

GENERAL ANNOUNCEMENT::MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 21 DECEMBER 2021

Issuer & Securities

Issuer/ Manager

QAF LIMITED

Securities

QAF LIMITED - SG1A49000759 - Q01

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Announcement Details

Announcement Title

General Announcement

Date & Time of Broadcast

04-Jan-2022 17:36:24

Status

New

Announcement Sub Title

Minutes of the Extraordinary General Meeting held on 21 December 2021

Announcement Reference

SG220104OTHRQK5C

Submitted By (Co./ Ind. Name)

Serene Yeo

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attached minutes of the Extraordinary General Meeting of the Company held by electronic means on 21 December 2021.

Attachments

[QAF EGM Minutes 21 Dec 2021 final.pdf](#)

Total size =422K MB

QAF LIMITED

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

Minutes of the Extraordinary General Meeting of the Company held by electronic means on 21 December 2021 at 11.00 a.m.

MEMBERS PRESENT ELECTRONICALLY : As set out in the attendance records maintained by the Company.

DIRECTORS PRESENT : Ms Dawn Pamela Lum, Director (Chairman of the Meeting) (“Chairman”)
Mr Andree Halim, Chairman of the QAF Board of Directors*
Mr Lin Kejian, Joint Group Managing Director
Mr Goh Kian Hwee, Joint Group Managing Director
Ms Ong Wui Leng, Group Finance Director
Mr Triono J. Dawis, Director*
Mr Lee Kwong Foo Edward, Director*
Mr Norman Ip, Director*
Mr Chee Teck Kwong Patrick, Director*

*present electronically

IN ATTENDANCE : Ms Serene Yeo, Group Legal Counsel & Company Secretary
Ms Tan Jack Leng, Tricor Barbinder Share Registration Services*
Ms Laura Lee, Tricor Barbinder Share Registration Services*
Ms Sandra Lee, Scrutineer, Entrust Advisory Pte Ltd*
Mr Bryan Tan, Trusted Services Pte Ltd*
Mr Wayne Leong, Trusted Services Pte Ltd*

*present electronically

BY INVITATION : Ms Rachel Liem Yuan Fang, Alternate Director to Mr Andree Halim*

Employees of the Company as set out in the attendance records maintained by the Company.

Representatives from professional advisers, CIMB Bank Berhad, Singapore branch, Rajah & Tann Singapore LLP and Rabobank Singapore, as set out in the attendance records maintained by the Company.

Note: Capitalised terms used in these Minutes of Meeting bear the meanings given to them in the Company’s Circular dated 6 December 2021, unless otherwise defined herein.

1. COMMENCEMENT : The Chairman welcomed shareholders and thanked them for registering to attend the Extraordinary General Meeting (“EGM” or “Meeting”).

The Chairman informed shareholders that the EGM covers two matters: (1) to approve the Disposal of the QAF Group’s Primary Production Business in Australia; and (2) to approve the Special Dividend of S\$0.02 per share.

The Chairman stated that, as had been announced on 14 December 2021, the Company’s Board of Directors has

proposed an amendment to Ordinary Resolution 2 to approve the Special Dividend. The amendment states that Ordinary Resolution 2 is subject to and contingent upon the passing of Ordinary Resolution 1 and the Completion of the Disposal.

The Chairman noted that the EGM was being conducted by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

The Chairman stated that she has been appointed to chair the EGM pursuant to Regulation 74 of the Company's Constitution.

Based on the verification of the Share Registrar, the Chairman acknowledged the attendance of shareholders at the Meeting electronically. As a quorum was present, the Chairman proceeded to call the Meeting to order.

Before proceeding further with the Meeting, the Chairman reminded all present that sharing of login credentials, and taping or video-recording of the Meeting, are not permitted.

The Chairman reported that the Joint Managing Directors, Mr Lin Kejian and Mr Goh Kian Hwee, and the Group Finance Director, Ms Ong Wui Leng, were present with her at the studio.

Attending electronically were the other Directors of the Company. The Chairman introduced the following Directors, who were visible on-screen:

- Mr Triono J. Dawis
- Mr Lee Kwong Foo Edward
- Mr Norman Ip
- Mr Chee Teck Kwong Patrick

Mr Andree Halim, Board Chairman was also present electronically.

Mr Choo Kok Kiong was unable to attend and he extended his apologies.

Also in attendance electronically were the Company Secretary, Share Registrar, Scrutineer and the professional advisers of the Company.

