

CIRCULAR DATED 7 APRIL 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Food Empire Holdings Limited ("**Company**"), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Circular.



FOOD EMPIRE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Registration No. 200001282G)

CIRCULAR TO SHAREHOLDERS

in relation to the

PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

IMPORTANT DATES AND TIMES:

- | | | |
|--|---|---|
| Last date and time for lodgment of Proxy Form | : | 22 April 2015 at 3.15 p.m. |
| Date and time of Extraordinary General Meeting | : | 24 April 2015 at 3.15 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | River View Hotel,
Lily Ballroom, Level 4,
382 Havelock Road,
Singapore 169629 |

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

“Articles”	:	Articles of Association of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Food Empire Holdings Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Directors” or “Board”	:	The directors of the Company for the time being
“2014 EGM”	:	The extraordinary general meeting of the Company held on 23 April 2014
“EGM”	:	The extraordinary general meeting of the Company to be held on 24 April 2015, notice of which is set out on pages 25 to 27 of this Circular
“EPS”	:	Earnings per Share
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to printing of this Circular, being 13 March 2015
“Listing Manual”	:	The listing manual of the SGX-ST, including any amendments made there to up to the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Memorandum”	:	Memorandum of Association of the Company
“NTA”	:	Net tangible assets
“Registrar”	:	Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Shareholders”	:	Persons who are registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares, mean Depositors whose Securities Accounts are credited with Shares

DEFINITIONS

“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the total number of issued Shares (excluding treasury shares)
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“US\$” and “US cents”	:	United States dollars and cents, respectively
“per cent.” or “%”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in the Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

LETTER TO SHAREHOLDERS

FOOD EMPIRE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Registration No. 200001282G)

Directors:

Tan Wang Cheow (Executive Chairman)
Sudeep Nair (CEO and Director)
Tan Guek Ming (Non-Executive Director)
Hartono Gunawan (Non-Executive Director)
Koh Yew Hiap (Non-Executive Director)
Ong Kian Min (Independent Director)
Lew Syn Pau (Independent Director)
Boon Yoon Chiang (Independent Director)

Registered Office:

50 Raffles Place #32-01,
Singapore Land Tower,
Singapore 048623

7 April 2015

To : The Shareholders of
Food Empire Holdings Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors are convening an EGM to be held on 24 April 2015 to seek Shareholders' approval for the proposed renewal of the share buyback mandate (the "**Proposal**").
- 1.2 The purpose of the Circular is to provide Shareholders with information relating to the Proposal.

2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

At the 2014 EGM, the Shareholders had approved, *inter alia*, the renewal of a mandate to enable the Company to purchase or otherwise acquire its issued Shares (the "**Share Buyback Mandate**").

The Share Buyback Mandate will expire on the date of the forthcoming Annual General Meeting (the "**AGM**") to be held on 24 April 2015 immediately preceding the EGM. Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the EGM immediately following the AGM.

2.2 Rationale for Share Buyback Mandate

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (i) The proposed Share Buyback Mandate will give the Directors the flexibility to purchase or acquire its issued Shares during the period when the Share Buyback Mandate is in force, if and when the circumstances permit;
- (ii) Share purchases or acquisitions may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the EPS and/or net asset value per Share; and

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- (iii) Purchases or acquisitions of the Shares may, in appropriate circumstances, also help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

The Directors will decide whether to effect the purchases or acquisitions of Shares after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors. Share purchases or acquisitions will only be made if the Directors believe that such purchases or acquisitions would benefit the Group.

2.3 **Authority and Limits on the Share Buyback Mandate**

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate, if renewed at the EGM, are summarised below:

2.3.1 **Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the EGM at which the renewal of the Share Buyback Mandate is approved. Any of the Company's Shares held as treasury shares shall be disregarded for the purposes of computing the 10% limit.

2.3.2 **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM at which the renewal of the Share Buyback Mandate is approved up to:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in general meeting; or
- (c) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

2.3.3 **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act).

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The Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed share buyback;
- (d) the consequences, if any, of share buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the share buybacks, if made, could affect the listing of the Shares on the SGX-ST;
- (f) details of any share buyback made by the Company in the previous 12 months (whether through Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 **Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares must not exceed the maximum price (the “**Maximum Price**”) as set out below:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
 - (b) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,
- in either case, excluding related expenses of the purchase or acquisition.

