

CLARIFICATION OF REPORTS IN THE MANILA BULLETIN & MANILA STANDARD

Reference is made to the articles published by the Manila Bulletin on 14 October 2018 titled “Gardenia to expand Pampanga factory” (the “**Manila Bulletin Article**”) and the Manila Standard on 15 October 2018 titled “Inflation bothers Philippines bread makers” (the “**Manila Standard Article**”).

1. It was reported in the Manila Bulletin Article that:

“Gardenia Bakeries Philippines, a wholly-owned subsidiary of Singapore Gardenia, is already planning of expanding its Pampanga plant, which is yet to be opened in January next year, as capacity would not be enough given the strong demand in northern Luzon.

Simplicio P. Umali Jr., president and general manager of Gardenia Bakeries Philippines, said the ongoing project worth P2 billion needs to be expanded because the plant’s capacity will be fully utilized by next year already.”

It was reported in the Manila Standard Article that:

“Gardenia to date has three commercially operating plants in Laguna, Cebu and Cagayan de Oro.

It expects to complete another plant in Pampanga province by December due to the clamor for more bread in the north.

The same facility is expected to add a line or two if the company is to go by a projected surge in demand. The Pampanga plant could saturate its production capacity in a year’s time which by industry standards can only be achieved in five years.”

During a press interview which took place during an event to celebrate World Bread Day, in response to reporter’s query, the CEO of the Group’s Philippines unit, Gardenia Bakeries Philippines, expressed his present intention to work towards full utilisation of the new Pampanga plant in North Luzon by next year. It is to be noted that this was not a forecast.

2. It was reported in the Manila Bulletin Article that “*The company is planning as much as P2 billion in new investments for the expansion program, depending on how many lines they may add.*”

The Manila Standard Article reported that “*The company is prepared to invest another P2 billion on new lines on top of the P2 billion spent for the new facility since company shareholders have committed to plow back their dividends to the Philippine subsidiary to further gain market share.*”

The Company wishes to clarify that the P2 billion amount refers to the existing investment in the Pampanga (North Luzon) plant, and not any new investment in the Philippines by the Group. As announced earlier, the Group has invested P3 billion (approximately S\$77 million) in FY2017 and FY2018 for the construction of two new plants in Pampanga (North Luzon) and Mindanao. The Mindanao plant is now operational and the Pampanga (North Luzon) plant is expected to commence operation by end of this year. Going forward, depending on the utilisation rate of the existing and new production facilities, the Group is prepared to consider further investments in the Philippines to meet projected market demands.

3. It was reported in the Manila Bulletin Article that “[Gardenia] is also growing at more than double the industry’s steady annual growth of 5-6 percent.”

The Company wishes to clarify that this statement relates to past growth and is not a forecast of the current year’s growth rate.

By Order of the Board

Serene Yeo
Company Secretary

18 October 2018