

FOOD EMPIRE



Building Resilience & Trust

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Rating: 5/5



MacCoffee once again triumphed at the Product of the Year 2021 National Award. Food Empire scoops The Enterprise Award this year for its pioneering spirit in establishing itself in emerging markets and successfully building its MacCoffee 3-in-1 instant mix brand into a household name.



See what's Brewing



★★★★★
Rating: 5/5



★★★★★
Rating: 5/5



★★★★★
Rating: 5/5



★★★★★
Rating: 5/5



★★★★★
Rating: 5/5



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ABOUT FOOD EMPIRE

SGX Mainboard-listed Food Empire Holdings (Food Empire) is a global branding and manufacturing company in the food and beverage sector. Its products include instant beverage products, frozen convenience food and snack food.

Food Empire's products are exported to over 50 countries, in markets such as Russia, Vietnam, Ukraine, Kazakhstan, Central Asia, the Middle East, China, Mongolia and North America. The Group has 23 offices worldwide and operates 8 manufacturing facilities in Malaysia, India, Vietnam, Russia and Ukraine.

Food Empire's products include a wide variety of beverages, such as regular and flavoured coffee mixes and cappuccinos, chocolate drinks and flavoured fruit teas. It also markets instant cereal mixes and assorted frozen convenience foods, as well as produces and markets potato crisps.

Food Empire's strength lies in its proprietary brands – including MacCoffee, Café PHO, Petrovskaya Sloboda, Klassno, Kracks and OrienBites. MacCoffee – the Group's flagship brand – has been consistently ranked as the leading 3-in-1 instant coffee brand in the Group's core market of Russia, Ukraine and Vietnam. The Group employs sophisticated brand building activities, localised to match the flavour of the local markets in which its products are sold.

Since its public listing in 2000, Food Empire has won numerous accolades and awards including being recognised as one of the “Most Valuable Singapore Brands” by IE Singapore (now known as Enterprise Singapore), while MacCoffee has been ranked as one of “The Strongest Singapore Brands”. Forbes Magazine has twice named Food Empire as one of the “Best under a Billion” companies in Asia and the company has also been awarded one of Asia's “Top Brand” by Influential Brands. Food Empire was also presented with the Sustainability Award at the SIAS 20th Investors' Choice Award in Singapore.





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— FOOD EMPIRE —
GLOBAL PRESENCE

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Approximately **3500** Employees

23 Offices Worldwide

8 Manufacturing Plants

NEW RELEASE

TRENDING NOW



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MACTEA WITH CREAM FLAVOUR & SUGAR

[Description](#) [Episodes](#) [Similar](#)

The tradition of drinking tea with milk or cream has begun in ancient Russian times. Such a way of tea drinking was very popular among the Russian aristocracy. The milk jug was an essential part of tea drinking ceremony. Today, we are pleased to offer our consumers a quick and easy way to prepare this tea. Simply pour a glass of hot water into the MacTea with Cream Flavour and you can enjoy the mild creamy taste of Russian tea!



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MACCOFFEE PURE

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MacCoffee Pure is a modern Italian production with fine Italian quality, sophisticated taste and stylish design. The pure taste of natural coffee blends in perfectly in an espresso or a cappuccino. It demonstrates the consumption of real Italian coffee, yet at the same time being affordable for the majority of consumers.



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HILLWAY MANGO BUBBLE TEA

[Description](#) [Episodes](#) [Similar](#)

Your favourite bubble tea now comes with an added tropical flair, mango! An instant mango milk tea that comes with fresh bubble pearls in the sachet. Make your summer enjoyable with Hillway Mango Bubble Tea.

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MACCOFFEE LATTE AL CARAMELLO

[Description](#) [Episodes](#) [Similar](#)

The aroma of this new MacCoffee Latte Al Caramello lingers in your mouth with tender soft foam and leaves a sweet caramel aftertaste. Spoil yourself with a pure caramel delight today!



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MACTEA KALMYK INSTANT TEA DRINK

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The traditional taste of your favourite drink from the endless steppes of Kalmykia to the highlands of the North Caucasus.



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KRACKS STURGEON

[Description](#) [Episodes](#) [Similar](#)

The most premium product of Kracks has arrived! Sturgeon is one of the world's most expensive fish because of its roe where many refer to as Caviar, a delicacy eaten as a garnish or a spread. Enjoy this rich and exquisite taste in a potato chip. Krack it!



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PETROVSKAYA SLOBODA 3-IN-1 CAPPUCCINO LUX WITH CACAO TOPPING

[Description](#) [Episodes](#) [Similar](#)

Discover a new taste of a fragrant coffee drink with delicate milk froth – Petrovskaya Sloboda 3-in-1 Cappuccino Lux with cacao topping. The drink is easy and quick to prepare, you just need a mug and hot water. An extra sachet of cocoa will help you decorate your cappuccino just like in the café. The conversation with family, friends or colleagues will become tastier!

EXECUTIVE CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

2021 was yet another challenging year for Food Empire Holdings Limited ("Food Empire" or together with its subsidiaries, the "Group") as we continue to cope with the impact of the COVID-19 pandemic. The emergence of new variants in the past year has led to an unprecedented stop-and-start situations, with lockdown measures being reimplemented as authorities were still learning how to better manage waves of infections. This difficult business environment has impacted and interrupted our operations as we continue to face manpower shortages, rising commodity prices and supply chain disruptions among many other issues.

