ERM framework have been used to evaluate climate-related risks in our scenario analysis.<br><br>ERM assessment is overseen by the ARC, who is responsible for its implementation. The ARC reviews key enterprise risks identified through the ERM process, along with the corresponding risk mitigation strategies.<br><br>QAF remains committed to merging various climate considerations into its broader enterprise decision-making processes. This commitment shapes our approach to identifying, evaluating and managing the risks and opportunities associated with climate change. More information can be found in our Corporate Governance Report on pages 94 to 98 of our FY2023 Annual Report. | **Corporate Governance Report** |
| **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.<br>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.<br>c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets. | The Group closely monitors its energy consumption and GHG emissions.<br><br>In line with the GHG Protocol Corporate Accounting and Reporting Standard ("**GHG Protocol**") methodology, QAF continues to disclose our Scope 1 and 2 GHG emissions. This can be found in the "Scope 1 and Scope 2 GHG Emissions" section on page 57.<br><br>QAF has reviewed its primary sources of business inputs and is preparing for the reporting of Scope 3 emissions by identifying the required data and exploring the relevant tools and methods for data collection and analysis. QAF is applying an approach of continuous improvement, including plans to broaden the monitoring of energy intensity, and scope of emissions inventory and reporting in subsequent years. This aims to identify opportunities to improve energy efficiency.<br><br>QAF is presently engaged in discussions with the operational management teams of its business units to set common, meaningful and measurable targets that can effectively manage the major climate risks that have been identified. | **Energy Management**<br><br>**Scope 1 and Scope 2 GHG emissions** |

### Scope 1 and Scope 2 GHG Emissions

[GRI 2-4, 305-1, 305-2, 305-4]

| Metric and year | FY2023 Emission and Intensity Disclosure[4] Bakery | GBKL JV | Distribution and Warehousing | Total | Emission and Intensity based on SR2022 boundaries FY2022[5] | FY2023[6] |
|---|---|---|---|---|---|---|
| **Production and operations** | | | | | | |
| **GHG emissions – Scope 1 (tCO2e)** | 25,636.54 | 18,032.31 | 2,893.18 | 46,562.03 | 20,598.32 | 23,679.20 |
| **GHG emissions – Scope 2 (tCO2e)** | 37,754.86 | 41,010.58 | 4,282.36 | 83,047.80 | 26,604.40 | 29,480.83 |
| **GHG emissions – Total Scope 1 and 2 (tCO2e)** | 63,391.40 | 59,042.89 | 7,175.54 | 129,609.83 | 47,202.72 | 53,160.03 |
| **Transport-related activities** | | | | | | |
| **GHG emissions – Scope 1 (tCO2e)** | 15,043.78 | 32,849.30 | 800.55 | 48,693.63 | 1,977.84 | 14,954.99 |
| **Emissions by Scope** | | | | | | |
| **GHG emissions – Scope 1 (tCO2e)** | 40,680.32 | 50,881.61 | 3,693.73 | 95,255.66 | 22,576.16 | 38,634.19 |
| **GHG emissions – Scope 2 (tCO2e)** | 37,754.86 | 41,010.58 | 4,282.36 | 83,047.80 | 26,604.40 | 29,480.83 |
| **GHG emissions – Scope 1 and 2 (tCO2e)** | 78,435.18 | 91,892.19 | 7,976.09 | 178,303.46 | 49,180.56 | 68,115.02 |
| **GHG emissions intensity** | | | | | | |
| **Production volume (MT)** | 175,232.63 | 141,952.70 | Not relevant | Not relevant | 142,008.90 | 145,043.05 |
| **Production and operations – Total Scope 1 and 2 (tCO2e/MT)** | 0.36 | 0.42 | *Note* | *Note* | 0.33 | 0.37 |

Note: As production volume is not relevant in the context of distribution and warehousing, disclosure of intensity cannot be provided.

Like energy, QAF will work towards reducing its emissions intensities across its businesses. QAF will continue monitoring emission performance and implementing initiatives to effectively manage and mitigate emissions.

4 In SR2023, we have expanded our reporting scope to cover 14 entities in the Bakery and Distribution and Warehousing segments. The additional reporting entities include 3 entities in the Distribution and Warehousing businesses and 3 entities in the Bakery segment, namely BMM, Millif and GBKL JV.

5 FY2022 values have been restated as the references for conversion factors utilised have been changed. In SR2022, DEFRA's UK Government GHG Conversion Factors were used. For SR2023 and subsequent years moving forward, the Emission Factors from Cross-Sector Tools and Global Warming Potential (GWP) from Intergovernmental Panel on Climate Change (IPCC) will be utilised.

6 FY2023 GHG emissions presented here are based on boundaries of 8 Bakery entities reported for SR2022. Refer to SR2022 boundaries as defined in "Appendices: Definitions, boundaries and methodologies" section on page 66 for more details.

### Waste Management

[GRI 3-3, 306-2]

The Group is conscious of our environmental footprint, and we aim to better manage and reduce our waste through continuous improvement by reducing, reusing and recycling ("**3R**") the by-products generated by the manufacturing processes in our factories.

As part of the mandatory requirement of the National Environment Agency (Singapore) ("**NEA**") for 3R Plans, the Group's two key subsidiaries in Singapore, Gardenia and Ben Foods, have also submitted their mandatory packaging data and 3R plans to the NEA since 2022.

In FY2023, Gardenia Philippines improved its Butter Toast packaging with the goal of prolonging its shelf life and lessening food waste in the long term, all while maintaining product quality and food safety.

#### Reduce

The Group aims to reduce plastic and paper usage. We are exploring the reduction of plastic packaging thickness for some of our products. For example, Gardenia Singapore, a signatory to the Singapore Packaging Agreement, started to reduce the packaging thickness for some *Gardenia* products in 2022. This initiative has resulted in a reduction of about 3,762 kg of plastic in FY2022 and 272 kg of plastic in FY2023. Gardenia Singapore plans to extend these reductions to more *Gardenia* products throughout FY2024 and FY2025. Gardenia Singapore has also encouraged consumers to 'go green' by distributing reusable non-woven shopping bags with purchase of selected *Gardenia* wholemeal loaves.

The Group is transitioning to paperless transactions to reduce paper consumption and wastage.


*Gardenia Singapore encouraged consumers to 'go green' by distributing reusable non-woven shopping bags with purchase of selected Gardenia wholemeal loaves.*

#### Reuse

In addition to reducing the amount of food waste produced, the group is also focusing on increasing its reuse. In FY2023, BMA donated approximately 121 tonnes (FY2022: 104 tonnes) of edible bread and pastry dough waste to local farmers. The waste is then mixed with grains and converted into animal feed. Gardenia Philippines has diverted more than 15,000 tonnes of bread waste to fish meal in FY2023. During the year, Gardenia Singapore worked with several local start-ups, such as Less & Co (previously known as CRUST Group), which upcycles unsold bread into beverages for Food Service and Retailers, and Prefer, which produces bean-free coffee. In FY2023, 565 kg of unsold bread has been upcycled under this arrangement.

#### Recycle

The Group aims to recycle the cardboard and plastic we use. We have set up recycling programmes where we collect corrugated board and plastic waste from our factories and warehouses, and send them to recycling plants. In FY2023, Ben Foods Singapore recycled approximately 87 tonnes (FY2022: 69 tonnes) of corrugated cardboard, 7 tonnes (FY2022: 6 tonnes) of plastic and 1 tonne of paper. Since FY2017, BMA has been recycling the cardboard waste it generates. In FY2023, it recycled approximately 69 tonnes (FY2022: 52 tonnes). Gardenia Philippines also established waste segregation processes to divert recyclable materials away from landfill.

### Key case study

Gardenia Philippines recycles product packaging into school chairs, which are then donated to schools in need. This innovative approach not only reduces packaging waste, but also provides school-going children with valuable classroom furniture. In FY2023, Gardenia Philippines donated 300 school chairs to Gun-Ob High School in Lapu-Lapu City, Cebu and Cabantian Elementary School in Davao City. These chairs were made from 100% single-use plastics, recycling approximately 9 tonnes of plastic and other packaging materials. To amplify this cause and encourage the community to join this endeavour in the coming years, Gardenia Philippines launched a post-consumption plastic collection drive in schools, barangays and stores with the goal of collecting more plastic packaging to be converted into recycled school chairs.

### Water Management

[GRI 3-3, 303-2]

Wastewater from the Group's facilities is treated in accordance with the applicable regulations and wastewater requirements of the local authorities. At our bakeries, oil interceptors and strainers are used to prevent oil, grease or sludge from entering the sewers. The interceptors are inspected, cleaned and regularly maintained. Where required by the local authorities, testing and monitoring of standard effluent parameters are performed at an accredited laboratory, and test reports are submitted to the respective countries' local authorities. These tests encompass critical factors such as pH value, discharge temperature, oil and grease content, biological oxygen demand, and total suspended solids.

The Group also monitors water consumption. For example, Gardenia Philippines has invested in water conservation technologies, optimising water usage within their operations. The Group's factory in Johor also harvests rainwater for toilet flushing.

*Gardenia Philippines donated 300 school chairs to two schools in the Philippines. The chairs were made from recycled product packaging.*

## PEOPLE

### QAF Workforce Profile

[GRI 2-7]

| Country | Full time contract | Part time contract | Total |
|---|---|---|---|
| Philippines | 4,522 | – | 4,522 |
| Singapore | 659 | 3 | 662 |
| Malaysia | 4,661 | – | 4,661 |
| Australia | 150 | – | 150 |
| Total | 9,992 | 3 | 9,995 |

### Our People [Material Topic]

#### Occupational Health and Safety ("OHS")

[GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6]

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

The Group has OHS policies in place at all our bakeries. Our OHS policies and procedures adhere to the local OHS regulations and requirements of the respective countries in which we operate, and aim to reduce or minimise workplace hazards and occupational illnesses. Work-related hazards and risks are identified and assessed through the risk assessment process. Risk assessments are conducted for every new process and activity at least once every 3 years. A hierarchy of controls is used to manage potential hazards and reduce risks. The controls comprise 5 distinct types of action, Elimination (physically remove the hazard), Substitution (replace the hazard), Engineering controls (isolate people from the hazard), Administrate controls (change the way people work) and Personal Protective Equipment. Where required, our manufacturing facilities are also subject to audits or inspections by the local Safety and Health regulators or external vendors at least once every 3 years.

We have established Safety Committees which conduct meetings on a regular basis to discuss workplace hazards, injuries and any safety-related concerns. Once reviewed, the committees discuss preventive and corrective actions for safety incidents and other necessary precautionary measures to avoid these incidents happening in the future.

As an additional safeguard, employees can confidentially report any safety concerns without fear of retaliation, in accordance with the Group's Whistleblowing Policy.

OHS training is conducted for employees in areas such as Workplace Safety and Health, Occupational First Aid, Forklift Safety, Chemical Handling, Safe Driving, Fire Fighting, Emergency Response, Scaffold Awareness, Safety in Confined Space and Safety when Performing Work at Height. Training is conducted at least once every 2 years so that our employees are equipped with the knowledge to perform their duties in a safe manner and know how to react in emergencies or workplace accidents.

OHS initiatives implemented at some of our bakery facilities include:

- Gardenia Singapore organises a yearly training course for the delivery team to equip them with the techniques to mitigate potential road hazards.
- Employees working in areas with high noise levels are provided with earplugs and earmuffs to reduce noise exposure. Production employees also undergo mandatory annual audiometric examinations.
- Chemical health risk assessments were also performed to assess the level of chemicals which our employees are exposed to, and to assess the effectiveness of personal protective equipment to reduce or eliminate employees' risks of chemical exposure.
- In recognition of its commitment to workplace safety, Gardenia Singapore is also accredited with BizSAFE Level 4 by the Workplace Safety and Health Council.

### Key case study

In FY2023, Gardenia Philippines organised Basic Occupational Safety and Health ("**BOSH**") training which were attended by 450 employees. BOSH training is a regular 8-hour training programme conducted monthly either by in-house Safety Officers or external training providers for all plant-based employees. Topics include Safety Behaviour Awareness, Personal Protective Equipment, Accident Investigations, Analysis and Reporting, Material Safe Handling, Machine and Electrical Safety, Emergency Preparedness, Hazards Identification, Assessment and Control, and Ergonomics.

### Access to health services

The Group safeguards the physical and mental health of our employees by ensuring that both occupational and non-occupational health services are readily accessible. In Singapore, Malaysia and the Philippines, employees have access to panel clinics and are covered under our group hospital and medical insurance plans.

### Initiatives

Throughout the year, the Group also implemented various initiatives targeted at addressing employee well-being.

Key initiatives for employees' physical well-being include:

**Philippines:**

- Gardenia Philippines has an on-site clinic where employees can seek a consultation with the company physician. The company nurse is also available on day and night shifts. Gardenia Philippines also has an ambulance on standby, so that transport to medical facilities is readily available where necessary. Free flu vaccinations are provided for employees.

**Singapore:**

- Gardenia Singapore organises a complimentary health screening for all its employees. It also distributed goodie bags comprising of supermarket vouchers and food items, to all employees for Lunar New Year and Singapore's National Day celebrations to help staff defray the rising cost of living.

**Malaysia:**

- Gardenia Malaysia collaborated with the Social Security Organisation to organise the Health Screening Programme for eligible employees at the company's premises. Approximately 1,000 employees benefitted from the programme. Results from the health screening programme also helped management to identify suitable future health programmes for the employees.

- Gardenia Malaysia organised the Gardenia Beyond 200K Steps Challenge. The programme, in its second year, aims to encourage employees to lead healthy lifestyles while boosting employee morale and creating better engagement. Employees were rewarded with various prizes for meeting a minimum number of steps throughout the challenge.

**Australia:**

- Free flu vaccinations are provided by Bakers Maison Australia. It also conducts biennial fitness-to-work assessments for its employees. Bakers Maison Australia hosted an end of year party on the company's premise, providing food, music and fun games for all employees. As an expression of the company's sincere gratitude, employees who completed 5 years, 10 years and 15 years of service were awarded with long service awards during the event.

*Gardenia Philippines organised BOSH training for plant-based employees.*

*Bakers Maison Australia hosted an end of year party on the company's premise, providing food, music and fun games for all employees.*

Key initiatives for employees' mental well-being include:

**Australia:**

- To address mental health concerns, Bakers Maison Australia has an Employee Assistance Programme ("**EAP**") in place. All employees have full day access to an EAP provider, Acacia. Acacia provides mental health support, coaching and advice on a range of personal issues. During the year, EAP training was attended by all BMA staff to refresh their awareness of Acacia's services. The leadership team members also attended the "Mental Health for Leaders" seminar to enhance their awareness of mental health challenges in workplace and coping mechanisms.

**Philippines:**

- Gardenia Philippines provided webinars focusing on improving one's mental health and well-being. It also implemented "Wellness Week" activities to educate and promote the positive effects of health and wellness within the workplace.

**Malaysia:**

- Gardenia Malaysia organised a special awareness talk on mental health for staff. The session was conducted by a well-known speaker, Dr Malar Shanti Santherasegapan. Dr Malar, who is a Medical Doctor, Health Activist and an HRDF Certified Trainer, shared her knowledge and experience on mental health and healthy lifestyle with almost 200 Gardenia Malaysia staff. The session was also recorded and shared with all Gardenia Malaysia staff who were unable to attend the session.

**Singapore:**

- Gardenia Singapore organised three sessions of Mental Wellness and Fatigue Management for its employees during the year.

*EAP training was attended by Bakers Maison Australia staff to refresh their awareness of the services provided by an EAP provider.*

*Gardenia Malaysia organised a special awareness talk on mental health for staff.*

## Employee Training and Development

[GRI 3-3, 404-2]

Employee competency is enhanced through continuous training. We believe in empowering our employees with the right skills, expertise and training to not only improve their professional performance, but also enhance their overall personal development.

Training programmes are organised to equip or upgrade our employees with the necessary technical and soft skills. Training is conducted either by in-house trainers, subject matter experts, or external training providers.

Training programmes conducted during the year by entities under the Group include:

**Philippines:**

Gardenia Philippines has 3 main types of employee training programmes.

- The Building Blocks Training Programmes, which cover new hire training, soft skills training, and government/ regulatory updates. All employees are required to attend these training programmes.
- The Expert's Track Training Programmes, aimed at the specific functional or technical expertise of employees.
- The Leader's Track Training Programmes, aimed at developing the leadership competence of supervisors, senior supervisors, and assistant managers.

**Malaysia:**

- A team bonding programme "Team Bonding: Leadership Exploration Development" was organised for 159 employees of our bakeries in Malaysia. This programme was conducted over three sessions at Port Dickson, Negeri Sembilan. Activities were centred around leadership exploration and development, which is crucial for fostering collaboration, enhancing communication, boosting morale and empowering individuals within a team to take on future leadership roles.

**Australia:**

- Selected employees from the Logistics and Supply and Demand function attended soft skills training in areas such as communication and leadership. Managers from the IT and Maintenance and Project function also attended technical training in areas such as data recovery and digital marketing.

**Singapore:**

- Gardenia Singapore employees attended courses related to food safety, food technology innovation, inclusive workplace, employee welfare, workplace safety and sustainability.
- Employees from the Distribution and Warehousing business attended courses related to workplace safety and health, operating of forklift, as well as food safety and hygiene.

*Team bonding programme was organised for employees of our bakeries in Malaysia.*

## PEACE AND PARTNERSHIPS

### Supporting Philanthropic, Community and Charitable Causes

The Group supports initiatives which create positive social impact for the communities connected to our business. We do this by participating in a range of philanthropic, community and charitable causes, and investing in our future generations. Our initiatives reflect our continued commitment to delivering positive social impact.

In FY2023, more than 2.1 million units of *Gardenia* products were donated by the Group to the community. Through these donations, we have supported charitable organisations, students, frontline workers, lower income groups and vulnerable individuals.

Our key bread and other donation programmes include:

- Gardenia Philippines' Daily Bread Nutrition Programme, which donated more than 1.2 million packs of bread and other products to about 1,787 charitable organisations in various parts of the country. Gardenia Philippines' Nutrition Assistance Programme, which donated over 33,000 units of products to about 2,484 public elementary school students.

- Gardenia Malaysia's initiative to provide breakfast to students sitting for Sijil Pelajaran Malaysia exam. In 2023, Gardenia Malaysia distributed approximately 63,000 units of *Gardenia* products to more than 8,000 students at about 39 schools. Gardenia Malaysia's Bag-2-School Programme, an annual programme to help under-privileged students prepare for the new school term, has benefited 1,300 students in FY2023. Since March 2023, Farmland Malaysia has also been supporting the Muhibbah Food Bank with monthly donations of 2,000 packs of *NuMee* instant noodles.

- Gardenia Singapore donated approximately 20,260 *Gardenia* loaves and buns to the community. Beneficiaries include social service agencies, community services centres, foundations and nursing homes, as well as workers in the public service sector, migrant workers and less fortunate households.

- Ben Foods Singapore donated 173 cartons of *Cowhead* instant noodles and biscuits to the community, to support NTUC in the "Union Gift from the Heart" event. Ben Foods Singapore also supported Wild Rice and Nanyang Academy of Fine Arts in their fund raising by donating $9,000 and $10,000 respectively.

We also continue to support local communities in disaster relief and recovery. Key initiatives include:

- In 2023, Gardenia Malaysia collaborated with the Social Welfare Department to distribute RM60,000 worth of *Gardenia* products to the communities in affected areas and at the relief centres.

- Gardenia Philippines provided immediate food relief to Filipinos affected by natural calamities and disasters. Through its Quick Response programme, Gardenia Philippines distributed more than 42,000 loaves to over 18,000 families and 2,000 individuals affected by volcanic activities, typhoons and different incidents of fires and floods in various parts of the Philippines.

We also continue to support the development of future generations by nurturing young talents.

- Gardenia Malaysia and Farmland Malaysia offered internship positions to 17 local university students from various fields to equip them with real-life working experience. Gardenia Singapore also offered internship positions in the Marketing and R&D department to six students from local polytechnics and a local university. The interns were provided with opportunities to manage customer feedback, events, market research and social media, as well as hands-on baking experience. This helped them gain corporate experience and better prepare them to join the workforce.

*Over 33,000 units of products were distributed to about 2,484 public elementary school students under Gardenia Philippines' Nutrition Assistance Programme.*


*Gardenia Malaysia collaborated with the Social Welfare Department to distribute Gardenia products to the communities affected by floods.*

The Group believes in an inclusive community. Examples of our initiatives include the following:

- Gardenia Singapore supported the Singapore Association for the Deaf's Family Day, as well as The Purple Parade, which is a movement to celebrate the abilities of persons with disabilities. Gardenia Singapore raised awareness for the Purple Parade movement through a social media event encouraging consumers to share a kind message about inclusion along with a purple heart emoji. Gardenia Singapore engaged three van salesmen through the Yellow Ribbon Industries Pte Ltd, which is an organisation aimed at providing a second chance to ex-offenders and support their successful reintegration into society.

- In collaboration with a not-for-profit organisation "Habitat for Humanity – Australia", Bakers Maison Australia employees volunteered two full days in cleaning and painting a local men's shelter.

### Promoting Public Awareness on Mental Health and Scams

As a household brand, Gardenia cares and believes in the importance of the family unit as the foundation of a community. With the increasing prevalence of mental health issues and scams, we aim to promote public awareness on mental well-being and scam prevention through our brand.

