

## QAF LIMITED

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

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### PROFIT GUIDANCE – UNAUDITED 1H2023 RESULTS

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QAF Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to provide the following update on the Group’s unaudited consolidated financial results for the half year ended 30 June 2023 (“**1H2023 Results**”).

Following a review to-date of the Group’s 1H2023 Results, which included a periodic assessment of the recoverable amount of the Group’s investment in its joint venture, Gardenia Bakeries (KL) Sdn Bhd (“**GBKL**”), the Group is expected to record a non-cash impairment of approximately S\$9.2 million in its 1H2023 Results. This impairment will be recognised as part of the Group’s share of profits or losses of joint venture.

- In April 2016, the Group reduced its shareholding in GBKL from 70% to 50% to comply with Malaysian regulatory conditions. GBKL accordingly ceased to be a subsidiary of the Group and became a 50/50 joint venture. As required by Singapore’s Financial Reporting Standards, the Group remeasured its remaining 50% investment in GBKL to its fair value as at 31 March 2016. An external valuer was appointed to perform this valuation which resulted in a net fair value uplift on identifiable assets of S\$28.9 million and goodwill of S\$25.0 million.
- Under the shareholders’ agreement, the parties are to work towards a listing of GBKL by a specified date, currently 31 March 2028, and if such listing cannot be achieved by then and there is no acquisition by one shareholder of the GBKL shares of the other, GBKL shall be wound up and the shareholders’ agreement shall terminate. However, the joint venture may be extended by mutual agreement and, as previously announced in July 2020, the parties had agreed to an extension of the listing target date from April 2026 to the current March 2028 date. Any discussions with the Group’s joint venture partner remain premature at this stage, given that the deadline is 31 March 2028.
- Aligned with previous announcements on 17 January 2023, 24 February 2023 and its FY2022 annual report, the Group cannot rule out non-cash write-downs of its investment in future years subject to, amongst other things, trading performance, a future decision by the joint venture parties concerning the business beyond 31 March 2028, currency movements and interest rates.

Driven by the above non-cash impairment, the Company expects to report a drop in the Group’s profit before tax and profit after tax for 1H2023, compared to 1H2022. However, notwithstanding the above impairment, barring unforeseen circumstances, the Company still expects the operating performance for 1H2023 to be satisfactory.

**The Group is in the process of finalising its 1H2023 Results. The Company wishes to highlight that details of the Group’s 1H2023 Results, including analyses and commentary, will be set out in the Company’s announcement of its 1H2023 Results to be released in due course in August 2023. The above estimated figures remain subject, inter alia, to review and approval of the Company’s Audit and Risk Committee and the Board of Directors.**

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 proven to be correct. Shareholders are advised to exercise caution when dealing in the shares of the 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

21 July 2023