In spite of these challenges, the Group has remained resilient in the face of adversity and improved on our performance from the previous year to record the Group's highest ever revenue. On behalf of the Board, it is my pleasure to present our annual report for the financial year ended 31 December 2021 ("FY2021").

FINANCIAL OVERVIEW

With increased demand for our products and higher sales in FY2021, the Group managed to record our highest ever revenue of US\$320.1 million, a year-on-year ("yoy") growth of 17.3% from US\$273.0 million in FY2020 with revenue increasing across all of the markets we operate in. The Group's Russia market posted an increase in revenue of 15.4% yoy to US\$114.9 million as sales remained resilient and grew and demand in 2021 continued to improve. With the Russian authorities easing pandemic related restrictions in 2021, we were able to achieve further market penetration. Sales in the Group's Ukraine, Kazakhstan and CIS markets increased by 4.9% yoy to US\$71.2 million in FY2021 as demand continued to grow. The Group's South-East Asia market also witnessed a 19.5% yoy revenue growth to US\$96.8 million in FY2021 mainly due to higher revenue contribution from the Group's Vietnam market and the snacks manufacturing facility and non-dairy creamer plant in Malaysia. In the Group's South Asia market, revenue jumped significantly by 140.8% to US\$17.4 million in FY2021 mainly due to strong export demands for the Group's India coffee plants, with the commencement of the new freeze dry coffee plant from mid of 2021 and with the spray dry coffee plant achieving better capacity utilisation by focusing on more value-added products mix. Similarly, sales in the Group's Other Markets increased by 14.3% yoy to US\$19.8 million in FY2021 mainly due to higher revenue contribution from the Group's Europe and Africa markets.

In the face of a challenging operating environment in FY2021, the Group registered net profit after tax of US\$19.3 million, a 26.9% yoy decrease compared to the previous financial year, largely due to the pandemic induced supply chain disruptions resulting in record high freight prices and inflationary pressure on commodities which impacted the Group's margins.

DIVIDENDS

In appreciation of our shareholders' unwavering support during this trying period, the Board is recommending a first and final dividend of 1.62 Singapore cents per ordinary share and a special dividend of 0.58 Singapore cents per ordinary share, subject to approval at the upcoming Annual General Meeting on 22 April 2022. If approved, the proposed first and final dividend and the special dividend will be paid on 20 May 2022.

STRENGTH THROUGH DIVERSIFICATION

Throughout the years, the Group has been working relentlessly to build up a resilient business model while embarking on diversification plans with strong synergies to our core business. This has proven to be integral in

providing us with the capabilities to withstand and overcome changes in the evolving business landscape especially in the recent years. We are constantly looking to improve our range of products and services in key emerging markets such as Russia, Ukraine and Kazakhstan, where we have established ourselves as a household name for 3-in-1 instant beverages.

While we managed to capture a strong market share in these markets, we also sought to expand our presence in other regions of the world, most notably in the South-East Asia market. Our business development into Vietnam with Café PHO has proven to be successful as it continues to demonstrate strong growth since its introduction in 2013. The Group has established itself as one of the preferred brands in the iced coffee segment and Vietnam is accounting for 19.5% of our total revenue in FY2021.

Beyond instant beverages, we have also been building up our capabilities in the food ingredient space. Our Non-Dairy Creamer Plant and Instant Coffee Plants are similarly demonstrating strong performance and growth trajectory as we continue to expand our foothold in the region. While the growth of these key facilities had been disrupted by the pandemic, they are expected to reach full operating capacity in tandem with the stabilisation of the pandemic. This vertical integration has availed the Group with a new engine for generating additional revenue to further grow the business.

We are also pleased with the progress of our coffee plants in India. We expanded operations there with the commencement of our freeze dry coffee plant in 2021 and the spray dry coffee plant achieving better capacity utilisation by strategic products mix.

Our pivot towards the Asia market, while maintaining our focus in the key markets of Russia, Ukraine, and Kazakhstan, highlights the Group's ability to prepare and adapt to the evolving business landscape. We will continue to devote our resources into growing our market presence and foothold in this region of the world as we seek to create more sustainable growth and stronger profitability over the long run.

MAINTAINING OUR BRAND EQUITY

Besides implementing strong business strategies and improving our business operations, our strong branding initiatives have allowed us to establish and maintain our position as a leading food and beverage company. Over the years, we have been channelling our resources towards brand building and ensuring that we stay relevant in this rapidly evolving business landscape. We continue to actively invest in advertising and marketing to build stronger brand image and synergy across our different brands. These initiatives allow us to build stronger connections with our clients, as well as help us to reach out to new and potential markets. Our efforts saw us clinch the prestigious "Top 100 Most Valuable Singapore Brands" awarded by Brand Finance yet again and attaining our all-time best ranking of 51st place. The Group's brand value also improved from US\$81 million to US\$86 million, demonstrating the success of our investments of these initiatives. We will continue to build on this success to further establish our brands in the different markets to grow our global customer base and deliver outstanding value to our shareholders.

In addition, The Singapore Business Awards awarded the Group with "The Enterprise Award 2020/2021", Singapore's most prestigious accolades in the business and corporate sectors with a judging panel consisting of senior representatives from various business sectors, official agencies, academia, and distinguished individuals. These experts acknowledged the Group's contributions towards economic development locally and internationally.