Examples of our initiatives conducted during the year include:

- Under the #GardeniaCares Wellness Begins at Home campaign, Gardenia Malaysia collaborated with NobleDr+, a non-governmental organisation that promotes Mental Health Programme for teenagers at schools called #beMINDful. Its main goal is to provide more extensive awareness on making mental health a priority and reducing stigma, in line with the World Health Organisation's vision of "Make mental health for all a global priority". Gardenia Malaysia also organised its second Facebook live forum which continued to highlight key matters on mental health and help equip Malaysians with the knowledge to overcome challenging times.

- Gardenia Singapore worked with government organisations to spread awareness and educate households in Singapore on the rising danger of scams. In Singapore, almost $1.3 billion was lost to scams in 2021 and 2022. In collaboration with The Singapore Police Force ("**SPF**"), Gardenia Singapore launched the "Don't Feed the Scammers" campaign, where we promoted the national Anti-Scam message "I can A.C.T against Scams" on the packaging of approximately 2 million loaves of our *Gardenia* products. Consumers were also able to scan a QR code to participate in a quiz to learn about the dangers of scams. The campaign received more than 41,700 game plays. Together with SPF and Hong Kah North Grassroots Organisations, Gardenia Singapore also distributed educational leaflets on job scams and *Gardenia* wholemeal loaves to more than 450 families of lower income residents during door-to-door visits.

We also care for the environment. Gardenia Philippines initiated tree planting activities since 2014. In 2023, its employee volunteers planted more than 2,000 seedlings in Siniloan, Laguna. There were also partnerships with local government units and private offices for coastal clean-up activities in Biñan, Laguna and Polillo Island, Quezon, in celebration of the International Coastal Clean-up Day.


*Bakers Maison Australia employees collaborated with "Habitat for Humanity – Australia" to volunteer in cleaning and painting a local men's shelter.*

*In 2023, Gardenia Philippines' employee volunteers planted more than 2,000 seedlings in Siniloan, Laguna.*

## APPENDICES

### Definitions, boundaries and methodologies

[GRI 2-2, 302-1, 302-3, 305-1, 305-2, 305-4, G4 FP5]

#### Boundaries for Sustainability Report (unless otherwise defined in the specific sections)

**SR2022:**

| Entity | Location | Segment |
|---|---|---|
| Gardenia Foods (S) Pte Ltd ("**Gardenia Singapore**") | Singapore | Bakery |
| Gardenia Bakeries (Philippines) Inc.<br>Philfoods Fresh-Baked Products Inc.<br>Nutribaked Food Products Inc.<br>Nutrimax Fresh-Baked Inc.<br>Vitabread Food Products Inc.<br>(collectively "**Gardenia Philippines**") | Philippines | |
| Farmland Bakery (M) Sdn Bhd ("**Farmland Malaysia**") | Malaysia | |
| Bakers Maison Pty Ltd ("**Bakers Maison Australia**") | Australia | |

**SR2023: All of the entities listed in the SR2022 table above, with the addition of entities in this table below in SR2023**

| Entity | Location | Segment |
|---|---|---|
| Gardenia Bakeries (KL) Sdn Bhd ("**GBKL**")<br>Bakers Maison (M) Sdn Bhd ("**BMM**")<br>Millif Industries Sdn Bhd ("**Millif**") | Malaysia | Bakery |
| Ben Foods (S) Pte Ltd ("**Ben Foods Singapore**")<br>NCS Cold Stores (S) Pte Ltd ("**NCS Cold Stores**")<br>QAF Fruits Cold Store Pte Ltd ("**QAF Fruits**") | Singapore | Distribution and Warehousing |

#### Energy

- This report covers non-renewable electricity consumption (purchased electricity), renewable electricity consumption (solar generation) and non-renewable fuel consumption (natural gas, diesel use and liquified petroleum gas).
- Total energy consumption within the organisation is calculated in Joules and presented under the categories of 'production and operations' and 'transport-related activities'.
- The conversion factor used to convert kilowatt-hours (kWh) to terajoules (TJ) is $3.6e^{-6}$.
- Energy intensity is derived by taking total energy consumption from production and operations activities (in Joules) divided by the total production volume (in MT). This offers a representation of energy efficiency specifically in our primary business activities. The production volume used for bakery is 175,232.63 MT and for GBKL is 141,952.70 MT.

### GHG Emissions

- The GHG emissions are reported in accordance with the guidelines outlined in the GHG Protocol Corporate Accounting and Reporting Standard. Our methodology employs the operational control approach, where we take responsibility for GHG emissions from operations under its direct control. CO2e emissions are estimated based on the conversion factors from Intergovernmental Panel on Climate Change ("IPCC") Guidelines AR4 and 5 for National Greenhouse Gas Inventories.

- Direct (scope 1) and energy indirect (scope 2) emissions are included in the calculation. CO2, CH4 and N2O is included in the calculation of the GHG emissions. Scope 2 emission uses a location-based method.

- Direct (scope 1) and energy indirect (scope 2) emissions are calculated in tons of CO2 equivalent ("**tCO2e**") and presented under the categories of 'production and operations' and 'transport-related activities'.

- Direct (scope 1) and energy indirect (scope 2) emissions are included in the calculation of the GHG emissions intensity.

- Emission intensity is derived by taking total emissions from production and operations activities (in tCO2e) divided by the total production volume (in MT). This offers a representation of emission efficiency specifically in our primary business activities.

- For FY2023 data, the production volume used for emission intensity calculation is similar to that used for energy intensity calculation, which is 175,232.63 MT for bakery and 141,952.70 MT for GBKL.

  For the FY2022 and FY2023 comparison, the production volume for FY2022 and FY2023 are 142,008.90 MT and 145,043.05 MT, based on SR2022 boundaries.

### GRI G4 FP5 (Percentage of production of volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards)

- This report identifies the sites that have undergone third-party certification for internationally recognised food safety management system standards, considering the total production volume.

- The denominator is the total production volume of all the sites operated by the reporting organisation where products are manufactured.

- This report calculates the percentage in accordance with GRI G4 FP5 by dividing the production volume certified by third-party certification for internationally recognised food safety management system standards across all the Bakery entities of the reporting organisation where products are manufactured to get the percentage.

## Policies for Material ESG Topics

| Material ESG Topics | Applicable to which entity? | Name of policy/procedure/check sheet |
|---|---|---|
| Consumer Health and Safety: Product Responsibility | • Gardenia Singapore | • Food safety policy<br>• Consumer Health and Safety Standard Operating Procedures ("**SOP**") |
| | • Gardenia Philippines | • Good Manufacturing Practices ("**GMP**") Agreement with plant-based employees |
| | • Gardenia Malaysia<br>• BMM<br>• Millif | • Food safety policy<br>• GMP Systems Overview |
| | • Farmland Malaysia | • Food safety procedure |
| | • Bakers Maison Australia | • Quality Assurance Good Hygiene Practices & GMP Check Sheet |
| | • Ben Foods Singapore | • New Products SOP<br>• Listing SOP |
| Consumer Health and Safety: Promoting Healthy Eating and Lifestyles | • Gardenia Singapore | • Consumer Health and Safety SOP |
| | • Gardenia Malaysia | • New Product Development SOP |
| Resource Management (Energy Management) | • Gardenia Malaysia<br>• BMM<br>• Millif | • Energy Policy |
| Resource Management (Waste Management) | • Farmland Malaysia<br>• Ben Foods Singapore<br>• NCS Cold Stores | • Waste Management SOP |
| | • Gardenia Philippines | • Waste Disposal Policy<br>• Baking of Dough Waste Policy |
| | • Gardenia Malaysia<br>• BMM<br>• Millif | • Waste Disposal Policy |
| Our People (Occupational Health and Safety) | Bakers Maison Australia | • Work, Health & Safety Policy<br>• Risk Management Policy and Procedure<br>• Safety and Emergency (Freezer and Chiller Areas)<br>• Monthly WHS Committee Meeting Policy & Procedure |
| | • Gardenia Philippines | • Safety Manual<br>• Emergency Action Plan |
| | • Gardenia Singapore | • Employee health, safety and well-being SOP |
| | • Gardenia Malaysia<br>• BMM<br>• Millif<br>• Farmland Malaysia | • Safety and Health Policy |
| Our People (Employee Training and Development) | • Gardenia Malaysia<br>• BMM<br>• Millif<br>• Farmland Malaysia | • Training Policy |
| | • Gardenia Philippines | • Training and Development Policy |
| | • Gardenia Singapore | • Employee training and development SOP |

## Performance Snapshot and Targets

[GRI 2-27, 205-3, G4 FP5]

QAF acknowledges the importance of setting targets in-lined with the strategic time horizons. We have re-examined our short-term targets according to suitable timeframes and improved their robustness. Similarly, we are planning on reviewing our interim targets to align them with our medium and long-term goals.

| FY2023 Targets | FY2023 Achievements | FY2024 Targets |
|---|---|---|
| **Material ESG Topic: Governance and Ethics (Ethical and Fair Business Practices)** | | |
| Continue to maintain zero confirmed incidents of corruption. | Zero confirmed incidents of corruption based on internal audits conducted. | Maintain zero confirmed incidents of corruption. |
| **Material ESG Topic: Governance and Ethics (Data Protection and Cybersecurity)** | | |
| 1. To conduct annual cybersecurity awareness training and assessment for QAF and its bakery subsidiaries.<br>2. To conduct an annual simulated email phishing exercise for QAF and its bakery subsidiaries. | 1. Conducted annual cybersecurity awareness training and assessment for QAF and its bakery subsidiaries.<br>2. Conducted an annual simulated email phishing exercise for QAF and its bakery subsidiaries. | 1. To conduct annual cybersecurity awareness training and assessment for all QAF subsidiaries.<br>2. To conduct an annual simulated email phishing exercise for all QAF subsidiaries. |
| **Material ESG Topic: Consumer Health and Safety (Product Responsibility)** | | |
| 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. | Percentage of total production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards: Bakery: 100% | 1. Maintain the FY2023 percentage of total production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards.<br>2. Zero incidents of non-compliance with applicable laws and regulations relating to food safety of its Bakery products, resulting in a fine or penalty or regulatory warning. |

| FY2023 Targets | FY2023 Achievements | FY2024 Targets |
|---|---|---|
| **Material ESG Topic: Consumer Health and Safety (Promoting Healthy Eating and Lifestyles)** | | |
| 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.<br><br>2. Gardenia Philippines aims to continue producing more innovative and healthier product offerings for different target markets. | 1. Gardenia Singapore launched a new wholemeal bread, the *Gardenia Nutri-Ace Sprouted Soft Grain 100% Wholemeal Loaf*, which is baked with easy-to-digest sprouted Canadian wholegrains and 100% wholemeal flour. The new loaf is high in dietary fibre which aids digestion and boosts gut health.<br><br>2. Gardenia Singapore has continued to promote 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 2023 Challenge" organised by the Health Promotion Board and the "World Diabetes Event" organised by Diabetes Singapore.<br><br>3. To further respond to the consumers' rising demand for healthier products, Gardenia Philippines' *Classic White Bread* now carries the "Nutri+Plus Advantage" label, a recognised trademark logo and overall health communication handle that denotes the product's nutritive offerings which may help improve overall health and wellness, including bone health, physical growth and development, and energy boost. | 1. Gardenia Singapore aims to develop 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.<br><br>2. Gardenia Philippines aims to continue producing more innovative and healthier product offerings for different target markets.<br><br>3. GBKL will concentrate on the existing range of healthy grain products that was relaunched in 2023, such as *Breakthru* and *Gourmet Selections*. We will continue creating awareness campaigns towards promoting healthy eating habits. This includes continuing the 8CTIVE School Tour 2.0 – Excellence Programme "Balanced Nutrition, Excellent Students", a programme endorsed by the Ministry of Education. In 2024, we plan to visit more schools across Peninsular Malaysia and target to reach around 83,000 students. The students will be educated on healthy eating habits and the programme will also include some physical games plus a sample of *Breakthru* bread for them to take home. |
| **Material ESG Topic: Resource Management** | | |
| 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. | There were no incidents of material non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge. | 1. 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.<br><br>2. Complete additional installations of solar energy at QAF Group facilities. |

| FY2023 Targets | FY2023 Achievements | FY2024 Targets |
|---|---|---|
| **Material ESG Topic: Our People** | | |
| *Employee Training and Development* | | |
| 1. Gardenia Singapore will continue to conduct an annual departmental training plan to review the training requirements of its employees.<br><br>2. BMA remains committed to investing in the education and development of its employees to build their knowledge, skills, and capabilities. | 1. Gardenia Singapore conducted an annual departmental training plan to review the training requirements of its employees.<br><br>2. BMA invested in the education and development of its employees to build their knowledge, skills and capabilities. | 1. Gardenia Singapore will conduct an annual departmental training plan to review the training requirements of its employees.<br><br>2. BMA will invest in the education and development of its people to build their knowledge, skills, and capabilities.<br><br>3. Gardenia Philippines will continue with the semi-annual competency assessment of employees, as the basis for both Departmental and Annual Training Plans.<br><br>4. GBKL, BMM and Millif will continue in-house training on Food Handler, Operational Prerequisite Programme/Critical Control Point training and comprehensive induction programme that cover food safety topics, Halal Awareness, safety at workplace and security induction. |

| FY2023 Targets | FY2023 Achievements | FY2024 Targets |
|---|---|---|
| **Material ESG Topic: Our People** | | |
| *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 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.<br><br>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 Workplace Safety and Health training for different groups of employees and organise annual audiometric examination tests for production workers.<br><br>3. Gardenia Philippines will continue to conduct Basic Occupational Safety and Health ("**BOSH**") training for all newly hired employees as mandated by the labour and employment department of the Philippines. | 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 took all necessary corrective action.<br><br>2. Gardenia Singapore continued 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. Other training organised for employees included Quality & Safety talks, Fire Safety Manager courses and safety courses related to performing work at height, Occupational First Aid course for appointed first aiders and Defensive Driving course. Gardenia Singapore also continued to organise annual audiometric examination tests for production workers.<br><br>3. In 2023, Gardenia Philippines organised BOSH training for 450 employees. | 1. BMA will continue to run in-house first aid training, food safety refresher training and fire safety training. Monthly WHS committee meetings will be conducted to review safety concerns and near-miss incidents.<br><br>2. Gardenia Singapore will continue 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 will conduct Workplace Safety and Health training for different groups of employees and organise annual audiometric examination tests for production workers.<br><br>3. Gardenia Philippines will conduct BOSH training for all newly hired employees as mandated by the labour and employment department of the Philippines.<br><br>4. GBKL, BMM and Millif will again conduct in-house Emergency Preparedness, Fire Fighting and Hazard Identification, Risk Assessment and Risk Control training for Safety Committee Members and Emergency Response Team Members. We will also organise Chemical Handling training and Hearing Conservation Programme for our different groups of operation staff. Additionally, annual audiometric tests will also be conducted for operation staff. |

## Certifications

[GRI 416-1]

| Name of entity | Name of internationally recognised quality or food safety certification |
|---|---|
| • Gardenia Bakeries (Philippines) Inc.<br>• Philfoods Fresh-Baked Products Inc.<br>• Nutribaked Food Products Inc.<br>• Nutrimax Fresh-Baked Inc.<br>• Vitabread Food Products Inc. | • ISO 9001: 2015 Quality Management Systems<br>• HACCP certification |
| • Gardenia Foods (S) Pte Ltd | • ISO 22000: 2018 – Food Safety Management System |
| • Gardenia Bakeries (KL) Sdn Bhd<br>• Bakers Maison (M) Sdn Bhd<br>• Millif Industries Sdn Bhd | • ISO 22000: 2018 - Food Safety Management System<br>• HACCP certification |
| • Farmland Malaysia | • Food Safety System Certification FSSC22000 v5.1, Food Manufacturing |
| • Bakers Maison Australia | • SQF Food Safety Code: Food Manufacturing Edition 9<br>• SQF Quality Code Edition 9 |
| • Ben Foods Singapore<br>• NCS Cold Stores | • ISO 22000: 2018 – Food Safety Management System |

## Memberships and Initiatives

[GRI 2-28]

| Location | Name of Memberships |
|---|---|
| Singapore | • GS1 Singapore Council<br>• Singapore Manufacturers' Federation<br>• Singapore Business Federation<br>• Singapore Food Manufacturers' Association<br>• Singapore Bakery & Confectionery Trade Association<br>• Singapore National Employers Federation |
| Philippines | • Employers Confederation of the Philippines, Inc.<br>• European Chamber of Commerce<br>• Filipino-Chinese Bakery Association, Inc.<br>• Laguna International Industrial Park Association, Inc.<br>• Makati Business Club<br>• Philippine Marketing Association<br>• People Management Association of the Philippines<br>• Philippine Baking Industry Group<br>• Philippine Chamber of Food Manufacturers, Inc.<br>• Philippine Institute for Supply Management<br>• Philippine Society for Talent Development<br>• The Wallace Business Forum |
| Malaysia | • Federation of Malaysian Manufacturers<br>• Malaysia External Trade Development Corporation<br>• Malaysian Investment Development Authority<br>• SME Association of Malaysia (South Johor) |
| Australia | • Food Standards Australia New Zealand<br>• New South Wales – Food Authority<br>• Australian Institute of Food Science & Technology<br>• Canterbury-Bankstown Council |

| Location | Name of External Initiative |
|---|---|
| Singapore | Singapore Packaging Agreement |
| Philippines | Philippine Integrity Initiative |

## GRI Context Index

| | |
|---|---|
| Statement of use | QAF Limited has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 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** | The organisation and its reporting practices | | | |
| | 2-1 | Organisational details | Annual Report 2023 (QAF Group), About this Report, Reporting Scope, QAF – At a Glance | Page 8-9, 31, 33 |
| | 2-2 | Entities included in the organisation's sustainability reporting | Reporting Scope, Definitions, boundaries and methodologies | Page 31, 66 |
| | 2-3 | Reporting period, frequency and contact point | About this Report, Reporting Framework, Feedback | Page 31 |
| | 2-4 | Restatements of information | Planet | Page 57 |
| | Activities and workers | | | |
| | 2-6 | Activities, value chain and other business relationships | Annual Report 2023 (Operational Review), Reporting Scope, QAF – At a Glance | Page 16-28, 31, 33 |
| | 2-7 | Employees | People (QAF Workforce Profile) | Page 60 |
| | Governance | | | |
| | 2-9 | Governance structure and composition | Annual Report 2023 (Board of Directors), Sustainability Governance, Annual Report 2023 (Corporate Governance Report) | Page 10-13, 35, 79, 82-84 |
| | 2-10 | Nomination and selection of the highest governance body | Annual Report 2023 (Corporate Governance Report) | Page 82-84, 86-87 |
| | 2-11 | Chair of the highest governance body | Annual Report 2023 (Board of Directors) | Page 10 |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | Sustainability Governance | Page 35 |
| | 2-13 | Delegation of responsibility for managing impacts | Sustainability Governance | Page 35 |
| | 2-14 | Role of the highest governance body in sustainability reporting | Sustainability Governance | Page 35 |
| | 2-15 | Conflicts of interest | Prosperity, Annual Report 2023 (Corporate Governance Report, Additional Information on Directors Seeking Re-Election) | Page 42, 80, 106, 200 |
| | 2-16 | Communication of critical concerns | Stakeholder Engagement, Prosperity | Page 36-38, 42 |
| | 2-17 | Collective knowledge of the highest governance body | Sustainability Governance | Page 35 |
| | 2-19 | Remuneration policies | Annual Report 2023 (Corporate Governance Report) | Page 88-90 |
| | 2-20 | Process to determine remuneration | Annual Report 2023 (Corporate Governance Report) | Page 88 |

| GRI Standard | Disclosure | | Location: Report Section | Page No. |
|---|---|---|---|---|
| | Strategy, policies, and practices | | | |
| | 2-22 | Statement on sustainable development strategy | Board Statement | Page 32 |
| | 2-25 | Processes to remediate negative impacts | Prosperity | Page 42 |
| | 2-26 | Mechanisms for seeking advice and raising concerns | Stakeholder Engagement, Prosperity | Page 36-38, 42 |
| | 2-27 | Compliance with laws and regulations | Prosperity, Products and Process, Performance Snapshot and Targets | Page 42, 45, 69-72 |
| | 2-28 | Membership associations | Memberships and Initiatives | Page 74 |
| | Stakeholder engagement | | | |
| | 2-29 | Approach to stakeholder engagement | Stakeholder Engagement, Materiality Assessment | Page 36-38, 39 |
| **GRI 3: Material Topics 2021** | 3-1 | Process to determine material topics | Materiality Assessment | Page 39 |
| | 3-2 | List of material topics | Material Mapping and Topic boundary | Page 40-41 |
| **Material Topic: Governance and Ethics (Ethical and Fair Business Practices)** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 | Management of material topics | Prosperity | Page 42 |
| **GRI 205: Anti-corruption 2016** | 205-3 | Confirmed incidents of corruption and actions taken | Performance Snapshot and Targets | Page 69 |
| **Material Topic: Governance and Ethics (Data Protection and Cybersecurity)** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 | Management of material topics | Prosperity | Page 43-44 |
| **Material Topic: Consumer Health and Safety (Product Responsibility)** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 | Management of material topics | Products and Process | Page 45 |
| **GRI 416: Customer Health and Safety 2016** | 416-1 | Assessment of the health and safety impacts of product and service categories | Products and Process, Certifications | Page 45, 73 |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Products and Process | Page 45 |
| **GRI 417: Marketing and Labelling 2016** | 417-1 | Requirements for product and service information and labelling | Products and Process | Page 45 |
| **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 | Definitions, boundaries and methodologies, Performance Snapshot and Targets | Page 67, 69 |
| **Material Topic: Consumer Health and Safety (Promoting Healthy Eating and Lifestyles)** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 | Management of material topics | Products and Process | Page 46-47 |

| GRI Standard | Disclosure | | Location: Report Section | Page No. |
|---|---|---|---|---|
| **Material Topic: Resource Management (Including Energy Management, Waste Management and Water Management)** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 | Management of material topics | Planet | Page 48-59 |
| **GRI 302: Energy 2016** | 302-1 | Energy consumption within the organisation | Planet, Definitions, boundaries and methodologies | Page 49, 66 |
| | 302-3 | Energy intensity | Planet, Definitions, boundaries and methodologies | Page 49, 66 |
| **GRI 305: Emissions 2016** | 305-1 | Direct (Scope 1) GHG emissions | Planet, Definitions, boundaries and methodologies | Page 57, 67 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | Planet, Definitions, boundaries and methodologies | Page 57, 67 |
| | 305-4 | GHG emissions intensity | Planet, Definitions, boundaries and methodologies | Page 57, 67 |
| **GRI 303: Water and Effluents 2018** | 303-2 | Management of water discharge-related impacts | Planet | Page 59 |
| **GRI 306: Waste 2020** | 306-2 | Management of significant waste-related impacts | Planet | Page 58 |
| **Material Topic: Our People (Including Occupational Health and Safety, Employee Training and Development)** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 | Management of material topics | People | Page 60-63 |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 | Occupational health and safety management system | People | Page 60-62 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | People | Page 60-62 |
| | 403-3 | Occupational health services | People | Page 60-62 |
| | 403-4 | Work participation, consultation, and communication on occupational health and safety | People | Page 60-62 |
| | 403-5 | Worker training on occupational health and safety | People | Page 60-62 |
| | 403-6 | Promotion of worker health | People | Page 60-62 |
| **GRI 404: Training and Education 2016** | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | People | Page 63 |


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In this Corporate Governance Report, QAF Limited ("**QAF**" or the "**Company**") describes its corporate governance practices for the financial year ended 31 December 2023 ("**FY2023**") 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 10 to 13 and our sustainability approach on pages 29 to 78. 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 29 to 78 of the Annual Report which sets out the Board's Statement and other information on the Company's sustainability approach as well as information on the Group's Code of Business Conduct.

