

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

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**ANNOUNCEMENT IN CONNECTION WITH THE COMPANY'S AGM TO BE HELD ON 23  
APRIL 2021**

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1. **Introduction:** QAF Limited (“**QAF**” or the “**Company**”) refers to:
  - (a) its Notice of Annual General Meeting (“**AGM**”) dated 25 March 2021 notifying shareholders that the AGM of the Company will be held on 23 April 2021 at 11.00 a.m. by electronic means; and
  - (b) the accompanying announcement issued by the Company on 25 March 2021 setting out the alternative arrangements relating to attendance at the AGM by electronic means and submission of substantial and relevant questions in advance.
2. **FY2020 Financial & Business Highlights:** The FY2020 Financial & Business Highlights of the QAF Group are attached at **Annex A**.
3. **Response to questions from shareholders:** The Company would like to thank shareholders for submitting their questions and feedback in advance of the AGM. Responses to substantial and relevant questions which have been submitted by verified shareholders are set out in **Annex B**.

By Order of the Board

Serene Yeo

Company Secretary  
21 April 2021

**ANNEX A**

**FY2020 Financial & Business Highlights**

# Group Financials & Business Highlights FY2020

*“\$” means Singapore dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.*

# Financial Highlights FY2020

<b>CONTINUING BUSINESS</b>	<b>FY2020</b>	<b>FY2019</b>	<b>%</b>
	<b>\$' millions</b>	<b>\$' millions</b>	<b>Change</b>
Revenue	561.8	497.0	13
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	90.5	56.8	59
– <i>EBITDA margin (%)</i>	16.1%	11.4%	
Profit before Taxation ("PBT")	54.4	22.8	139
Profit after Taxation ("PAT")	42.3	18.3	131
– <i>PAT margin (%)</i>	7.5%	3.7%	
Underlying earnings	42.6	23.1	84
– <i>Underlying earnings margin (%)</i>	7.6%	4.6%	

# Financial Highlights FY2020

## DISCONTINUING OPERATIONS

<b>REVENUE</b> \$373m	<b>EBITDA</b> \$35.9m	<b>PBT<sup>1</sup></b> \$19.8m
<b>PAT<sup>1</sup></b> \$15.0m	<b>PAT<sup>1</sup> MARGIN</b> 4.0%	<b>UNDERLYING EARNINGS<sup>1</sup></b> \$20.4m

# Business Overview FY2020

## CONTINUING OPERATIONS

<b>REVENUE</b> <b>\$562m</b> GBKL <sup>2</sup> Revenue \$354m	<b>EBITDA<sup>1</sup></b> <b>\$90.5m</b> GBKL <sup>2</sup> EBITDA \$33.9m	<b>PAT</b> <b>\$42.3m</b> GBKL <sup>2</sup> PAT \$11.1m
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**16**  
Plants

Produced > **1.2 billion**  
loaves of bread products annually



**3**

Warehouses &  
cold store facilities

**c.19,000 sqm**  
of gross floor area



**c.68,000**  
Third party outlets



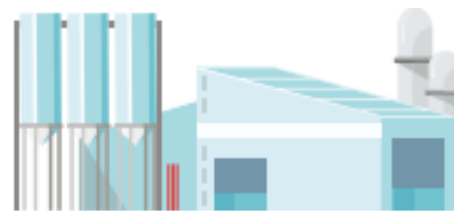
**c.1,900**  
routes



**c.1,700**  
trucks

## DISCONTINUING OPERATIONS

**PAT<sup>3</sup>**  
**\$15.0m**



**7**

Owned piggery  
farms

**c.7,600 ha**  
of agricultural  
and commercial  
freehold land

**c.30**

Grow-out  
contractors

Produced  
**c.800,000**  
heads annually

**2**

Processing  
plants

Processed  
**c.1,400,000**  
heads  
annually

**3**

Feed mills

Produced  
**c.320,000**  
MT of feed

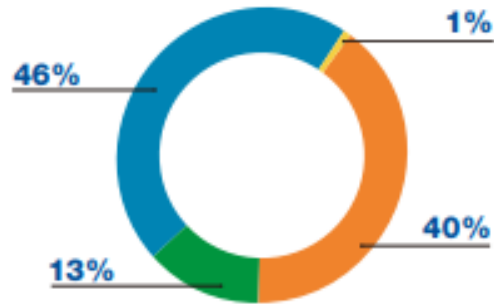
<sup>1</sup> Includes segment EBITDA of Bakery, Distribution and Warehousing, and Investments and Others.

<sup>2</sup> 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.

<sup>3</sup> Excludes remeasurement loss of \$28.7 million.