GIVING BACK TO OUR COMMUNITY AND PROTECTING THE ENVIRONMENT

At Food Empire, we are always looking at how we can do our part for the communities that we serve. While the focus in the recent years has been largely on the pandemic and the global economy, it is crucial that we do not neglect the less fortunate members in our communities and also do our best to protect the environment.

Our medical frontliners have been instrumental in keeping us safe during this long battle with the virus, working tirelessly round the clock to provide us with the necessary medical care even when the global economy came to a standstill. In appreciation of their effort and resilience, we collaborated with Majeton to distribute our popular 3-in-1 beverage mix to various medical entities around Singapore. The Group was awarded as an Honouree for the Brands for Good award under the “Business for Good” category, a recognition of our continuous efforts throughout the years to help uplift communities.

In October 2021, the Group’s MacCoffee brand partnered with EcoTechnology to produce eco-friendly benches using our recycled MacCoffee sachets as one of the main materials. These benches were installed at Birch Grove Park in the city of Dmitrov, Russia. These benches signify how we can do our part to recycle and provide a second life for these materials that we normally deem as waste.

SHARE BUYBACKS

As at 31 December 2021, the Company had, pursuant to the Share Buyback Mandate approved by the Shareholders at the 2021 EGM, purchased an aggregate of 2,781,100 Shares through a series of open market purchases. Share buyback is an important tool for the Group to enhance shareholders’ value and this action was taken after careful consideration of factors such as our financial position, share price and business outlook for 2021 and beyond. Over the years, we have implemented strong diversification strategies to grow further which are bearing fruits, and we remain confident of the future and the buybacks are our way of showing to the market the confidence we have.

OUTLOOK

As we enter the third year of the pandemic, there still remains a sense of uncertainty regarding the business landscape as it continues to evolve rapidly and be plagued by the impacts of the new Omicron variant. However, as societies transition into an endemic living approach with stronger pandemic management measures and higher vaccination rates, we are optimistic that the situation will gradually improve and stabilise.

We will continue to leverage on our experience and expertise to expand our businesses further. Throughout our history, we have always sought to innovate and adapt our business models accordingly to the ever-evolving business environment, all while we remain true to our principles. This has allowed us to remain relevant to ensure the longevity of our businesses and to prepare for any unprecedented circumstances. The foundation we have built over the years provide us with the confidence and abilities to prepare and tide through any crisis, which has proven to be invaluable in this time of crisis.

In the past year, record high sea freight prices, coupled with inflationary pressures on commodity prices and disruption from lockdown restrictions, have posed tremendous challenges to our businesses. While the end of the pandemic is seemingly in sight as we transition towards an endemic living approach, these challenges will require a much longer time to resolve and return to pre-pandemic levels. We have taken the necessary measures of selectively raising our prices to combat these inflationary pressures, which will take some time to come into full effect. At the same time, we have also implemented management strategies to mitigate these operational issues by shifting towards a Just-In-Case (JIC) process from a Just-In-Time



approach. This will provide us with greater control over our supply chain and improve our preparedness.

The armed conflict between Russia and Ukraine has also thrown the world into turmoil and threatens to disrupt the recovery of the global economy. We have significant presence in both these markets and combined, they contributed approximately 45% of the Group’s revenue in FY2021. During this trying time, our key concern is for the safety and well-being of our staff in Ukraine and as of publication of this report, there has been no reported injury to our staff nor damage to our equipment and properties. We will continue to monitor the situation closely and adapt our business operations accordingly to the development. Our prayers are with our colleagues in Ukraine and we will continue to provide all the necessary support to them. In Russia, we may be adversely affected by the economic sanctions but it is too preliminary to gauge the impact of it. Moreover, we operate in the Food & Beverage sector which is unlikely to face demand destruction as it is an essential industry. The Group remains optimistic about its long-term prospects. While the conflict has also led to an increase in the volatility of currency exchange rates, particularly the Russian Ruble, we will similarly monitor and assess these movements carefully and mitigate the impact to us.

We will also continue with our expansion into the Southeast Asia and South Asia markets, which has proven to be highly successful. These markets continue to demonstrate strong growth potential, which we believe will continue to contribute greatly to the Group’s revenue and growth. In the Vietnam market, we will seek to build on our existing success with the iced coffee segment and expand our range of products that will cater to the local flavours and demand. We will also continue to ramp up production and operations in the food ingredients segment and bring our coffee plants in India to higher capacities as part of the Group’s diversification plans.

Moving forward, we will continue to closely monitor the markets for suitable opportunities to further grow and expand our business, both organically and through potential M&As.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude and appreciation to our customers, business partners and distributors for their unwavering support. I would also like to extend my appreciation to our management team and staff for their commitment and dedication during this difficult period to a strong performance and overcome challenges. As we keep moving, we will continue to remain resilient and strive the trust in our consumers through our brands. Last but not least, I would like to thank our shareholders for their loyalty and faith in us. All your efforts have been paramount in our journey as a leading food and beverage organisation, and we look forward to greater times ahead.

MR TAN WANG CHEOW

Executive Chairman

GROUP CEO'S MESSAGE

Dear Shareholders,

FY2021 marked the second year since the World Health Organisation declared the COVID-19 as a pandemic. Since then, we had to combat a challenging operating environment with record high freight prices in 2021, supply chain disruptions and inflation among a barrage of issues that we had to face and manage. In spite of the challenges brought about by the pandemic, I am pleased to say that the Group worked tirelessly to build on our stellar performance last year to achieve our highest ever revenue recorded. This is testament to the Group's resilience and effort in these trying times as economies globally continue to seek an end to the pandemic.