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For the above purposes:

“Average Closing Price” means (1) the average of the closing market prices of the Shares over the last 5 Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and (2) deemed to be adjusted for any corporate action which occurs after the relevant 5-day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased Shares**

Shares purchased or acquired by the Company will be deemed cancelled immediately on purchase or acquisition and all rights and privileges attached to the Shares will expire on cancellation, unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

2.5 **Treasury Shares**

The Company may hold or deal with Shares purchased or acquired by it as treasury shares. A summary of some of the provisions on treasury shares under the Companies Act is set out below:

2.5.1 **Maximum Holdings**

The number of Shares held as treasury shares shall not at any time exceed 10% of the total number of issued Shares.

2.5.2 **Voting and Other Rights**

The Company shall not exercise any right in respect of treasury shares and any purported exercise of such right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

No dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also permitted if the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

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- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (i) the date of the sale, transfer, cancellation and/or use of such treasury shares; (ii) the purpose of such sale, transfer, cancellation and/or use of such treasury shares; (iii) the number of treasury shares which have been sold, transferred, cancelled and/or used; (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use; (v) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use; and (vi) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Sources of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Articles and in accordance with applicable laws in Singapore.

Under the Companies Act, a payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company's profits as well as out of capital, so long as the Company is solvent.

The Company intends to use the Group's internal resources to finance its purchases or acquisitions of Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquire Shares under the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the number of Shares purchased or acquired, the price paid for such Shares, whether the Shares are purchased or acquired out of profits and/or capital of the Company and whether the Shares purchased or acquired are held by the Company as treasury shares or cancelled.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, are based on the assumptions set out below.

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2.7.1 **Number of Shares Acquired or Purchased**

As at the Latest Practicable Date, the total number of issued and paid-up Shares of the Company is 533,741,999, of which 1,001,000 Shares are held by the Company as treasury shares. Assuming:

- (a) no further Shares are issued;
- (b) no further Shares held by the Company as treasury shares are transferred pursuant to the Company's employees' share schemes; and
- (c) no further Shares are purchased or acquired by the Company and no Shares purchased or acquired by the Company are held by the Company as treasury shares,

on or prior to the EGM, not more than 53,274,100 Shares (representing 10% of the 532,740,999 Shares in issue (excluding Shares held by the Company as treasury shares)) as at that date may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

2.7.2 **Purchase or Acquisition made out of Profits and/or Capital**

Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, this will not reduce the amount available for the distribution of cash dividends by the Company.

(a) **Purchases or Acquisitions made entirely out of capital**

The financial effects on the purchase or acquisition of Shares by the Company made entirely out of capital are based on the purchase or acquisition of 53,274,100 Shares.

In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 53,274,100 Shares at the Maximum Price of S\$0.294 for each Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the last 5 Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 53,274,100 Shares is S\$15,663,000 (rounded to the nearest thousand).

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 53,274,100 Shares at the Maximum Price of S\$0.336 for each Share (being the price equivalent to 20% above the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the

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purchase or acquisition of 53,274,100 Shares is S\$17,900,000 (rounded to the nearest thousand).

(b) ***Purchases or Acquisitions made entirely out of profits***

Based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, the Company has distributable reserves of approximately US\$8,998,000. The financial effects on the purchase or acquisition of Shares by the Company made entirely out of profits are based on the utilisation of funds of up to US\$8,998,000.

In the case of Market Purchases by the Company made entirely out of profits and assuming the use of distributable reserves of the Company of up to US\$8,998,000 for the purchase or acquisition of Shares at the Maximum Price of S\$0.294 or US\$0.217 (based on the exchange rate of S\$1.3572 to US\$1.0000) for each Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the last 5 Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum number of Shares (rounded up to the nearest 1,000 Shares) which can be purchased or acquired by the Company is 41,465,000 Shares representing approximately 7.78% of the total number of Shares in issue as at the Latest Practicable Date.

In the case of Off-Market Purchases by the Company made entirely out of profits and assuming the use of distributable reserves of the Company of up to US\$8,998,000 for the purchase or acquisition of Shares at the Maximum Price of S\$0.336 or US\$0.248 (based on the exchange rate of S\$1.3572 to US\$1.0000) for each Share (being the price equivalent to 20% above the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum number of Shares (rounded down to the nearest 1,000 Shares) which can be purchased or acquired by the Company is 36,282,000 Shares representing approximately 6.81% of the total number of Shares in issue as at the Latest Practicable Date.

