

FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 200001282G)

QUALIFIED OPINION BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), the Board of Directors of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, Ernst & Young LLP, have in the Independent Auditor’s report, included a qualified opinion (the “**Qualified Opinion**”) in relation to the Group’s audited financial statements for the financial year ended 31 December 2017 (“**FY2017**”).

The extract of the Qualified Opinion and Basis for Qualified Opinion in the Independent Auditor’s Report are as follows:

Qualified Opinion

We have audited the financial statements of Food Empire Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note 15 of the financial statements relating to the Group’s investment in a foreign associate, Caffebene Co., Ltd (“Caffebene”), which had filed for a court-led rehabilitation scheme. The Group recognised share of losses of US\$4,762,000 from Caffebene and an impairment charge amounting to US\$4,281,000 in the Group’s consolidated income statement for the financial year ended 31 December 2017.

The auditors of Caffebene have not been able to complete the audit of Caffebene for the financial year ended 31 December 2017. Accordingly, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the Group’s share of Caffebene’s losses for the year ended 31 December 2017. Consequently, as the remaining carrying amount was fully impaired, we were also unable to assess whether the impairment charge recorded within “Other expenses” was appropriate and whether any adjustment is necessary between this amount and the share of losses recognised during the year. This does not have an effect on the Group’s profit for the year included in the Group’s consolidated income statement.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Company will be issuing its Annual Report 2017, which will contain the Group's audited financial statements for FY2017, the Independent Auditor's Report and the Qualified Opinion to its shareholders in due course.

By order of the Board

Tan Cher Liang
Company Secretary

26 March 2018