

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

ANNOUNCEMENT ON PRIMARY PRODUCTION BUSINESS

Reference is made to a report published by The Australian on 20 September 2020 titled “QAF out to bring home the bacon with Rivalea sale” (the “**Press Report**”). The Press Report states that: “It is understood the company has recently received offers between \$80m and \$100m.”

The above statement in the Press Report is incorrect; no such offers have been received by the Company to-date. As announced by the Company on 26 August 2020, the sale process for the Primary Production business has recently been launched and is in its preliminary stages. The sale (if any) will be subject to various conditions including, where applicable, anti-competition clearance, FIRB approval under Australian law and the Company’s shareholders’ approval.

Based on unaudited management accounts as at 31 August 2020, the net book value of the assets to be disposed of is A\$160 million, including shareholders loans of A\$44.5 million but excluding net external debt of A\$63.1 million. In connection with the preparatory work for the sale process and further to the Company’s announcements dated 23 June 2020 and 7 August 2020, Rivalea is projecting to achieve net revenues and EBITDA (excluding fair value changes on biological assets) of A\$395 million and A\$36 million respectively for FY2020, slightly lower than the previous guidance of A\$404 million and A\$38 million respectively as provided in the announcement on 23 June 2020. The updated FY2020 projections are nevertheless higher than the FY2019 net revenues and EBITDA of A\$384 million and A\$21.1 million (excluding fair value gain on biological assets of A\$7.7 million) respectively. The updated FY2020 projections have been prepared based on currently available information barring any unforeseen circumstances, noting that the impact of Covid-19 and relaxation on movement restrictions in Australia continue to evolve and are based on various assumptions, including on sales volumes, selling prices and feed costs.

The Rivalea group’s Diamond Valley Pork plant in Laverton, Melbourne continues to operate at two-thirds capacity and subjected to prescribed strict safety protocols. There were no new Covid-19 outbreaks at the plant since the initial outbreak announced on 25 July 2020. A long and substantial closure of the DVP plant may have an adverse impact on the Primary Production business and as this latest development has not been factored into the FY2020 forecast above, it may result in a deviation in the forecast. As the Covid-19 pandemic is an unprecedented event and the situation is evolving, the impact cannot be reliably estimated with certainty at this point in time. Losses arising from the pandemic are not covered by insurance policies in Australia.

Shareholders and other investors are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in such securities.

Important Notice

The information released in this announcement has been prepared without regard to the objectives, financial situation and/or needs of any specific persons. For the avoidance of doubt, this announcement does not constitute or form any part of any offer, recommendation, invitation, inducement or solicitation to

enter into any transaction including to buy or subscribe for 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 evolving 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 view 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 FY2020 projection herein in respect of the Primary Production business ("FY2020 Projection") is a forward-looking statement, which was produced for the purpose of the sale process being undertaken for the Primary Production business. The FY2020 Projection has been set out herein solely for reasons of disclosure. The actual future performance, outcome and results of the Primary Production business may differ materially from the FY2020 Projection as a result of, inter alia, known and unknown risks, uncertainties, bases and assumptions including uncertainty arising from the pandemic and/or matters beyond the Group's control. Reliance should accordingly not be placed on the FY2020 Projection, which is based on current view of the Rivalea management on, amongst others, future events, trends and developments. There can be no assurance that the FY2020 Projection will be realised or prove to be correct. 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.

BY ORDER OF THE BOARD

Serene Yeo
Company Secretary

22 September 2020