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

ANNOUNCEMENT IN CONNECTION WITH THE COMPANY'S AGM TO BE HELD ON 25 JUNE 2020

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1. **Introduction**: QAF Limited ("**QAF**" or the "**Company**") refers to:

   (a) its Notice of Annual General Meeting ("**AGM**") dated 8 June 2020 notifying shareholders that the AGM of the Company will be held on Thursday, 25 June 2020 at 11.00 a.m. by electronic means; and

   (b) the accompanying announcement issued by the Company on 8 June 2020 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM by electronic means and submission of substantial and relevant questions in advance.

2. **FY2019 Financial & Business Highlights:** The FY2019 Financial & Business Highlights of the QAF Group are attached hereto in **Annex A**.

3. **Update on Covid-19 Impact:** The Company wishes to provide an update to shareholders on the impact of the Covid-19 pandemic on the QAF Group's operations. Please refer to **Annex B** hereto for the Company's update.

4. **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 C** hereto.

By Order of the Board

Serene Yeo

Company Secretary
23 June 2020

ANNEX A

FY2019 Financial & Business Highlights

QAF Group
Financial &
Business Highlights
FY2019

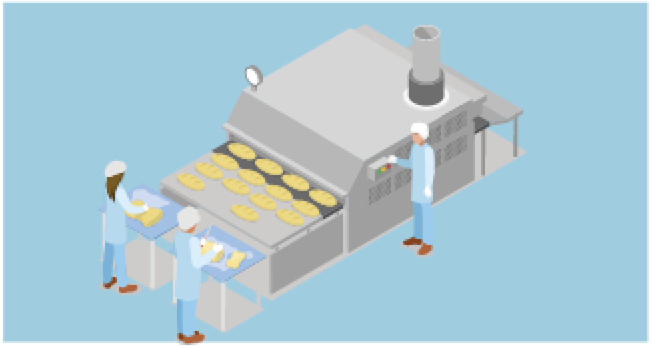
"$" means Singapore dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.

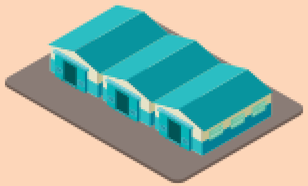
Financial Highlights FY2019

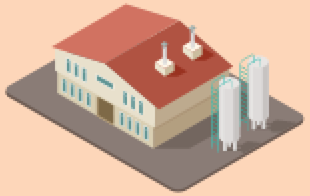
	FY2019 $' millions	FY2018 $' millions	% Change
Revenue	863.9	814.9	6
Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**")	83.4	50.0	67
– EBITDA margin (%)	*9.7%*	*6.1%*	
Profit before Taxation ("**PBT**")	33.1	13.3	149
Profit after Taxation ("**PAT**")	28.2	8.7	226
– PAT margin (%)	*3.3%*	*1.1%*	
Underlying earnings	23.3	22.3	4
– Underlying earnings margin (%)	*2.7%*	*2.7%*	

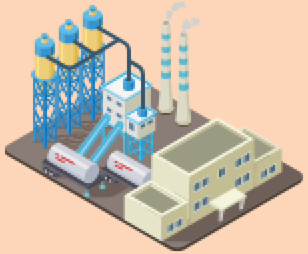
Business Overview FY2019

REVENUE	EBITDA	PAT
$864m	$83.4m[1]	$28.2m
GBKL[2] Revenue	**GBKL[2] EBITDA**	**GBKL[2] PAT**
$337m	$36.0m	$12.0m









