Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: QAF Limited

Stock code: Q01

Meeting details:
Date: 23 April 2021
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the joint group managing directors' report, in a year when the pandemic caused unprecedented disruption all over the world, all the group's 3 business segments saw growth with bakery increasing by 14% (11% in constant currency terms), distribution and warehousing by 10% and primary production by 2% (1% in constant currency terms).

(i) **Does management see continued heightened demand for bakery products as economies recover from the pandemic?**

(ii) **Has the group gained market share in its key markets?**

(iii) **In the distribution and warehousing segment, did the group experience any price gouging especially during the initial weeks of the pandemic?** The group has stated that it was able to rely on its longstanding suppliers and ensured that there was no material disruption to its supply chains resulting from the pandemic. **Is the group satisfied with its existing supply chain? Has the group reviewed the need to further widen its sourcing network?**

(iv) With upgraded bakery production facilities in the Philippines, Malaysia and Australia, the group would be upgrading the facilities in Singapore next. **What is the projected capital expenditure for this upgrade? How does the group maintain its capacities/production during the upgrade?**

Q2. The group's Primary Production business, Rivalea, is undergoing a sale process that was started in September 2020. The group had attempted to list the business through an initial public offering in 2017.

Despite the pandemic, segment EBITDA for Rivalea improved by 35% to $35.9 million in FY2020. All three business divisions (ie. farming, feed milling, and meat processing) recorded growth in EBITDA for the year. The operational review of Rivalea can be found on pages 31 and 32 of the annual report.

(i) **Given the better performance, can the board help shareholders understand the basis of the remeasurement loss of $(28.7) million for the primary production business?**

(ii) In addition, in Note 9 (page 163 – Disposal group classified as held for sale), the remeasurement loss for the disposal group is shown as $(30.67) million. **Can management help shareholders reconcile the two figures?**

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Several interested parties have been invited to conduct, and are conducting, due diligence on the business (page 6 – Joint group managing directors' report).

(iii) **Can the group disclose the number of interested parties conducting due diligence on Rivalea?**

(iv) **When will the due diligence process conclude?**

(v) **Does management have an estimate of the time needed to close the transaction?**

(vi) **Will the group be conducting a bidding process or an auction?**

The company has reminded shareholders that there is no assurance that the sale will be concluded although the company has stated its intention to propose payment of a special dividend of 2 cents per share upon the successful closing of the transaction.

The net assets belonging to the disposal group amounted to $133.6 million. The sale price has yet to be negotiated. The board's proposal of a special dividend of 2 cents per share, conditional on the conclusion of the sale, would amount to $11.5 million.

(vii) **Can the board help shareholders understand the deliberations it has had over the declaration of a special dividend of 2 cents per share? Would the board be in a position to declare a higher special dividend, especially if the group is able to fetch a good price for a business that the group has nurtured for decades?**

Q3. In his statement to shareholders, the chairman announced that he will be stepping down as the chairman at the conclusion of the annual general meeting. He further noted that it is now time for him to hand over the chairmanship of the board which he has held since 1990.

A new chairman will be appointed by the board.

(i) **Can the nominating committee (NC) help shareholders understand the progress it has made in appointing a new chairman? Does the NC already have a succession plan in place?**

(ii) **What is the process to select the chairman?**

(iii) **When will the new chairman be identified and appointed?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)