The functions of the Board are carried out by the Board or delegated by it to various Board Committees. The Board has in place the following Board Committees: Audit & Risk Committee, Nominating Committee and Remuneration 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 implementation of the long-term vision and strategy for the Company as formulated by the Board 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 87 to 90 of this report under Principle 5 "Provisions 5.1 and 5.2" and Principle 7 "Provisions 7.1 and 7.3".

During FY2023, 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 FY2023 attendance and participation of the Directors at such Board and Committee meetings as well as the Company's Annual General Meeting ("**AGM**") in April 2023, is set out below:

| | **Board** | **Audit & Risk Committee** | **Nominating Committee** | **Remuneration Committee** | **AGM** |
|---|---|---|---|---|---|
| **Number of meetings held in FY2023** | 2 | 2 | 1 | 1 | 1 |
| **Name of Director** | **Number of meetings attended in FY2023** | | | | |
| Lam Sing Chung | 1 | N/A | 1 | 1 | 1 |
| Philip Yeo Liat Kok(1) | 2 | – | N/A | N/A | 1 |
| Lin Kejian | 2 | N/A | N/A | N/A | 1 |
| Goh Kian Hwee(2) | 1 | N/A | N/A | N/A | 1 |
| Michael Darren Hewat(3) | 1 | N/A | N/A | N/A | N/A |
| Ong Wui Leng(9) | 2 | N/A | N/A | N/A | 1 |
| Choo Kok Kiong(4) | 1 | N/A | N/A | N/A | – |
| Dawn Pamela Lum | 2 | 2 | 1 | 1 | 1 |
| Triono J. Dawis(5) | 1 | 1 | 1 | N/A | 1 |
| Lee Kwong Foo Edward(6) | 1 | 1 | N/A | N/A | 1 |
| Norman Ip | 2 | 2 | N/A | N/A | 1 |
| Chee Teck Kwong Patrick(7) | 2 | 2 | N/A | 1 | 1 |
| Lian Hwee Peng Rebecca | 2 | 2 | N/A | N/A | 1 |
| Aw Syee Chia(8) | N/A | N/A | N/A | N/A | N/A |

(1) Mr Philip Yeo Liat Kok was appointed to the Nominating and Remuneration Committees, and ceased to be a member of the Audit & Risk Committee, with effect from 1 June 2023.

(2) Mr Goh Kian Hwee ceased to be a Director and Joint Group Managing Director with effect from 31 May 2023.

(3) Mr Michael Darren Hewat was appointed Director and Joint Group Managing Director with effect from 1 June 2023.

(4) Mr Choo Kok Kiong ceased to be a Director with effect from 27 April 2023.

(5) Mr Triono J. Dawis ceased to be a Director and member of the Audit & Risk and Nominating Committees with effect from 27 April 2023.

(6) Mr Lee Kwong Foo Edward ceased to be a Director and member of the Audit & Risk Committee with effect from 27 April 2023.

(7) Mr Chee Teck Kwong Patrick ceased to be a member of the Remuneration Committee with effect from 1 June 2023.

(8) Mr Aw Syee Chia was appointed Director with effect from 9 August 2023.

(9) Ceased to be a Director in February 2024.

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 87 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, and 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.

## BOARD COMPOSITION AND GUIDANCE

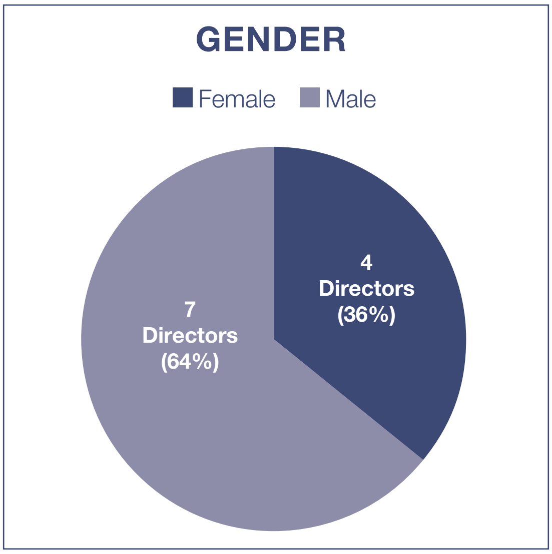
***Principle 2:*** *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

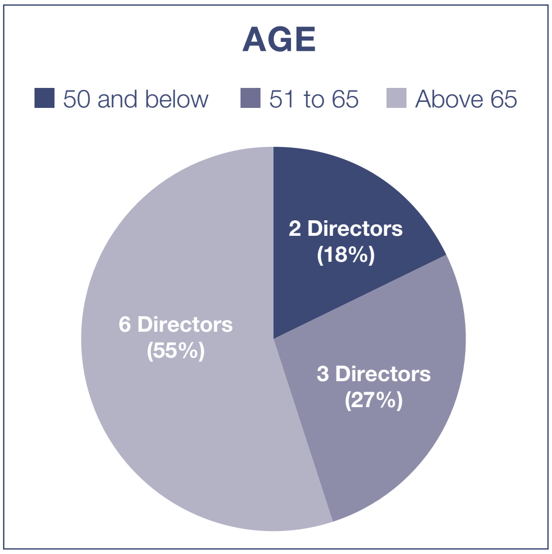
(1) *Provisions 2.1, 2.2, 2.3 and 2.4*

As at 31 December 2023, the Board comprised 10 Directors, six of whom were independent. As at the date of this report, we have nine Directors, six 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 Vice-Chairman of the Board), Ms Dawn Pamela Lum, Mr Norman Ip, Mr Chee Teck Kwong Patrick, Dr Lian Hwee Peng Rebecca and Mr Aw Syee Chia. A majority of the Board comprises (a) independent Directors, namely, six out of nine; and (b) non-executive Directors, namely, seven out of nine.

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 FY2023, 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; or (c) he has been a director for an aggregate period of more than nine years, whether before or after listing. 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. 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.

For the selection, appointment and re-appointment of Directors, the Board has a Board Diversity Policy that covers diversity factors such as skills & experience, age and gender for the purpose of enhancing Board effectiveness and in the context of the needs and future plans of the Group. Certain information on the diversity of the Company's Board (including Alternate Director) for FY2023 is set out below:




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. 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 skills & experience, as previously disclosed, 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. This target took into consideration the pre-existing skillsets and experience of Board members. As to the Company's progress towards this target, in FY2023, the Company appointed Mr Michael Darren Hewat to the Board as Joint Group Managing Director. Mr Hewat has experience in the food including distribution industry, having been chief executive officer of the Group's Primary Production business prior to its disposal. The Company also appointed an independent Director, Mr Aw Syee Chia, who has experience in the information technology industry.

In respect of age, the Company had in its FY2022 Annual Report issued last year, disclosed its target of having over the next three years 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. Over FY2022 and FY2023, the Company appointed three independent Directors within the age group of 51 and above, namely Mr Philip Yeo Liat Kok, Dr Lian Hwee Peng Rebecca and Mr Aw Syee Chia. The Company therefore currently meets this target percentage. At the same time, the Board has Directors outside this age group. They are our Joint Group Managing Director, Mr Lin Kejian (age 45), who focuses on strategic matters and Ms Rachel Liem Yuan Fang (age 28), Alternate Director to Mr Lam Sing Chung, Chairman of the Board.

In respect of gender, the Company had in its FY2022 Annual Report issued last year, disclosed its target of maintaining a Board with female representation of at least 25% for the next three years. The Company also noted 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 joined the Board (and remained as a Director till mid-February 2024). Ms Rachel Liem Yuan Fang became our then Vice-Chairman's Alternate Director in 2018 and in 2022, Dr Lian Hwee Peng Rebecca joined as an additional independent Director. All of them have differing skillsets and experience. For FY2023, approximately 36% of the Company's Board of Directors (including Alternate Director) comprised female Directors.

Taking into consideration the above, the Nominating Committee believes that the Board comprises 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 debate and avoid "groupthink". Board members have diverse backgrounds, skillsets 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, information technology, 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. Further information on our Directors is found in the section of the Annual Report entitled "Board of Directors" at pages 10 to 13.

(2) *Provision 2.5*

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

(1) *Provisions 3.1 and 3.2*

Provision 3.1 of the Code states that "The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making". The Chairman and the Joint Group Managing Directors of the Company are separate persons. The Board believes that the Company has not varied from Provision 3.1. Mr 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, as well as Joint Group Managing Director, Mr Michael Darren Hewat, are not relatives of either of them. Mr Lin Kejian focuses on the strategic direction of the Group. Whilst Mr Hewat also focuses on the Group's strategic direction, oversight of the Group's affairs is handled by him. 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 to make decisions on behalf of the Board. The Nominating Committee and the Board consider 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 Chung, is not an independent Director. In 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 Vice-Chairman, the Board considered that it was no longer necessary to have a lead independent director. 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. Further, our Chairman and his son, Mr Lin Kejian, do not comprise a majority of the Board. On this basis, no single Director of the Company has unfettered powers to make decisions on behalf of the Board. The Nominating Committee and the Board consider that in the circumstances, the Company's practice is consistent with the intent of Principle 3 of the Code.

## 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 Philip Yeo Liat Kok, the independent Vice-Chairman of the Board. The majority of the Nominating Committee, including the chairman, are independent Directors.

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

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

(b) 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.

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 FY2023, please refer to the section dealing with Principle 2 "Provisions 2.1, 2.2, 2.3 and 2.4" on page 82 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 10 to 13 and pages 197 to 202 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; and readiness of the Board to redefine and modify corporate strategies in a changing business environment and its ability to lend support to the Management in steering the Group towards the objectives set.

The Nominating Committee has established a formal evaluation process for assessing the Board as a whole, the Board Committees and individual Directors. For FY2023, 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 Philip Yeo Liat Kok. 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 FY2023.

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. In FY2023, Mr Goh Kian Hwee, as part of succession planning, stepped down from the Board and as Joint Group Managing Director with effect from 31 May 2023. The Board determined that he be paid an amount of S$1,660,905 for his past services including his efforts leading to the successful sale of the Group's Primary Production business, taking into account seven months' remuneration for FY2023. This is in line with the Company's objective of facilitating smooth succession, rewarding and motivating other Group executives and promoting a strong sense of commitment by such executives to the Group with a view to their retention.

(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 calibre, 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 FY2023, 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, performance of the Group and prevailing market remuneration where applicable. With respect to individual performance and contribution, considerations include where applicable, technical knowledge, experience, understanding of Group's strategic objectives (including expanding its distribution business), steering the Group towards meeting such objectives, leadership and other skillsets, risk management, motivating and guiding management teams in the execution of projects, the extent to which the individual is accountable and responsible for other employees and whether the executive is a team player. Performance of the Group is not based on a single year in isolation, but over a period of time, to encourage focus on long-term sustainable growth and value creation, over short-termism. Consideration is also given to the 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 FY2023.

During FY2023, certain changes took place in respect of the Board and executives 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). These changes were announced on 30 May 2023. Following such change, as at 31 December 2023, the Company had a total of five such key management personnel (two of whom are Directors). The remuneration disclosures in this report have therefore been made in respect of the executives who were key management personnel of the Company as at 31 December 2023 (including the disclosures made in relation to Principles 7 and 8).

The remuneration of the Company's 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 (who are not also 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 FY2023 executive Directors and key management personnel (who are not also 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 personnels' 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 FY2023, 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 |
| Board Chairman | Nil as our Chairman has elected not to receive fees |
| Audit & Risk Committee<br>Chairman<br>Other members | <br>S$30,000<br>S$20,000 |
| Nominating/Remuneration Committee<br>Chairman<br>Other members | <br>S$20,000<br>S$15,000 |

The proposed FY2023 fee for Mr Philip Yeo Liat Kok (Vice-Chairman) is S$300,000. This would be applicable only for FY2023. Please see below for further information.

In the interest of maintaining the objectivity and independence of the non-executive Directors, the Company has generally applied a cash-based fixed fee at a rate considered comparable with those that are adopted by a majority of other SGX-ST listed companies with similar market capitalisation. In respect of Mr Yeo, the proposed fee of S$300,000 for FY2023 includes his fees totalling S$65,833 (pro-rated where applicable) for his roles on the Board, Audit & Risk Committee (from 1 January till 31 May 2023) and on the Remuneration and Nominating Committees (from 1 June to 31 December 2023). In addition, the Remuneration Committee considered Mr Yeo's extensive credentials, his stature and wide spectrum of experience and network which are global in nature, as well as his FY2023 contributions. For example, in FY2023, Mr Yeo had actively introduced leads which may have potential to complement and enhance the Group's businesses. Further, Mr Yeo took on the role of Vice-Chairman in early FY2023 and, as previously announced on 24 February 2023, with his appointment as independent Vice-Chairman, the Board considered that it is no longer necessary to have a lead independent director. The Remuneration Committee notes that no director's fee is to be paid by the Company for the role of Board Chairman, as our Chairman has elected not to receive such fee. Mr Yeo recused from the decision of the Committee regarding his remuneration.

The pro-rated fee for the lead independent director role for FY2023 is set out under "Provisions 8.1 and 8.3 below", which was arrived at based on an annualised amount of S$5,000.

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 FY2023 remuneration of non-executive Directors at the AGM to be held on 26 April 2024. The total Directors' fees, subject to shareholders' approval, payable for FY2023, 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*

The Corporate Governance Code (Provision 8.1) currently provides, *inter alia*, that the amount of remuneration of individual directors and the chief executive officer are to be disclosed, on a "comply or explain" basis. Provision 8.1 also provides that the remuneration of the top five key management personnel at least (who are not directors, and who are to be named) are to be disclosed in bands no wider than S$250,000, on a "comply or explain" basis. As stated above, the Company only has three executives who are key management personnel within the definition of the Code.

In considering the disclosure of remuneration of the Company's 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. The Group faces 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 not an academic risk for the Group. The Remuneration Committee notes however that commencing from the financial year ending on 31 December 2024, disclosure of the amount of remuneration paid to the chief executive officer and individual directors will be mandatory under the SGX-ST listing rules.

Balancing these considerations and to transition towards eventual mandatory disclosure in 2025 of FY2024 remuneration, the Remuneration Committee, with which the Board concurs, has determined that disclosure of the FY2023 remuneration of the Company's two executive Directors as at 31 December 2023 shall remain in bands, rather than disclosure of the specific amount. However, the band for FY2023 has been tightened to a narrower band of S$250,000, as compared to the wider bands used in previous years of S$1,000,000 for the Joint Group Managing Director and S$350,000 for FY2022 for the other relevant Executive Director.

The Company is of the view that its corporate governance practice for FY2023 in relation to remuneration disclosure is consistent with the intent of Principle 8. Although the Company has varied from Provision 8.1 to the extent that the remuneration of the relevant executive Directors is disclosed in bands, and that the names, remuneration in bands no wider than S$250,000, breakdown of remuneration and total remuneration of its key management personnel (who are not Directors) are not disclosed, the Company has in respect of its five key management personnel, including executive Directors, as at 31 December 2023(see Note below), disclosed their FY2023 remuneration in narrower band(s). Disclosure is also made that the total FY2023 remuneration of such five key management personnel was S$3.72 million (on the basis set out in the table below). The Company has also provided information on its remuneration policy including criteria for assessment of performance and the relationship between remuneration, performance and value creation (see information under 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.

**Note:** As stated above, during FY2023, certain changes took place in respect of the Board and executives considered by the Company to be key management personnel within the definition of the Code. The changes were announced on 30 May 2023. Following such change, as at 31 December 2023, the Company had a total of five such key management personnel (two of whom are Directors). The remuneration disclosures in this report have therefore been made in respect of the executives who were key management personnel of the Company as at 31 December 2023.

| **Executive Directors**[1] | | | | |
|---|---|---|---|---|
| **Remuneration Band/ Name of Executive Director** | **Fixed Salary** | **Variable Bonus** | **Other Benefits**[2] | **Total** |
| *S$1,250,000 to S$1,500,000*[3] | | | | |
| Michael Darren Hewat | 72.1% | 16.7% | 11.2% | 100% |
| *S$1,000,000 to S$1,250,000*[3] | | | | |
| Ong Wui Leng | 78.5% | 18.1% | 3.4% | 100% |

| **Key Management Personnel (other than Directors)**[1] | |
|---|---|
| **Remuneration**[2] **Band** | **Number of Key Management Personnel** |
| *Below S$750,000*[4] | 3[5] |

(1) As at 31 December 2023. Joint Group Managing Director, Mr Goh Kian Hwee, ceased employment on 31 May 2023.

(2) Includes, where applicable, employer's CPF contribution, car benefits, accommodation and air passage benefits.

(3) On an annualised basis.

(4) On an annualised basis, where applicable.

(5) As at 31 December 2023.

Subject to the approval of Shareholders at the AGM, the fees payable to the non-executive Directors of the Company who served in FY2023 are set out below:

| Name of Director | | Directors' Fees[1] |
|---|---|---|
| Lam Sing Chung | Chairman and member of the Board<br>Member of Nominating Committee<br>Member of Remuneration Committee | Elected not to receive Directors' fees |
| Philip Yeo Liat Kok | Vice-Chairman and Member of the Board<br>Member of Audit & Risk Committee (Pro-rated for period 1.1.2023 to 31.5.2023)<br>Member of Nominating Committee (Pro-rated for period 1.6.2023 to 31.12.2023)<br>Member of Remuneration Committee (Pro-rated for period 1.6.2023 to 31.12.2023) | S$300,000<br><br>*Please also refer to information provided above under "Provision 7.2".* |
| Dawn Pamela Lum | Member of the Board<br>Chairman of Nominating Committee<br>Chairman of Remuneration Committee<br>Member of Audit & Risk Committee<br>Lead Independent Director (Pro-rated for period 1.1.2023 to 23.2.2023) | S$100,759 |
| Lee Kwong Foo Edward | Member of the Board<br>Member of Audit & Risk Committee (Pro-rated for period 1.1.2023 to 27.4.2023) | S$19,500 |
| Choo Kok Kiong | Member of the Board (Pro-rated for period 1.1.2023 to 27.4.2023) | Elected not to receive Directors' fees |
| Triono J. Dawis | Member of the Board<br>Member of Audit & Risk Committee<br>Member of Nominating Committee (Pro-rated for period 1.1.2023 to 27.4.2023) | S$24,375 |
| Norman Ip | Member of the Board<br>Chairman of Audit & Risk Committee | S$70,000 |

| Name of Director | | Directors' Fees[(1)] |
|---|---|---|
| Chee Teck Kwong Patrick | Member of the Board<br>Member of Audit & Risk Committee<br>Member of Remuneration Committee<br>(Pro-rated for period 1.1.2023 to 31.5.2023) | S$66,250 |
| Lian Hwee Peng Rebecca | Member of the Board<br>Member of Audit & Risk Committee | S$60,000 |
| Aw Syee Chia | Member of the Board<br>(Pro-rated for period 9.8.2023 to 31.12.2023) | S$15,806 |
| | **Total** | S$656,690 |

(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*

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 FY2023.