2.7.3 ***Illustrative Financial Effects***

For illustrative purposes only, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, the assumptions stated above and assuming the purchases or acquisitions of Shares by the Company are funded solely from internal resources and the transaction costs incurred for the purchases or acquisitions of the Shares are insignificant and are ignored, the effects of such purchases or acquisitions of Shares by way of Market Purchases and Off-Market Purchases on the financial positions of the Company and the Group under each of the Scenarios A to D described below are as follows:

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(1) Market Purchases

	GROUP				
	Before Share Purchase	After Share Purchase			
		Scenario A	Scenario B	Scenario C	Scenario D
As at 31 December 2014	←	US\$'000			→
Share capital	40,725	40,725	40,725	40,725	29,165
Reserves	97,762	97,762	97,762	88,764	97,762
	138,487	138,487	138,487	129,489	126,927
Treasury shares	(317)	(9,315)	(11,877)	(317)	(317)
	138,170	129,172	126,610	129,172	126,610
Add: Non-controlling Interests	263	263	263	263	263
Total Equity	138,433	129,435	126,873	129,435	126,873
Non-current liabilities	34,184	34,184	34,184	34,184	34,184
Non-current assets	106,442	106,442	106,442	106,442	106,442
Current assets	115,950	106,952	104,390	106,952	104,390
Current liabilities	49,775	49,775	49,775	49,775	49,775
Net current assets	66,175	57,177	54,615	57,177	54,615
Total liabilities	83,959	83,959	83,959	83,959	83,959
NTA ¹	127,827	118,829	116,267	118,829	116,267
Number of Shares ²	532,740,999	532,740,999	532,740,999	491,275,999	479,466,899
<u>Financial Ratios</u>					
NTA per Share (US cents)	23.99	22.31	21.82	24.19	24.25
Diluted loss per Share (US cents)	(2.48)	(2.69)	(2.76)	(2.69)	(2.76)
Gearing ratio ³ (times)	0.61	0.65	0.66	0.65	0.66
Current ratio ⁴ (times)	2.33	2.15	2.10	2.15	2.10

Notes:

1. NTA does not equal total equity as the Group had US\$10,343,000 worth of intangible assets and non-controlling interests of US\$263,000.
2. Based on the number of Shares issued as at the Latest Practicable Date (excluding 1,001,000 Shares held in treasury) and adjusted for the effect of the Share purchases or acquisitions.
3. Gearing ratio equals total liabilities divided by total equity.
4. Current ratio equals current assets divided by current liabilities.

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	COMPANY				
	Before Share Purchase	After Share Purchase			
		Scenario A	Scenario B	Scenario C	Scenario D
As at 31 December 2014	← US\$'000 →				
Share capital	40,725	40,725	40,725	40,725	29,165
Reserves	14,474	14,474	14,474	5,476	14,474
	55,199	55,199	55,199	46,201	43,639
Treasury shares	(317)	(9,315)	(11,877)	(317)	(317)
Total Equity	54,882	45,884	43,322	45,884	43,322
Non-current liabilities	-	-	-	-	-
Non-current assets	44,627	44,627	44,627	44,627	44,627
Current assets	10,916	10,916	10,916	10,916	10,916
Current liabilities	661	9,659	12,221	9,659	12,221
Net current assets / (liabilities)	10,255	1,257	(1,305)	1,257	(1,305)
Total liabilities	661	9,659	12,221	9,659	12,221
NTA ¹	54,882	45,884	43,322	45,884	43,322
Number of Shares ²	532,740,999	532,740,999	532,740,999	491,275,999	479,466,899
<u>Financial Ratios</u>					
NTA per Share (US cents)	10.30	8.61	8.13	9.34	9.04
Diluted EPS (US cents)	1.19	1.29	1.33	1.29	1.33
Gearing ratio ³ (times)	0.01	0.21	0.28	0.21	0.28
Current ratio ⁴ (times)	16.51	1.13	0.89	1.13	0.89

Notes:

1. NTA equals total equity.
2. Based on the number of Shares issued as at the Latest Practicable Date (excluding 1,001,000 Shares held in treasury) and adjusted for the effect of the Share purchases or acquisitions.
3. Gearing ratio equals total liabilities divided by total equity.
4. Current ratio equals current assets divided by current liabilities.