As leaders around the world continue to lead us in the battle against the pandemic, we continue to see a stop-and-start economic situation. Businesses around the world continue to suffer from the prolonged effects of the pandemic and we have not been spared as well. Record high freight prices and the prolonged supply chain disruptions continue to plague the global economy, resulting in further uncertainty and disarray in production processes. In the various markets that we operate in, we continued to see new implementation of lockdown restrictions which forced our operations at certain periods to operate at sub-optimal capacities.

Despite the prolonged economic slowdown, I am proud to report that our resilient business strategies led by a dependable team of experienced management team has allowed the Group to weather through this difficult year and continue forging forward. Drawing from the strength of our management team and the lessons learnt throughout the years, we managed to adapt accordingly to emerge stronger and achieve new highs for the Group.

It is my pleasure to present an overview of our performance for FY2021. Against the backdrop of uncertainty and instability, the Group managed to increase revenue across all our markets. Revenue in the Group's largest market, Russia, increased by 15.4% to US\$114.9 million as compared to US\$99.6 million in FY2020 mainly due to higher sales volume as we continued our efforts to grow and establish our market presence. This was in spite of the challenging business climate from the ongoing pandemic, energy crisis and geo-political tensions. The average exchange rate was 73.6 Ruble per US dollar in FY2021 as compared to 72.0 Ruble per US dollar in FY2020. Similarly in the Group's Ukraine, Kazakhstan and CIS markets, revenue increased by 4.9% from US\$67.8 million in FY2020 to US\$71.2 million in FY2021 with increased demand and higher sales as we continued to expand our presence across these regions.

In the Group's South-East Asia market, revenue increased by 19.5% from US\$81.0 million in FY2020 to US\$96.8 million in FY2021 as the Group's Vietnam market continue to demonstrate strong growth, together with the snacks manufacturing facility and Non-Dairy Creamer ("NDC") plant in Malaysia with the easing of lockdown restrictions. For our Vietnam market, there was pent up demand that came through in the last quarter of 2021 as the pandemic situation stabilised and the government lifted most restrictions in October 2021.

In the Group's South Asia market, revenue increased by 140.8% from US\$7.2 million in FY2020 to US\$17.4 million in FY2021 largely due to the commencement of the Group's freeze dry coffee plant in India since middle of 2021 and with the easing of lockdown restrictions. The Group's spray dry coffee plant in India also improved its capacity utilisation in 2021 by focusing on more value-added products mix.

Last but not least, Other Markets also had growing revenue contribution in FY2021. The revenue from this market grew by 14.3% from US\$17.3 million in FY2020 to US\$19.8 million in FY2021 mainly due to higher revenue contribution from the Europe and Africa markets.

Despite the challenging environment, the Group has managed to weather the storm to emerge stronger and achieve 17.3% growth to a record revenue of US\$320.1 million in FY2021, marking the first time we crossed the US\$300 million level. The Group remained focused and adapted accordingly to this new environment to achieve this result through strong branding initiatives, product development, value-added products mix and expansion of distribution networks. We also continued to engage in cost efficient business practices, streamlining business processes and corporate structure to remain fiscally prudent without affecting the quality of our products and services. However, amid the various pandemic induced challenges and particularly due to high commodity prices, record high freight rates and supply chain delays, our margins were still inevitably impacted. Thus for FY2021, the Group recorded a net profit after tax of US\$19.3 million, as compared to US\$26.5 million for FY2020.

Since our establishment, we have established ourselves as the leading food and beverage brand in the core markets of Russia, Ukraine and CIS countries through consistent hard work and effort. Learning from the successes and experiences, we sought to continue expanding and diversifying our business operations closer to home, which has also been one of the key priorities when I took over as Group CEO. This has proven to be successful, as seen from our venture into Vietnam in 2014 which has since grown to become our second largest market behind Russia and our iced coffee brand, Café PHO, establishing itself as the top 5 brands domestically. The strategic plans to embark on the diversification goals and grow beyond the core markets over the years has proven to be successful as Vietnam delivered about 19.5% of the Group's revenue in FY2021. As we continue to witness growth and successes in these new markets, we will continue to leverage on our expertise and capable management team to identify new opportunities to further expand our foothold in different areas of the world.

As with our diversification strategy, the Group expanded into the ingredient manufacturing space. The launch of our first NDC plant in Malaysia has demonstrated strong potential since its opening in 2013 and we have also commenced construction of our second NDC plant. While the extension of Malaysia's Movement Control Order ("MCO") halted our operations and affected this growth, we have since resumed our operations and are gradually moving towards full operating capacity. With the Malaysian authorities looking to avoid implementation of another MCO, we believe this will reduce any further obstacles and allow us to introduce more innovative products into the market to further grow the business. We are also encouraged with the Malaysian authorities moving ahead with endemic living approach and plans of opening the borders from April.

Similarly in the Group's India market, the reintroduction of lockdown measures in the third quarter of 2021 had disrupted the progress and operation of our spray-dried coffee and freeze-dried coffee plants. Prior to the lockdown, we had seen strong consumer demand for these products. However, the improving situation has allowed us to resume operations of these plants and we look forward to further expanding our foothold in this region with robust demand of our products.

