

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

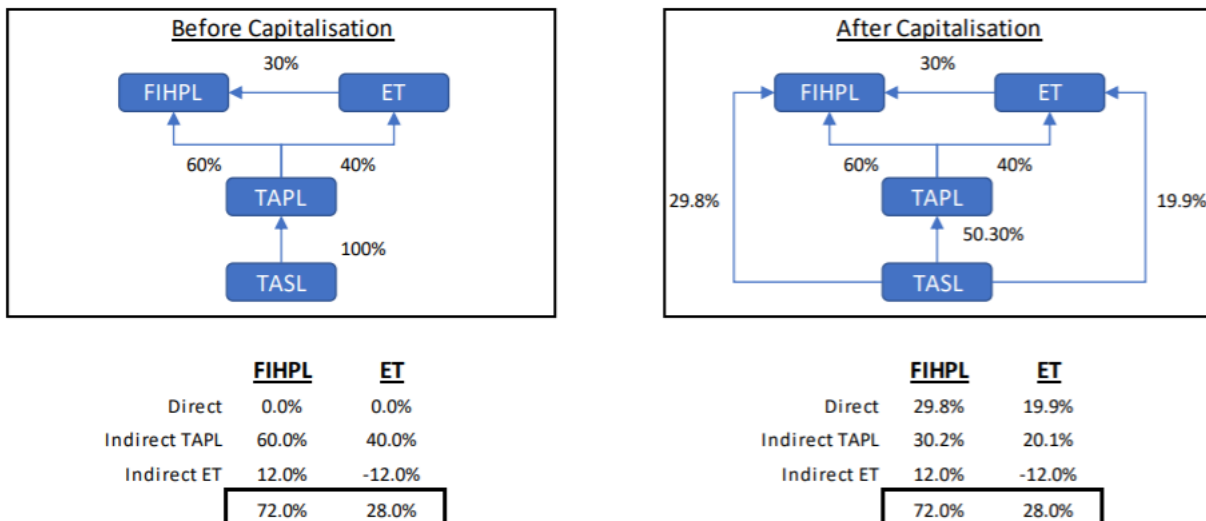
RESPONSE TO SINGAPORE EXCHANGE REGULATION PTE. LTD.'S QUERIES REGARDING RESTRUCTURING OF SUBSIDIARY COMPANIES

The Board of Directors of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce the Company’s response to further queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 8 February 2022 in relation to the Company’s announcement dated 31 January 2022 and the Company’s responses to the SGX-ST queries on 7 February 2022 (the “**Announcements**”):

Unless otherwise defined, all capitalised terms used herein shall have the same meanings as the Company’s Announcements.

SGX-ST’s queries:

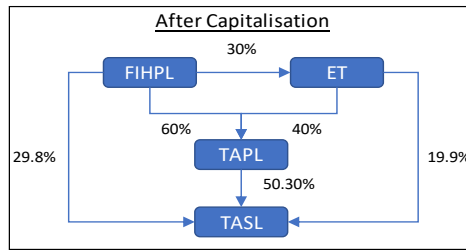
“There is no change in the Group’s effective shareholding of 72% in TAPL before and after capitalisation of the loan. The shareholding structure before and after capitalisation are as follows:”



- (a) Will 29.8%, 60% and 30% of FIHPL be held by TASL, TAPL and ET after the loan capitalisation? For the avoidance of doubt, please ensure that the diagram (as well as its arrows) clearly presents the information provided in the figures below. Please provide any changes and annotations (if any) where appropriate for further clarity.

The Company’s response:

To further clarify, 29.8%, 60% and 30% of FIHPL will not be held by TASL, TAPL and ET after the loan capitalisation. The revised diagram (the direction of the arrows has been changed) is shown below:



	FIHPL	ET
Direct	29.8%	19.9%
Indirect TAPL*	30.2%	20.1%
Indirect ET	12.0%	-12.0%
	72.0%	28.0%

* 60%*50.3% 40%*50.3%

SGX-ST's queries:

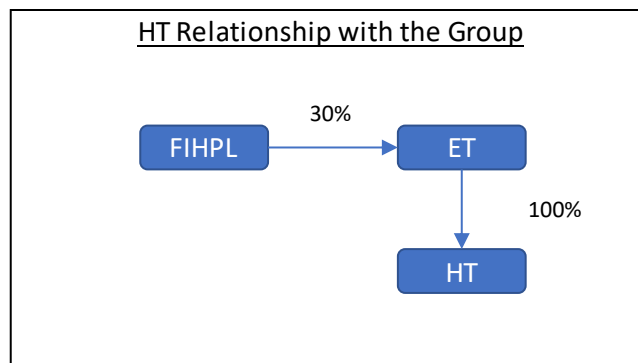
We refer to the following: "The loan capitalisation will result in the substantial repayment and discharge of the loan payable by TASL to FIHPL and ET. There will still be outstanding loan repayable by TASL to Hyson Tea ("HT") as follows."