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.

## 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 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 profit 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 Management considers to be material for deliberation by the Board.

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

The Group's financial performance and operations are influenced by a wide range of risk factors and some of these risks are 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 and has updated its Group Enterprise Risk Management Policy and performed its annual Group Risk Assessment based on our Enterprise Risk Management framework. The key categories of risks faced by the Group's continuing operations and the mitigation strategies in place, which are not listed in the order of significance, as at 31 December 2023 are summarised as follows:

| Risk | Risk Description | Key Mitigation Strategies |
|---|---|---|
| Sourcing | • Cost of raw materials<br>• Timely delivery<br>• Quality of raw materials<br>• Reliance on sole supplier<br>• Failure of utilities (including water and power) | • Cost of and interruptions to supply are partly mitigated by employing a portfolio of registered suppliers.<br>• Implementation of quality assurance programs and accreditations help ensure the delivery of safe raw materials and key components.<br>• Business Continuity Plans ("**BCPs**") are designed to account for unforeseen interruptions and the timely employment of alternative measures. |

| Risk | Risk Description | Key Mitigation Strategies |
|---|---|---|
| Commodity | • Input costs linked to commodities such as wheat, oil and gas<br>• Commodity price volatility impact long-term cost structure<br>• Inflationary or increasing price trends | • The Group limits this exposure through its core business in branded retail consumer staple products. Branding allows pricing flexibility for the Group to manage its revenue against changing input costs. |
| Macro-Economic | • Adverse changes in broad economic conditions (eg. higher interest rates, economic recessions, liquidity crisis) may negatively impact the Company's financial performance | • Macro-economic conditions determine the overall profitability of most industries. The Group's consumer staple products reduce its exposure as compared to other businesses.<br>• Prudent cash management and maintaining a portfolio of unutilised bank facilities to mitigate any unforeseen financial stresses caused by external factors. |
| Supply Chain | • Unavailability or lack of adequate capacity in key transportation and logistics infrastructure due to supply chain interruptions | • Business units are encouraged to have various transport and logistics options available to mitigate any interruption of a single channel.<br>• Building of raw material inventory ahead of anticipated interruptions is a key strategy.<br>• Business units are encouraged to incorporate logistics into their BCPs. |
| Climate Change | • Prolonged, adverse weather conditions (including climate change) | • Climate change and unforeseen weather events are increasing, thereby creating future uncertainty and heighten risk across all industries. The specific consequences of climate events and their mitigation is dealt with individually within the Group ERM framework and disclosed through the Group's reporting of its Sustainability Report on pages 50 to 57 of this Annual Report. |
| Foreign Exchange | • Fluctuations in foreign exchange rates | • The Group accepts that operating across multiple geographical locations exposes itself to foreign exchange risks relating to both foreign currency transactions and translation of its financial results. It duly considers any additional risk and cost associated with introducing any hedging strategy. Typical mitigation strategies in place across the Group include borrowings in local overseas markets and minimising the holdings of non-reporting currencies. |

| Risk | Risk Description | Key Mitigation Strategies |
|---|---|---|
| Global Health Pandemics and Epidemics | • Shutdown or disruption of operations<br>• Cost increase<br>• Impact on market demand for the Group's products and its revenue | • Experience from recent events have been incorporated into current operations, policies and BCPs to address any future occurrence (see sections on Sourcing, Commodity, Macro-Economic, Supply Chain and Credit). |
| Information Technology | • Ineffective IT strategy for operations<br>• Failure of IT systems and infrastructure<br>• Cybersecurity lapses – Systems failure and data breach<br>• Poor response times and functionality that lower productivity | • The Group reduces its IT risk by employing professional staff to oversee its IT systems.<br>• Regular maintenance and replacement of core infrastructure before end of life.<br>• Systematic backup and restoration procedures are employed and tested on a systemic basis.<br>• Cybersecurity risks are mitigated by physical measures, and the training and testing of staff to identify potential infiltrations.<br>• Cybersecurity Incident response plans to track and remedy any cases. |
| Catastrophic Loss | • A major disaster causing damage to the Group's facilities limiting its ability to sustain operations | • The Group covers its facility loss by taking out appropriate insurance.<br>• Business units are required to develop BCPs to guide their operations and mitigate any loss of production in the event of an interruption. |
| Equipment | • Equipment failure resulting in disruption to operations | • All business units apply preventative maintenance on equipment.<br>• Inventory of key spares is employed.<br>• Strategic replacement of key plants is undertaken before expected failure. |
| Credit | • Inability of counterparty, supplier, or customers to meet their obligations. | • The post Covid-19 impacts of high inflation, higher interest rates and recession risk have heightened the risk of business failure amongst the Group's customer base. Greater vigilance and follow up of accounts receivable balances are encouraged for all business units to lower the risk of customer defaults. |
| Customer | • Inability or delays in reacting to changes in customer preference, behaviour or needs | • Continued investment in marketing and branding.<br>• Close monitoring of changing market demand and consumer tastes.<br>• Product development and improvement to meet changing market demand.<br>• Monitoring of competitors' activities.<br>• Quality and food safety controls. |

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 FY2023 were presented to the Audit & Risk Committee for discussion. The following key audit matter in respect of FY2023 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 |
|---|---|
| Impairment of investment in joint venture | • Audit & Risk Committee 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.<br><br>• 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 FY2023. Please refer to page 114 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 FY2023:

(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 2023 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, Chief Financial Officer and Group Financial Controller of the Company confirming the matters in (a) above and from the Joint Group Managing Directors, Chief Financial Officer, Group Financial Controller, the Head of Internal Audit and relevant key management personnel or executives of the Company confirming the matters in (b) above. The Audit & Risk Committee concurs with the Board's opinion.

## AUDIT COMMITTEE

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

(1) *Provisions 10.1, 10.2 and 10.3*

The Audit & Risk Committee consists of four non-executive independent Directors as at the date of this report, namely Mr Norman Ip (chairman), Ms Dawn Pamela Lum, Mr Chee Teck Kwong Patrick and Dr Lian Hwee Peng Rebecca.

At least two members, including the Audit & Risk Committee 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 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.

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
- 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.

(2) *Provisions 10.4 and 10.5*

The Group had three qualified and experienced internal auditors as at 31 December 2023. The Head of Internal Audit is a member of the Institute of Singapore Chartered Accountants (ISCA), the Institute of Internal Auditors (IIA), the Information Systems Audit and Control Association (ISACA) and the Association of Certified Fraud Examiners. The primary reporting line of the Head of Internal Audit is to the Audit & Risk Committee, with administrative reporting to the Joint Group Managing Directors. 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 International Professional Practices Framework set by the IIA 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 Rules 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. 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. 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. The fees for audit and non-audit services in FY2023 amounted to approximately S$830,000 and S$137,000, respectively. E&Y had also confirmed to the Audit & Risk Committee that the non-audit services provided during FY2023 have not impaired its independence. The amount of non-audit fees received by E&Y from the Company and its controlled entities do not exceed 50% of the total annual audit fees received by E&Y from the Company and its controlled entities. E&Y has further confirmed 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. Taking into account the foregoing, the Audit & Risk Committee is of the opinion that the non-audit fees paid to the auditors for FY2023 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 FY2024 (subject to shareholders' approval).

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

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

(1) *Provisions 11.1 and 11.2*

The Company is committed to treating its shareholders fairly and equitably. It believes in timely corporate disclosure as prescribed in Appendix 7.1 (Corporate Disclosure Policy) of the Listing Manual. Material information with respect to the Group is released to shareholders via SGXNET and not to a selected group only, pursuant and subject to the listing rules. Emphasis has been placed on further enhancing the level and quality of disclosures in the Company's announcements, including results announcements, and annual report, including giving a balanced and understandable assessment of the Group's performance and prospects (for example, competitive landscape and significant trends).

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. Shareholders may however request for a printed copy of such documents by submitting a request form to the Company's share registrar. Further, printed copies of the notice of AGM/EGM, proxy form and such request forms will be sent to shareholders. The notice of AGM/EGM is also advertised in a local newspaper as required by the Company's Constitution.

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 and/or the polling agent appointed by the Company.

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 FY2023 (save as disclosed 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 FY2023, 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 then in place as a result of the Covid-19 pandemic. The Company will continue to publish minutes of general meetings of shareholders on its corporate website where required by the prevailing listing rules. Consistent with the intent of Principle 11, 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 communicate their views on various matters affecting the Company. Given prevailing listing rules, the Company will either publish its replies to substantial and relevant written questions raised by shareholders prior to an AGM or respond to such questions at the relevant AGM. 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 S$0.04 per share for FY2023. Together with the interim S$0.01 dividend paid in 2023, the total dividend for FY2023 would amount to S$0.05 per share (total of approximately S$28.8 million), although the FY2023 profit after tax attributable to shareholders amounted to approximately S$27.5 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.

## ENGAGEMENT WITH SHAREHOLDERS

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

(1) *Provision 12.1*

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

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

(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 29 to 78 discloses its strategy and key areas of focus in relation to the management of stakeholder relationships during FY2023.

(3) *Provision 13.3*

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

### Interested Person Transactions for FY2023

| Name of Interested Person | Nature of Relationship | Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual) (S$'000) | Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000) (S$'000) |
|---|---|---|---|
| Salim Group – Purchase of raw materials including flour | See Note[1] | N.A. | 17,141 |
| Salim Group – Purchase of finished products (vegetables) | See Note[1] | N.A. | 153 |
| 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. | 2,828 |
| 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. | 3,117 |
| Mr Goh Kian Hwee – Payment in respect of past services | Director of the Company who stepped down from the Board with effect from 31 May 2023 | 1,661 | N.A. |
| **TOTAL** | | **1,661** | **23,239** |

**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.

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 FY2023, or if not then subsisting, entered into since the end of FY2022.

**Dealings in Securities**

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

# FINANCIAL CONTENTS




BAKERS MAISON
YOUR AUTHENTIC FRENCH BAKE HOUSE
BAKERS MAISON
YOUR AUTHENTIC FRENCH BAKE HOUSE
MILK BUN 80g
PERFECT FOR ALL BURGERS

# 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 2023.

**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 2023 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) |
| Michael Darren Hewat | (Joint Group Managing Director) |
| Dawn Pamela Lum | |
| Norman Ip | |
| Chee Teck Kwong Patrick | |
| Lian Hwee Peng Rebecca | |
| Aw Syee Chia | |
| Rachel Liem Yuan Fang | (Alternate director to Lam Sing Chung) |

### Directors of the Company (cont'd)

Based on information recorded in the register kept by the Company pursuant to Section 164 of the Companies Act 1967 of Singapore (the "Act"), particulars of interests of directors of the Company who held office at the end of the financial year in the shares of the Company or its related corporations are as follows:

| | Direct interest | | | Deemed interest | | |
|---|---|---|---|---|---|---|
| Names of directors | At 1.1.2023 or date of appointment (whichever is the later) | At 31.12.2023 | At 21.1.2024 | At 1.1.2023 or date of appointment (whichever is the later) | At 31.12.2023 | At 21.1.2024 |
| ***Number of shares in QAF Limited*** | | | | | | |
| Lam Sing Chung | – | – | – | 394,629,813 | 394,629,813 | 394,629,813 |
| Lin Kejian | 47,600 | 5,391,600 | 5,391,600 | 277,369,871 | 277,369,871 | 277,369,871 |
| Michael Darren Hewat | 32,894 | 32,894 | 32,894 | – | – | – |
| 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 2023.

# 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:

Lin Kejian
Director

Michael Darren Hewat
Director

Singapore
15 March 2024

**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 2023, 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 material accounting policy information.

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 2023 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 to the members of QAF Limited (cont'd)**

**Key audit matters (cont'd)**

**Impairment of investment in joint venture**

The Group has an investment in joint venture which amounted to $46.6 million as of 31 December 2023. Note 21 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 $9.5 million.

Management assesses that there were indicators of impairment at the end of the reporting period and has accordingly, assessed the recoverable amount of the investment in joint venture. The recoverable amount of the investment in joint venture was determined based on value-in-use calculations using cash flow projections approved by management. 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 21 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 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.

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

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

**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 2024

# CONSOLIDATED
# INCOME STATEMENT

For the Financial Year Ended 31 December 2023

| | Note | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 3 | 628,590 | 577,523 |
| **Costs and expenses** | | | |
| Costs of materials | | 337,066 | 314,868 |
| Staff costs | 4 | 122,894 | 110,717 |
| Amortisation and depreciation | 5 | 24,862 | 28,549 |
| Repairs and maintenance | | 13,748 | 12,746 |
| Utilities | | 21,122 | 19,687 |
| Advertising and promotion | | 10,545 | 7,532 |
| Other operating expenses | | 60,711 | 66,853 |
| **Total costs and expenses** | | (590,948) | (560,952) |
| **Profit from operating activities** | 6 | 37,642 | 16,571 |
| Finance costs | 7 | (2,080) | (1,676) |
| Exceptional items | 8 | 13,795 | 19,536 |
| Share of (losses)/profits of joint venture | | (8,366) | 2,720 |
| **Profit before tax from continuing operations** | | 40,991 | 37,151 |
| Income tax expense | 9 | (13,412) | (11,147) |
| **Profit after tax from continuing operations** | | 27,579 | 26,004 |
| **Discontinued operations** | | | |
| Loss after tax from discontinued operations | 10 | – | (6,339) |
| **Profit after tax** | | 27,579 | 19,665 |
| **Attributable to:** | | | |
| Owners of the parent | | | |
| – Profit after tax from continuing operations | | 27,485 | 25,748 |
| – Loss after tax from discontinued operations | | – | (6,339) |
| | | 27,485 | 19,409 |
| Non-controlling interests | | | |
| – Profit after tax from continuing operations | | 94 | 256 |
| | | 27,579 | 19,665 |
| **Earnings per ordinary share (basic and diluted):** | | | |
| From continuing operations | 11 | 4.8 cents | 4.5 cents |
| From continuing and discontinued operations | 11 | 4.8 cents | 3.4 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 2023

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| **Profit after tax** | 27,579 | 19,665 |
| **Other comprehensive income:** | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Actuarial (loss)/gain on defined benefit plans | (1,041) | 69 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Currency translation arising on consolidation | (5,293) | (15,816) |
| Share of other comprehensive income of joint venture | (3,303) | (4,052) |
| **Other comprehensive income for the year, net of tax** | (9,637) | (19,799) |
| **Total comprehensive income for the year** | 17,942 | (134) |
| **Total comprehensive income attributable to:** | | |
| Owners of the parent | 17,906 | (306) |
| Non-controlling interests | 36 | 172 |
| | 17,942 | (134) |
| **Total comprehensive income attributable to owners of the parent:** | | |
| From continuing operations, net of tax | 17,906 | (1,696) |
| From discontinued operations, net of tax | – | 1,390 |
| | 17,906 | (306) |

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

| | Note | Group 2023 $'000 | Group 2022 $'000 | Company 2023 $'000 | Company 2022 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Inventories | 12 | 49,098 | 54,333 | – | – |
| Trade receivables | 13 | 93,681 | 78,514 | – | – |
| Other receivables | 14 | 16,966 | 17,300 | 41,292 | 52,783 |
| Tax recoverable | | 6,919 | 7,527 | – | – |
| Cash and cash equivalents | 15 | 215,677 | 216,792 | 158,075 | 159,048 |
| Assets classified as held for sale | 16 | 5,736 | – | – | – |
| | | 388,077 | 374,466 | 199,367 | 211,831 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 17 | 213,206 | 203,313 | 3,269 | 3,604 |
| Right-of-use assets | 18 | 17,156 | 19,300 | 281 | 289 |
| Investment in subsidiaries | 19 | – | – | 102,532 | 101,532 |
| Advances to subsidiaries | 20 | – | – | 137,897 | 146,553 |
| Investment in joint venture and associate | 21 | 46,605 | 64,312 | – | – |
| Intangibles | 22 | 152 | 165 | 99 | 99 |
| Deferred tax assets | 23 | 3,964 | 3,203 | – | – |
| | | 281,083 | 290,293 | 244,078 | 252,077 |
| **Total assets** | | 669,160 | 664,759 | 443,445 | 463,908 |

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

| | Note | Group 2023 $'000 | Group 2022 $'000 | Company 2023 $'000 | Company 2022 $'000 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade payables | 24 | 56,299 | 57,536 | 41 | 80 |
| Other payables | 25 | 55,153 | 49,183 | 115,093 | 116,618 |
| Short-term borrowings | 26 | 17,556 | 676 | – | – |
| Long-term borrowings – current portion | 27 | 6,030 | 6,019 | – | – |
| Lease liabilities – current portion | 18 | 2,177 | 3,373 | 169 | 92 |
| Income tax payable | | 4,626 | 2,596 | 585 | 492 |
| | | 141,841 | 119,383 | 115,888 | 117,282 |
| **Non-current liabilities** | | | | | |
| Other payables | 25 | 9,235 | 8,677 | 2,191 | 2,865 |
| Long-term borrowings | 27 | 6,419 | 14,152 | – | – |
| Lease liabilities | 18 | 16,741 | 17,531 | 122 | 206 |
| Deferred tax liabilities | 23 | 6,442 | 5,557 | 958 | 754 |
| | | 38,837 | 45,917 | 3,271 | 3,825 |
| **Total liabilities** | | 180,678 | 165,300 | 119,159 | 121,107 |
| **Net assets** | | 488,482 | 499,459 | 324,286 | 342,801 |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | 28 | 277,043 | 277,043 | 277,043 | 277,043 |
| Reserves | 29 | 209,808 | 220,665 | 47,243 | 65,758 |
| Equity attributable to owners of the parent | | 486,851 | 497,708 | 324,286 | 342,801 |
| **Non-controlling interests** | | 1,631 | 1,751 | – | – |
| **Total equity** | | 488,482 | 499,459 | 324,286 | 342,801 |

*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 2023

| | Note | Attributable to owners of the parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital $'000 | Capital reserve $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| Balance at 1 January 2023 | | 277,043 | (1,511) | 245,407 | (23,231) | 497,708 | 1,751 | 499,459 |
| **Total comprehensive income for the year** | | | | | | | | |
| Net profit for the year | | – | – | 27,485 | – | 27,485 | 94 | 27,579 |
| Other comprehensive income for the year: | | | | | | | | |
| – Currency translation arising on consolidation | | – | – | – | (5,293) | (5,293) | – | (5,293) |
| – Actuarial loss on defined benefit plans | | – | – | (983) | – | (983) | (58) | (1,041) |
| – Share of other comprehensive income of joint venture | | – | – | 43 | (3,346) | (3,303) | – | (3,303) |
| Other comprehensive income for the year, net of tax | | – | – | (940) | (8,639) | (9,579) | (58) | (9,637) |
| ***Total comprehensive income for the year*** | | – | – | 26,545 | (8,639) | 17,906 | 36 | 17,942 |
| **Transactions with owners in their capacity as owners** | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends | 30 | – | – | (28,763) | – | (28,763) | (156) | (28,919) |
| ***Total transactions with owners in their capacity as owners*** | | – | – | (28,763) | – | (28,763) | (156) | (28,919) |
| Balance at 31 December 2023 | | 277,043 | (1,511) | 243,189 | (31,870) | 486,851 | 1,631 | 488,482 |

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

| | Note | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital $'000 | Capital reserve $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Reserve of disposal group classified as held for sale $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| Balance at 1 January 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 | 30 | – | – | (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 CASH FLOWS

For the Financial Year Ended 31 December 2023

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Profit before tax from continuing operations | 40,991 | 37,151 |
| Loss before tax from discontinued operations | – | (6,339) |
| Profit before tax, total | 40,991 | 30,812 |
| Adjustments for: | | |
| Amortisation and depreciation | 24,862 | 28,549 |
| Loss on disposal of property, plant and equipment | 100 | 88 |
| Interest expense | 2,080 | 1,676 |
| Share of losses/(profits) of joint venture | 8,366 | (2,720) |
| Loss on disposal of disposal group classified as held for sale | – | 3,861 |
| Loss on liquidation of investment in associate | 35 | – |
| Allowance for receivables charged/(written back) and bad debts written off, net | 668 | (12) |
| Interest income | (6,091) | (2,176) |
| Exchange differences | 1,504 | 4,920 |
| **Operating profit before working capital changes** | 72,515 | 64,998 |
| (Increase)/decrease in trade and other receivables | (16,078) | 5,894 |
| Decrease/(increase) in inventories | 4,065 | (5,072) |
| Increase/(decrease) in trade and other payables | 3,273 | (1,489) |
| **Cash from operations** | 63,775 | 64,331 |
| Interest paid | (2,079) | (1,667) |
| Interest received | 6,091 | 2,176 |
| Income tax paid | (10,215) | (12,395) |
| **Net cash from operating activities** | 57,572 | 52,445 |
| **Cash flows from investing activities:** | | |
| Purchase of property, plant and equipment | (39,680) | (26,552) |
| Proceeds from disposal of property, plant and equipment | 401 | 211 |
| Purchase of intangibles | (22) | (27) |
| Dividends received from joint venture | 5,772 | 9,251 |
| Net proceeds from disposal of disposal group classified as held for sale | – | 111,489 |
| Proceeds from liquidation of investment in associate (Note A) | 113 | – |
| **Net cash (used in)/from investing activities** | (33,416) | 94,372 |

*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 2023

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| **Cash flows from financing activities:** | | |
| Dividends paid during the year | (28,763) | (40,269) |
| Dividends paid to non-controlling interests | (156) | (195) |
| Proceeds from borrowings | 17,671 | 226 |
| Repayment of borrowings | (8,168) | (9,326) |
| Payment of lease liabilities | (3,544) | (3,381) |
| **Net cash used in financing activities** | (22,960) | (52,945) |
| Net increase in cash and cash equivalents | 1,196 | 93,872 |
| Cash and cash equivalents at beginning of year | 216,792 | 130,488 |
| Effect of exchange rate changes on cash and cash equivalents | (2,311) | (7,568) |
| Cash and cash equivalents at end of year (Note 15) | 215,677 | 216,792 |

**Note A: Analysis of liquidation of associate**

| | 2023<br>$'000 |
|---|---|
| Net assets liquidated | 148 |
| Loss on liquidation of an associate | (35) |
| Net cash inflow on liquidation of an associate | 113 |

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

## 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. MATERIAL ACCOUNTING POLICY INFORMATION

### 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 material accounting policy information 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 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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) 1-1: *Classification of Liabilities as Current or Non-current* | 1 January 2024 |
| Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback* | 1 January 2024 |
| Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants* | 1 January 2024 |
| Amendments to SFRS(I) 1-7: *Supplier Finance Arrangements* | 1 January 2024 |
| Amendments to SFRS(I) 1-21: *Lack of Exchangeability* | 1 January 2025 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

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

### 2.4 *Basis of consolidation and business combinations*

(a) ***Basis of consolidation***

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

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

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

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

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13. 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.