16
Plants

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

c.58,000 Third party outlets

c.1,800 routes

c.1,600 trucks

7
Owned piggery farms

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

18
Contracted piggery farms

Produced **c.1,000,000** heads annually

2
Processing plants

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

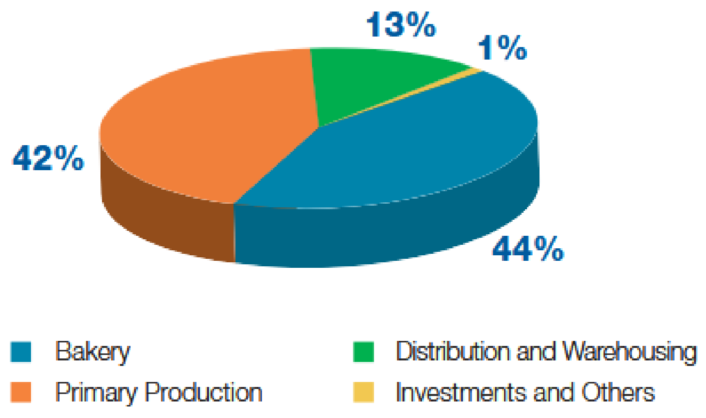
3
Warehouses

c.19,000 sqm of gross floor area

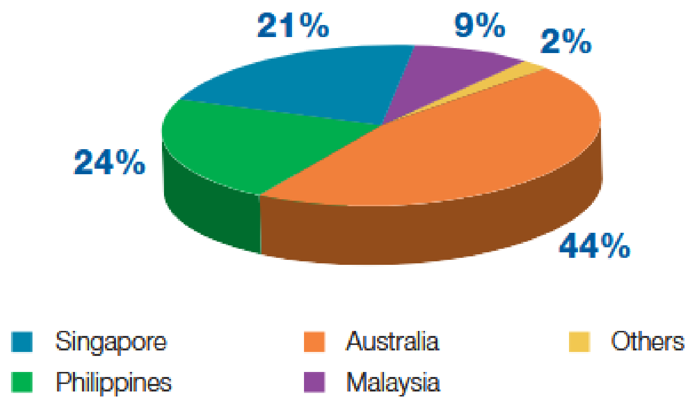
[1] *Includes segment EBITDA of Bakery, Primary Production, Distribution and Warehousing, and Investments and Others*
[2] *Reflects 100% of Gardenia Bakeries (KL) Sdn Bhd of which QAF's share of 50% has been reflected in the Group's EBITDA and PAT*

