

QAF LIMITED

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

DISCLOSURE OF INTERESTED PERSON TRANSACTIONS

QAF Limited (the “**Company**” and together with its subsidiaries, the “**Group**” or “**QAF Group**”) wishes to disclose interested person transactions during the period FY2017 to FY2023 and 1H2024 for the purchase of electricity by the Group’s Singapore bakery subsidiary (“**Gardenia**”) in the ordinary course of its business from a Salim Group entity, namely, Pacificlight Energy Pte. Ltd. (“**Pacific Light**”), an electricity retailer in Singapore. These transactions fall within the Shareholders’ Mandate pursuant to Rule 920(1) of the Listing Manual (“**Shareholders’ Mandate**”). Disclosure of the purchases as interested person transactions had previously not been reported as Gardenia was previously unaware that Pacific Light was an interested party. The attached Disclosure Schedule provides further details.

All transactions relating to the purchase of electricity by Gardenia have been properly accounted for in the financial statements of the Group for each year in question.

Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context so requires, Mr Anthoni Salim. Mr Anthoni Salim is an immediate family member of Mr Lam Sing Chung.

By Order of the Board

Serene Yeo
Company Secretary

23 December 2024

Disclosure Schedule

1. Disclosures in relation to the purchase of electricity by Gardenia from the Salim Group from FY2017 to FY2023 and 1H2024 under the Shareholders' Mandate (the "Transactions") ⁽¹⁾ based on the format prescribed by Rule 907 of Chapter 9 of the SGX-ST Listing Manual ("Chapter 9") relating to transactions under Shareholders' Mandate

Name of Interested Person	Nature of Relationship	Column A: Aggregate value of all interested person transactions conducted under Shareholders' Mandate ⁽²⁾ pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000) (S\$'000)	Column B: 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) as disclosed in the Company's annual report, <i>after adjusting for the Electricity Purchases in Column A</i> (S\$'000)
FY2017			FY2017
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	523	3,510
FY2018			FY2018
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	1,263	16,284
FY2019			FY2019
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	1,332	23,930
FY2020			FY2020
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	1,144	27,458
FY2021			FY2021
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	1,246	27,903
FY2022			FY2022
Salim Group	See Note ⁽³⁾	3,279	32,202

- Purchase of finished products (Electricity)		
FY2023		
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	2,607
1H2024		
Salim Group - Purchase of finished products (Electricity)	See Note ⁽³⁾	954

FY2023
25,846
1H2024
9,738

Notes:

- (1) This announcement is made on the assumption and to err on the side of caution, that the condition(s) in the exception in Rule 915(5) of the Listing Manual from the requirements of Chapter 9 may not be applicable in the present circumstances, taking into account, inter alia, that the electricity purchases date back to FY2017.
- (2) The types of transactions under the Shareholders' Mandate include the purchase of products and raw materials from the relevant interested persons. Based on research including case law on which legal advice was sought, electricity falls within the definition of 'products' in the Shareholders' Mandate.
- (3) Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context so requires, Mr Anthoni Salim. Mr Anthoni Salim is an immediate family member of Mr Lam Sing Chung.

2. Further Information

- 2.1 The Salim Group is a vast conglomerate made up of numerous entities, amongst which includes the First Pacific Company Limited group, a Hong Kong-listed group. It appears that through a chain of intermediate companies, Pacific Light is part of the First Pacific Company Limited group. The First Pacific Company Limited group is a separate listed group from QAF Group and the respective Boards and audit committees of First Pacific Company Limited and of the Company are entirely different.
- 2.2 Electricity purchases by Gardenia are handled by its management as an operational matter in the ordinary course of its bakery business. Gardenia's management was not aware until late August 2024 that Pacific Light may be part of the Salim Group, which led to the internal reviews referred to in paragraph 2.4 below and this current disclosure.

Rule 901 of the Listing Manual provides that the objective of Chapter 9 on Interested Person Transactions is to guard against the risk that interested persons could influence the issuer, its subsidiaries or associated companies, to enter into transactions with interested persons that may adversely affect the interests of the issuer or its shareholders.