	In Sri Lanka Rupee				
<u>Loan From</u>	<u>Principal Amt</u>	<u>Interest Amt</u>	<u>Total</u>	<u>Cap Amt</u>	<u>Outstanding Amt</u>
FIHPL	41,579,776	17,591,362	59,171,138	59,171,130	8
ET	28,705,382	10,739,996	39,445,378	39,447,420	- 2,042
HT	7,480,257	112,694	7,592,952	0	7,592,952
Total	77,765,416	28,444,052	106,209,468	98,618,550	7,590,918

- (a) Please provide details of the connection / relationship (if any) between Hyson Tea and the Group, the Company's directors and substantial shareholders.

The Company's response:

HT is 100% owned by ET while the Group owns 30% of ET, which is illustrated as follows:



SGX-ST's queries:

We refer to the following: "The rationale behind the loan capitalisation is to settle the loan due from TASL to FIHPL and ET in order to facilitate the divestment of TA Group to ET, as part of the Group's on-going effort to rationalise its non-performing businesses. Discussion for the divestment commenced sometime in 2020 and was prolonged due to the Covid-19 pandemic, which led to both parties to reassess the transaction parameters and resulted in a delay in the process. The loan capitalisation was eventually approved on 31 December 2021 by the Department of Foreign Exchange and procedures for the issuance and lodgement of new share certificates were completed on 27 January 2022."

- (a) Please provide details on the “Department of Foreign Exchange” being referred to and the jurisdiction it operates in. Please clarify why the loan capitalisation would require the prior approval of the said Department of Foreign Exchange.

The Company’s response:

The Department of Foreign Exchange operates under the Central Bank of Sri Lanka and prior approval for the loan capitalisation of LKR98,618,550 from the said Department was required in compliance with the prevailing regulations in Sri Lanka.

SGX-ST’s queries:

We refer to the Company’s announcement dated 5 July 2021 (available here: <https://links.sgx.com/FileOpen/FEH%20-%20Draft%20Ann%20-%20Subscription%20of%20shares%20in%20TAPL.ashx?App=Announcement&FileID=673616>):

We also refer to the following statements in the Company’s announcement dated 7 February 2022:

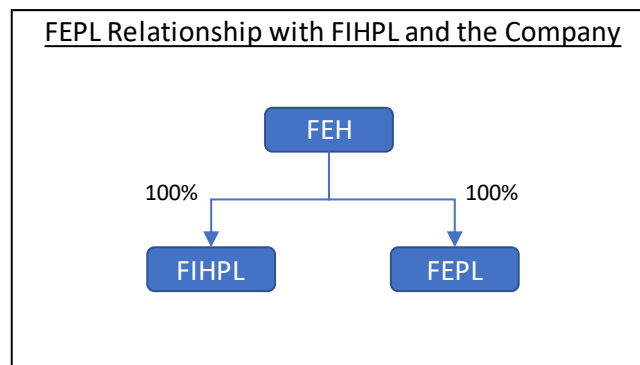
“The consideration amount of US\$15,900.00 does not take into account the FIHPL’s previous investment(s) of S\$39,900.00 for its subscription of 39,900 ordinary shares in TAPL as this amount was already used to repay an outstanding amount due to Future Enterprises Pte Ltd (“FEPL”), a related company of FIHPL.”

“The previous subscription of 39,900 ordinary shares in TAPL for S\$39,900.00 on 5 July 2021 was only sufficient for the repayment of a long overdue amount to FEPL and also to cover for subsequent year working capital requirement for TAPL.”

- (a) How is FEPL related to FIHPL and the Company?

The Company’s response:

Both FEPL and FIHPL are wholly owned subsidiaries of the Company as illustrated below:



- (b) Please provide details of the “outstanding amount due to” FEPL (including its quantum and purpose), and the circumstances leading to such amount being “long overdue”.

The Company’s response:

The outstanding amount due to FEPL from TAPL is approximately US\$62,500.00 is an inter-company advance to support pre-incorporation of TAPL and TASL in 2013. TAPL is not in a position to repay the overdue as there was no dividend income from its loss-making subsidiary, TASL.

By order of the Board

Kevin Cho
Company Secretary

9 February 2022