

QAF LIMITED

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

UPDATE ANNOUNCEMENT – INSURANCE CLAIMS IN RELATION TO FLOODING AT THE GROUP’S MALAYSIAN BAKERY FACTORY

QAF Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to its previous announcements, including announcements of 27 October 2022, 17 January 2023 and 24 February 2023 and its FY2022 annual report, which provided information on the Group’s insurance claims under the applicable insurance policies for losses arising from the severe flooding in Peninsular Malaysia in December 2021 which affected one of the Malaysian factories.

The Company wishes to update shareholders that the Group (for the avoidance of doubt, excluding its joint venture Gardenia Bakeries (KL) Sdn Bhd) has received a third interim insurance payment of RM25 million (equivalent to approximately S\$7.5 million)¹ for damage to stock, property, plant and equipment. This payment will be recognised as an exceptional gain in the Group’s financial results for 1H2023. It is estimated that tax liability arising from this payment will be RM6 million (equivalent to approximately S\$1.8 million).

Including this latest payment, the total amount received to-date is RM87 million (equivalent to approximately S\$27.0 million), with estimated tax liabilities of RM19 million (equivalent to approximately S\$5.8 million). The total amount of claims which has been submitted to-date is estimated to be RM159 million (equivalent to approximately S\$47.9 million). Assuming all outstanding submitted insurance claims are accepted and paid by the insurer, the Group is expected to recognise total exceptional gains of up to RM72 million (equivalent to approximately S\$20.9 million) from 2H2023 onwards. The tax liabilities attributable to these gains from 2H2023 onwards is estimated to be RM8 million (equivalent to approximately S\$2.3 million).

It is highlighted that, as the replacement or reinstatement of the damaged production lines and other related matters, as well as the processing of the insurance claims, are ongoing, the audit of the FY2023 financial statements will only be undertaken at a later date, there is no assurance that insurance claims made or to be made will materialise and/or that insurance payments received will be equivalent to the amount claimed under such insurance policies. The claims and other figures referred to above are based on current estimates and may be subject to variation. In addition, the Group’s tax position as set out above arising from the receipt of the insurance payments is a current estimate and subject to finalisation with the tax authority.

Where there are any forward-looking statements as to future matters including projections in this announcement, please note that actual future outcomes 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. Forward-looking statements are typically identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “anticipates”, “intends”, “considers” and other similar words. Undue reliance should not be placed on any such forward-looking statements, which are based on current views on, amongst others, future events, trends and developments. There can be no assurance that such statements will be realised or prove to be correct. Shareholders are advised to exercise caution when dealing in the shares of the

¹ Figures in this announcement have been rounded to the nearest million Malaysian Ringgit and the nearest hundred thousand Singapore Dollars. The Singapore Dollar equivalents relating to past insurance payments are estimated based on the exchange rates at the relevant points in time. The Singapore Dollar equivalents relating to future insurance payments, if any, are estimated based on the exchange rate of RM1.00 : S\$0.29.

Company and to seek the advice of their stockbrokers, bank managers, solicitors or other professional advisers when dealing in the shares of the Company.

By Order of the Board

Serene Yeo
Company Secretary

3 July 2023