Business Overview FY2019

Segment Revenue

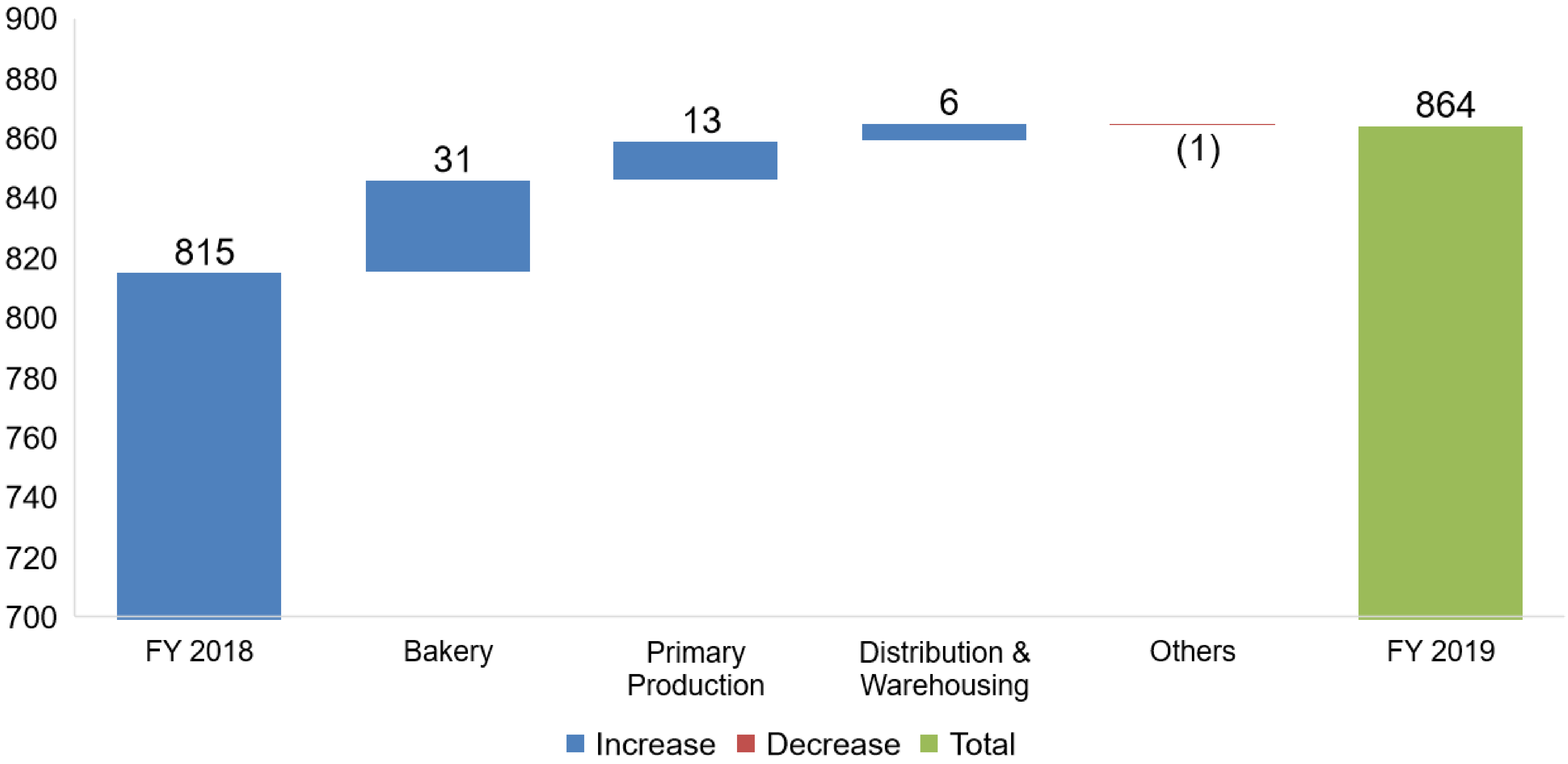


Geography Revenue

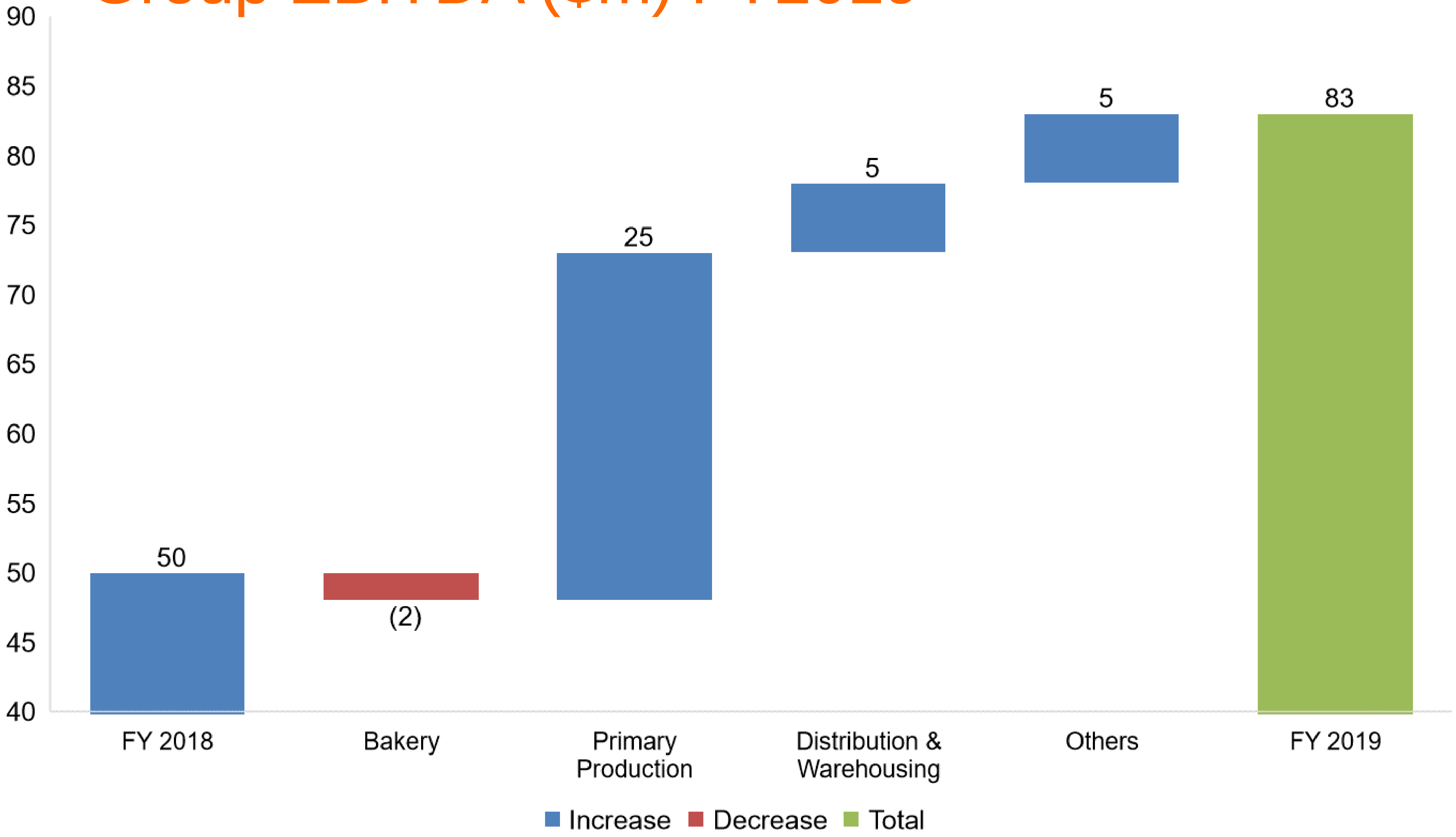


BAKERY	PRIMARY PRODUCTION	DISTRIBUTION AND WAREHOUSING
REVENUE 2019 **$379m**	REVENUE 2019 **$367m**	REVENUE 2019 **$112m**
EBITDA 2019 **$50.2m**	EBITDA 2019 **$26.6m**	EBITDA 2019 **$7.9m**
EBITDA MARGIN 2019 **13%**	EBITDA MARGIN 2019 **7%**	EBITDA MARGIN 2019 **7%**