For FY2022, we will continue seeking out viable opportunities to invest in sustainable growth for the Group. We have developed strong brand leadership in our core markets of Russia, Ukraine, Kazakhstan and CIS countries through many years of dedication and commitment, which we will maintain and continue doing so. We are also gradually expanding and developing our foothold in various parts of the world as part of our diversification strategy. Our expansion beyond our core markets continue to develop well as the total revenue from our Southeast Asia and South Asia markets crosses the US\$100 million mark while we further strengthen our brand equity in the various markets, especially in our Vietnam market. Our success with Café PHO has provided us with valuable lessons and the relevant skill sets, and we will utilise those to our advantage and develop more value-added products catered to the local flavour. While we have built a stronghold in the instant coffee market, we will continue expanding on our new initiatives in the food manufacturing field and Business-to-Business segment to achieve similar success. Our boldness in venturing forward has been one of the key factors for our success and growth, and together with our position as a leading food and beverage manufacturer, they put us in a favourable position to venture into these new markets to attain new revenue streams. At the same time, we will learn from past experiences and continue staying nimble, cost efficient, while continuing to examine our operations to maximise value creation.

Besides sustainable organic growth, the Group will also continue to actively monitor the market for suitable opportunities in inorganic growth via Mergers & Acquisitions. While the pandemic has resulted in an economic standstill and the Group taking a more cautious stance, we have continued to closely monitor the market for opportunities. With the pandemic gradually stabilising, we look to execute these plans at the most opportune time.

Moving forward, we are optimistic that the end of the pandemic is in sight as vaccination rates continue to improve and authorities



begin to better manage new waves of infections, allowing us to transition into endemic living. While we begin to see a stabilisation in the situation, the Group will remain vigilant in this fluid environment as the threat of new variants emerging continues to loom. Over the years, the Group has remained resilient in the face of adversity, and we remain confident of our ability to continue doing so. The extent of the economic damage unleashed over the past two years has been unseen of and while we have adopted the appropriate measures to manage these challenges, such as increasing the average selling price for certain products in some markets, they will require some time before coming into full effect. Beyond the pandemic, the conflict between Russia and Ukraine has also put the world in turmoil and we continue to pray for the safety and well-being of those affected by it. We will continue to provide our utmost support to our staff in the region as we hope for a peaceful resolution and end to the conflict.

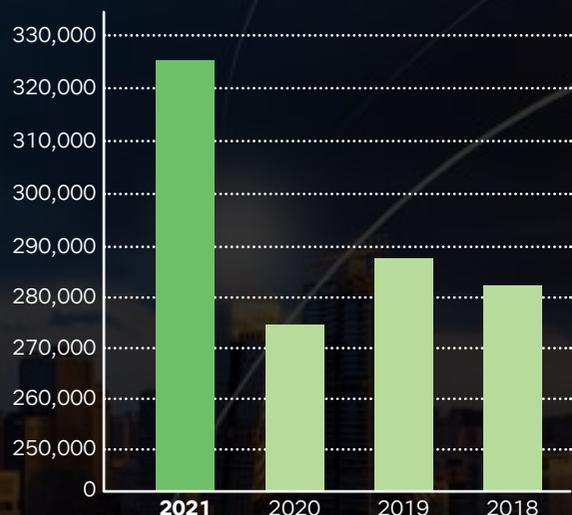
Despite the setbacks and obstacles, I am proud that the Group remained resilient to deliver another strong performance. In closing, I would like to express my deepest appreciation to the Board, our management team and our staff for their dedication and commitment towards steering the Group through this difficult time. I would also like to express my gratitude to all our shareholders, investors, consumers and business partners for their unwavering faith and loyalty in us, which have been instrumental in the Group's successes. We are grateful to have you on our journey throughout these years, and we look forward to your support as we continue to achieve new milestones together.

MR SUDEEP NAIR

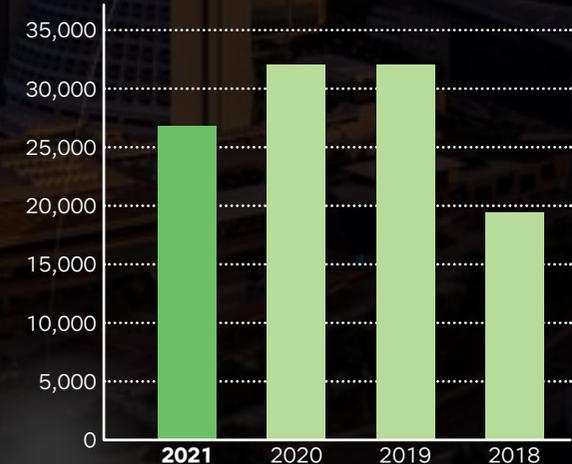
Group Chief Executive Officer and Executive Director

FINANCIAL HIGHLIGHTS

REVENUE (US\$'000)



PROFIT BEFORE TAX (US\$'000)



	2021	2020	2019	2018
(US\$'000)				
Revenue	320,074	272,971	288,570	284,330
Profit before taxation	26,314	32,235	31,536	19,900
Profit after taxation	19,340	26,454	25,696	17,731

FINANCIAL INDICATORS

Debt to Equity Ratio	23.5%	26.8%	27.6%	19.4%
Working Capital Ratio	2.4	2.9	2.6	2.5
Quick Ratio	1.4	2.0	1.7	1.6
EBITDA Margin	12.0%	15.1%	14.3%	9.5%
Diluted EPS (USD cents)	3.60	4.98	4.84	3.36
NAV per share (USD cents)	42.39	40.63	38.57	33.00