# Business Overview FY2020

Segment Revenue



■ Bakery  
■ Distribution and Warehousing  
■ Investments and Others  
■ Primary Production

Geography Revenue



■ Singapore  
■ Philippines  
■ Australia  
■ Malaysia  
■ Others

## BAKERY

REVENUE 2020  
**\$433m**

EBITDA 2020  
**\$79.6m**

EBITDA MARGIN 2020  
**18%**

## DISTRIBUTION AND WAREHOUSING

REVENUE 2020  
**\$124m**

EBITDA 2020  
**\$7.0m**

EBITDA MARGIN 2020  
**6%**

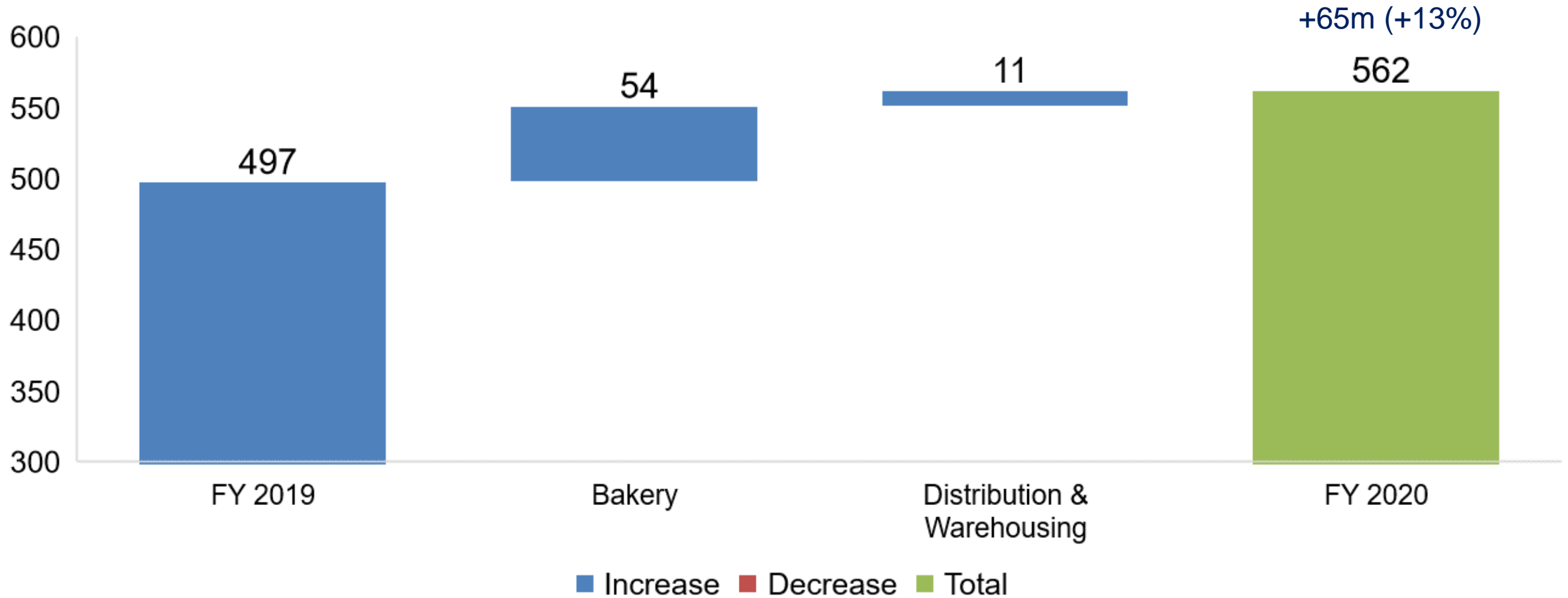
## PRIMARY PRODUCTION

REVENUE 2020  
**\$373m**

EBITDA 2020  