Revenue ($m) FY2019



Group EBITDA ($m) FY2019



Earnings & Dividends

Earnings and Dividends

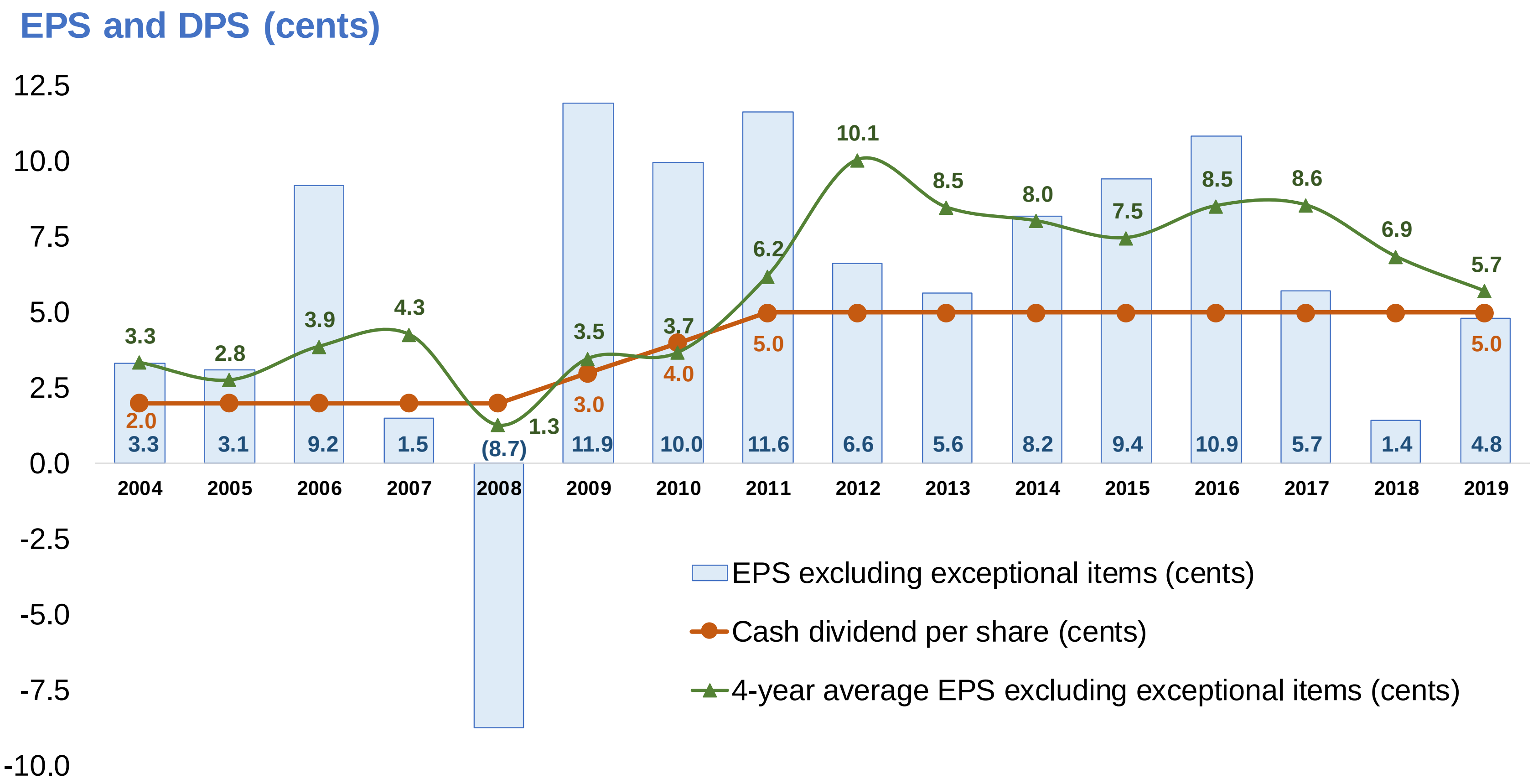
	2019	2018
Earnings per share	**4.8¢**	**1.4¢**
Dividend per share	**5.0¢**	**5.0¢**
Net gearing ratio (times)[1]	**0.18**	**0.10**
Net asset value per share	**$0.88**	**$0.89**
Share price[2]	**$0.765**	**$0.855**
Market capitalisation[3]	**$440m**	**$492m**