### 2.5 *Foreign currencies*

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

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

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

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

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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*.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

(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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.12 *Financial assets (cont'd)*

**Subsequent measurement (cont'd)**

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.

(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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.13 *Intangibles (cont'd)*

(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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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 *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.

### 2.20 *Assets classified as held for sale*

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets 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 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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.21 *Revenue recognition*

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

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

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods may be sold with a right of return and with retrospective volume discounts based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume discounts payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income is recognised on effective interest rate method.

Dividend income is recorded gross in profit or loss in the accounting period in which the Group's right to receive payment is established.

Deferred income represents revenue collected but not earned as at end of reporting period. It is recognised as income in profit or loss when the revenue recognition criteria has been met.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.22 *Income taxes*

*Current tax*

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

*Deferred tax*

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

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

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

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

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

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

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

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.22 *Income taxes (cont'd)*

*Deferred tax (cont'd)*

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

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

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

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

*Sales tax*

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

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

– Receivables and payables that are stated with the amount of sales tax included.

### 2.23 *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. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.24 *Employee benefits*

(i) *Defined contribution plans*

As required by law, the Group's companies in Singapore make contributions to the state pension scheme, the Central Provident Fund ("CPF"). Certain of the Group's companies outside Singapore make contributions to their respective countries' pension scheme. Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

(ii) *Defined benefit plan*

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

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

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

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

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

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.24 *Employee benefits (cont'd)*

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(iii) *Employee entitlements*

Liabilities for paid annual leave and sick leave are recognised and measured as the amount unpaid at the end of the reporting period at current pay rates in respect of employees' services up to that date.

A liability for long service leave is recognised, on the basis of an estimation of the present value of the future cash outflows to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates that match, as closely as possible, the estimated future cash outflows.

### 2.25 *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. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.26 *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.

### 2.27 *Significant accounting estimates and judgements*

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

*Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

*Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.27 *Significant accounting estimates and judgements (cont'd)*

*Key sources of estimation uncertainty (cont'd)*

(i) Impairment 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.

During the year, the Group recognised a non-cash impairment of $9,503,000 (2022: $5,000,000) on the Group's investment in joint venture.

The carrying amount of the investment in joint venture as at 31 December 2023 is $46,605,000 (2022: $64,164,000).

(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.

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 2023 is $93,681,000 (2022: $78,514,000).

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 2.27 *Significant accounting estimates and judgements (cont'd)*

*Key sources of estimation uncertainty (cont'd)*

(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 2023 was $585,000 (2022: $492,000) and $4,626,000 (2022: $2,596,000) respectively. The carrying amount of the Group's tax recoverable as at 31 December 2023 was $6,919,000 (2022: $7,527,000). The carrying amount of the Company's deferred tax liabilities as at 31 December 2023 was $958,000 (2022: $754,000). The Group's deferred tax assets and deferred tax liabilities as at 31 December 2023 was $3,964,000 (2022: $3,203,000) and $6,442,000 (2022: $5,557,000) respectively.

## 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 | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Sale of goods | 609,288 | 561,570 |
| Rental income from storage and warehousing facilities | 5,129 | 4,492 |
| Royalty income | 6,689 | 6,801 |
| Interest income from: | | |
| – Fixed deposits with financial institutions | 5,892 | 2,078 |
| – Others | 199 | 98 |
| Other income | 1,393 | 2,484 |
| | 628,590 | 577,523 |

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 37.

## 4. STAFF COSTS

| | Group | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Staff costs (including Executive Directors): | | |
| – salaries, wages and other related costs | 114,699 | 103,045 |
| – contributions to defined contribution plans | 8,195 | 7,672 |
| | 122,894 | 110,717 |

## 5. AMORTISATION AND DEPRECIATION

| | | Group | |
|---|---|---|---|
| | Note | 2023 $'000 | 2022 $'000 |
| Depreciation of property, plant and equipment | 17 | 21,124 | 24,933 |
| Depreciation of right-of-use assets | 18 | 3,703 | 3,591 |
| Amortisation of intangibles | 22 | 35 | 25 |
| | | 24,862 | 28,549 |

## 6. PROFIT FROM OPERATING ACTIVITIES

| | Note | Group 2023 $'000 | Group 2022 $'000 |
|---|---|---|---|
| Profit from operating activities is stated after charging/ (crediting): | | | |
| Audit fees: | | | |
| – Auditor of the Company | | 610 | 617 |
| – Member firms of the auditor of the Company | | 220 | 266 |
| Non-audit fees: | | | |
| – Auditor of the Company | | 117 | 77 |
| – Member firms of the auditor of the Company | | 20 | 24 |
| Fees and remuneration for the directors of the Company: | | | |
| – fees and remuneration | | 4,913 | 3,930 |
| – Contribution to defined contribution plans | | 22 | 24 |
| Provision for retirement benefits charged | 25(b) | 1,137 | 1,078 |
| Distribution and transportation expense | | 14,119 | 13,853 |
| Professional fees | | 1,821 | 2,602 |
| Operating lease expense | | 15,668 | 14,908 |
| Foreign currency translation loss | | 2,411 | 10,372 |
| Allowance for inventories charged and inventories written off, net | | 279 | 2,011 |
| Allowance for trade receivables charged | 13 | 588 | 135 |
| Allowance for other receivables charged/(written back) | 14 | 74 | (154) |
| Bad debts written off | | 6 | 7 |
| Loss on disposal of property, plant and equipment | | 100 | 88 |

## 7. FINANCE COSTS

| | Group 2023 $'000 | Group 2022 $'000 |
|---|---|---|
| Interest expense on borrowings | 1,231 | 740 |
| Interest expense on lease liabilities | 849 | 936 |
| | 2,080 | 1,676 |

## 8. EXCEPTIONAL ITEMS

| | Group 2023 $'000 | Group 2022 $'000 |
|---|---|---|
| Insurance payments for consequential loss and damage to stock, property, plant and equipment arising from the severe flooding in Peninsular Malaysia | 13,795 | 19,536 |

## 9. INCOME TAX EXPENSE

| | Note | Group 2023 $'000 | Group 2022 $'000 |
|---|---|---|---|
| Income tax expense on the profit for the year: | | | |
| – current tax | | 10,855 | 7,825 |
| – deferred tax | | 759 | 694 |
| | | 11,614 | 8,519 |
| Under/(over) provision in respect of prior years: | | | |
| – current tax | | 2,082 | 2,337 |
| – deferred tax | | (284) | 291 |
| | | 1,798 | 2,628 |
| Income tax expense recognised in profit or loss | | 13,412 | 11,147 |
| Deferred tax related to other comprehensive income: | | | |
| – actuarial (loss)/gain on defined benefit plans | 23 | (348) | 23 |

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% (2022: 17%) to the profit before tax from continuing operations due to the following factors:

| | Group 2023 $'000 | Group 2022 $'000 |
|---|---|---|
| Profit before tax | 40,991 | 37,151 |
| Tax expense at statutory tax rate of 17% (2022: 17%) | 6,968 | 6,316 |
| Adjustments: | | |
| Income not subject to tax | (1,707) | (4,311) |
| Expenses not deductible for tax purposes | 2,217 | 2,250 |
| Tax reliefs, rebates and incentives | (136) | (102) |
| Deferred tax assets not recognised | 195 | 275 |
| Effect of different tax rates in foreign jurisdictions | 4,318 | 4,255 |
| Under provision in respect of prior years, net | 1,798 | 2,628 |
| Others | (241) | (164) |
| Income tax expense recognised in profit or loss | 13,412 | 11,147 |

The Group has unutilised tax losses of approximately $2,406,000 (2022: $2,890,000), 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.

## 9. INCOME TAX EXPENSE (CONT'D)

The expiry date of the Group's unutilised tax losses is as follows:

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| 5 to 10 years | 1,365 | 1,451 |
| No expiry date | 1,041 | 1,439 |
| | 2,406 | 2,890 |

## 10. LOSS AFTER TAX FROM DISCONTINUED OPERATIONS

With the completion of the disposal of Primary Production business on 4 January 2022, the Group recognised a loss on disposal of $3,861,000 and $2,478,000 of associated costs incurred in relation to the disposal. The total amount of $6,339,000 is reflected as loss after tax from discontinued operations for 2022.

## 11. EARNINGS PER ORDINARY SHARE ("EPS")

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

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| **Group's earnings used for the calculation of EPS:** | | |
| Earnings/(loss) for the financial year attributable to owners of the Company | | |
| – Continuing operations | 27,485 | 25,748 |
| – Discontinued operations | – | (6,339) |
| | 27,485 | 19,409 |

| | 2023<br>'000 | 2022<br>'000 |
|---|---|---|
| **Number of shares used for the calculation of:** | | |
| ***Basic and diluted EPS*** | | |
| Weighted average number of ordinary shares in issue | 575,268 | 575,268 |

Basic and diluted earnings per share are calculated on the Group's earnings/(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 | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Raw materials | 14,705 | 15,724 |
| Finished goods | 23,583 | 21,001 |
| Spare parts and consumables | 4,718 | 5,298 |
| Goods-in-transit | 6,092 | 12,310 |
| Total inventories at lower of cost and net realisable value | 49,098 | 54,333 |

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

| | Group | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| First-in-first-out | 12,152 | 12,850 |
| Weighted average | 36,946 | 41,483 |
| | 49,098 | 54,333 |
| Inventories are stated after deducting allowance of | 1,798 | 2,465 |

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

## 13. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Trade receivables | | |
| – third parties | 84,023 | 71,721 |
| – joint venture | 10,347 | 7,495 |
| | 94,370 | 79,216 |
| Less: Allowance – third parties | (689) | (702) |
| | 93,681 | 78,514 |

At the end of the reporting period, approximately 1% (2022: 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.

## 13. TRADE RECEIVABLES (CONT'D)

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

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Less than 3 months | 30,369 | 22,242 |
| 3 months to 6 months | 2,188 | 840 |
| 6 months to 12 months | 275 | 87 |
| More than 12 months | 72 | 317 |
| | 32,904 | 23,486 |
| Receivables that are impaired: | | |
| Gross amount | 689 | 702 |
| Less: Allowance | (689) | (702) |
| | – | – |

Trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments.

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

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| At 1 January | 702 | 837 |
| Charge for the year (Note 6) | 588 | 135 |
| Written-off | (600) | (251) |
| Currency realignment | (1) | (19) |
| At 31 December | 689 | 702 |

## 14. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| ***Non-financial assets*** | | | | |
| Prepayments | 7,553 | 6,986 | 120 | 105 |
| Sales tax receivable | 3,198 | 4,758 | 18 | 19 |
| | 10,751 | 11,744 | 138 | 124 |
| ***Financial assets*** | | | | |
| Sundry deposits | 1,847 | 1,709 | 48 | 25 |
| Staff advances and loans | 1 | 1 | – | – |
| Amount due from joint venture – non-interest bearing | – | 9 | – | 7 |
| | 1,848 | 1,719 | 48 | 32 |
| Sundry debtors | 4,494 | 3,893 | 966 | 229 |
| Less: Allowance | (127) | (56) | – | – |
| | 4,367 | 3,837 | 966 | 229 |
| Amounts due from subsidiaries – non-interest bearing | – | – | 44,713 | 55,155 |
| Less: Allowance | – | – | (4,573) | (2,757) |
| | – | – | 40,140 | 52,398 |
| | 6,215 | 5,556 | 41,154 | 52,659 |
| | 16,966 | 17,300 | 41,292 | 52,783 |

Receivables that are impaired:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Gross amount | 127 | 56 | 4,573 | 2,757 |
| Less: Allowance | (127) | (56) | (4,573) | (2,757) |
| | – | – | – | – |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| At 1 January | 56 | 223 | 2,757 | 1,375 |
| Charge/(written back) for the year (Note 6) | 74 | (154) | 2,345 | 1,382 |
| Written-off | – | – | (529) | – |
| Currency realignment | (3) | (13) | – | – |
| At 31 December | 127 | 56 | 4,573 | 2,757 |

## 14. OTHER RECEIVABLES (CONT'D)

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.

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

## 15. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| Cash and bank balances | 50,686 | 51,755 | 12,043 | 9,220 |
| Fixed deposits with financial institutions | 164,991 | 165,037 | 146,032 | 149,828 |
| | 215,677 | 216,792 | 158,075 | 159,048 |

Fixed deposits are placed for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2023 for the Group and Company were 4.20% and 4.38% (2022: 3.13% and 3.18%) per annum respectively.

## 16. ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2023, certain plant and equipment and related spare parts of a subsidiary involved in the bakery segment located in Singapore, have been classified as held for sale due to the subsidiary's intention to sell these assets.

The classes of assets classified as held for sale as at 31 December 2023 are as follows:

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Plant and equipment | 4,947 | – |
| Inventories | 789 | – |
| | 5,736 | – |

## 17. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land $'000 | Freehold buildings $'000 | Leasehold properties $'000 |
|---|---|---|---|
| **Group** | | | |
| Cost: | | | |
| At 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 and 1.1.2023 | 15,622 | 9,043 | 112,028 |
| Currency realignment | (263) | (229) | (1,613) |
| Additions | – | – | 276 |
| Disposals | – | – | (93) |
| Transfers between categories | – | – | 137 |
| Reclassification to assets held for sale | – | – | – |
| At 31.12.2023 | 15,359 | 8,814 | 110,735 |
| Accumulated depreciation and impairment loss: | | | |
| At 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 and 1.1.2023 | – | 2,017 | 51,420 |
| Currency realignment | – | (54) | (179) |
| Charge for the year (Note 5) | – | 207 | 2,244 |
| Disposals | – | – | (9) |
| Reclassification to assets held for sale | – | – | – |
| At 31.12.2023 | – | 2,170 | 53,476 |
| Net carrying amount: | | | |
| At 31.12.2023 | 15,359 | 6,644 | 57,259 |
| At 31.12.2022 | 15,622 | 7,026 | 60,608 |

| Leasehold improvements $'000 | Plant and machinery $'000 | Furniture, fittings and office equipment $'000 | Motor vehicles $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|
| 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 |
| (538) | (5,052) | (67) | (21) | (310) | (8,093) |
| 1,837 | 14,655 | 1,329 | 1,173 | 21,619 | 40,889 |
| (153) | (1,210) | (164) | (1,392) | – | (3,012) |
| 1,412 | 32,089 | 151 | – | (33,789) | – |
| – | (14,318) | – | – | – | (14,318) |
| 42,814 | 291,993 | 19,138 | 22,629 | 1,567 | 513,049 |
| 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 |
| (309) | (3,070) | (46) | (11) | – | (3,669) |
| 2,289 | 13,733 | 1,247 | 1,404 | – | 21,124 |
| (64) | (1,079) | (164) | (1,195) | – | (2,511) |
| – | (9,371) | – | – | – | (9,371) |
| 28,192 | 180,914 | 15,417 | 19,674 | – | 299,843 |
| 14,622 | 111,079 | 3,721 | 2,955 | 1,567 | 213,206 |
| 13,980 | 85,128 | 3,509 | 3,393 | 14,047 | 203,313 |

## 17. 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 1.1.2022 | 4,921 | 785 | 299 | 6,005 |
| Additions | 53 | 57 | 278 | 388 |
| Disposals | – | (19) | (12) | (31) |
| At 31.12.2022 and 1.1.2023 | 4,974 | 823 | 565 | 6,362 |
| Additions | 22 | 24 | – | 46 |
| Disposals | – | (54) | (263) | (317) |
| At 31.12.2023 | 4,996 | 793 | 302 | 6,091 |
| Accumulated depreciation: | | | | |
| At 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 and 1.1.2023 | 1,748 | 678 | 332 | 2,758 |
| Charge for the year | 117 | 41 | 25 | 183 |
| Disposals | – | (53) | (66) | (119) |
| At 31.12.2023 | 1,865 | 666 | 291 | 2,822 |
| Net carrying amount: | | | | |
| At 31.12.2023 | 3,131 | 127 | 11 | 3,269 |
| At 31.12.2022 | 3,226 | 145 | 233 | 3,604 |

At the end of financial year, property, plant and equipment with net carrying amounts of $12,540,000 (2022: $220,000) were pledged to financial institutions to secure credit facilities (Note 26).

## 18. 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.

## 18. RIGHT-OF-USE ASSETS (CONT'D)

### Group as a lessee (cont'd)

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 1.1.2022 | 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 and 1.1.2023 | 16,705 | 265 | 2,330 | 19,300 |
| Additions | 1,366 | 24 | 176 | 1,566 |
| Charge for the year (Note 5) | (1,703) | (67) | (1,933) | (3,703) |
| Currency realignment | (7) | – | – | (7) |
| At 31.12.2023 | 16,361 | 222 | 573 | 17,156 |

| | Leasehold land and building $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|
| **Company** | | | |
| At 1.1.2022 | 310 | 17 | 327 |
| Additions | – | 53 | 53 |
| Charge for the year | (80) | (11) | (91) |
| At 31.12.2022 and 1.1.2023 | 230 | 59 | 289 |
| Additions | 148 | – | 148 |
| Charge for the year | (144) | (12) | (156) |
| At 31.12.2023 | 234 | 47 | 281 |

## 18. 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 | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| At 1 January | 20,904 | 23,917 | 298 | 339 |
| Additions | 1,566 | 662 | 148 | 61 |
| Accretion of interest | 849 | 936 | 12 | 8 |
| Payments | (4,393) | (4,317) | (167) | (101) |
| Disposals | – | (16) | – | (9) |
| Currency realignment | (8) | (278) | – | – |
| At 31 December | 18,918 | 20,904 | 291 | 298 |
| Current | 2,177 | 3,373 | 169 | 92 |
| Non-current | 16,741 | 17,531 | 122 | 206 |
| At 31 December | 18,918 | 20,904 | 291 | 298 |

The maturity analysis of lease liabilities is disclosed in Note 34(b).

The following are the amounts recognised in profit or loss:

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Depreciation of right-of-use assets | 3,703 | 3,591 |
| Interest expense on lease liabilities | 849 | 936 |
| Expense relating to short-term leases and cancellable leases (included in other operating expenses) | 15,668 | 14,908 |
| **Total amount recognised in profit or loss** | 20,220 | 19,435 |

The Group had total cash outflow for leases of $20,061,000 in 2023 (2022: $19,225,000).

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.

## 19. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Unquoted equity shares, at cost | 104,134 | 104,134 |
| Less: Impairment loss | (1,602) | (2,602) |
| | 102,532 | 101,532 |

Details of subsidiaries are set out in Note 38(a).