**\$35.9m**

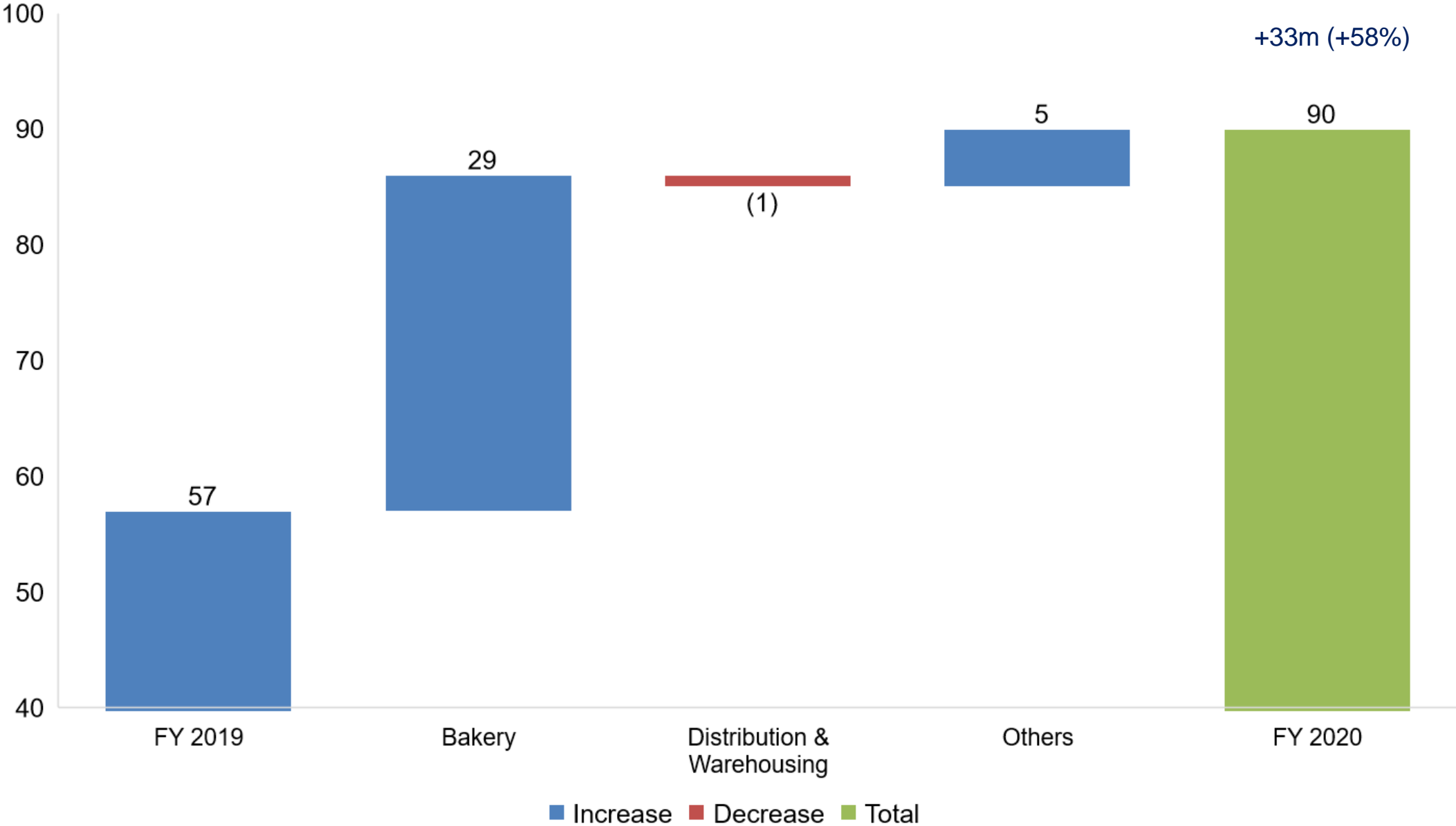
EBITDA MARGIN 2020  
**10%**

# Group Revenue (\$m) (continuing operations)



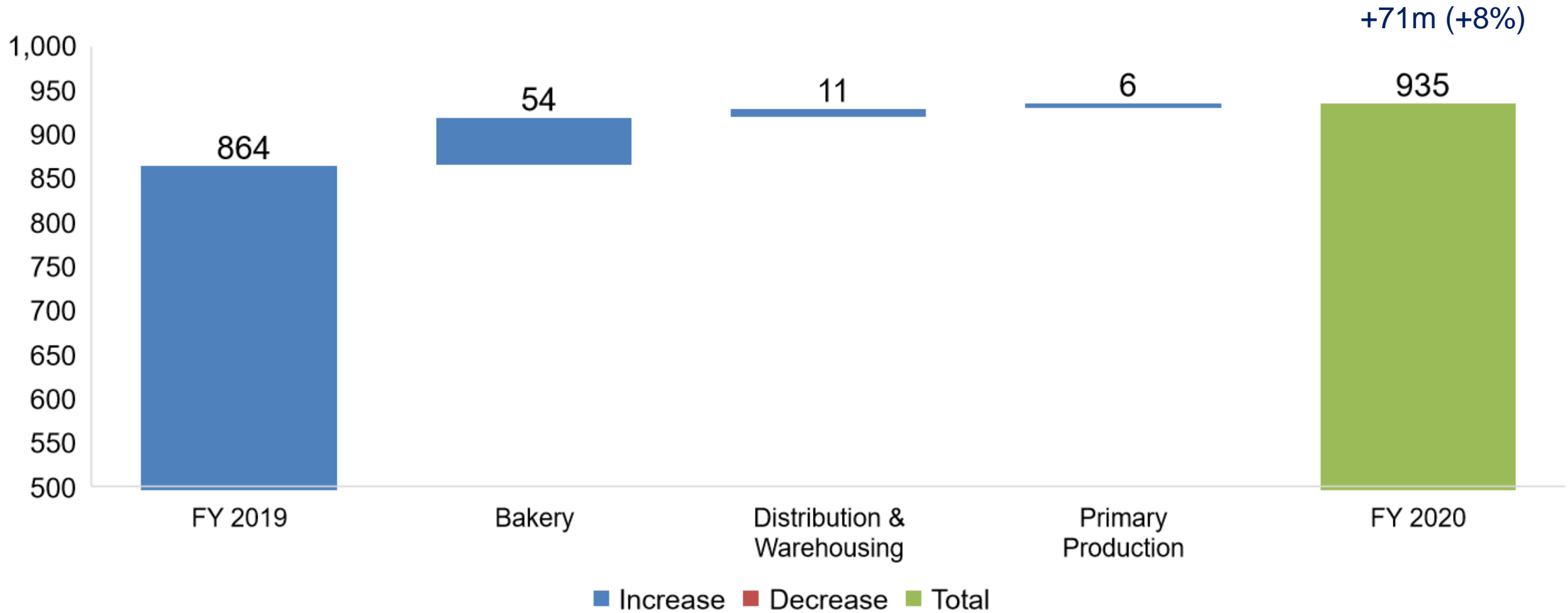


# Group EBITDA (\$m) (continuing operations)



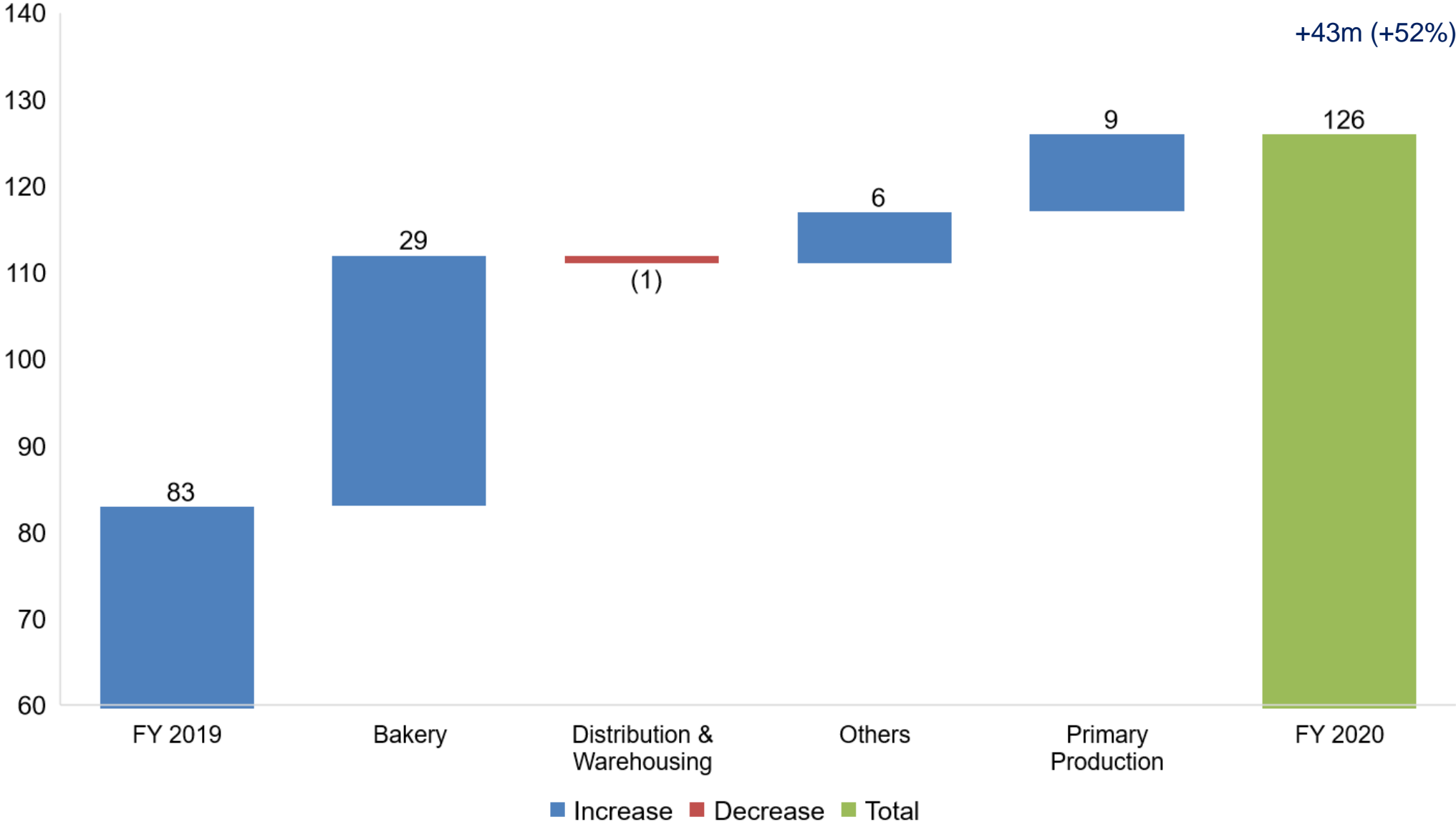
# Proforma Group Revenue (\$m)