[1] *Net gearing ratio is calculated by dividing net debt against equity attributable to owners of the Company*

[2] *As at 31 May 2020 (2018: 25 April 2019)*

Dividends FY2004 to FY2019

- We have paid 5 cents dividends since 2011.
- 2019 dividend paid is below 4-year[1] moving average EPS, which is one of the factors considered.
- Our dividend yield is 6.5% based on share price of 76.5 cents as at 31 May 2020.
- Our dividend yield is 6.2% based on share price of 80.5 cents as at 31 Dec 2019.



[1] *A 4-year period is chosen as this, in our view, covers a typical primary production cycle.*

ANNEX B

Update on Covid-19 Impact

While the Covid-19 situation has impacted each QAF business segment differently, being mainly in the consumer staples sector, the Group's business has remained resilient. Barring unforeseen circumstances, QAF is expected to perform significantly better in 1H 2020 than last year's 1H2019. In 1H 2019, the Group's revenue, earnings before interest, tax, depreciation and amortisation (EBITDA), profit before tax (PBT) and profit after tax attributable to owners of the parent (PATMI) were S$421.3 million, S$29.9 million, S$4.2 million and S$2.2 million respectively. The Group expects its financial position on 30 June 2020 to be stronger than that on 31 December 2019.

The bakery business in Singapore, Malaysia and the Philippines was stronger despite various forms of lockdowns imposed by governments. To overcome labour shortages at the factories caused by restrictions of movement, Gardenia adjusted its product mix to focus on the bread products which commanded a higher demand during the pandemic, such as white loaves and wholemeal loaves, as more consumers ate at home. Production was streamlined to produce signature loaves in demand, which allowed for better efficiency and uninterrupted production runs. However, Bakers Maison Australia saw sales dropping in April and May as its food service customers were badly hit, including cafés and restaurants which had been closed for dine-in customers and airlines which saw air travel severely curtailed. With the gradual easing of restrictions and re-opening of businesses, the bakery business is expected to normalise.

For the Primary Production segment, prices for our general and branded boned meat declined as sales to food service channel was impacted in Australia. However, there is no significant negative impact overall as carcases sales and processing volumes continue to hold up.

The change in consumer behaviour benefited Ben Foods which saw a strong growth in sales to major supermarkets and in the export markets. This increase more than offset a decline in sales to food service customers, whose business were adversely affected by circuit breaker measures. Overall, Ben Foods total sales had increased compared to last year.

There has been no material disruption to supply chains and suppliers have been able to continue to support our operational requirements. However, additional costs have been incurred arising from some restrictions on movement of goods and staff in Singapore, Malaysia, the Philippines and Australia, and additional compliance with new health and safety measures required in the various jurisdictions.

The Group has taken steps to mitigate the risks and impact of this pandemic situation. We have implemented safety measures at our workplaces to mitigate the risk of virus transmission among employees, including telecommuting where practicable, having safe distancing measures and safe management officers in place, staggered working hours and lunch breaks, and wearing of masks at work. The Group's operating companies in Singapore have implemented Ministry of Health measures such as twice daily temperature surveillance, health and travel declarations, provision of masks and sanitisers to employees, restrictions on access to certain designated areas and restriction protocols on interaction, for example between different production shifts. In addition, our meat processing facilities in Australia have also stepped up their mitigation measures with tracking processes for staff considered to be at risk and restricted access to essential visitors and contractors only. Where operationally possible, social distancing measures have been enhanced and where not possible increased temperature monitoring and other protective measures have been implemented. Currently, we have 21 production, processing and warehousing facilities including 16 bakery plants, 3 warehouses and 2 pork processing plants and 25 farms, including 7 owned piggery farms and 18 contracted piggery farms.

