

QAF LIMITED

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

MATTERS RELATING TO SUBSIDIARY OF THE COMPANY

QAF Limited ("**QAF**" or the "**Company**") wishes to announce on the following matter relating to its wholly-owned subsidiary in the Philippines, Gardenia Bakeries (Philippine) Inc. ("**GBPI**").

GBPI manufactures and produces bread and bakery products in the Philippines under the "Gardenia" brand. The existing bread manufacturing plants of GBPI located at Laguna, Philippines, which produces 13,500 of loaves bread per hour, are targeted to reach their full production capacity by the last quarter of 2015. To meet the market demand in the Philippines, GBPI has invested in constructing a new plant with capacity for 6,000 loaves of bread per hour in addition to its existing plants. The construction of the new plant has started and is expected to be operational by December 2015 ("**6B Plant**").

In addition to the above, GBPI has plan to penetrate the artisan bakery and community bread market in the Philippines by implementing a franchise system for the high end artisan bread stores and stores offering the Filipino traditional daily bread ("**Artisan Bread Store & Community Bakery Stores**").

The estimated project investment cost for the 6B Plant and Artisan Bread Store & Community Bakery Stores are at Philippine Pesos 836.2 million (equivalent to S\$25.0 million) and Philippine Pesos 300 million (equivalent to S\$9.0 million) respectively. The total estimated project investment cost of Philippine Pesos 1,136.2 million (equivalent to S\$34.0 million) are funded partly by the Company's internal resources and partly by bank borrowing.

(the above S\$ equivalent is based on the foreign exchange rate as of 30 April 2015)

The above expansion project in the Philippines is not expected to have any material financial impact on the net tangible assets per share and earning per share of the Group for the financial year ending 31 December 2015.

By Order of the Board

Lee Woan Ling
Company Secretary

15 May 2015