(continuing + discontinuing operations)



# Proforma Group EBITDA (\$m)

(continuing + discontinuing operations)



# Earnings & Dividends

# Earnings and Dividends

	2020	2019
Earnings per share (continuing business only)	7.3¢	3.2¢
Earnings per share (continuing & discontinuing business)	4.8¢	4.8¢
Dividend per share	5.0¢	5.0¢
Net gearing ratio (times) <sup>1</sup>	(0.02)	0.18
Net asset value per share	\$0.90	\$0.88
Share price <sup>2</sup>	\$1.03	\$0.81
Market capitalisation <sup>2</sup>	\$572m	\$466m

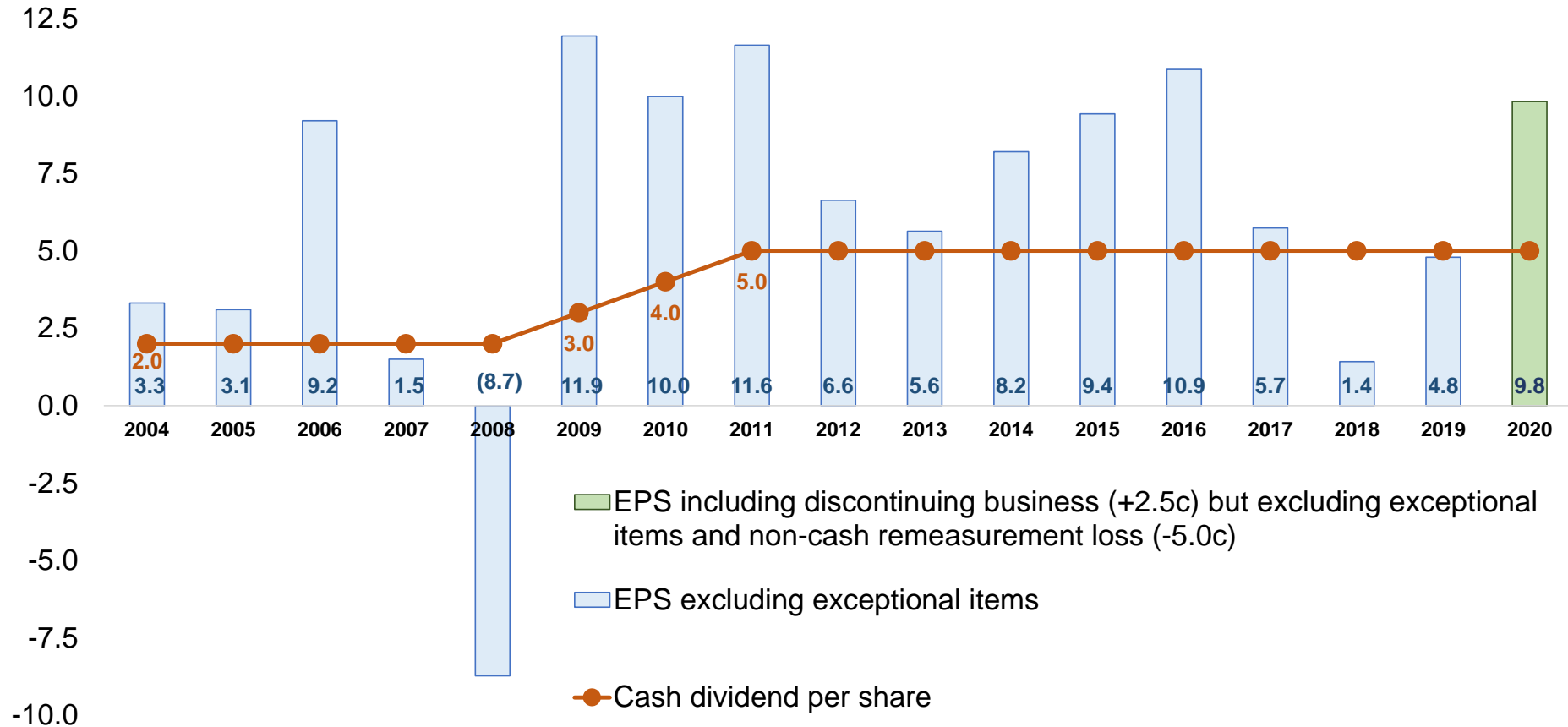
<sup>1</sup> Net gearing ratio is calculated by dividing net debt against equity attributable to owners of the Company

<sup>2</sup> As at 16 April 2021 (2019: 16 April 2020)

# Dividends FY2004 to FY2020

- We have paid 5 cents dividends since 2011.
- 2020 EPS was 4.8 cents including non-cash remeasurement loss of 5 cents.
- Our dividend yield is 4.85% based on share price of \$1.03 as at 16 April 2021.