In response to the pandemic, the Group has contributed back to the community including distribution of bread and *NuMee* noodles to essential service, healthcare and frontline workers in Singapore, Malaysia and the Philippines. More than S$2.8 million additional expenses and donations in kind have been incurred or committed by the Group's bakery business to-date. For example, in Singapore, the Group has set up an initial funding of S$500,000 for "*Gardenia Cares" Programme*. Under this programme, Gardenia Singapore has donated S$200,000, committed another S$100,000, with yet another S$200,000 to be finalised. Beneficiaries include Children's Wishing Well and Migrant Workers'

Centre. In Malaysia, GBKL has earmarked RM1 million to pursue new corporate social responsibility activities. The Group has incurred higher cost such as paying employees extra allowances for working during this difficult period and for the implementation of work safety measures.

Although business confidence is expected to remain weak with rising unemployment and business failures, QAF's business in the consumer staples sector is expected to remain resilient based on currently available information. Nevertheless, business risks remain as the situation may worsen with multiple waves of higher infection rate and increased restriction in movement of goods and people. Such risks include, but are not limited to, disruption of supply chains, temporary closure of production, processing and warehousing facilities in case a cluster is detected, labour shortages, transition to split operations / additional shifts resulting in higher fixed costs, increased sanitation requirements and production downtime, as well as credit risk, especially for retail food service sector, as more companies go into financial difficulties.

The Company intends to focus on the Bakery and Distribution and Warehousing segments in the core markets of Singapore, Malaysia and the Philippines, within the growing 650 million population of ASEAN countries. The Primary Production business is in the animal protein segment, a very different and separate business, and operating in a different geographical region. Following nearly 20 years of ownership, the Primary Production business has reached the necessary scale and is now an ideal platform for a new owner with a strong focus on the animal protein segment to bring it to its next growth phase and take the business to the next level.

While the Covid-19 situation has delayed the timetable for the proposed sale of the Group's Australian-based Primary Production business, there is no change on the Group's position to divest this business segment. As such, the sale process has yet to be launched. If launched, the sale will be subject to various conditions including where applicable, anti-competition clearance and Foreign Investment Review Board approval under Australian law, and the Company's shareholders' approval. The pandemic has had a material adverse effect on sales to food service customers in Australia due to lockdowns imposed while sales to supermarkets have been maintained at pre Covid-19 levels after an initial spike due to panic buying. Other impacts included softening of pork prices due to excess inventory as demand declined. However, in recent weeks, pork prices have stabilised with a gradual re-opening of businesses including food service outlets in Australia. Favourable early rains across Eastern Australia provide some optimism of a good grain harvest for this year. This may result in lower grain prices and lower cost of animal feed production for 2021. In connection with preparatory work for the sale process, Rivalea is projecting to achieve net revenues and EBITDA (excluding fair value changes on biological assets) of A$404 million and A$38 million respectively for FY2020, lower than the previous guidance of A$419 million and A$43 million respectively as provided in the QAF 2019 annual report. 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.

ANNEX C

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.

No.	Question	Response
Topic 1: Impact of COVID-19		
1.1	We have received various questions relating to the impact of Covid-19 on our business.	Please refer to Annex B for an update to shareholders on the impact of the Covid-19 pandemic on QAF Group's operations. The 1H 2020 results will reflect the quantitative impact of the pandemic on the Group's financials for 1H 2020 and will be announced in August 2020.
Topic 2: Proposed Sale of Primary Production Business		
2.1	We have received various questions relating to the proposed sale of our Primary Production business.	Refer to Annex B for an update on the proposed sale of our Primary Production business. We have engaged Rabobank and an Australian law firm as our advisors in relation to the sale of the Primary Production business. To-date, the amount of professional fees incurred is not material. None of our pork production facilities have been contaminated by the virus. As stated in our Annual Report on page 27, Rivalea is focused on strategic purchases of grains (which means purchasing a significant portion of the feed ingredients in advance) to lower feed costs. To facilitate the continuation and increase of strategic purchases of grains going forward, plans to expand grain storage capacity are currently being evaluated.
Topic 3: African Swine Fever		
3.1	In the case of an ASF outbreak, is Rivalea, being part of APL, liable to share cost with the Australian Government?	As a member of APL, Rivalea Group has no contractual obligation to contribute to any funding requirement by APL. However, if APL is required to participate in a cost-sharing arrangement, the practical outcome would be an increase in pig levies for pig producers to fund any deficit.