REVENUE BY GEOGRAPHICAL REGIONS (US\$'000)

Russia	114,915	99,555	112,570	113,305
Ukraine, Kazakhstan and CIS markets	71,161	67,833	69,374	62,788
South-East Asia	96,779	81,013	78,267	79,704
South Asia	17,393	7,224	8,664	8,117
Others	19,826	17,346	19,695	20,416
	320,074	272,971	288,570	284,330

REVENUE BY PRODUCT GROUP (US\$'000)

Beverages	259,861	231,509	249,798	246,700
Non-Beverages	26,632	20,094	17,994	18,486
Ingredients	33,581	21,368	20,778	19,144
	320,074	272,971	288,570	284,330

REVENUE BY GEOGRAPHICAL REGIONS



RUSSIA

US\$114.9
MILLION



UKRAINE,
KAZAKHSTAN
AND CIS MARKETS

US\$71.2
MILLION



SOUTH-EAST
ASIA

US\$96.8
MILLION



SOUTH ASIA

US\$17.4
MILLION



OTHERS

US\$19.8
MILLION

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL PERFORMANCE

The Group ended FY2021 on a positive note, recording our highest ever revenue in the Group's history of US\$320.1 million with revenue increase across our markets.

Revenue in the Group's Russia market, increased by 15.4% to US\$114.9 million in FY2021 as compared to US\$99.6 million in FY2020 as consumer demand and sales continued growing from strength to strength. The growth in sales remain undeterred despite the rise in daily infection rates in the third quarter of FY2021, which resulted the authorities reinstating lockdown measures to curb the infection. The Group also made good progress in growing our market share in Russia and reached its highest level in 2021. The average exchange rate was 73.6 Ruble per US dollar in FY2021 as compared to 72.0 Ruble per US dollar in FY2020.

Similarly in the Group's Ukraine, Kazakhstan and CIS markets, revenue increased by 4.9% from US\$67.8 million in FY2020 to US\$71.2 million in FY2021 as consumer demand and sales continue to surge.

In the Group's South-East Asia market, revenue increased by 19.5% from US\$81.0 million in FY2020 to US\$96.8 million in FY2021 mainly due to strong demand from the Group's Vietnam market, and a higher level of production in the Group's snacks manufacturing facility and non-dairy creamer plant in Malaysia. This was aided by easing of covid-19 control measures in the respective markets despite new waves of infection witnessed in the third quarter of FY2021.

In the Group's South Asia market, revenue increased by 140.8% from US\$7.2 million in FY2020 to US\$17.4 million in FY2021 mainly due to the commencement of the Group's new freeze dry coffee plant in India since middle of FY2021 and increase in capacity utilisation for the spray dry coffee plant as it concentrated on more value added products mix.

Revenue in the Group's Other Markets increased by 14.3% from US\$17.3 million in FY2020 to US\$19.8 million in FY2021 largely due to higher revenue contributions from the Group's Europe and Africa markets, partially offset by the Group's Middle East market.

For FY2021, selling and marketing expenses decreased by US\$1.4 million from US\$36.0 million in FY2020 to US\$34.6 million. The decrease was mainly due to lower advertising and promotional expenses as a result of the pandemic induced restrictions, partially offset by higher manpower cost.

For FY2021, general and administrative expenses decreased by US\$1.2 million from US\$34.8 million in FY2020 to US\$33.6 million. The decrease was mainly attributed to lower staff cost. For FY2021, foreign exchange loss was at US\$0.3 million as compared to US\$2.3 million in FY2020.

Overall, for FY2021, the Group's net profit after tax decreased by 26.9% to US\$19.3 million. The decrease was mainly due to record high freight prices, supply chain disruptions and inflationary pressures on commodity prices arising from the pandemic.



FINANCIAL POSITION

As at 31 December 2021, inventories increased by US\$23.4 million to US\$73.5 million while trade payables and accruals increased by US\$19.3 million to US\$48.1 million. This was largely due to the higher stock holdings and higher procurements in the Group's core markets as buffer-building measures to combat the supply chain disruptions and to ensure that adequate stock holdings are available in case supply chain delays continue.

Trade receivables increased by US\$8.8 million to US\$40.0 million as at 31 December 2021 mainly due to higher sales arising from the Group's core markets.

The Group's cash and cash equivalents was US\$60.6 million as at 31 December 2021, compared to US\$69.0 million as at 31 December 2020.

The Group's net assets as at 31 December 2021 were US\$226.6 million, an increase of US\$9.6 million from a year ago. The net asset value per ordinary share (excluding non-controlling interests) as at 31 December 2021 was 42.39 US cents as compared to 40.63 US cents as at 31 December 2020.





WINS
PRODUCT OF THE YEAR 2021
NATIONAL AWARD





BOARD OF DIRECTORS



**MR TAN
WANG CHEOW**
PBM

Executive Chairman

Mr Tan has been providing leadership to the Board of Directors since April 2000. Mr Tan is founder of the Group and has been instrumental in guiding the Group's business, including taking the company public in 2000. As Executive Chairman, Mr Tan is responsible for the achievement of the Group's long-term goals. His role includes providing strategic leadership and exploring business opportunities for the Group. A passionate believer in the power of brands, Mr Tan is actively involved in the marketing and branding activities across the Group.