- 2. NOTICE OF MEETING** : The Notice of EGM and accompanying documents were dispatched to shareholders by electronic means on 6 December 2021. These documents had been in shareholders' hands for the required period. The Company's announcement dated 14 December 2021 relating to the amendment to Ordinary Resolution 2 had also been noted earlier during the Meeting. With the concurrence of the Meeting, the Notice of EGM and the accompanying documents were taken as read.
- 3. MODE OF VOTING** : The Chairman informed shareholders as follows:

- As stated in the Company's Notice of EGM dated 6 December 2021, shareholders would not be able to vote through the webcast or audio-only stream at the Meeting. Shareholders who wished to exercise their voting rights were required to appoint the Chairman of the Meeting as their proxy.
- All items on the EGM agenda are proposed as Ordinary Resolutions. All resolutions put to a vote at the Meeting were conducted by poll in accordance with the Company's Constitution and the SGX Listing Rules.
- The validity of proxies submitted by the deadline of 11.00 a.m. on 18 December 2021 had been reviewed and the votes of these proxies had been counted by the Polling Agent and verified by the Scrutineer.
- The results of the poll voting would be announced later during the Meeting.

The Chairman informed shareholders that the Joint Group Managing Directors and Group Finance Director would each speak briefly to shareholders.

The Chairman invited Mr Lin Kejian, Joint Group Managing Director, to address shareholders.

4. ADDRESS BY JOINT GROUP MANAGING DIRECTORS AND GROUP FINANCE DIRECTOR

Mr Lin Kejian : Mr Lin Kejian welcomed and thanked shareholders for taking the effort to attend the EGM.

Mr Lin Kejian stated that the Disposal of the Primary Production Business was a strategic sale by the Company. As explained in the Company's Circular to Shareholders dated 6 December 2021, the Company intends to focus on the Bakery and Distribution & Warehousing segments in the core markets of Singapore, Malaysia and the Philippines. The Primary Production Business, which is in the animal protein segment, is very different from the Company's two other business segments of Bakery and Distribution & Warehousing.

Mr Lin Kejian stated that the Disposal would affect the Group's revenue and EBITDA significantly. Based on FY2020 figures and assuming the Disposal was effected in FY2020, the Group's proforma revenue would decrease from approximately S\$935 million to S\$562 million, and the Group's proforma EBITDA would decrease from approximately S\$126 million to S\$91 million. The Group's net cash position would however have improved from approximately S\$10 million to S\$145 million at the end of FY2020. Mr Lin Kejian stated that the Group Finance Director, Ms Ong Wui Leng, would be dealing with this later during the Meeting.

Mr Lin Kejian further stated that the Company intends to grow the existing Bakery and Distribution & Warehousing businesses, as explained in the Circular to Shareholders dated 6 December 2021. The Group has made significant

investments in the Bakery business in the Philippines and Malaysia.

Mr Lin Kejian handed the proceedings to Mr Goh Kian Hwee, Joint Group Managing Director, to address shareholders.

Mr Goh Kian Hwee

: Mr Goh Kian Hwee thanked shareholders for joining the Meeting for questions raised. Replies to substantial and relevant questions from shareholders were announced by the Company on 18 December 2021.

Mr Goh Kian Hwee noted that a shareholder had asked why the Group is exiting from the Primary Production Business when it is profitable. Mr Goh informed shareholders that the rationale was set out in the Company's Circular to Shareholders dated 6 December 2021, at pages 9 and 10. As Mr Lin Kejian had stated, the sale was pursued as a strategic move.

The Group has just completed a new line at the Gardenia Malaysia plant in Bukit Kemuning, Kuala Lumpur, and is also studying plans to expand production facilities at North Luzon in the Philippines, Johor in Malaysia and in Singapore. The total expected capital expenditure for these projects is approximately S\$116 million. The Disposal of the Primary Production business would enable QAF to support the growth of the Bakery and Distribution & Warehousing segments through funding any equity contribution needs of these capex and enable the Group to invest in new business opportunities related to these businesses.

Mr Goh Kian Hwee added that the Disposal is expected to reduce the Group's earnings volatility over the long run. The Primary Production Business has historically been a cyclical and volatile business, whereas the other businesses (Bakery and Distribution & Warehousing) have generated relatively higher and more stable margins and returns. Mr Goh Kian Hwee directed shareholders to the Chart at page A-1 of the Company's announcement dated 18 December 2021 where the Company's replies to substantial and relevant questions from shareholders were set out.

Mr Goh Kian Hwee stated that after the sale is completed, the Company intends to use part of the proceeds to pay a Special Dividend of S\$0.02 per Share on the basis that net proceeds are expected to amount to approximately S\$148 million (after Disposal expenses), and that the Group has more than S\$243 million of revenue reserves as at 31 December 2020.