No.	Question	Response
Topic 4: Financial and Accounting Matters		
4.1	We have received various questions relating to financial and accounting matters such as capital expenditure plans for the Group businesses	Capital expenditure There are plans to upgrade and build additional bakery lines. Factors to consider include the optimal production capacity utilisation, market demand, and effective maintenance of production lines. This is in pursuit of long-term sustainable growth. In Singapore, we are studying a plan to upgrade the bread production lines. This will enable more varied and premium bread products and long-term production of bread in Singapore. We are also studying a plan to have a new bread line at Farmland Malaysia to supply both Malaysia and Singapore markets. The budgets for these proposals are still being deliberated. In Kuala Lumpur, Malaysia, a new line will be added at Bukit Kemuning which will be funded via external bank loans and internal resources. QAF is not required to fund this capex. Expected to complete by 2021, the line will allow GBKL to increase its product range and strengthen its market share in Malaysia. Investment Properties There are no more properties classified as investment properties within the Group. In 2019, the remaining investment property owned by QAF Fruits Cold Storage Pte Ltd has been re-classified under Property, plant and equipment (PPE). This is because the property is deemed as owner-occupied with Gardenia Singapore utilizing eight out of 16 storage units for the distribution of bread. In 2018, the Group had similarly re-classified warehouses owned by NCS Cold Stores (S) Pte Ltd from investment properties to PPE due to increased usage by Ben Foods (S) Pte Ltd.

No.	Question	Response
		<u>Inventories</u> Historical loss allowance for inventories for the past five years have ranged from $0.2 million in FY2018 to $1.5 million in FY2017. Loss allowances of $0.9 million in FY2019, relating mainly to the inventories of our Distribution and Warehousing business, was normal. The Group monitors our inventory positions closely in view of the Covid-19 situation. No significant increase in loss allowance for inventories is expected in FY2020. Details of loss allowance for inventories will be reflected in 1H 2020 results announcement to be released in August 2020. <u>Trade Receivables</u> As of 31 May 2020, QAF has collected more than 94% of the net trade receivables outstanding as at 31 December 2019. In view of the Covid-19 pandemic, the Group monitors our trade receivables closely. Additional loss allowances have been made for trade receivables relating to our Bakery business in the Philippines. We do not expect any significant difficulties in collections that may materially affect our results or financial position. Details of loss allowance for trade receivables will be reflected in 1H 2020 results announcement to be released in August 2020. <u>Other Payables – Provision for Retirement Benefits</u> Independent actuarial consultants determined appropriate discount rates and salary increase rate. Discount rates, which have fallen, were based on prevailing treasury bonds or market yields at the end of year. During the year, actual and expected salary increases for unionised and non-unionised staff (about 1,600 employees) were reflected in the computation. These retirement benefits reflect the estimated timing and benefit payments to be paid. <u>Cost of materials</u> To-date, flour prices have remained relatively steady in 2020.

No.	Question	Response
		Interim Reporting As stated in our announcement on 26 February 2020 at page 17, following the recent changes to quarterly reporting requirements by SGX, the Company will cease quarterly reporting with immediate effect. Accordingly, the Company's next results release shall be in respect of the half-year ending 30 June 2020.
Topic 5: Joint venture in GBKL		
5.1	We have received various questions relating to GBKL Group.	As stated in our announcement on 26 February 2020, the significant increase in income tax for GBKL group was caused mainly by the absence of $5.7 million tax incentives that were recognised in FY2018 from GBKL's new bakery plant in Bukit Kemuning which was completed in 2018 and adjustment of $1.4 million of benefits from tax incentives in FY2019. GBKL's EBITDA increased from $18.9m in FY2018 to $19.5m in FY2019. The decrease in PAT in FY2019 is due to higher tax expenses (as explained above) and higher interest expense incurred in FY2019. The higher interest expense was mainly due to the full year impact of borrowings drawn in 2018 to fund the construction of a new production facility and a bun line, and the increase in borrowings in FY2019 for capital expenditure on a yellow noodle line. The higher minimum wage implemented from FY 2020 in Malaysia will not have a material impact on GBKL's Group's operating expense. Royalty income received from GBKL is reflected on page 134, note 3 of the FY2019 Annual Report.