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(a) Scenario A: Market Purchases of 41,465,000 Shares made entirely out of profits and held as treasury shares

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also decrease from 23.99 US cents to 22.31 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.69 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(b) Scenario B: Market Purchases of 53,274,100 Shares made entirely out of capital and held as treasury shares

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also decrease from 23.99 US cents to 21.82 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.76 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(c) Scenario C: Market Purchases of 41,465,000 Shares made entirely out of profits and cancelled

As illustrated under Scenario C in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also increase from 23.99 US cents to 24.19 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.69 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(d) Scenario D: Off-Market Purchases of 53,274,100 Shares made entirely out of capital and cancelled

As illustrated under Scenario D in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will increase from 23.99 US cents to 24.25 US cents as a result of the reduction in the number of issued Shares.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.76 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

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(2) Off-Market Purchases

	GROUP				
	Before Share Purchase	After Share Purchase			
		Scenario A	Scenario B	Scenario C	Scenario D
As at 31 December 2014	← US\$'000 →				
Share capital	40,725	40,725	40,725	40,725	27,513
Reserves	97,762	97,762	97,762	88,764	97,762
	138,487	138,487	138,487	129,489	125,275
Treasury shares	(317)	(9,315)	(13,529)	(317)	(317)
	138,170	129,172	124,958	129,172	124,958
Add: Non-controlling Interests	263	263	263	263	263
Total Equity	138,433	129,435	125,221	129,435	125,221
Non-current liabilities	34,184	34,184	34,184	34,184	34,184
Non-current assets	106,442	106,442	106,442	106,442	106,442
Current assets	115,950	106,952	102,738	106,952	102,738
Current liabilities	49,775	49,775	49,775	49,775	49,775
Net current assets	66,175	57,177	52,963	57,177	52,963
Total liabilities	83,959	83,959	83,959	83,959	83,959
NTA ¹	127,827	118,829	114,615	118,829	114,615
Number of Shares ²	532,740,999	532,740,999	532,740,999	496,458,999	479,466,899
<u>Financial Ratios</u>					
NTA per Share (US cents)	23.99	22.31	21.51	23.94	23.90
Diluted loss per Share (US cents)	(2.48)	(2.67)	(2.76)	(2.67)	(2.76)
Gearing ratio ³ (times)	0.61	0.65	0.67	0.65	0.67
Current ratio ⁴ (times)	2.33	2.15	2.06	2.15	2.06

Notes:

1. NTA does not equal total equity as the Group had US\$10,343,000 worth of intangible assets and non-controlling interests of US\$263,000.
2. Based on the number of Shares issued as at the Latest Practicable Date (excluding 1,001,000 Shares held in treasury) and adjusted for the effect of the Share purchases or acquisitions.
3. Gearing ratio equals total liabilities divided by total equity.
4. Current ratio equals current assets divided by current liabilities.

LETTER TO SHAREHOLDERS

As at 31 December 2014	COMPANY				
	Before Share Purchase	After Share Purchase			
		Scenario A	Scenario B	Scenario C	Scenario D
	US\$'000				
Share capital	40,725	40,725	40,725	40,725	27,513
Reserves	14,474	14,474	14,474	5,476	14,474
	55,199	55,199	55,199	46,201	41,987
Treasury shares	(317)	(9,315)	(13,529)	(317)	(317)
Total Equity	54,882	45,884	41,670	45,884	41,670
Non-current liabilities	-	-	-	-	-
Non-current assets	44,627	44,627	44,627	44,627	44,627
Current assets	10,916	10,916	10,916	10,916	10,916
Current liabilities	661	9,659	13,873	9,659	13,873
Net current assets / (liabilities)	10,255	1,257	(2,957)	1,257	(2,957)
Total liabilities	661	9,659	13,873	9,659	13,873
NTA ¹	54,882	45,884	41,670	45,884	41,670
Number of Shares ²	532,740,999	532,740,999	532,740,999	496,458,999	479,466,899

Financial Ratios

NTA per Share (US cents)	10.30	8.61	7.82	9.24	8.69
Diluted EPS (US cents)	1.19	1.28	1.33	1.28	1.33
Gearing ratio ³ (times)	0.01	0.21	0.33	0.21	0.33
Current ratio ⁴ (times)	16.51	1.13	0.79	1.13	0.79

Notes:

1. NTA equals total equity.
2. Based on the number of Shares issued as at the Latest Practicable Date (excluding 1,001,000 Shares held in treasury) and adjusted for the effect of the Share purchases or acquisitions.
3. Gearing ratio equals total liabilities divided by total equity.
4. Current ratio equals current assets divided by current liabilities.