Mr Tan has been active in the local grassroots community since 1990. He received the Service to Education Award in 2014 and 2020 by the Ministry of Education, and was awarded the Public Service Medal in 2014 for his significant contributions to the society and in the field of business. He holds a Bachelor of Accountancy from the National University of Singapore. In 2018, he received the NUS Business School Eminent Business Alumni Award (Senior Alumni Category) for excelling in Singapore and beyond, as well as for having made contributions to serve the community. Mr Tan also served as Chairman of the School Advisory Committee of Woodgrove Secondary School from 2010 to 2020.



**MR
SUDEEP NAIR**

Chief Executive Officer and Executive Director

Mr Nair has been serving the Board as an Executive Director since July 2005. Prior to his appointment to the Board, he was primarily responsible for establishing the Group's brands and businesses in Russia and the neighbouring CIS countries from 1994 to 2005.

In October 2012, Mr Nair was appointed as the Group CEO in addition to his continuing role as Executive Director. He is responsible for the Group's diversification and growth strategy including overall oversight of its day-to-day operations. His role includes geographical expansion of business, as well as identifying new businesses and M&A opportunities for the Group. Mr Nair has over 27 years of experience in building and managing the Group's business.



**MDM
TAN
GUEK
MING**

Non-Executive Director

Mdm Tan was appointed to the Board as a Non-Executive Director in April 2000. Mdm Tan brings both financial and business expertise to the Board having held both executive and non-executive directorships in listed companies with interests in property, hospitality and the food and beverage sectors. She holds a Bachelor of Accountancy Degree (Second Class Honours) from the National University of Singapore and has numerous years of leadership experience in the fields of accounting and auditing.



**MR
KOH
YEW
HIAP**

Non-Executive Director

Mr Koh joined the Board as a Non-Executive Director in March 2007. Mr Koh has a distinguished career in business and is the Managing Director of Universal Integrated Corporation Consumer Products Pte Ltd and United Detergent Industries Sdn Bhd. He also sits on the Board of Directors of various companies within the Salim Group. He holds a Bachelor of Arts (Economics) Honours from the University of Manchester.





MR ONG KIAN MIN

Non-Executive Director

Mr Ong first joined the Board in April 2000 and served as an Independent Non-Executive Director until December 2021. He is currently serving as a Non-Executive Director and a member of the Nominating Committee. As a lawyer and corporate adviser, Mr Ong brings invaluable legal and business experience to the Board. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 30 years of legal practice, he focused on corporate and commercial law such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to his legal practice, he is also a senior advisor of Alpha Advisory Pte Ltd (a financial and corporate advisory firm) and Managing Director of Kanesaka Sushi Private Limited which invests in and operates Japanese fine-dining restaurants in Singapore.

In 1979, Mr Ong was awarded the President's Scholarship and Police Force Scholarship. He holds a Bachelor of Laws (Hons) external degree from the University of London and a Bachelor of Science (Hons) degree from the Imperial College of Science and Technology in England. Mr Ong was a Member of Parliament of Singapore from January 1997 to April 2011.



MR SAW MENG TEE

Lead Independent Director

Mr Saw is currently the Lead Independent Director of the Board since January 2022, where he also serve as Chairman of the Audit Committee since April 2020, and a member of both the Nominating Committee and Remuneration Committee. He was first appointed to the Board in April 2019. Mr Saw brings both Corporate Finance and Accounting experience to the Board, having worked formerly in industries with that domain and having started in 1999 a firm of Chartered Accountants, EisnerAmper PAC, the Singapore member of EisnerAmper Global. He is currently the Managing Partner of EisnerAmper Singapore as well as a Director with EisnerAmper Global.

Mr Saw has been on the Board of Directors for other SGX mainboard listed companies and holds a Bachelor of Accountancy from Nanyang Technological University. His other professional memberships include: Fellow Chartered Accountant Singapore, Chartered Accountant (ICAEW) and Fellow of the Insolvency Practitioners Association of Singapore.



MR SEBASTIAN TAN CHER LIANG PBM

Independent Director

Mr Tan was appointed to the Board as a Non-Executive Independent Director on 24 April 2020. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He has more than 40 years of experience in corporate advisory and general management.

Currently, he also serves on the boards of various public and private companies in Singapore including being an Independent Non-Executive Chairman of Jumbo Group Limited and Vibrant Group Limited, and an Independent Director of Kingsmen Creatives Ltd, IPC Corporation Ltd and Wilton Resources Corporation Limited. He is also a Trustee of Kwan Im Thong Hood Cho Temple and a Director of D S Lee Foundation, EtonHouse Community Fund and Children's Charities Association.

Mr Tan is a qualified financial professional from the Association of Chartered Certified Accountants of the United Kingdom. He was conferred the Public Service Medal (PBM) in 1996.



MR ADRIAN CHAN PENG GEE

Independent Director

Mr Adrian Chan was appointed to the Board as an Independent Director on 1 January 2022. He is Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee.

Mr Chan is Head of Corporate at the law firm, Lee & Lee, and has been in legal practice for more than 30 years. He is Vice-Chairman of the Singapore Institute of Directors and serves on the Legal Service Commission of Singapore. He is an independent director on the boards of several listed companies on the SGX and the SGX has appointed him to its Catalist Advisory Panel to review Catalist Sponsor and Registered Professional applications.