## EPS and DPS (cents)



## **ANNEX B**

### **Responses to Substantial and Relevant Questions**

Based on questions and feedback received from shareholders, the Company sets out its responses below, focussing on substantial and relevant questions. As some of the questions submitted overlap, the Company has set out its responses by way of subject matter/ themes.

<b>Topic</b>	<b>Question</b>	<b>Response</b>
<b>Topic 1: Proposed Sale of Primary Production Business</b>		
	<p>We have received various questions relating to the proposed sale of our Primary Production business.</p>	<p>The sale process is currently at an advanced stage involving negotiation of the sale and purchase agreement and, in the event that an agreement is entered into, the Company will make the necessary announcement. In due course, the Company will convene an EGM for the sale. More information will be disclosed in the Circular to shareholders. In the event that we are not able to sell, we will have to review the position.</p> <p>As per page 6 of our Annual Report, should the sale materialise, the Group intends to recycle some of the proceeds to support the growth of the core Bakery and Distribution and Warehousing businesses of Singapore, Malaysia and the Philippines and the expansion of such businesses in ASEAN within the growing 650 million population and enable us to invest in new business opportunities related to these businesses.</p> <p>As stated in our Joint Group Managing Directors' report (page 6 of the FY2020 Annual Report), it is the intention of the Company that upon successful closing of the transaction, the Company will propose payment of a special dividend of 2 cents per share. It is highlighted that there is no assurance that a sale of the Primary Production business or payment of a special dividend will materialise in due course. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.</p> <p>More details will be given if and when the transaction is concluded. If we are able to sell the Primary Production business, our Group revenue will drop significantly. However, as stated above, proceeds of the sale will enable us to grow the core businesses, Bakery and Distribution &amp; Warehousing.</p>

Topic	Question	Response
<b>Topic 2: Financial and Accounting Matters</b>		
	<p>We have received various questions relating to financial and accounting matters on the proposed sale of our Primary Production business.</p>	<p><u>Discontinuing operations</u></p> <p>The reclassification of the Primary Production business as a discontinuing operation is a requirement of the accounting standards, as explained in the FY2020 Independent Auditor's Report (see page 118 of FY2020 Annual Report). Extract from the report is as follows:</p> <p><i>“During the year ended 31 December 2020, the Company announced its decision to pursue the sale of the entire Primary Production business, which represents a separate major line of the Group’s business. In accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations, given that the carrying amount of the Primary Production business will be recovered principally through a sale transaction rather than through continuing use, the Group has classified the Primary Production business as a disposal group held for sale (“disposal group”) in the consolidated statement of financial position and measured the disposal group at the lower of its carrying amount and fair value less costs to sell as at 31 December 2020. The Group recorded a loss of \$28.7 million on re-measurement of the disposal group held for sale to fair value less costs to sell.”</i></p> <p>As per Note 9 on page 163 of our FY2020 Annual Report, the net book value as at 31 December 2020 of the assets to be disposed of is S\$133.6 million after remeasurement loss of S\$30.7 million. The remeasurement loss of S\$30.7 million is based on A\$30.1 million translated at year-end foreign exchange rate. This same A\$30.1 million remeasurement loss is translated to S\$28.7 million for reporting in income statement based on average exchange rates used during the year. This is consistent with the requirements of applicable accounting standards.</p>



Topic	Question	Response
<b>Topic 3: Sustainability reporting</b>		
	<p>We have received various questions relating to our sustainability report.</p>	<p>Gardenia Singapore is currently evaluating hybrid and electric powered vehicles for its distribution fleet. A trial run for some electric powered delivery vans has already been planned for this year. Implementation of a fully electric-powered distribution fleet will have to take into consideration the availability of appropriate vehicles and re-charging infrastructure.</p> <p>As mentioned on pages 36, 49 and 64 of the Sustainability Report in our FY 2020 Annual Report, the Group seeks to reduce its energy consumption and carbon footprint.</p> <ul style="list-style-type: none"> <li>• To promote energy efficiency, Gardenia Singapore installed LED lights at both its plants, its corporate office and warehouse which resulted in combined savings of approximately \$13,000 for 2020.</li> <li>• Bakers Maison Australia uses natural gas instead of electricity where possible and is gradually shifting its fuel mix to cleaner fuels. It has reduced its energy consumption by some 30% over the past two years and continues to monitor its carbon footprint. The 2,100 sqm of solar panels on the rooftops of its production facility are 'green rated' and generate over 15% of its electricity requirements. Liquefied petroleum gas is used as a source of direct energy and the remaining requirements are fulfilled by indirect energy (electricity) from authorised utility vendors.</li> <li>• In Malaysia, five out of seven bread production lines use natural gas and liquefied petroleum gas as a fuel for ovens. Gardenia Malaysia intends to further reduce negative impact on the environment by converting more of its production lines to natural gas in the future.</li> <li>• In 4Q2020, Gardenia Malaysia completed the replacement of the sodium vapour lights along the streets and surrounding areas of its Bukit Kemuning plant with LED lights. The initiative is expected to save the company in terms of its energy costs.</li> </ul>

