

QAF LIMITED

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

PROFIT GUIDANCE – UNAUDITED 1H2022 RESULTS

QAF Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) had in its announcement dated 25 February 2022 relating to its financial results for FY2021 and Annual Report in relation to FY2021 stated that, barring unforeseen circumstances, the operating performance of the Group’s continuing business for the first half year ended 30 June 2022 (“**1H2022**”) is expected to be challenging as compared to the first half year ended 30 June 2021 (“**1H2021**”). The Company also disclosed, *inter alia*, that arising from the severe flooding in Peninsular Malaysia which affected one of the Malaysian factories, the process of seeking recovery under the applicable insurance policies has been initiated, and the total amount to be claimed by the Group (excluding Gardenia Malaysia (KL) Sdn Bhd) under such applicable insurance policies, has yet to be finalised but is expected to be substantial.

The Company wishes to update shareholders that, based on review to-date of the Group’s unaudited consolidated financial results for the first half year ended 30 June 2022 (“**1H2022 Results**”) as contained in the Group’s flash results, the Company expects, subject to, *amongst others*, the approval of its Audit & Risk Committee and Board of Directors, to report a significant improvement in the Group’s profit before tax and profit after tax and after exceptional items for 1H2022 compared to 1H2021. The significant improvement is attributable to an exceptional item relating to the receipt of approximately S\$9.6 million (equivalent to RM30 million), being the first interim insurance payment under the Group’s insurance policy covering damage to its property, plant and equipment in connection with the severe flooding at one of the Group’s Malaysian factories. The Group had, in July 2022, received a further S\$6.3 million (equivalent to approximately RM20 million), being the second interim insurance payment under such insurance policy. This amount will be reported as an exceptional item in the Group’s 2H2022 results.

As at the date of this announcement:

- (i) the insurers are processing the claims submitted under the above insurance policy covering damage to property, plant and equipment and the Group currently estimates that, in aggregate, its total claim under such policy will amount to approximately S\$35 million (equivalent to RM112 million), which includes the first and second interim insurance payments. The total amount of the claims has not been finalised as the purchase orders for components of the damaged property, plant and equipment have been issued for most but not all of them. The claims also remain subject to the insurers’ assessment. The entire amount recovered under the insurance policy will be used to fund a substantial part of the costs of reinstating the damaged production lines at the Group’s Malaysian factory (“**Property Reinstatement Costs**”); and
- (ii) the Group is also making claims under its consequential loss insurance policy. The amount of consequential loss continues to accrue (subject to a policy limit of approximately S\$13 million (equivalent to RM42 million)) and is yet to be finalised. The sums recovered under the consequential loss policy will be used substantially to pay for the balance of the Property Reinstatement Costs, consultants’ costs and any tax that may arise therefrom.

The Group is in the process of finalising its 1H2022 Results. The Company wishes to highlight that details of the Group’s 1H2022 Results, including analyses and commentary, will be set out in the Company’s announcement of its 1H2022 Results to be released in due course in August 2022. The above estimated figures remain subject, *inter alia*, to review and approval of the

Company's Audit & Risk Committee and the Board. 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
20 July 2022