

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

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**RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board of Directors of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the queries raised by the SGX-ST on 6 May 2020.

**SGX-ST’s Query**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Provision 8.1 of the Code states that:

“The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”

We note the Company’s disclosure on remuneration at page 33 of the annual report for FY2019. Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

**The Company’s response:**

The Company had disclosed on page 32 of its FY2019 Annual Report its reasons for deviating from Provision 8.1 of the Code, as follows:

“Although the Code recommends the disclosure of amounts and breakdown of remuneration of each individual Director, Group CEO and top five key management personnel on a named basis, the Board has decided not to adopt this practice because it is of the view that such disclosure may be detrimental to the Group’s interest as it may lead to poaching of executives within a highly competitive industry and may compromise the personal safety of the individuals concerned as they travel to or work within some emerging markets. It also wishes to maintain confidentiality of remuneration within the Group for more harmonious and effective human resources management and deployment of executives across the many countries the Group operates in.”

The Company had also disclosed on page 32 of the FY2019 Annual Report that the objective of its remuneration framework is to motivate and retain executives, link rewards to corporate and individual performance, attract the best talent in order to maximise shareholder value and align with the interest of other key stakeholders of the Company. The Remuneration Committee had reviewed the remuneration for the Board members (including fees payable to Non-executive Directors and Independent Directors) and key executives of the Group and determined that it is appropriate to sustain performance and value creation.

On balance, the Board believes that the remuneration information disclosed in pages 32 and 33 of the FY2019 Annual Report is sufficient for shareholders to have an adequate appreciation of the remuneration of the Directors, Group CEO and top five key management personnel.

The Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8.1.

**SGX-ST's Query**

Where the internal audit function is outsourced, please provide information on the relevant experience of the accounting firm and the engagement team.

**The Company's response:**

Yang Lee & Associates, the outsourced internal auditor, is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains an outsourced internal audit portfolio of more than 25 SGX-ST listed companies in distribution, manufacturing, services, food & beverage and property development industries.

The Engagement Team for this engagement comprises two Directors, a Manager, an Assistant Manager and supported by two Associates. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has approximately 14 years of relevant experience.

By order of the Board

Kevin Cho  
Company Secretary

11 May 2020