Movements in the impairment loss are as follows:

| | Company | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| At 1 January | 2,602 | 2,602 |
| Written-back | (1,000) | – |
| At 31 December | 1,602 | 2,602 |

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

## 20. 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.

## 21. INVESTMENT IN JOINT VENTURE AND ASSOCIATE

| | Note | Group | |
|---|---|---|---|
| | | 2023<br>$'000 | 2022<br>$'000 |
| Investment in joint venture | 21(a) | 46,605 | 64,164 |
| Investment in associate | 21(b) | – | 148 |
| | | 46,605 | 64,312 |

## 21. 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 rate. The pre-tax discount rate is 9.5% (2022: 9.5%). Accordingly, a partial, non-cash impairment of $9.5 million (2022: $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 38(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*

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Inventories | 20,651 | 21,927 |
| Trade and other receivables | 35,507 | 35,845 |
| Tax recoverable | 4,484 | 6,491 |
| Cash and cash equivalents | 8,951 | 13,883 |
| Current assets | 69,593 | 78,146 |
| Property, plant and equipment | 98,686 | 109,836 |
| Total assets | 168,279 | 187,982 |
| Current liabilities | (93,302) | (100,061) |
| Deferred tax liabilities | (8,978) | (8,355) |
| Other non-current liabilities | (19,509) | (23,793) |
| Total liabilities | (121,789) | (132,209) |
| Net assets | 46,490 | 55,773 |
| Proportion of the Group's ownership | 50% | 50% |
| Group's share of net assets | 23,245 | 27,887 |
| Net fair value uplift on identifiable assets | 14,814 | 17,435 |
| Goodwill on acquisition | 23,049 | 23,842 |
| Less: Accumulated impairment loss | (14,503) | (5,000) |
| Carrying amount of the investment | 46,605 | 64,164 |

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

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

*Summarised statement of comprehensive income*

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Revenue | 404,945 | 412,768 |
| Interest income | 186 | 233 |
| Amortisation and depreciation | (18,054) | (19,455) |
| Operating expenses | (381,873) | (371,023) |
| Interest expense | (2,148) | (1,898) |
| Profit before tax | 3,056 | 20,625 |
| Income tax expense | (780) | (5,185) |
| Profit after tax | 2,276 | 15,440 |
| Other comprehensive income | (6,605) | (8,104) |
| Total comprehensive income | (4,329) | 7,336 |

Dividends of $5,860,000 were declared and paid by GBKL to the Group during the year (2022: $9,310,000).

### (b) *Investment in associate*

The Group had a 24.5% interest in Gardenia Bakery Trading Co. Ltd. ("GBT"), which was not material to the Group. During the year, GBT was voluntary liquidated, with a loss on liquidation of $35,000 recognised in profit or loss.

Details of the associate are set out in Note 38(c).

## 22. INTANGIBLES

| | Group | | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Trademark $'000 | Intellectual property $'000 | Software $'000 | Total $'000 | Trademark $'000 | Software $'000 | Total $'000 |
| Cost: | | | | | | | |
| At 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 and 1.1.2023 | 2,750 | 131 | 110 | 2,991 | 7,150 | 110 | 7,260 |
| Additions | – | – | 22 | 22 | – | 22 | 22 |
| Currency realignment | – | (1) | – | (1) | – | – | – |
| At 31.12.2023 | 2,750 | 130 | 132 | 3,012 | 7,150 | 132 | 7,282 |
| Accumulated amortisation and impairment loss: | | | | | | | |
| At 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 and 1.1.2023 | 2,750 | 65 | 11 | 2,826 | 7,150 | 11 | 7,161 |
| Amortisation for the year (Note 5) | – | 13 | 22 | 35 | – | 22 | 22 |
| Currency realignment | – | (1) | – | (1) | – | – | – |
| At 31.12.2023 | 2,750 | 77 | 33 | 2,860 | 7,150 | 33 | 7,183 |
| Net carrying amount: | | | | | | | |
| At 31.12.2023 | – | 53 | 99 | 152 | – | 99 | 99 |
| At 31.12.2022 | – | 66 | 99 | 165 | – | 99 | 99 |

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.

## 23. DEFERRED TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| At 1 January | 2,354 | 726 | 754 | 739 |
| Recognised in profit or loss | 475 | 985 | 204 | 15 |
| Recognised in other comprehensive income (Note 9) | (348) | 23 | – | – |
| Currency realignment | (3) | 620 | – | – |
| At 31 December | 2,478 | 2,354 | 958 | 754 |

## 23. DEFERRED TAXATION (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Represented by: | | | | |
| – Deferred tax assets | (3,964) | (3,203) | – | – |
| – Deferred tax liabilities | 6,442 | 5,557 | 958 | 754 |
| | 2,478 | 2,354 | 958 | 754 |

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 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 and 1 January 2023 | 262 | 2,391 | 550 | 3,203 |
| Recognised in profit or loss | (292) | 294 | 429 | 431 |
| Recognised in other comprehensive income | – | 348 | – | 348 |
| Currency realignment | (2) | (3) | (13) | (18) |
| At 31 December 2023 | (32) | 3,030 | 966 | 3,964 |

| | Property, plant and equipment $'000 | Deferred income $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|
| ***Deferred tax liabilities*** | | | | |
| At 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 and 1 January 2023 | 4,878 | 601 | 78 | 5,557 |
| Recognised in profit or loss | 1,049 | (115) | (28) | 906 |
| Currency realignment | (34) | – | 13 | (21) |
| At 31 December 2023 | 5,893 | 486 | 63 | 6,442 |

## 23. DEFERRED TAXATION (CONT'D)

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 2022 | 716 | – | 23 | 739 |
| Recognised in profit or loss | (115) | 108 | 22 | 15 |
| At 31 December 2022 and 1 January 2023 | 601 | 108 | 45 | 754 |
| Recognised in profit or loss | (115) | 320 | (1) | 204 |
| At 31 December 2023 | 486 | 428 | 44 | 958 |

*Unrecognised temporary differences relating to investments in subsidiaries*

At the end of the reporting period, no deferred tax liability (2022: $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 $27,247,000 (2022: $20,298,000). The deferred tax liability is estimated to be $4,087,000 (2022: $3,045,000).

## 24. TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Trade payables: | | | | |
| – third parties | 56,098 | 57,308 | 41 | 80 |
| – joint venture | 201 | 228 | – | – |
| | 56,299 | 57,536 | 41 | 80 |

## 25. OTHER PAYABLES

### (a) *Other payables*

| | Note | Group 2023 $'000 | Group 2022 $'000 | Company 2023 $'000 | Company 2022 $'000 |
|---|---|---|---|---|---|
| *Payable within one year:* | | | | | |
| Accrued staff related expenses | | 16,585 | 13,327 | 2,359 | 2,798 |
| Accrued operating expenses | | 20,297 | 22,136 | 589 | 460 |
| Sundry creditors | | 14,921 | 11,072 | 438 | 409 |
| Sales tax payable | | 2,636 | 1,706 | 2 | 11 |
| Amounts due to subsidiaries | | – | – | 111,031 | 112,266 |
| Amounts due to joint venture | | 29 | 31 | – | – |
| Deferred income | | 685 | 911 | 674 | 674 |
| | | 55,153 | 49,183 | 115,093 | 116,618 |
| *Payable after one year:* | | | | | |
| Provision for retirement benefits | 25(b) | 6,984 | 5,638 | – | – |
| Deferred income | | 2,251 | 3,039 | 2,191 | 2,865 |
| | | 9,235 | 8,677 | 2,191 | 2,865 |

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

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

Deferred income mainly relates to royalty income received in advance due to the renewal of the licensing agreement between the Company and its joint venture in 2016.

Movements in deferred income are as follows:

| | Group 2023 $'000 | Group 2022 $'000 | Company 2023 $'000 | Company 2022 $'000 |
|---|---|---|---|---|
| Balance at beginning of year | 3,950 | 4,380 | 3,539 | 4,213 |
| Currency realignment | (34) | (64) | – | – |
| Released to profit or loss | (980) | (675) | (674) | (674) |
| Additions during the year | – | 309 | – | – |
| Balance at end of year | 2,936 | 3,950 | 2,865 | 3,539 |

## 25. OTHER PAYABLES (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| Represented by: | | | | |
| – payable within one year | 685 | 911 | 674 | 674 |
| – payable after one year | 2,251 | 3,039 | 2,191 | 2,865 |
| Balance at end of year | 2,936 | 3,950 | 2,865 | 3,539 |

(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 | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| ***Benefit liability*** | | |
| Fair value of plan assets | (2,816) | (1,960) |
| Present value of benefit obligation | 9,800 | 7,598 |
| | 6,984 | 5,638 |

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

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Balance at beginning of year | 1,960 | 2,941 |
| Employer contribution | 838 | – |
| Interest income | 140 | 121 |
| Actual return on plan assets less interest income | (53) | (87) |
| Benefits paid | (67) | (706) |
| Currency realignment | (2) | (309) |
| Balance at end of year | 2,816 | 1,960 |

## 25. OTHER PAYABLES (CONT'D)

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

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

| | Group | |
|---|---|---|
| | 2023 % | 2022 % |
| Cash and cash equivalents | 52 | 57 |
| Philippines government bonds | 43 | 43 |
| Others | 5 | – |
| | 100 | 100 |

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

| | Group | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Balance at beginning of year | 7,598 | 8,384 |
| Interest cost | 540 | 377 |
| Current service cost | 597 | 701 |
| Actuarial losses/(gains) due to: | | |
| Changes in financial assumptions | 1,128 | (1,075) |
| Changes in demographic assumptions | (308) | 286 |
| Experience adjustments | 516 | 610 |
| Benefits paid | (243) | (749) |
| Currency realignment | (28) | (936) |
| Balance at end of year | 9,800 | 7,598 |

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

| | Group | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Net benefit expense (recognised within staff costs): | | |
| Current service cost | 597 | 701 |
| Interest cost | 400 | 256 |
| | 997 | 957 |

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

## 25. OTHER PAYABLES (CONT'D)

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

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

| | Group | |
|---|---|---|
| | 2023<br>% | 2022<br>% |
| Discount rate | 6.15 – 6.45 | 7.25 – 7.40 |
| Salary increase rate | 5.00 – 8.00 | 5.00 – 7.00 |

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 |
|---|---|---|
| **2023** | | |
| Discount rate | +25 | (169) |
| | -25 | 197 |
| Salary increase rate | +25 | 184 |
| | -25 | (161) |
| **2022** | | |
| Discount rate | +25 | (130) |
| | -25 | 151 |
| Salary increase rate | +25 | 150 |
| | -25 | (131) |

The Group expects to contribute $Nil (2022: $Nil) to the defined benefit plans in 2024.

The average duration of the defined benefit obligation at the end of the reporting period is 8.3 years (2022: 8.2 years).

## 26. SHORT-TERM BORROWINGS

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Short-term bank loans: | | |
| – secured | 12,540 | 220 |
| – unsecured | 5,016 | 456 |
| | 17,556 | 676 |

The Group's short-term bank loans are interest bearing at rates of 4.29% to 5.99% (2022: 1.06% to 4.28%) per annum. The secured portion of the borrowings is secured by a charge over certain property, plant and equipment of the Group.

## 27. LONG-TERM BORROWINGS

| | Effective interest rate per annum<br>% | Maturities | Group<br>2023<br>$'000 | <br>2022<br>$'000 |
|---|---|---|---|---|
| Loans from banks | 3.68 – 6.99 | 2026 | 12,449 | 20,171 |
| Less: Current portion | | | (6,030) | (6,019) |
| Non-current portion of loans | | | 6,419 | 14,152 |

Loans from banks, denominated in Philippine Peso, are unsecured, bear floating interest rates ranging from 3.68% to 6.99% (2022: 2.56% 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 2023<br>$'000 | Cash flows<br>$'000 | Acquisition<br>$'000 | Foreign exchange movement and others<br>$'000 | 31 Dec 2023<br>$'000 |
| Short-term borrowings | 676 | 17,225 | – | (345) | 17,556 |
| Loans from banks | 20,171 | (7,722) | – | – | 12,449 |
| Lease liabilities | 20,904 | (3,544) | 1,566 | (8) | 18,918 |
| Total | 41,751 | 5,959 | 1,566 | (353) | 48,923 |

## 27. LONG-TERM BORROWINGS (CONT'D)

| | 1 Jan 2022 $'000 | Cash flows $'000 | Non-cash changes: Acquisition $'000 | Non-cash changes: 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 | 23,917 | (3,381) | 662 | (294) | 20,904 |
| Total | 56,955 | (12,481) | 662 | (3,385) | 41,751 |

## 28. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | 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.

## 29. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Capital reserve | (1,511) | (1,511) | – | – |
| Revenue reserve | 243,189 | 245,407 | 47,243 | 65,758 |
| Foreign currency translation reserve | (31,870) | (23,231) | – | – |
| | 209,808 | 220,665 | 47,243 | 65,758 |

| | Company | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Analysis of movement in the reserves of the Company: | | |
| ***Revenue reserve*** | | |
| At 1 January | 65,758 | 92,786 |
| Net profit for the year | 10,248 | 13,241 |
| Dividends | (28,763) | (40,269) |
| At 31 December | 47,243 | 65,758 |

## 29. RESERVES (CONT'D)

***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.

## 30. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2023 | 5,753 | – |
| Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2022 | 23,010 | – |
| Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2022 | – | 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 |
| Special tax-exempt (one-tier) dividend of 2 cents per share paid in the financial year ended 31 December 2022 | – | 11,506 |
| | 28,763 | 40,269 |

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 2023. 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 (2022: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

## 31. COMMITMENTS

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

| | Group | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Expenditure contracted in respect of property, plant and equipment | 4,204 | 36,017 |
| Share of joint venture's capital commitments in relation to property, plant and equipment | 320 | 760 |
| | 4,524 | 36,777 |
| (b) Operational trade commitments | 7,074 | 2,536 |

(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.

## 32. CONTINGENT LIABILITIES (UNSECURED)

| | Company | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Guarantees issued for bank facilities granted to subsidiaries | 9,010 | 31,375 |
| Amounts utilised by subsidiaries as at end of the reporting period | – | 456 |

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

## 33. 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 | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Management fee income from subsidiaries | – | – | 360 | 360 |
| Royalty income from subsidiaries | – | – | 16,897 | 16,165 |
| Royalty income from joint venture | 6,015 | 6,127 | 6,015 | 6,127 |
| Dividend income from subsidiaries | – | – | 458 | 7,607 |
| Purchase of goods from joint venture | 3,345 | 3,604 | – | – |
| Sale of goods to joint venture | 53,444 | 38,086 | – | – |
| Dividend income from joint venture | 5,860 | 9,310 | – | – |
| 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 | 3,117 | 2,909 | – | – |
| 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) | 2,828 | 3,724 | – | – |
| Purchase of goods from a company in which Mr Lin Kejian has an interest | 89 | – | – | – |
| Shared services income from a company in which Mr Lin Kejian has an interest | 60 | 240 | – | 143 |

(b) Compensation of key management personnel

| | Group | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Short-term employee benefits | 5,831 | 4,731 |
| Contribution to defined contribution plans | 77 | 67 |

## 34. 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.

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

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

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

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 $9,010,000 (2022: $31,375,000) 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 $Nil (2022: $456,000).

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

## 34. 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 | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | $'000 | % of total | $'000 | % of total |
| ***By industry:*** | | | | |
| Bakery | 61,641 | 66 | 56,262 | 72 |
| Distribution and warehousing | 32,040 | 34 | 22,252 | 28 |
| | 93,681 | 100 | 78,514 | 100 |
| ***By country:*** | | | | |
| Singapore | 41,358 | 44 | 37,306 | 48 |
| Philippines | 32,724 | 35 | 25,669 | 33 |
| Malaysia | 10,942 | 12 | 8,213 | 10 |
| Australia | 7,425 | 8 | 6,369 | 8 |
| Other countries | 1,232 | 1 | 957 | 1 |
| | 93,681 | 100 | 78,514 | 100 |

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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.

## 34. 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.

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
| **Group** | | | | | | | | |
| **Financial assets:** | | | | | | | | |
| Trade and other receivables | 99,896 | – | – | 99,896 | 84,070 | – | – | 84,070 |
| Cash and cash equivalents | 216,298 | – | – | 216,298 | 217,617 | – | – | 217,617 |
| Total undiscounted financial assets | 316,194 | – | – | 316,194 | 301,687 | – | – | 301,687 |
| **Financial liabilities:** | | | | | | | | |
| Trade and other payables | 108,131 | – | – | 108,131 | 104,102 | – | – | 104,102 |
| Borrowings | 23,912 | 6,632 | – | 30,544 | 7,138 | 14,738 | – | 21,876 |
| Lease liabilities | 2,958 | 7,823 | 15,416 | 26,197 | 4,165 | 7,898 | 16,695 | 28,758 |
| Total undiscounted financial liabilities | 135,001 | 14,455 | 15,416 | 164,872 | 115,405 | 22,636 | 16,695 | 154,736 |
| Total net undiscounted financial assets/ (liabilities) | 181,193 | (14,455) | (15,416) | 151,322 | 186,282 | (22,636) | (16,695) | 146,951 |

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

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | 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 | 41,154 | – | 41,154 | 52,659 | – | 52,659 |
| Cash and cash equivalents | 158,684 | – | 158,684 | 159,859 | – | 159,859 |
| Advances to subsidiaries | – | 137,897 | 137,897 | – | 146,553 | 146,553 |
| Total undiscounted financial assets | 199,838 | 137,897 | 337,735 | 212,518 | 146,553 | 359,071 |
| **Financial liabilities:** | | | | | | |
| Trade and other payables | 114,458 | – | 114,458 | 116,013 | – | 116,013 |
| Lease liabilities | 179 | 127 | 306 | 99 | 214 | 313 |
| Total undiscounted financial liabilities | 114,637 | 127 | 114,764 | 116,112 | 214 | 116,326 |
| Total net undiscounted financial assets | 85,201 | 137,770 | 222,971 | 96,406 | 146,339 | 242,745 |

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 |

(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.

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

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

*Sensitivity analysis for interest rate risk*

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

| Loans and fixed deposits denominated in | Increase/ decrease in basis points | Effect on profit after tax 2023 $'000 | Effect on profit after tax 2022 $'000 |
|---|---|---|---|
| Australian Dollar | + 50 | 541 | 443 |
| Australian Dollar | – 50 | (541) | (443) |
| Philippine Peso | + 50 | (47) | (78) |
| Philippine Peso | – 50 | 47 | 78 |

### (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 $135,211,000 (2022: $135,903,000).

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

*Sensitivity analysis for foreign currency risk*

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

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Profit after tax $'000 | Equity $'000 | Profit after tax $'000 | Equity $'000 |
| AUD | – strengthened 1% (2022: 1%) | 1,318 | – | 1,112 | – |
| | – weakened 1% (2022: 1%) | (1,318) | – | (1,112) | – |

## 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| ***Financial assets measured at amortised cost*** | | | | |
| Trade receivables | 93,681 | 78,514 | – | – |
| Other receivables | 6,215 | 5,556 | 41,154 | 52,659 |
| Cash and cash equivalents | 215,677 | 216,792 | 158,075 | 159,048 |
| Advances to subsidiaries | – | – | 137,897 | 146,553 |
| | 315,573 | 300,862 | 337,126 | 358,260 |
| ***Financial liabilities measured at amortised cost*** | | | | |
| Trade payables | 56,299 | 57,536 | 41 | 80 |
| Other payables | 51,832 | 46,566 | 114,417 | 115,933 |
| Short-term borrowings | 17,556 | 676 | – | – |
| Long-term borrowings | 12,449 | 20,171 | – | – |
| | 138,136 | 124,949 | 114,458 | 116,013 |

## 36. 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.

## 37. 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

## 37. SEGMENTAL REPORTING (CONT'D)

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

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

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

| | Bakery $'000 | Distribution and warehousing $'000 | Investments and others $'000 | Adjustments and Eliminations $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Revenue and expenses** | | | | | |
| Revenue from external customers | 449,134 | 160,437 | 6,690 | – | 616,261 |
| Other revenue from external customers | 5,637 | 529 | 72 | – | 6,238 |
| Inter-segment revenue | 701 | 1,223 | 17,257 | (19,181) | – |
| | 455,472 | 162,189 | 24,019 | (19,181) | 622,499 |
| Unallocated revenue | | | | | 6,091 |
| Total revenue | | | | | 628,590 |
| Segment EBITDA | 56,441 | 7,498 | 5,686 | – | 69,625 |
| Amortisation and depreciation | (20,945) | (3,555) | (362) | – | (24,862) |
| Segment EBIT | 35,496 | 3,943 | 5,324 | – | 44,763 |
| Unallocated revenue | | | | | 6,091 |
| Unallocated expenses | | | | | (13,212) |
| Profit from operating activities | | | | | 37,642 |
| Finance costs | | | | | (2,080) |
| Exceptional items | | | | | 13,795 |
| Share of losses of joint venture | (8,366) | – | – | – | (8,366) |
| Profit before tax | | | | | 40,991 |
| Income tax expense | | | | | (13,412) |
| Profit after tax | | | | | 27,579 |
| **Timing of transfer of goods or services** | | | | | |
| At a point in time | 454,750 | 155,859 | 72 | – | 610,681 |
| Over time | 540 | 5,124 | 12,245 | – | 17,909 |
| | 455,290 | 160,983 | 12,317 | – | 628,590 |

## 37. SEGMENTAL REPORTING (CONT'D)

| | Bakery $'000 | Distribution and warehousing $'000 | Investments and others $'000 | Adjustments and Eliminations $'000 | Consolidated $'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 |

## 37. SEGMENTAL REPORTING (CONT'D)

| | Bakery $'000 | Distribution and warehousing $'000 | Investments and others $'000 | Consolidated $'000 |
|---|---|---|---|---|
| **2023** | | | | |
| **Assets and liabilities** | | | | |
| Segment assets | 354,119 | 94,111 | 163,442 | 611,672 |
| Investment in joint venture | 46,605 | – | – | 46,605 |
| Total assets | 400,724 | 94,111 | 163,442 | 658,277 |
| Deferred tax assets | | | | 3,964 |
| Tax recoverable | | | | 6,919 |
| Total assets per consolidated statement of financial position | | | | 669,160 |
| Segment liabilities | 98,236 | 34,746 | 6,623 | 139,605 |
| Income tax payable | | | | 4,626 |
| Deferred tax liabilities | | | | 6,442 |
| Bank borrowings | | | | 30,005 |
| Total liabilities per consolidated statement of financial position | | | | 180,678 |
| **Other segment information** | | | | |
| Expenditure for non-current assets | 39,040 | 1,802 | 69 | 40,911 |
| Allowance for inventories charged and inventories written off, net | 66 | 213 | – | 279 |
| Allowance for receivables charged and bad debts written off, net | 623 | 45 | – | 668 |

## 37. SEGMENTAL REPORTING (CONT'D)

| | Bakery $'000 | Distribution and warehousing $'000 | Investments and others $'000 | Consolidated $'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) |

### *Geographical information*

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Philippines | 282,684 | 268,647 | 77,877 | 79,707 |
| Singapore | 225,020 | 205,918 | 52,850 | 60,928 |
| Malaysia | 65,953 | 51,308 | 79,670 | 61,712 |
| Australia | 45,329 | 38,548 | 20,117 | 20,431 |
| Other countries | 9,604 | 13,102 | – | – |
| | 628,590 | 577,523 | 230,514 | 222,778 |

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.

