

QAF LIMITED

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

FLOOD AT A MALAYSIAN BAKERY FACTORY

The Board of Directors of QAF Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that one of Gardenia Malaysia’s bakery factories (“**Malaysian Factory**”) has shut down as its operations have been affected by the severe flooding arising from the recent torrential heavy rains in Peninsular Malaysia.

None of the employees at the Malaysian Factory were injured. The shutdown is for a currently undetermined duration as the damage caused by the flood is still being assessed. The Group’s other 6 Malaysian bakery factories remain operational. The flood has affected part of the inventories and property, plant and equipment and the extent of the damage is currently being ascertained. For purposes of financial reporting, an assessment of the loss of inventories and property, plant and equipment will be undertaken. The net book value as at 30 November 2021 of all inventories and property, plant and equipment in the Malaysian Factory is approximately RM 55 million (approximately S\$18 million). The insurers have been notified and the insurers, through their loss adjuster, is undertaking an assessment of the damage. The Group intends to seek recovery under the applicable policies including consequential loss policy and fire policy (which covers floods). Any payment under such policies will be treated as income.

The management is currently taking measures to mitigate the impact of the shutdown and damage caused to property, plant and equipment. For example, production at certain of the unaffected factories has been ramped up, and product mix adjusted, with a view to mitigating supply disruption, which based on current estimates is expected to affect approximately 10% of total supply of Gardenia Malaysia for FY2022 until the affected lines of production have been replaced or repaired.

As the matter is evolving, the extent of the impact of the closure of the Malaysian Factory cannot be quantified at present. The Group will continue to monitor the situation closely. Further announcement(s) on the matter will be made by the Company as appropriate.

By Order of the Board
QAF Limited

Serene Yeo
Company Secretary

4 January 2022