QAF LIMITED
Company Registration No. 195800035D
(Incorporated in the Republic of Singapore)

(A) FORMATION OF EXECUTIVE COMMITTEE

(B) PROPOSED EXPANSION IN THE PHILIPPINES

(A) FORMATION OF EXECUTIVE COMMITTEE

The Board of Directors of QAF Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") has formed an executive committee (the "**Exco**") which shall be responsible for the overall management of the operations and affairs of the Company and have overall oversight of the operations and affairs of its subsidiaries and associated companies and joint ventures in which the Group has an interest. The Exco shall comprise the following members:

(i) the Vice-Chairman and Non-executive/Non-independent Director, Mr Andree Halim;

(ii) the Joint Group Managing Directors, Mr Lin Kejian and Mr Goh Kian Hwee; and

(iii) Director of Finance, Mr Tan Teck Huat.

(B) PROPOSED EXPANSION IN THE PHILIPPINES

The Board of Directors of the Company wishes to announce that the Group has plans to expand its existing business in the Philippines.

The Group manufactures and produces bread and bakery products in the Philippines through its manufacturing plants located at Laguna and Cebu, including the 6,000 loaves-per-hour bread manufacturing plant that was opened in Laguna in 2015.

In order to meet the growing demand for bread products in the Philippines, the Group intends to expand bread production and distribution in the Philippines. The expansion proposals are as follows:

(1) the proposed spin-off and transfer of the existing bread manufacturing plant in Cebu to a newly-incorporated Group company ("**Cebu Spin-Off Project**");

(2) the proposed setting up of a new bread manufacturing plant in Mindanao to cater to the demand of the Mindanao market and to supplement the Visayas market ("**New Mindanao Project**"); and

(3) the proposed acquisition of a plot of land in Luzon ("**Luzon Land Acquisition**") for the purpose of setting up a new bread manufacturing plant in future.

The Cebu Spin-Off Project and the New Mindanao Project are expected to be completed in 2017 and 2018, respectively. The Luzon Land Acquisition is expected to take place in 2017.

The estimated project investment costs for the above are as follows:

Project	**Proposed equity to be funded by the Group**	**Proposed bank borrowings to be raised by the relevant Philippines subsidiaries**
Cebu Spin-Off Project	S$0.7 million (Philippine Pesos 24.4 million)	S$2.1 million (Philippine Pesos 72.0 million)
New Mindanao Project	S$14.6 million (Philippine Pesos 500.0 million)	S$10.4 million (Philippine Pesos 355.7million)
Luzon Land Acquisition	S$6.2 million (Philippine Pesos 214.0 million)	Not applicable
Total	**S$21.5 million (Philippine Pesos 738.4 million)**	**S$12.5 million (Philippine Pesos 427.7 million)**

Note: Based on the exchange rate of S$1: Philippine Pesos 34.36.

The above expansion plans in Philippines are not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Group for the year ending 31 December 2017.

BY ORDER OF THE BOARD

Serene Yeo

Company Secretary

10 January 2017