## 38. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE

(a) ***The subsidiaries as at 31 December 2023 are:***

| | Name of company (Country of incorporation) | Principal activities (place of business) | Percentage of equity held by the Group 2023 % | Percentage of equity held by the Group 2022 % |
|---|---|---|---|---|
| | ***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 |
| (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 |

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

(a) ***The subsidiaries as at 31 December 2023 are: (cont'd)***

| | Name of company (Country of incorporation) | Principal activities (place of business) | Percentage of equity held by the Group | |
|---|---|---|---|---|
| | | | 2023 % | 2022 % |
| | ***Bakery (cont'd)*** | | | |
| (2) | Nutrimax Fresh-Baked Inc (Philippines) | Bread manufacturer (Philippines) | 100 | 100 |
| (2) | Vitabread Food Products Inc (Philippines) | Bread manufacturer (Philippines) | 100 | 100 |
| | ***Distribution and warehousing*** | | | |
| (1) | Ben Foods (S) Pte Ltd (Singapore) | Trading and distribution of food and beverage products (Singapore) | 100 | 100 |
| (1) | NCS Cold Stores (S) Pte Ltd (Singapore) | Operation of warehousing logistics (Singapore) | 100 | 100 |
| (1) | QAF Fruits Cold Store Pte Ltd (Singapore) | Operation of cold storage warehouse (Singapore) | 74 | 74 |
| (1) | Farmland Trading Singapore Pte Ltd (Singapore) | Trading of food products (Singapore) | 100 | 100 |
| (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 |
| (1) | Master Cut Butchery Pte Ltd (Singapore) | Processing of meat and meat products (Singapore) | 100 | 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 | 100 |

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

(a) ***The subsidiaries as at 31 December 2023 are: (cont'd)***

| | Name of company (Country of incorporation) | Principal activities (place of business) | Percentage of equity held by the Group 2023 % | Percentage of equity held by the Group 2022 % |
|---|---|---|---|---|
| | ***Distribution and warehousing (cont'd)*** | | | |
| # | QAF Australia Trading Pty Ltd (Australia) | Trading and distribution of food and beverage products (Australia) | 100 | 100 |
| | ***Investments and others*** | | | |
| (1) | Gardenia International (S) Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (1) | Gardenia Investments Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (1) | Hamsdale International Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (1) | Oxdale International Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (1) | Oxdale Investments Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (1) | Bakers Maison Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (1) | Bonjour Bakery Pte Ltd (Singapore) | Investment holding (Singapore) | 100 | 100 |
| (2) | Bakers Maison Pty Ltd (Australia) | Investment holding (Australia) | 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 |

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

(b) ***The joint venture as at 31 December 2023 is:***

| | Name of company (Country of incorporation) | Principal activities (place of business) | Percentage of equity held by the Group | |
|---|---|---|---|---|
| | | | 2023 % | 2022 % |
| (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 | |
|---|---|---|---|---|
| | | | 2023 % | 2022 % |
| (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 2023 is:***

| | Name of company (Country of incorporation) | Principal activities (place of business) | Percentage of equity held by the Group | |
|---|---|---|---|---|
| | | | 2023 % | 2022 % |
| @ | Gardenia Bakery Trading Co. Ltd. (Thailand) | Dormant | – | 24.5 |

**Notes**

* Audit not required under the laws in the country of incorporation

@ Liquidated 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

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

(d) ***Interest in subsidiaries with material non-controlling interest (NCI)***

The Group has the following subsidiaries that have NCI that are material to the Group.

| Name of subsidiary | Principal place of business | Proportion of ownership interest held by non-controlling interest % | Profit allocated to NCI during the reporting period $'000 | Accumulated NCI at the end of reporting period $'000 | Dividends paid to NCI $'000 |
|---|---|---|---|---|---|
| **2023:** | | | | | |
| QAF Fruits Cold Store Pte Ltd | Singapore | 26 | 157 | 1,347 | 156 |
| **2022:** | | | | | |
| QAF Fruits Cold Store Pte Ltd | Singapore | 26 | 165 | 1,346 | 195 |

(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 | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| **Current** | | |
| Assets | 1,311 | 1,143 |
| Liabilities | (669) | (684) |
| Net current assets | 642 | 459 |
| **Non-current** | | |
| Assets | 9,774 | 9,940 |
| Liabilities | (5,235) | (5,223) |
| Net non-current assets | 4,539 | 4,717 |
| Net assets | 5,181 | 5,176 |

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

(e) ***Summarised financial information about subsidiaries with material NCI (cont'd)***

*Summarised statement of comprehensive income*

| | QAF Fruits Cold Store Pte Ltd | |
|---|---|---|
| | **2023 $'000** | **2022 $'000** |
| Revenue | 3,006 | 2,860 |
| Profit before tax | 751 | 786 |
| Income tax expense | (146) | (153) |
| Profit after tax | 605 | 633 |
| Other comprehensive income | – | – |
| Total comprehensive income | 605 | 633 |

*Other summarised information*

| | QAF Fruits Cold Store Pte Ltd | |
|---|---|---|
| | **2023 $'000** | **2022 $'000** |
| Net cash flows from operating activities | 1,126 | 1,116 |
| Acquisition of significant property, plant and equipment | 249 | 31 |

## 39. 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 | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Net cash | (166,754) | (175,041) |
| Shareholders' funds | 486,851 | 497,708 |
| Net debt-to-equity ratio | (0.34) times | (0.35) times |

The Group is also required by certain banks to maintain certain financial ratios, including gross debt-to-equity ratios and current ratios.

## 40. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In 2024, the Group invested in 70% of the issued capital of a newly incorporated Malaysian company, Yuka Food Industries Sdn Bhd, to focus on the manufacture and distribution of new snack products in Malaysia. The investment to-date, in cash, amounted to 3,500,000 Malaysian Ringgit.

In 2024, the Group incorporated a wholly owned subsidiary, Ben Foods Export Private Limited, with issued and paid-up capital of $50,000 that will focus on wholesale of food products.

## 41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors dated 15 March 2024.

# MAJOR PROPERTIES

The major properties of the Company and its principal subsidiaries as at 31 December 2023 are set out below.

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

# SHAREHOLDING STATISTICS
As at 15 March 2024

| | | |
|---|---|---|
| Class of Shares | : | Ordinary Shares |
| Number of Ordinary Shares | : | 575,268,440 |
| Number of Ordinary Shareholders | : | 6,229 |
| Number of Treasury Shares | : | Nil |
| Number of Subsidiary Holdings* | : | Nil |
| Voting Rights | : | One vote per share for poll voting |

* As defined by the SGX-ST Listing Manual

### Analysis of Shareholders by Size of Shareholdings

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 431 | 6.92 | 13,897 | 0.00 |
| 100 – 1,000 | 907 | 14.56 | 658,815 | 0.12 |
| 1,001 – 10,000 | 3,109 | 49.91 | 15,447,288 | 2.69 |
| 10,001 – 1,000,000 | 1,761 | 28.27 | 76,015,864 | 13.21 |
| 1,000,001 and above | 21 | 0.34 | 483,132,576 | 83.98 |
| | 6,229 | 100.00 | 575,268,440 | 100.00 |

Based on information available to the Company as at 15 March 2024, approximately 29.7% 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 | 407,409,377 | 70.82 |
| 2 | DBS NOMINEES PTE LTD | 16,559,798 | 2.88 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 13,872,095 | 2.41 |
| 4 | TOH TIONG WAH | 4,784,955 | 0.83 |
| 5 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 4,152,826 | 0.72 |
| 6 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 4,112,847 | 0.71 |
| 7 | TAN KONG KING | 4,000,000 | 0.70 |
| 8 | OCBC NOMINEES SINGAPORE PTE LTD | 3,748,025 | 0.65 |
| 9 | LEE FOOK KHUEN | 3,509,157 | 0.61 |
| 10 | ABN AMRO CLEARING BANK N.V. | 2,697,500 | 0.47 |
| 11 | PHILLIP SECURITIES PTE LTD | 2,470,878 | 0.43 |
| 12 | PUI CHENG WUI | 2,275,400 | 0.40 |
| 13 | OCBC SECURITIES PRIVATE LTD | 2,230,327 | 0.39 |
| 14 | TEH KIU CHEONG @ TEONG CHENG @ CHENG CHIU CHANG | 2,031,485 | 0.35 |
| 15 | DB NOMINEES (SINGAPORE) PTE LTD | 1,866,082 | 0.32 |
| 16 | TEO SOO BENG | 1,561,389 | 0.27 |
| 17 | HSBC (SINGAPORE) NOMINEES PTE LTD | 1,278,495 | 0.22 |
| 18 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 1,195,224 | 0.21 |
| 19 | TAN PENG KIM | 1,170,032 | 0.20 |
| 20 | IFAST FINANCIAL PTE LTD | 1,106,587 | 0.19 |
| | | 482,032,479 | 83.78 |

# SHAREHOLDING STATISTICS

As at 15 March 2024

## Substantial Shareholders

| Name of Substantial Shareholder | Direct Interest No. of Shares | Direct Interest %[1] | Deemed Interest No. of Shares | Deemed Interest %[1] | Total Interest No. of Shares | Total Interest %[1] |
|---|---|---|---|---|---|---|
| Lam Sing Chung | – | – | 394,629,813[2] | 68.60 | 394,629,813 | 68.60 |
| Lin Kejian | 5,391,600 | 0.94 | 277,369,871[3] | 48.22 | 282,761,471 | 49.15 |
| 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 2024.

(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))

<table>
<tr><th>Name</th><th>Mr Lam Sing Chung</th><th>Ms Dawn Pamela Lum</th><th>Mr Lin Kejian</th><th>Mr Michael Darren Hewat</th><th>Mr Aw Syee Chia</th></tr>
<tr><td>Job Title</td><td>Chairman, Non-executive, Non-independent Director<br><br>Nominating Committee (Member)<br><br>Remuneration Committee (Member)</td><td>Non-executive, Independent Director<br><br>Audit & Risk Committee (Member)<br><br>Nominating Committee (Chairman)<br><br>Remuneration Committee (Chairman)</td><td>Joint Group Managing Director, Executive Director</td><td>Joint Group Managing Director, Executive Director</td><td>Non-executive, Independent Director</td></tr>
<tr><td>Age</td><td>76</td><td>70</td><td>45</td><td>58</td><td>60</td></tr>
<tr><td>Country of Principal residence</td><td>Singapore</td><td>Singapore</td><td>Singapore</td><td>Mr Hewat resides in Singapore for the majority of each year</td><td>Singapore</td></tr>
<tr><td>Date of Appointment</td><td>11 October 2003</td><td>12 February 2016</td><td>1 December 2007 (as a Director)<br><br>1 January 2017 (as Joint Group Managing Director)</td><td>1 June 2023</td><td>9 August 2023</td></tr>
<tr><td>Date of Last Re-Appointment (if applicable)</td><td>22 April 2022</td><td>22 April 2022</td><td>23 April 2021</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Board's comments on re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)</td><td colspan="5">Upon the recommendation of the Nominating Committee, the Board of Directors recommends the re-appointment of these directors, taking into account, amongst others, the following:<br><br>• Mr Lam Sing Chung: his performance and contribution to the effectiveness of the Board including long-term vision for the Group, entrepreneurial business skills, significant experience in overseeing businesses and strong industry knowledge, and taking into account that he is a controlling shareholder of the Company.<br><br>• Ms Dawn Pamela Lum: her skills and experience in corporate and senior management functions, including in a Singapore-listed company, as well as her performance and contribution to the effectiveness of the Board and its Committees.<br><br>• Mr Lin Kejian: his skillsets, experience and his contributions to the Group, including long-standing experience with the Group, extensive experience in the food business and contributions as Joint Group Managing Director in relation to the strategic direction of the Group.<br><br>• Mr Michael Darren Hewat: his experience and qualifications, and his contributions to the Group including as chief executive officer of Rivalea group prior to its disposal by the Group and as the Company's Chief Operating Officer (appointed in November 2022) and Joint Group Managing Director (appointed in June 2023).<br><br>• Mr Aw Syee Chia: his experience in the information technology industry, past experience working with clients in food-related business(es) and his professional qualifications.<br><br>For information on the evaluation undertaken by the Nominating Committee, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 86 to 88 of the Corporate Governance Report.</td></tr>
</table>

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

| Name | Mr Lam Sing Chung | Ms Dawn Pamela Lum | Mr Lin Kejian | Mr Michael Darren Hewat | Mr Aw Syee Chia |
|---|---|---|---|---|---|
| For Audit Committee Directors only:<br>Whether the board considers the Director to be independent.<br>The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. | Not applicable | The Board considers Ms Dawn Pamela Lum to be independent.<br>For more information on the considerations on the independent status of Directors, please refer to Principle 2: Board Composition and Guidance on page 82 of the Corporate Governance Report. | Not applicable | Not applicable | Not applicable |
| Whether appointment is executive, and if so, the area of responsibility | Non-executive | Non-executive | Executive, Joint Group Managing Directors<br>As Joint Group Managing Directors, Mr Lin and Mr Hewat are responsible for the leadership and overall management of QAF and overall oversight of the QAF group of companies and are tasked to set strategic objectives and implement such objectives to achieve the long-term growth and value creation for the Group. | | Non-executive |

| Name | Mr Lam Sing Chung | Ms Dawn Pamela Lum | Mr Lin Kejian | Mr Michael Darren Hewat | Mr Aw Syee Chia |
|---|---|---|---|---|---|
| Professional Qualifications | Diploma in Business Studies from the South East London Technical College of United Kingdom | • LLB (Honours) degree, University of Singapore<br>• Advocate and Solicitor, Supreme Court of Singapore | Degree in Business Administration (major in Finance), California State University, Los Angeles | • Bachelor of Business (Accountancy) from the Charles Sturt University Riverina, Australia<br>• Certified Practising Accountant of CPA Australia | • Bachelor of Commerce (Honours Business Administration), University of Windsor, Canada<br>• Post-Graduate Diploma in Systems Analysis, Singapore Polytechnic, Japan-Singapore Institute of Software Technology, Singapore<br>• Master of Business Administration, University of Technology, Sydney, Australia |
| Working experience and occupation(s) during the last 10 years | • Established entrepreneur with investments in a wide range of businesses<br>• Vice-Chairman of Board of Directors, QAF Limited (2003 – 2021)<br>• Chairman of Board of Directors, QAF Limited (2021 – present) | General Manager, Corporate Affairs and Group Company Secretary, GuocoLand Limited (1987 – 2015) | • Joint Group Managing Director, QAF Limited (2017 – present)<br>• Deputy Group Managing Director, QAF Limited (2014 – 2016)<br>• Operations Director, QAF Limited (2010 – 2014) | • Chief Operating Officer, QAF Limited (2022 – 2023)<br>• Chief Executive Officer, Rivalea (Australia) Pty Ltd (2014 – 2022)<br>• General Manager Finance and Administration, Rivalea (Australia) Pty Ltd (2009 – 2014) | • Chief Executive Officer, Accel Works Worldwide Pte Ltd (2023 – Present)<br>• Advisor and Operations director, Wiz Technologies (S) Pte Ltd (2021 – 2023)<br>• Deputy Chief Executive Officer, MSC Consulting (S) Pte Ltd (2020 – 2021) |

# ADDITIONAL INFORMATION ON
# DIRECTORS SEEKING RE-ELECTION

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

| Name | Mr Lam Sing Chung | Ms Dawn Pamela Lum | Mr Lin Kejian | Mr Michael Darren Hewat | Mr Aw Syee Chia |
|---|---|---|---|---|---|
| | | | | | • Senior Vice-President for Application and Professional Service – Head of Technology, Infosys Compaz Pte Ltd (2016 – 2020)<br>• Group Head and Head of Regional IT and Boardroom Business Solution, Boardroom Limited (2012 – 2015) |
| Shareholding interest in the Company and its subsidiaries | Approximately 68.60% shareholding interest in the Company as at 15 March 2024 | Nil | Approximately 49.15% shareholding interest in the Company as at 15 March 2024 | 32,894 shares in the Company as at 15 March 2024 | Nil |
| Relationship (including immediate family relationships) with an existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries | Mr Lam Sing Chung is the father of Mr Lin Kejian, Joint Group Managing Director of the Company. Mr Lam Sing Chung's alternate director is his daughter, Ms Rachel Liem Yuan Fang. | None | Mr Lin Kejian is the son of Mr Lam Sing Chung, the Chairman of the Board of Directors of the Company. | None | None |
| Conflict of interest (including any competing business) | Please see Appendix to this Annual Report and Corporate Governance Report – Interested Person Transactions for FY2023 at pages 106 to 107 of this Annual Report. | None | Please see Note (2) below. | None | None |

| Name | Mr Lam Sing Chung | Ms Dawn Pamela Lum | Mr Lin Kejian | Mr Michael Darren Hewat | Mr Aw Syee Chia |
|---|---|---|---|---|---|
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company? | Yes | Yes | Yes | Yes | Yes |
| Other Principal Commitments including directorships: | *The term "**principal commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.* | | | | |
| For the past 5 years | • Directorships in certain companies in the QAF Group including its joint venture | None | • Director, GD Enterprise Pte Ltd<br>• Director, The Water Company Pte Ltd<br>• Director, Tower Ridge Limited<br>• Director, Tian Wan Pte Ltd | Directorships in various companies in the Rivalea group of companies | None |
| Present | • Directorships in private enterprises in which he has invested<br>• Directorships in certain companies in the QAF Group | None | • Directorships in various companies in the QAF Group, including its joint venture<br>• Director, Jadeluck Investments Limited<br>• Director, ISI Investments Company Limited<br>• Director, Tian Wan Enterprises Company Limited<br>• Director, Tian Wan (HK) Limited<br>• Director, Tian Wan Asia Limited<br>• Director, Halden United Investment Pte. Ltd. | Directorships in various companies in the QAF Group, including its joint venture | None |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

| Name | Mr Lam Sing Chung | Ms Dawn Pamela Lum | Mr Lin Kejian | Mr Michael Darren Hewat | Mr Aw Syee Chia |
|---|---|---|---|---|---|
| | | | • Director, Kainan Pte. Ltd. (formerly known as TWE Trading Pte. Ltd.)<br>• Director, TWE Investment Holdings Pte. Ltd.<br>• Director, The French Farm Co. Pte. Ltd.<br>• Director, Halden Trading Pte Ltd<br>• Director, Harapan MutiaraEmas Pte. Ltd.<br>• Director, Golden Pearl Pte. Ltd.<br>• Director, Gaoyuan Pte. Ltd. | | |
| Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual | Negative confirmation | Negative confirmation | Negative confirmation | Negative confirmation; however, please see Note (3) below | Negative confirmation |

**Notes:**

(1) Information in this section is as of 15 March 2024.

(2) The French Farm Co. Pte. Ltd. ("TFFC"), a company 100%-owned by Mr Lin Kejian, sells UHT milk and milk powder to China, Singapore, Macao, Hong Kong and the Philippines under its "*Beau & Belle*" brand. TTFC may expand its range of products to include drinking yoghurt.

Pursuant to a distributorship arrangement with TTFC, the QAF Group distributes (i) on an exclusive basis, "*Beau & Belle*" milk powder in the Philippines; and "*Beau & Belle*" UHT milk in certain areas of the Philippines, such as Visayas and Mindanao; and (ii) on a non-exclusive basis, "*Beau & Belle*" UHT milk in Luzon. The distributorship is an interested person transaction under Chapter 9 of the SGX-ST Listing Manual. For FY2023, the total purchases by QAF Group from TFFC pursuant to the distributorship arrangement amounted to less than S$100,000.

The QAF Group distributes dairy products under the "*Cowhead*" brand in certain countries regionally. QAF Group does not consider "*Beau & Belle*" to be in competition with "*Cowhead*" as the brands focus on different trade channels and products.