LETTER TO SHAREHOLDERS

- (a) Scenario A: Off-Market Purchases of 36,282,000 Shares made entirely out of profits and held as treasury shares

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also decrease from 23.99 US cents to 22.31 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.67 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

- (b) Scenario B: Off-Market Purchases of 53,274,100 Shares made entirely out of capital and held as treasury shares

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also decrease from 23.99 US cents to 21.51 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.76 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

- (c) Scenario C: Off-Market Purchases of 36,282,000 Shares made entirely out of profits and cancelled

As illustrated under Scenario C in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also decrease from 23.99 US cents to 23.94 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.67 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

- (d) Scenario D: Off-Market Purchases of 53,274,100 Shares made entirely out of capital and cancelled

As illustrated under Scenario D in the tables above, such purchase of Shares will have the effect of reducing the working capital and NTA of the Company and of the Group by the US\$ value of the Shares purchased. The consolidated NTA per Share of the Group as at 31 December 2014 will also decrease from 23.99 US cents to 23.90 US cents.

Assuming that the purchase of Shares had taken place on 1 January 2014, the consolidated diluted loss per Share of the Group for the financial year ended 31 December 2014 would be increased from 2.48 US cents to 2.76 US cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

LETTER TO SHAREHOLDERS

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY (BASED ON THE AFOREMENTIONED ASSUMPTIONS). IN PARTICULAR, IT IS IMPORTANT TO NOTE THAT THE ABOVE ILLUSTRATIONS ARE BASED ON HISTORICAL FIGURES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 AND ARE NOT NECESSARILY REPRESENTATIVE OF FUTURE FINANCIAL PERFORMANCE.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares (excluding any Shares held by the Company as treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares (excluding any Shares held by the Company as treasury shares). In particular, the Directors do not intend to exercise the Share Buyback Mandate to such an extent if such exercise would materially and adversely affect the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group and/or result in the Company being delisted from the SGX-ST. Further, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

2.8 **Taxation**

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 **Take-over**

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.9.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);

LETTER TO SHAREHOLDERS

- (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

For the above purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.9.3 **Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, if such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date as set out in Clause 3 of this Circular, the Directors are not aware of any of the Substantial Shareholders of the Company who would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code if the Company undertakes, as permitted by the proposed Share Buyback Mandate, share purchases up to the maximum limit of 10% of its Shares (excluding any Shares held by the Company as treasury shares) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a take-over offer under the Take-over Code as a result of any purchase of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

LETTER TO SHAREHOLDERS

2.10 Details of Previous Share Buybacks

The Company had not undertaken any purchases or acquisition of Shares in the last 12 months prior to the Latest Practicable Date pursuant to the Share Buyback Mandate approved by the Shareholders at the 2014 EGM.

2.11 Listing Status

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

The expression “public” is defined under the Listing Manual as persons other than (a) the directors, chief executive officer, substantial shareholders or controlling shareholders of the listed company or its subsidiaries and (b) the associates (as defined in the Listing Manual) of the persons described in paragraph (a) herein.

As at the Latest Practicable Date, there are 186,954,800 Shares in the hands of the public, representing 35.09% of the total number of issued Shares of the Company (excluding the Shares held in treasury). Assuming that the Company purchases up to the full 10% limit pursuant to the Share Buyback Mandate from the public on the Latest Practicable Date, the number of Shares in the hands of the public would be reduced to 133,680,700 Shares, representing 27.88% of the issued Shares of the Company (excluding the Shares held in treasury).

Accordingly, the Company is of the view that there is a sufficient number of Shares (excluding the Shares held in treasury) held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.12 No Purchases during Price Sensitive Developments

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of 1 month immediately preceding the announcement of the Company’s full-year results, and the period of 2 weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of its financial year.

2.13 Reporting Requirements

Under the Listing Manual, any purchases or acquisitions by the Company of its Shares pursuant to the Share Buyback Mandate must be reported by the Company to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its Shares; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer.

LETTER TO SHAREHOLDERS

Such announcement (which must be in the form of Appendix 8.3.1 of the Listing Manual) shall include, *inter alia*, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest price per Share (as applicable), the total consideration paid for the Shares (including stamp duties and clearing charges), the number of Shares purchased as at the date of the announcement (on a cumulative basis), the number of issued Shares (excluding treasury shares) after purchase and the number of treasury shares held after purchase.