Mr Goh Kian Hwee noted that the Company's controlling shareholders are supportive of the sale and the payment of the Special Dividend, and they have undertaken to vote in favour of both the resolutions.

Mr Goh Kian Hwee informed shareholders that Completion is still subject to the approval of the Australian Foreign Investment Review Board. Subject to Completion of the Disposal, the Directors will in due

course announce the Record Date and payment date for the Special Dividend.

Mr Goh invited Ms Ong Wui Leng to deal with some financial aspects of the Disposal.

Ms Ong Wui Leng

: Ms Ong Wui Leng greeted shareholders and stated that she would briefly explain the net proceeds expected from the Disposal.

Estimated Net Cash Proceeds

(Shown to shareholders on the screen was the table at page A-2 of the Company's announcement dated 18 December 2021 relating to estimated net proceeds from the Disposal, and attached hereto at page 8). Ms Ong Wui Leng stated that the Company had previously disclosed to shareholders that the sale price of the shares was based on an agreed Enterprise Value of A\$175 million, with adjustments for net external debt, net working capital and related party amounts owing by the Primary Production business.

Based on the financial condition as at 30 November 2021, the estimated sale price will be approximately A\$119 million after such adjustments of A\$56 million. Total proceeds from the Disposal would be approximately A\$157million (approximately S\$153 million), including the settlement by the Primary Production business of related party balances of A\$38 million. After deducting for Disposal expenses incurred in FY2021 and additional expenses to be incurred until Completion of the transaction, the estimated net cash proceeds, after Disposal expenses, is S\$148 million.

Ms Ong Wui Leng stated that the final numbers can only be determined after the financials as at the relevant time immediately before Completion are available. On Completion, the Group will receive an initial payment of the estimated sale price from the Purchaser of A\$157 million. After Completion, the final adjustment to the sale price, if any, is expected to be in 1H2022 (subject to the terms and conditions of the sale and purchase agreement).

Impact on Proforma Group's Revenue, EBITDA and EPS (assuming Completion in FY2020)

(Shown to shareholders on the screen was Chart 2 at page A-4 of the Company's announcement dated 18 December 2021 relating to the impact of the Disposal on Proforma Group Revenue, EBITDA and EPS (assuming Completion in FY2020), and attached hereto at page 9).

Ms Ong Wui Leng stated that Primary Production revenues were S\$367 million and S\$373 million, respectively, for FY2019 and FY2020. These numbers account for approximately 40% of proforma Group revenue.

In terms of EBITDA contribution, contribution from the Primary Production business was significant. In 2019, on a proforma basis, Primary Production contributed 32% of

the Group's EBITDA (S\$27 million) and in 2020, it contributed 28% of the Group's EBITDA (S\$36 million).

In terms of Earnings Per Share, Ms Ong Wui Leng explained to shareholders that the Primary Production Business contributed 34% of Group earnings per share of 5 cents in 2019, but was negative 2 cents in 2020 due to the remeasurement loss.

Impact on Group's Net Cash Position (assuming Completion in FY2020)

(Shown to shareholders on the screen was Chart 1 at page A-3 of the Company's announcement dated 18 December 2021 relating to the impact of the Group's net cash position (assuming Completion in FY2020) and attached hereto at page 10).

Ms Ong explained that the chart shows the impact of the Disposal on the Group's balance sheet. Net cash position reported for FY2020 amounts to S\$10 million. If the Primary Production business had been consolidated line-by-line, as was done in previous years, a net debt position of S\$39 million would have been reported. Had the sale been completed in FY2020, the Group's financial position would have improved significantly, with a net cash position of S\$145 million.

Ms Ong, having concluded her presentation, handed the proceedings back to the Chairman.

ORDINARY BUSINESS

5. THE DISPOSAL OF THE GROUP'S PRIMARY PRODUCTION BUSINESS

The Chairman proceeded to deal with the first item on the Agenda of the EGM.

Resolution No. 1

The Disposal of the Group's Primary Production business

The results of the poll were:

Votes FOR : 100%

No votes were cast "AGAINST".

The Chairman declared Resolution No. 1 carried.

6. THE SPECIAL DIVIDEND

The Chairman moved to Resolution 2, which was for the approval of the Special Dividend of S\$0.02 per share including the amendment proposed earlier during the EGM.

Resolution No. 2

The approval of the Special Dividend of S\$0.02 per share

The results of the poll were:

Votes FOR : 100%

No votes were cast "AGAINST".

The Chairman declared Resolution No. 2 carried.

- 14. POLLING RESULTS** : All the resolutions put to vote by poll were duly passed as certified by the Scrutineer.
- 15. CLOSURE OF MEETING** : On behalf of the Board, the Chairman thanked shareholders for their attendance. The Meeting closed at or about 11.15 a.m.