(3) In respect of the response to question (j)(i) under Appendix 7.4.1 of the SGX-ST Listing Manual for Mr Hewat, the following relates to matters occurring more than 20 years ago and are based principally on Mr Hewat's recollection.

Mr Hewat was an employee of a company in Australia (the "Australian Employer") from July 1990 to 1996. The Australian Employer was primarily in the livestock/meat business, and operated within a group of companies, family run businesses which did not have formal management structures. Mr Hewat started his employment with the Australian Employer as an accountant on a junior basis and rose to a more senior role at a later stage with some staff responsibility and group reporting type responsibilities. During his employment, he reported to the chief financial officer role. The Australian Employer was placed in administration in or about May 1996 due to financial difficulties and, subsequently, under liquidation later in 1996.

Mr Hewat believes that after the appointment of the liquidator, a number of investigations were commenced by the Australian Securities & Investments Commission (ASIC) in relation to the Australian Employer and associated group companies and by the Commonwealth department of prosecutions in Australia, centering around the alleged improper use of company funds for private transactions. He was interviewed by these Australian regulators and gave witness statements in or about 1998/1999. Mr Hewat was not the subject of the investigation(s) and no charges were brought against him in connection therewith. So far as Mr Hewat is aware, in or around 1998 and/or 2000 the controlling shareholder and principal of the business/ Australian Employer was prosecuted and convicted of certain charges such as dishonest use of company funds and false accounting.

# QAF LIMITED

Company Registration No. 195800035D
(Incorporated in the Republic of Singapore)
(the "**Company**")

## NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2024

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at William Pickering Ballroom, Level 2, PARKROYAL COLLECTION Pickering, 3 Upper Pickering Street, Singapore 058289 on Friday, 26 April 2024 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 2023 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 2023. **(Resolution 2)**

3. To re-elect Mr Lam Sing Chung retiring under Regulation 102 of the Company's Constitution. **(Resolution 3)**

4. To re-elect Ms Dawn Pamela Lum retiring under Regulation 102 of the Company's Constitution. **(Resolution 4)**

5. To re-elect Mr Lin Kejian retiring pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). **(Resolution 5)**

6. To re-elect Mr Michael Darren Hewat under Regulation 112 of the Company's Constitution. **(Resolution 6)**

7. To re-elect Mr Aw Syee Chia under Regulation 112 of the Company's Constitution. **(Resolution 7)**

8. To approve Directors' fees of up to S$656,690 for the financial year ended 31 December 2023 (FY2022: S$435,000). **(Resolution 8)**

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

**Special Business**

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

**General mandate to issue shares**

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

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

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

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

(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

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

Provided further that adjustments in accordance with sub-paragraphs (2) (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution; and

(3) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 10)**

**Authority to issue shares under the QAF Limited Scrip Dividend Scheme**

11. That the Directors of the Company be and are hereby authorised to allot and issue from time to time such number of new ordinary shares in the Company as may be required to be allotted and issued under the QAF Limited Scrip Dividend Scheme, on such terms and conditions as may be determined by the Directors and to do all acts and things which they may in their absolute discretion deem necessary or desirable to carry the same into effect. **(Resolution 11)**

**Renewal of Interested Person Transactions Mandate**

12. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**Chapter 9**"), for the Company and its subsidiaries and associated companies which are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions as set out in the Appendix dated 28 March 2024 to the Annual Report (the "**Appendix**"), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions as set out in the Appendix (the "**IPT Mandate**");

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

(c) the Directors of the Company be and are hereby authorised to do all acts and things as they may in their discretion deem necessary, desirable or expedient in the interests of the Company to give effect to the renewal of the IPT Mandate and/or this Ordinary Resolution. **(Resolution 12)**

By Order of the Board

Serene Yeo Li-Wen
Company Secretary

Singapore, 28 March 2024

**Explanatory Notes to Resolutions:**

(i) Ordinary Resolutions 3 and 4 are to re-elect Mr Lam Sing Chung and Ms Dawn Pamela Lum, respectively, who are retiring by rotation pursuant to the Constitution of the Company.

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

(ii) Ordinary Resolution 5 is to re-elect Mr Lin Kejian pursuant to Rule 720(5) of the Listing Manual of the SGX-ST which provides that the Company must have all directors submit themselves for re-nomination and re-appointment at least once every three years.

Certain information on this Director is found in the sections of the Annual Report entitled "Board of Directors" and "Additional Information on Directors Seeking Re-Election".

(iii) Ordinary Resolutions 6 and 7 are to re-elect Mr Michael Darren Hewat and Mr Aw Syee Chia, respectively, pursuant to Regulation 112 of the Company's Constitution.

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

(iv) Ordinary Resolution 8. Please refer to the sections of the Annual Report entitled "Corporate Governance Report – Remuneration Matters – *Principle 7, Provision 7.2*" and "Corporate Governance Report – Remuneration Matters – *Principle 8, Provisions 8.1 and 8.3*" for information on the proposed fees for non-executive Directors for FY2023.

(v) **Special Business:** Ordinary Resolution 10, if passed, will empower the Directors to, *inter alia*, issue shares and/or make or grant instruments, and issue shares in pursuance of such instruments. The aggregate number of shares that may be issued (including shares issued in pursuance of instruments) will be subject to a limit of 50% of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to 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 (if any) at the time Ordinary Resolution 10 is passed, after adjusting for, *inter alia*, new shares arising from the conversion or exercise of any convertible securities and any subsequent consolidation or subdivision of shares. The authority will continue until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked at a general meeting).

(vi) **Special Business:** Ordinary Resolution 11, if passed, will authorise the Directors to issue shares in the capital of the Company pursuant to the QAF Limited Scrip Dividend Scheme (as approved by shareholders in 2006 and as modified from time to time pursuant to such Scheme) to shareholders who, in respect of a qualifying dividend, elect to receive scrip in lieu of part or all of the cash amount of that qualifying dividend. The authority will continue until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked at a general meeting). Authority sought under Ordinary Resolution 11 is in addition to the general authority to issue shares sought under Ordinary Resolution 10.

(vii) **Special Business:** Ordinary Resolution 12 relates to the renewal of the IPT Mandate, which was last renewed at the Annual General Meeting of the Company on 27 April 2023, 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 Annual General Meeting ("**AGM**", which expression shall include any adjournment thereof where applicable) is being convened, and will be held, in a wholly physical format. Please bring along your NRIC/passport so as to enable the Company to verify your identity. **There will be no option for shareholders to attend, speak and vote at the AGM via virtual meeting technology.**

2. Printed copies of this Notice of Annual General Meeting, and the Proxy Form and Request Form, will be sent to shareholders by post. This Notice is also published 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.

**Voting by proxy**

3. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy 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 is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) 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 (2) proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, 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.

4. Persons who hold shares of the Company through relevant intermediary(ies) (as defined in paragraph 3 above) including CPF and SRS investors (collectively "**Investors**") who wish to attend, speak and vote at the AGM may do so if they are duly appointed as proxies by their respective relevant intermediary(ies), CPF Agent Banks or SRS Operators, and **should contact their respective relevant intermediary(ies)**, CPF Agent Banks or SRS Operators as soon as possible if they have any queries regarding such appointment as proxies.

5. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.

6. The instrument appointing a proxy or proxies must be submitted in the following manner:

   (a) if sent by post, be received by QAF Limited at 150 South Bridge Road, #09-03 Fook Hai Building, Singapore 058727; or

   (b) if sent by email, be received at proxy2024@qaf.com.sg,

   in each case, **no later than 11.00 a.m. on 23 April 2024 (being 72 hours before the time appointed for the AGM**). Completion and return of the instrument appointing a proxy shall not preclude a member from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument of proxy, to the AGM.

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 from the instructions of the appointor specified on the instrument of proxy (including any related attachment). 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 entered against his name in the Depository Register as at 72 hours before the time appointed for 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.

**Submission of questions in advance of the AGM**

8. Members may submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the meeting, in advance of the AGM in the following manner:

   (a) if sent by post, be received by the Company at 150 South Bridge Road, #09-03 Fook Hai Building, Singapore 058727; or

   (b) if sent by email, be received by the Company at AGM2024qns@qaf.com.sg.

   The Company will require the following details when questions are submitted: (i) full name of individual/corporate member and, in the case of a corporate member, full name of its corporate representative; (ii) email address; (iii) NRIC/passport number of individual member/corporate representative; and (iv) the manner in which shares in the Company are held (e.g. via CDP, CPF or SRS).

   All questions submitted must be received by the Company by **11.00 a.m. on 12 April 2024** (the "**Cut-Off Time**").

   The Company intends to publish its responses to substantial and relevant questions from members (received by such deadline and in accordance with the relevant requirements herein) on its corporate website and on SGXNET by **11.00 a.m. on 21 April 2024**. The Company will respond to any subsequent clarifications sought or follow-up questions received after the Cut-Off Time in respect of substantial and relevant matters, prior to or at the AGM. Where there are substantially similar questions, the Company may consolidate such questions; consequently, not all questions will be individually addressed.

**Access to documents**

9. The electronic copy of the Company's 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 "**2023 Annual Report**".

   You will need an internet browser and PDF reader to view these documents.

10. This Notice of AGM is to be read in conjunction with the Company's Annual Report for FY2023 and proxy form. All references to dates and times are to dates and times in Singapore.

**Personal Data Privacy & Other Matters:**

By attending the AGM, submitting questions in advance of the AGM and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at, the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's 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 and proxy forms), by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, 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) and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules including code of corporate governance, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that all information submitted is true and accurate, and where the member discloses the personal data of the member's proxy(ies), representative(s) and/or any other party to the Company (or its agents or service providers), the member has obtained the prior consent of such party(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of their personal data for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

***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 other geopolitical tensions, global economic instability in our markets, foreign currency exchange volatility, increase in cost of operations, post Covid-19 impacts of high inflation, higher interest rates and recession, 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 2023 DATED 28 MARCH 2024**

**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 FY2023 and 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. 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, in a wholly physical format, at William Pickering Ballroom, Level 2, PARKROYAL COLLECTION Pickering, 3 Upper Pickering Street, Singapore 058289, on 26 April 2024 at 11.00 a.m.. **There will be no option for members to attend, speak and vote via virtual meeting technology.**

If shares in the Company held through The Central Depository (Pte) Limited ("**CDP**") have been sold or transferred, the Shareholder or investor (as the case may be) need not forward the Notice of Annual General Meeting and the Proxy Form to the purchaser or transferee, as arrangements will be made by CDP for these documents to be sent to the purchaser or transferee. If shares in the Company represented by physical share certificate(s) have been sold or transferred, the Shareholder should immediately forward the Notice of Annual General Meeting and the Proxy Form to 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.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.



QAF Limited

# QAF LIMITED

(Incorporated in the Republic of Singapore on 3 March 1958)
(Company Registration No. 195800035D)

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## APPENDIX TO THE ANNUAL REPORT

## IN RELATION TO

## THE PROPOSED RENEWAL OF THE IPT MANDATE

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## DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

| | | |
|---|---|---|
| "2023 AGM" | : | Annual general meeting of the Company held on 27 April 2023 |
| "2024 AGM" | : | Annual general meeting of the Company to be held on 26 April 2024 |
| "Annual Report" | : | Annual report of the Company for FY2023 |
| "Appendix" | : | This appendix dated 28 March 2024 to the Annual Report |
| "approved exchange" | : | A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual |
| "associate" | : | (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:<br>(i) his immediate family (that is, the person's spouse, child, adopted-child, step-child, sibling and parent);<br>(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<br>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and<br>(b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| "Audit & Risk Committee" | : | The audit and risk committee of the Company for the time being |
| "Board" | : | The board of Directors of the Company for the time being |
| "Companies Act" | : | The Companies Act 1967 of Singapore as amended or modified from time to time |
| "Company" | : | QAF Limited |

| | | |
|---|---|---|
| "Controlling Shareholder" | : | A person who:<br><br>(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<br><br>(b) in fact exercises control over the Company |
| "Directors" | : | The directors of the Company for the time being |
| "entity at risk" | : | (a) The listed company;<br><br>(b) A subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or<br><br>(c) An associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company |
| "FY" | : | Financial year ended or ending 31 December |
| "Group" | : | The Company and its subsidiaries |
| "immediate family" | : | In relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent |
| "Interested Persons" | : | Has the meaning ascribed to it in Section 2.3 of this Appendix |
| "IPT" or "Interested Person Transactions" | : | Transactions between an entity at risk within the meaning of Chapter 9 of the Listing Manual and any of the Interested Persons which fall within the scope of the IPT Mandate |
| "IPT Mandate" or "Interested Person Transactions Mandate" | : | The general mandate pursuant to Chapter 9 of the Listing Manual for the Company and its subsidiaries and associated companies which are considered to be "entities at risk" under Chapter 9 of the Listing Manual, or any of them, to enter into any of the transactions falling within the types of interested person transactions as set out in this Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions |
| "Latest Practicable Date" | : | 15 March 2024, 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 28 March 2024 convening the 2024 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:<br><br>(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<br><br>(b) in any other case, a person whose name appears on the register of members maintained by the Company pursuant to Section 190 of the Companies Act and/or any other applicable law |
| "Shares" | : | Ordinary shares in the capital of the Company |
| "Substantial Shareholder" | : | A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company |
| "S$" or "$" and "cents" | : | Singapore dollars and cents, respectively |
| "%" or "per cent" | : | Percentage or per centum |

The terms "Depositor", "Depository" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S$ unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP has been appointed as the Singapore legal adviser to the Company in relation to the proposed renewal of the IPT Mandate.

# QAF LIMITED

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

| **Board of Directors** | **Registered Office** |
|---|---|
| Lam Sing Chung *(Chairman, Non-Independent, Non-Executive Director)*<br>Philip Yeo Liat Kok *(Vice-Chairman, Independent, Non-Executive Director)*<br>Lin Kejian *(Joint Group Managing Director, Executive Director)*<br>Michael Darren Hewat *(Joint Group Managing Director, Executive Director)*<br>Dawn Pamela Lum *(Independent, Non-Executive Director)*<br>Norman Ip *(Independent, Non-Executive Director)*<br>Chee Teck Kwong Patrick *(Independent, Non-Executive Director)*<br>Lian Hwee Peng Rebecca (*Independent, Non-Executive Director)*<br>Aw Syee Chia *(Independent, Non-Executive Director)*<br>Rachel Liem Yuan Fang *(Alternate Director to Lam Sing Chung)* | 150 South Bridge Road<br>#09-03 Fook Hai Building<br>Singapore 058727 |

**28 March 2024**

To: The Shareholders of **QAF Limited**

Dear Shareholders

## 1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the IPT Mandate, which is referred to in Ordinary Resolution 12 set out in the notice convening the 2024 AGM to be held on 26 April 2024.

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 2023 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 FY2022.

The IPT Mandate was expressed to take effect until the conclusion of the then next annual general meeting of the Company, namely, the 2024 AGM which is scheduled to be held on 26 April 2024. Accordingly, Shareholders' approval is being sought for the renewal of the IPT Mandate at the 2024 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 2023 amounted to approximately S$486.70 million. 3% and 5% of such audited consolidated NTA of the Group amounts to approximately S$14.60 million and S$24.33 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 49.15% 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 FY2023 with Interested Persons pursuant to the IPT Mandate are set out on page 106 of the Annual Report in the section entitled "Interested Person Transactions for FY2023". Please refer to the aforesaid section for more information. For example, the Group purchased raw materials such as flour from the Salim Group[1]. The Salim Group is an Interested Person as Mr Anthoni Salim is the brother of Mr Lam Sing Chung. The aggregate value of the flour purchased amounted to approximately S$17.14 million, being more than 3% (that is, approximately 3.45%) 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 FY2023 purchases of flour from the Salim Group that were in excess of the said 3% threshold. In addition, the Group sold cheese in bulk to, and purchased processed cheese from, Austral Dairy Group Sdn Bhd ("**Austral**"). Austral is an Interested Person as it is an entity in which Mr Lam Sing Chung and the spouse of Rachel Liem Yuan Fang have an interest. The aggregate value of the cheese sold and purchased amounted to approximately S$2.83 million and S$3.12 million respectively, each being less than 3% (that is approximately 0.57% and 0.63%, respectively) of the then latest audited consolidated NTA of the Group.

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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.

### 2.4 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, 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 may also include wheat-related raw materials, such as wheat bran and wheat germ, from the Salim Group, and finished products such as hydroponic vegetables from the Salim Group and processed cheese from Austral.

### 2.7 Review Procedures under the IPT Mandate

The Group maintains a register of Interested Person Transactions and the following review procedures are implemented by the Company:

#### 2.7.1 Review Procedures

(a) When purchasing products and/or raw materials from an Interested Person, quotations from at least two (2) other unrelated third party vendors for similar quantities and/or quality will be obtained (whenever possible or available) for comparison to ascertain whether the price and terms offered by the Interested Person are fair and reasonable and competitive compared to those offered by such other unrelated third party vendors. In determining whether the price and terms offered by the Interested Person are fair and reasonable, pertinent factors, including but not limited to quality, track record, specification compliance, delivery time, experience and expertise, and where applicable, terms offered to third parties, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors providing or selling a similar type of product or raw material or if the unrelated third party vendor(s) is not able to meet the Group's specifications or in cases of urgency), an Executive Director (other than an Interested Person) or the Audit & Risk Committee (as the case may be depending on the approval threshold as set out in Section 2.7.2 below) will determine whether the price and terms offered by the Interested Person are fair and reasonable. In determining the transaction price payable to the Interested Person for such products and/or raw materials, pertinent factors, including but not limited to quality, track record, specification compliance, delivery time, experience and expertise, reliability and/or efficiency of the seller, strategic considerations, and where applicable, terms offered to third parties, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

(b) When selling products to an Interested Person, the pricing or fees for the products are to be carried out at the prevailing market rates or prices of the products, on terms no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates, discounts and/or rebates accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event that prevailing market rates or prices are not available (for instance due to the nature of the product to be sold or if there are no other customers for similar products or if the unrelated third party customer(s) is not able to meet the Group's specifications or in cases of urgency), the transaction prices will, where applicable, (i) be in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin of the Group for the same or substantially similar type(s) of transaction with unrelated third parties, or (ii) in certain cases (for example, waste disposal or technical expertise) be determined by reference to factors including but not limited to track record, specification compliance, quantity, volume, duration of contract, strategic considerations, reliability and/or efficiency of the purchaser, extent of cost recovery, industry norms and where applicable, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

### 2.7.2 Approval Thresholds

The following approval thresholds shall be adopted in respect of the Interested Person Transactions:

| | **Value of Interested Person Transaction(s)** | **Approving Authorities** *(each having no interest, direct or indirect, in the Interested Person Transaction)* |
|---|---|---|
| 1. | An Interested Person Transaction the value of which is equal to or exceeds S$100,000,[(1)] but less than 3% of the latest audited consolidated NTA of the Group from time to time[(2)] | Executive Director or such senior executive of the Group as may be designated by the Audit & Risk Committee from time to time<br><br>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) |

| | Value of Interested Person Transaction(s) | Approving Authorities<br>*(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 FY2023, 3% of the latest audited consolidated NTA of the Group would be approximately S$14.60 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 2024 AGM, the renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2024 AGM (Ordinary Resolution 12 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 2024 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]** |
| **Directors** | | | | |
| Lam Sing Chung | – | – | 394,629,813[2] | 68.60% |
| Philip Yeo Liat Kok | – | – | – | – |
| Lin Kejian | 5,391,600 | 0.94% | 277,369,871[3] | 48.22% |
| Michael Darren Hewat | 32,894 | 0.01% | – | – |
| Dawn Pamela Lum | – | – | – | – |
| Norman Ip | – | – | – | – |
| Chee Teck Kwong Patrick | – | – | – | – |
| Lian Hwee Peng Rebecca | – | – | – | – |
| Aw Syee Chia | – | – | – | – |
| Rachel Liem Yuan Fang | 432,900 | 0.08% | – | – |
| **Substantial Shareholders (other than Directors)** | | | | |
| Tian Wan Enterprises Company Limited | 128,480,224 | 22.33% | – | – |
| Tian Wan Equities Company Limited | 145,337,565 | 25.26% | – | – |
| Tian Wan Holdings Group Limited | 41,044,656 | 7.13% | 79,767,368[4] | 13.87% |
| Tian Wan Capital Limited | 58,594,391 | 10.19% | – | – |

**Notes:**

(1) Based on 575,268,440 Shares as at the Latest Practicable Date.

(2) Mr 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 2023 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 2024 AGM.

Mr Lam Sing Chung and Mr Lin Kejian (being the Interested Persons) abstain from making any recommendation.

As different Shareholders might have different investment objectives, Shareholders should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers if they require specific advice in relation to the proposed renewal of the IPT Mandate.

## 4. ABSTENTION FROM VOTING

Rule 919 of the Listing Manual requires that interested persons must not vote on a shareholders' resolution approving any mandate in respect of any interested person transactions. Mr 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 2024 AGM (Ordinary Resolution 12 in the Notice of Annual General Meeting), and the Company will disregard any votes cast by Mr Lam Sing Chung and Mr Lin Kejian (and their respective associates) in respect of their holdings of Shares on Ordinary Resolution 12.

## 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 2024 AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for FY2023.

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

Michael Darren Hewat
*Joint Group Managing Director*

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QAF Limited

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