No.	Question	Response
		GBKL had launched yellow noodles under a new consumer brand, *NuMee*. As stated in our Annual Report at page 20, *NuMee* is marketed as a healthier option to traditional commodity yellow noodles produced by other manufacturers which is mainly sold in wet markets. Made with quality ingredients and containing no artificial colouring, *NuMee* is the first pasteurized yellow noodle in the Malaysian market. The launch of *NuMee* has opened a whole new market segment as the product appeals to consumers who prefer home-cooked food. GBKL Group is also poised to venture into the food service market as yellow noodles are popular in the food service industry. Collaboration with the government on a “Healthy Eating” school program that features *NuMee* has started to bear fruit. GBKL had performed a study on the noodles market previously before deciding to launch *NuMee*. As the wholesale wet noodles market in Malaysia is fragmented, GBKL identified this as a strategic opportunity to penetrate the market and be a dominant player. The product also serves to drive GBKL’s organic growth and product diversification strategies.

No.	Question	Response
Topic 6: New markets and business		
6.1	We have received various questions relating to new markets and business.	The ventures into Myanmar and Thailand are at an early, exploratory stage to test the market. The investments in these two projects are not material to the Group. As part of our product innovation strategy, we bring new products every year to the market to meet and satisfy changing consumer demands. New products launched in FY2019 can be found in our FY2019 Annual Report under Operational Review section. We will continue to introduce new products in FY2020, albeit more cautiously, in view of Covid-19. Details of the new products will be disclosed in our FY2020 Annual Report. Ben Foods currently sells products online through e-commerce websites such as its own Benmart website (https://www.benmart.com.sg/) as well as other websites, including Redmart. The bakery business is very competitive and there are dominant players in the Asean countries. Only the leading bread company in the country will make sufficiently reasonable returns. We will continue to evaluate investment opportunities in the core bakery and distribution and warehousing businesses.

No.	Question	Response
Topic 7: Capital management		
7.1	We have received various questions relating to dividends.	The 4 cents per share dividend in respect of FY2019 has been paid on 5 June 2020. As previously announced, for the avoidance of doubt, apart from such 4 cents per share dividend, there will be no further dividend, final or otherwise, in respect of FY2019. As mentioned on page 94 of our Annual Report, the Company does not have a formal policy on the payment of dividends. This is to maintain flexibility to support the growth of the Group. A fixed dividend policy can hinder a long-term sustainable growth strategy. Although there is no formal dividend policy, the Board considers the sustainability of dividends to be paid based on the Group's financial results, balance sheet, cash generating capability and performance over several years, after setting aside appropriate capital expenditure needed for the businesses. The Company aims to pay consistent and sustainable dividends having regard, amongst others, to the long term and cyclical nature of the Group's business. Relevant factors including the above are taken into account before a decision on the payment of dividends is made at the appropriate time in conjunction with our results announcement(s). The decision on the interim dividend for FY2020 will be made in conjunction with the results of 1H2020.
7.2	Question was raised concerning investor relations.	In recent years, the Company has received feedback from shareholders that they are appreciative of the greater amount of information that the Company is now providing on the business, making it easier to understand the Group's business and what is changing the business. Such feedback as well as recognition of ISCA (Singapore Corporate Awards 2019 –Best Annual Report Award (Silver)) and SGX-ST (Fast Track), that we uphold high standards of corporate governance and transparency (see page 38 of our Sustainability Report - "Governance and ethics"), affirm the efforts made by the Company towards improved transparency in our public disclosures to shareholders and for better parity of information. This is the focus of the Company. The Group's efforts are more focused in pursuing long-term sustainable growth and value creation, over short-termism in share price movements.

No.	Question	Response
Topic 8: Remuneration		
8.1	Questions were raised in relation to remuneration matters.	The factors taken into account by the Remuneration Committee for the FY2019 remuneration of the key management personnel (including the executive Directors) have been disclosed in the Annual Report – see page 82 (Corporate Governance Report Provisions 7.1 and 7.3). QAF undertook a structured process to determine key management personnel's (including the executive Directors) remuneration. An annual appraisal process was undertaken by our Head of Human Resources, a process which had the involvement of, and review by, senior management, as well as consultation with the Chairman of our Remuneration Committee and our Vice-Chairman. Thereafter, papers were placed before the Remuneration Committee for deliberation and, ultimately, decision. The Committee did not apply a mathematical formula, ie, ascribe a specific quantum to each factor. In its review, the factors were considered in totality and, ultimately, the Committee formed a judgement taking into consideration the various factors holistically.

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, neither the Annual Report nor this announcement constitutes or forms 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, potential shutdown of our facilities due to outbreak of the disease (if any) 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 including the updated 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 in the Annual Report and 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 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.