**CONFIRMED AS A TRUE RECORD OF
THE PROCEEDINGS HELD**

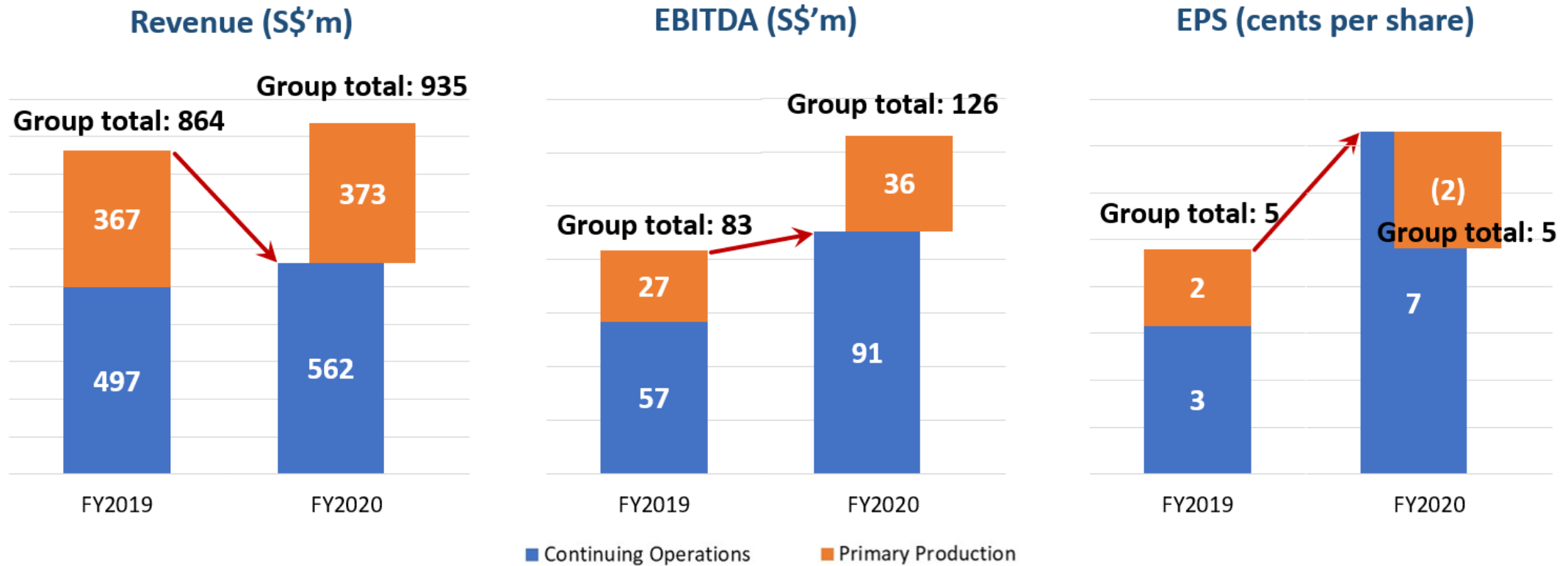
Dawn Pamela Lum
Chairman of the Meeting

Estimated Net Cash Proceeds after expenses

The final cash proceeds will be based on the defined financial condition of the companies to be disposed on 3-Jan-22 before the Purchaser takes over as the new owner. The estimated net cash proceeds based on financial conditions as at 30-Nov-21 is summarized below:

	Estimate based on 30-Nov-21	Final computation
Agreed Enterprise Value of Target Group	A\$ 175m	Agreed as per Sale and Purchase Agreement
Adjustments for Net external debt, net working capital and related party balances	(A\$ 56m)	To be updated with the defined financial condition immediately before the Completion Date
Estimated proceeds for sale of shares	A\$ 119m	
Add: Settlement of related party balances	A\$ 38m	
Total proceeds	A\$ 157m	
Exchange rate	S\$0.974 per A\$	
Total proceeds in S\$	S\$153m	
Less: Approximate Disposal expenses incurred from FY2021 onwards	(S\$5m)	
Net Cash Proceeds	S\$148m	

Impact on Proforma Group's Revenue, EBITDA and EPS (assuming Completion in FY2020)



Note:

1. Continuing Operations comprise the Bakery and Distribution & Warehousing businesses.
2. Red arrows show the movement of the Group's position after Completion based on FY2019 and FY2020 figures.
3. Including the Disposal's one-off loss and costs, the FY2020 EPS would be 1.79 cents. However, excluding these one-off loss and costs, the FY2020 EPS would be 7 cents.

Impact on Group's Net Cash Position (assuming Completion in FY2020)