Topic	Question	Response
		<ul style="list-style-type: none"> <li>• The installation of a new heat recovery system at the Group’s Bakers Maison Malaysia plant in September 2020 enables hot water to be produced from the condensers of the plant cooling system and the hot water is used to clean the cream roll injectors and bread cooler conveyors instead of using electrical heaters. The investment has enabled us to qualify for a 24% tax allowance exemption under green technology initiatives and resulted in an annual saving of approximately RM30,000 from September to December 2020. A similar heat recovery system installed at the Bukit Kemuning plant provided energy savings of approximately RM120,000 in 2020.</li> <li>• Our Primary Production business has three biogas collection facilities that capture and burn methane generated from its farming operations to produce electricity, meeting up to approximately 75% of the power requirements at its Corowa facility (see page 65 of FY2020 Annual Report). Rivalea also supplies Australian Carbon Credits under contract to the Australian government through the Commonwealth Emissions Reduction Fund.</li> </ul>
<b>Topic 4: Joint venture in GBKL</b>		
	<p>We have received a question relating to the plan to list GBKL.</p>	<p>As per our announcement on 21 July 2020, we have agreed with our joint venture partner to work towards a listing for GBKL by March 2028. It is too early at this stage for parties to discuss the matter.</p> <p>We will where necessary, provide further updates if there is any progress on the plan to list GBKL.</p>
<b>Topic 5: New markets, sales growth and capital expenditures</b>		
	<p>We have received various questions relating to new markets, sales growth and capital expenditures.</p>	<p><u>New markets and sales growth</u></p> <p>With the proposed sale of the Primary Production business, the Group continues to evaluate investment opportunities focusing on flour-based businesses. We have already invested in a start-up bakery distribution business in Thailand, as announced on 29 August 2019. This project is still in the planning stage in view of the Covid-19 situation. The Group’s distribution arm continues to operate in Myanmar albeit with some caution, taking into account the current</p>

Topic	Question	Response												
		<p>political situation.</p> <p>We have managed to maintain our lead in the packaged bread industry in our core markets of Singapore, Philippines and West Malaysia. For example, as stated on page 20 of our FY2020 Annual Report, Gardenia Singapore continues to be the market leader in the packaged bread industry and secured the No. 1 status in four categories based on ScanTrack data certified by NielsenIQ SG, namely, No.1 in White bread, Wholemeal bread and Flavoured bread for the period January to December 2020, and No. 1 in Bun bread for the period July 2019 to June 2020. Further, as stated on page 26 of our FY2020 Annual Report, Gardenia Philippines maintained its dominance in the packaged bread segment with more than 65% market share as reported by Nielsen in its Metro Manila survey report.</p> <p>As stated in our announcement on 26 February 2021, although there was a significant improvement in 2020 as compared with 2019, the Bakery business is expected to moderate from 2021 onwards. It has started to normalise from 2H2020 with gradual easing of restrictions and re-opening of businesses.</p> <p><u>Capital expenditure</u></p> <p>Consistent with our practice, we do not disclose details of the Group's budgeted capital expenditure for the current Financial Year. Compared with last 5 years' historical numbers and consistent with our disclosure on page 7 of our Annual Report, we currently do not expect FY2021 capital expenditure of the Group (excluding GBKL) to exceed the previous five years.</p> <table border="1" data-bbox="818 1525 1326 1731"> <thead> <tr> <th></th> <th>Capital expenditure (\$'million)</th> </tr> </thead> <tbody> <tr> <td>FY2020</td> <td>31.1</td> </tr> <tr> <td>FY2019</td> <td>35.5</td> </tr> <tr> <td>FY2018</td> <td>74.4</td> </tr> <tr> <td>FY2017</td> <td>60.7</td> </tr> <tr> <td>FY2016</td> <td>74.2</td> </tr> </tbody> </table>		Capital expenditure (\$'million)	FY2020	31.1	FY2019	35.5	FY2018	74.4	FY2017	60.7	FY2016	74.2
	Capital expenditure (\$'million)													
FY2020	31.1													
FY2019	35.5													
FY2018	74.4													
FY2017	60.7													
FY2016	74.2													
		<p>Our capital expenditure plan is dependent on the needs of the different business units and takes into consideration capacity planning to meet business demand. Some examples are:</p> <ul style="list-style-type: none"> <li>As per page 27 of our FY2020 Annual</li> </ul>												