As noted, Gardenia's management, who negotiated and entered into the agreements with Pacific Light for the electricity purchases, were unaware that Pacific Light was an interested person. As such, Gardenia management confirms that the contractual decisions for the Transactions were made on terms commercially beneficial to Gardenia and with no influence exerted by the Company's controlling shareholders on Gardenia's management to enter into the Transactions with Pacific Light.

2.3 In addition, the Company wishes to inform shareholders that on a review by the Company and its Audit & Risk Committee (“ARC”), it is noted that:

- (a) Gardenia had prior to obtaining its supply of electricity from Pacific Light, purchased electricity from an unrelated electricity supplier. In 2H2017, Gardenia’s management changed its supplier to Pacific Light. Pacific Light had offered an overall lower electricity rate as compared to that previously charged by such unrelated electricity supplier;
- (b) further, from 2H2017 to FY2021, based on quarterly electricity tariffs published by Singapore Power for such period, the prices charged by Pacific Light to Gardenia were competitive;
- (c) the period January 2022 to August 2022 saw exceptional market conditions, as there were ongoing issues in the global energy market which was affected by the Russia / Ukraine war. Gardenia explored a range of options to mitigate the volatility in electricity markets. This included the use of the *Temporary Electricity Contracting Support Scheme (TRECS)* put in place by the relevant Singapore authority, the Energy Market Authority (EMA), due to businesses facing difficulties in renewing their contracts or obtaining new contracts. EMA stated that volatile gas and electricity prices, and risk of piped natural gas disruptions, limited electricity retailers’ ability to offer fixed price contracts. Under TRECS, businesses could purchase electricity from relevant electricity retailers with the benefit of a maximum ceiling price imposed. Gardenia purchased electricity from Pacific Light on a monthly basis under such EMA-regulated scheme during such difficult and volatile period;
- (d) thereafter, from 3Q2022, Gardenia was able to secure longer-term contracts for the supply of electricity. Rates offered by Pacific Light were tested against unrelated supplier(s) and proved to be competitive. Further, it is noted that based on quarterly electricity tariffs published by Singapore Power, the prices charged by Pacific Light to Gardenia were fair and reasonable.

2.4 After Gardenia became aware that Pacific Light could be part of the Salim Group during a meeting between Gardenia’s management and a representative of Pacific Light, extensive internal reviews were undertaken to ascertain relevant information, including the interested party relationship with Pacific Light, when purchases from Pacific Light commenced and the correct treatment of the electricity purchases under Chapter 9 and the Shareholders’ Mandate. The ARC has also since conducted a review of the Transactions, and:

- (a) based on the internal reviews and confirmations from Gardenia’s management, the ARC is of the view that the price and terms of Gardenia’ purchase of electricity from Pacific Light were conducted on an arm’s length basis with competitive pricing rates and the purchases of electricity were therefore on normal commercial terms not prejudicial to the interests of the Company and the Company’s minority shareholders. All transactions relating to the purchase of electricity by Gardenia have been properly accounted for in the financial statements of the Group for each year in question;
- (b) the ARC notes that pursuant to the Shareholders’ Mandate, for each of the applicable financial years, the value of the relevant Transactions, when aggregated with the value of all other interested person transactions of the same kind in the same financial year (excluding transactions less than \$100,000), did not exceed 3% of the Group’s then latest audited net tangible assets; and
- (c) by way of further information, for each of the applicable financial years, the value of the relevant Transactions, when aggregated with the value of all other interested person transactions entered into with the same interested person⁽¹⁾ in the same financial year (excluding transactions less than \$100,000 and transactions conducted under Shareholders’

Mandate pursuant to Rule 920 of the Listing Manual)⁽²⁾, did not exceed 3% of the Group's then latest audited net tangible assets.

Notes:

- (1) Mr Lam Sing Chung and his associates, Mr Lin Kejian and the Salim Group, are categorised as the same interested person for this purpose.
- (2) Based on amounts set out in respective FY2017 to FY2023 annual reports.

3. Measures

Arising from this incident, the Company will reinforce its existing processes to require suppliers, prior to or upon entering into contracts with the relevant materiality threshold(s), to declare whether they have any applicable existing relationships with any director, chief executive officer or controlling shareholder of the Company.