Under the Companies Act:

- (a) within 30 days of the passing of a resolution to approve or renew the Share Buyback Mandate, the Directors shall lodge with the Registrar a copy of the resolution;
- (b) the Directors shall lodge with the Registrar a notice (in the prescribed form) of a purchase or acquisition of Shares within 30 days of such purchase or acquisition; and
- (c) within 30 days of the cancellation or disposal of treasury shares in accordance with the Companies Act, the Directors shall lodge with the Registrar a notice of the cancellation or disposal with such particulars as may be required in the prescribed form.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Shareholding Interests of Directors

Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Buyback Mandate, assuming that the Company purchases the maximum 53,274,100 Shares as at the Latest Practicable Date (representing 10% of the Shares in issue as at that date and disregarding the 1,001,000 Shares held in treasury), will be as follows:

Directors	Number of Shares Held			% Before	% After
	Direct Interest	Deemed Interest	Total Interest	Share Purchase	Share Purchase
Tan Wang Cheow ¹	52,440,000	67,547,400	119,987,400	22.52%	25.03%
Tan Guek Ming ¹	67,547,400	52,440,000	119,987,400	22.52%	25.03%
Lew Syn Pau ²	–	480,000	480,000	0.09%	0.10%
Sudeep Nair ³	34,406,399	4,680,000	39,086,399	7.34%	8.15%
Ong Kian Min ⁴	–	720,000	720,000	0.14%	0.15%
Koh Yew Hiap	–	–	–	–	–
Hartono Gunawan	–	–	–	–	–
Boon Yoon Chiang ⁵	100,000	–	100,000	0.02%	0.02%

Notes:

- Mr Tan Wang Cheow and Mdm Tan Guek Ming are husband and wife. Mr Tan Wang Cheow is deemed to have an interest in the Shares held by Mdm Tan Guek Ming and *vice versa*.
- Mr Lew Syn Pau is deemed to have an interest in the 480,000 Shares held by Hong Leong Finance Limited and CIMB Nominees (S) Pte Ltd. As at the Latest Practicable Date, Mr Lew Syn Pau holds 400,000 unexercised Options.
- Mr Sudeep Nair is deemed to have an interest in the 4,680,000 Shares held by UOB Kay Hian Pte Ltd, Maybank Kim Eng Securities Pte Ltd and DMG & Partners Securities Pte Ltd. As at the Latest Practicable Date, Mr Sudeep Nair holds 5,700,000 unexercised Options.
- Mr Ong Kian Min is deemed to have an interest in the 720,000 Shares held by Hong Leong Finance Nominees Pte. Ltd. As at the Latest Practicable Date, Mr Ong Kian Min holds 400,000 unexercised Options.
- As at the Latest Practicable Date, Mr Boon Yoon Chiang holds 300,000 unexercised Options.

LETTER TO SHAREHOLDERS

3.2 Shareholding Interests of Substantial Shareholders

Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the interests of the Substantial Shareholders of the Company in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Buyback Mandate, assuming that the Company purchases the maximum. 53,274,100 Shares as at the Latest Practicable Date (representing 10% of the Shares in issue as at that date and disregarding the 1,001,000 Shares held in treasury), will be as follows:

Substantial Shareholders	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Tan Wang Cheow ¹	52,440,000	67,547,400	119,987,400	22.52%	25.03%
Tan Guek Ming ¹	67,547,400	52,440,000	119,987,400	22.52%	25.03%
Sudeep Nair ²	34,406,399	4,680,000	39,086,399	7.34%	8.15%
Anthoni Salim ³	–	132,079,200	132,079,200	24.79%	27.55%
Universal Integrated Corporation					
Consumer Products Pte. Ltd.	132,079,200	–	132,079,200	24.79%	27.55%
FMR LLC on behalf of the managed accounts of its direct and indirect subsidiaries & FIL Ltd. on behalf of the managed accounts of its direct and indirect subsidiaries	–	52,900,000	52,900,000	9.93%	11.03%

Notes:

- Mr Tan Wang Cheow and Mdm Tan Guek Ming are husband and wife. Mr Tan Wang Cheow is deemed to have an interest in the Shares held by Mdm Tan Guek Ming and *vice versa*.
- Mr Sudeep Nair is deemed to have an interest in the 4,680,000 Shares held by UOB Kay Hian Pte Ltd, Maybank Kim Eng Securities Pte Ltd and DMG & Partners Securities Pte Ltd. As at the Latest Practicable Date, Mr Sudeep Nair holds 5,700,000 unexercised Options.
- Mr Anthoni Salim is the ultimate beneficial owner of the entire issued share capital of Trevoze International Pte Ltd, which is the sole shareholder of Universal Integrated Corporation Consumer Products Pte. Ltd. Mr Anthoni Salim is deemed to have an interest in the Shares held by Universal Integrated Corporation Consumer Products Pte. Ltd.

4. RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Share Buyback Mandate (set out in the Notice of EGM) to be proposed at the EGM to be held on 24 April 2015.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 25 to 27 of this Circular, will be held on 24 April 2015 at River View Hotel, Lily Ballroom, Level 4, 382 Havelock Road, Singapore 169629 at 3.15 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

6. ACTION TO BE TAKEN BY SHAREHOLDERS

You will find enclosed with this Circular, the Notice of EGM and a Proxy Form.

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the EGM. Completion and return of a Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes, in place of his proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the time set for the EGM.

7. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2014.

8. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors who collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposal, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully
For and on behalf of the Board of Directors of
Food Empire Holdings Limited

Tan Wang Cheow
Executive Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

FOOD EMPIRE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Registration No. 200001282G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Food Empire Holdings Limited (the “**Company**”) will be held at River View Hotel, Lily Ballroom, Level 4, 382 Havelock Road, Singapore 169629 on 24 April 2015 at 3.15 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution:

Ordinary Resolution

The renewal of the Share Buyback Mandate

That:

- (1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares (“**Shares**”) in the capital of the Company not exceeding in aggregate the **Prescribed Limit** (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the **Maximum Price** (as hereafter defined), whether by way of:
 - (a) market purchase(s) (“**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) through the SGX-ST’s trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (b) off-market purchase(s) (“**Off-Market Purchase**”) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);
- (2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:
 - (a) the date on which the next Annual General Meeting of the Company is held;
 - (b) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (c) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(3) in this resolution:

“Maximum Price”, in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price; and

“Prescribed Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held by the Company as treasury shares as at that date),

where

“Average Closing Price” means (i) the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase; and (ii) deemed to be adjusted for any corporate action which occurs after the relevant 5-day period; and

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“market day” means a day on which the SGX-ST is open for trading in securities; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary

7 April 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A member of the Company which is a corporation is entitled to appoint its authorised representative or representatives to vote for and on its behalf.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
4. The Company intends to use internal resources to finance the purchases of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the Share Buyback Mandate will depend, *inter alia*, on the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, whether the Shares are purchased or acquired out of profits and/or capital of the Company and whether the Shares purchased or acquired are held in treasury or cancelled.
5. An illustration of the financial impact of a purchase or an acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, based on certain assumptions, is set out in Clause 2.7 of the Circular.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

FOOD EMPIRE HOLDINGS LIMITED

(Incorporated In the Republic of Singapore)
(Registration No. 200001282G)

IMPORTANT:

1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Food Empire Holdings Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Extraordinary General Meeting as observers must submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar within the time frame specified (please see Note No. 9 on the reverse side).

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 April 2015.

PROXY FORM EXTRAORDINARY GENERAL MEETING

*I/We, _____ (Name)
of _____ (Address)

being a *member/members of Food Empire Holdings Limited (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held on 24 April 2015 at River View Hotel, Lily Ballroom, Level 4, 382 Havelock Road, Singapore 169629 at 3.15 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Extraordinary General Meeting. In the absence of specific directions, the *proxy/proxies will vote or abstain as *he/they may think fit, as *he/they will on any other matter arising at the Extraordinary General Meeting.)

Ordinary Resolution	To be used on a show of hands		To be used in the event of a poll	
	For	Against	Votes For**	Votes Against**
To approve the proposed renewal of the Share Buyback Mandate				

* Please delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate

Dated this _____ day of _____ 2015

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE SIDE

PROXY FORM

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Extraordinary General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies (together with the power of attorney (if any)) must be deposited at the Registered Office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative or representatives at the Extraordinary General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such body corporate.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF investors who wish to attend the Extraordinary General Meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and the number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Registered Office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for holding the Extraordinary General Meeting.