Topic	Question	Response
		<p>Report, Gardenia Singapore has adopted a 3-Phase Upgrading Plan for its two plants which is expected to cost up to approximately S\$20 million. The works include improvement of food safety and hygiene, automation to reduce labour requirements, improvement of production efficiency, and expansion of existing lines' production capabilities. This plan will allow Gardenia Singapore to explore business opportunities with new products and reduce risk of production shutdown.</p> <ul style="list-style-type: none"> <li>• The Group is also studying a plan to have a new bread line at Farmland Malaysia to supply both Malaysia and Singapore markets. In the Philippines, preparatory works for a new plant in North Luzon has started since 2020. The <i>Gardenia</i> brand is strong in Malaysia and the Philippines with its bread products accounting for more than 60% of each market. The expansion of production capacities and capabilities will facilitate opportunities for further market penetration within these markets and diversification into other products. However, these plans are subject to review taking into account the post-pandemic situation.</li> </ul>
<b>Topic 6: Capital management</b>		
	<p>We have received various questions relating to dividends.</p>	<p>As per page 7 of our FY2020 Annual Report, the Group will continue to adopt a conservative capital management strategy. As stated on page 108 of our FY2020 Annual Report, the Company aims to pay consistent and sustainable dividends having regard, amongst others, to the long-term nature of the Group's business. 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.</p> <p>The decision to pay dividends will be made after the financial results of the preceding financial reporting period are available, taking into account the conservative strategy mentioned above.</p> <p>In connection with the proposed sale of our Primary Production business and assuming the sale is successfully completed, the 2-cents dividend per share was decided having regard to, amongst others, the strategy</p>

Topic	Question	Response
		mentioned above and also, as stated on page 6 of our FY2020 Annual Report, and our intention to support the growth of the Bakery and Distribution & Warehousing businesses and to evaluate investment opportunities focusing on flour-based businesses in ASEAN.
<b>Topic 7: Supply chain, distribution network and branding</b>		
	Questions were raised in relation to the Group's supply chain, distribution network and branding.	<p><u>Supply chain</u></p> <p>Although there has been no material disruption to supply chains resulting from the pandemic, the Group's business units are continuously evaluating alternatives and opportunities for improvements, taking into consideration our commitment to sustainable sourcing (see page 50 of our FY2020 Annual Report).</p> <p><u>Distribution network</u></p> <p>New distribution network and methods are also being continuously evaluated. As per pages 22 and 58 of our FY2020 Annual Report, Gardenia Singapore has already expanded its distribution networks to include vending machines and online e-commerce platforms. As per page 26 of our FY2020 Annual Report, Gardenia Philippines expanded distribution to smaller trade outlets, increased sales routes and territorial distributors, and also launched an online selling program. In addition, our Distribution and Warehousing business has had its own e-store BenMart at <a href="http://www.benmart.com.sg">www.benmart.com.sg</a> since 2014.</p> <p><u>Branding</u></p> <p>With reference to page 23 of our FY2020 Annual Report, Gardenia Singapore will continue to invest in building brand equity and product innovation. The Upgrading Plan referred to above, which will expand production capabilities, will allow the Group to explore business opportunities with new products.</p> <p>With reference to pages 24 and 25 of our FY2020 Annual Report, <i>Gardenia</i> was selected by Malaysian consumers to win the coveted, prestigious "Putra Brand of the Year" award. Going forward, GBKL will continue to invest in advertising and promotion to further strengthen the <i>Gardenia</i> brand. It will also</p>

Topic	Question	Response
		<p>intensify research and development of novel products, opening new market segments to drive revenue and income growth.</p> <p>With reference to page 27 of our FY2020 Annual Report, Gardenia Philippines will invest further in product innovation, augmented with strategic marketing campaigns and extensive market penetration and saturation programs.</p>
<b>Topic 8: Others</b>		
	A question was received regarding succession planning of the Board.	The Company has stated on pages 7 and 86 of its FY2020 Annual Report that it will be looking into the composition of the Board as a whole this year, in particular in light of the nine-year rule relating to directors' independence.

## IMPORTANT NOTICE:

The information released in this announcement should be read in conjunction with the Company's Annual Report including the Appendix thereto. Such information 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 including the Covid-19 situation and its impact. Examples of these factors include (without limitation) regulatory orders and policies on business operations and closures, lock-down and movement restrictions, quarantines, travel and border restrictions, shutdown or potential shutdown of our facilities due to outbreak of the disease (if any) and/or infection of employees/ other persons at our facilities and disruption to supply chains. 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. It is highlighted in particular that the Company has announced, *inter alia*, that the sale process of the Group's Primary Production business is on-going and that the Company's intention is that subject to and upon successful closing of the transaction, the Company will propose payment of a special dividend of 2 cents per share. **There is no assurance that a sale of the Primary Production business or payment of a special dividend will materialise in due course. 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. Without prejudice to the generality of the foregoing, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.**