He is a Council Member of the Law Society of Singapore, the Honorary Secretary of the Association of Small and Medium Enterprises and co-chairs the Corporate Governance and Regulations Interest Group of the Singapore International Chamber of Commerce. He has been appointed to Singapore Management University's Enterprise Board and the Institutional Review Board of the Singapore Polytechnic. He has served on the Board of the Accounting and Corporate Regulatory Authority of Singapore and is currently a member of its Corporate Law Advisory Panel.

HIGHLIGHTS



 Food Empire

  
Share My List Play

Food Empire Long Service Award Presentation 2021

In a private ceremony at the Food Empire Singapore corporate headquarters, Our Group Executive Chairman, Mr Tan Wang Cheow handed out 8 long service awards to the staff.

Congratulations to all recipients – 5 Years of Service (Elaine Tan & Sharon Lee), 10 Years of Service (Saint Lee & Cindy Tan), 15 Years of Service (Primrose Aung) and 25 Years of Service (Raimah Hassan, Margaret Lim & Sally Lim). We thank each one of them for being such a valuable member to the Food Empire family and wish them the best for continued success!

Food Empire • Singapore • Long Service Award



 MacCoffee

  
Share My List Play

MacCoffee Merchandising and Displaying Competition

A merchandising and displaying competition was organised to compete among all Nomin Supermarket sales staff from 16th March to 30th April 2021. The purpose of this competition was to enhance MacCoffee brand image and encourage employees to increase sales by the highest possible percentage. At the end of the competition, prizes worth up to a total of USD\$600 were given out to the winners.

MacCoffee • Nomin Supermarket • Mongolia



 Food Empire

  
Share My List Play

Appreciating Our Frontline Nurses in Singapore on Nurses Day

Interestingly, Singapore is the only country that celebrates Nurses Day on 1st August while other countries celebrate it on 12th May.

To show our appreciation to the frontline nurses in Singapore, Food Empire collaborated with Majeton to distribute 3-in-1 instant beverage mix to several private clinics across Singapore.

While being a nurse might be one of the most underappreciated professions in the world, let's not forget that nurses form the backbone of our healthcare system and are key to the health of all nations. Showing a little appreciation goes a long way.

Food Empire • Majeton • Singapore • Appreciating Frontliners • Nurses Day



 Food Empire

  
Share My List Play

Marketing Campaigns in China

Food Empire's China Teams are actively participating in the various marketing campaigns across the country including supermarket promotions, border trade fairs and setting up exhibition booths. During the campaigns throughout 2021, the teams were promoting Food Empire brands like MacCoffee, MacCereal and NutriRite.

Food Empire • Marketing Campaigns • China



Share My List Play

Ski Track of Russia in Novosibirsk Together with MacCoffee

Ski Track of Russia is a massive All-Russian ski race, that both amateurs and professionals take part in annually. The race was held in Novosibirsk on 14 February 2021. Despite the cold Siberian weather, there were about 4,000 participants. The race started with children age 6 to 8 years old, competing in the 500 meters race, followed by a 5km race for boys and girls. The final race was competed among men and women in the 5km and 10km categories. All participants and guests of the event were treated to a cup of freshly brewed MacCoffee Cappuccino di Torino with their choice of chocolate or cinnamon topping. Not forgetting race winners, they received special prizes from MacCoffee too!

MacCoffee • Cappuccino di Torino • Russia • Ski Track of Russia



Share My List Play

Event Sponsorship for Pasha Sport Club in Iraq

MacCoffee is proud to be the official beverage partner of Pasha Sport Club's seminar. Participants were treated to a cup of warm MacCoffee Cappuccino di Torino during coffee breaks. We look forward to more event sponsorship for Pasha Sport Club.

MacCoffee • Iraq • Pasha Sport Club



Share My List Play

Maralnik Blossom Holiday in Altai Supported by MacCoffee

The traditional spring holiday *Maralnik Blossom* festival was held in the Altai Territory, Russia on 1st May 2021. The event symbolises the start of summer season. Last year, it took place in the vicinity of the tourist complex Turquoise Katun. Guests were there to explore the booths exhibiting Altai souvenirs and handicrafts, enjoy the music performed by the best Altai music bands, as well as watch a flyboard performance for the first time on the Turquoise Katun lake.

Everyone had the opportunity to have pictures taken with cute malamutes and huskies, see how blacksmiths work, participate in quizzes and attend masterclasses. Despite having the coldest weather in the event's entire history, it was filled with happy moments and smiles because MacCoffee Cappuccino di Torino made it possible by warming the guests.

MacCoffee • Cappuccino di Torino • Russia • Maralnik Blossom



Share My List Play

Christmas at Grand Millennium Hotel

MacCoffee brought Christmas vibes to Grand Millennium Hotel in the city of Sulaymaniyah and Suli in Iraq, each with a booth offering warm MacCoffee beverages to all hotel patrons. Christmas can't get any better with the presence of MacCoffee.

MacCoffee • Iraq • Grand Millennium Hotel

HIGHLIGHTS



MacCoffee

Share My List Play

MacCoffee at the 9th International Motorcycle Festival Road to Sich

MacCoffee is a proud partner of the 9th International Motorcycle Festival *Road to Sich*, held in the Cossack city of Cherkasy from 30th July to 1st August 2021, offering MacCoffee beverages to all participants.

The *Road to Sich* motorcycle festival is one of the largest themed events in Ukraine, with cool guys and beautiful girls on rare bikes, exciting races, interesting show program and an unforgettable festival atmosphere at the weekend. This is not only the best motorcycle festival but also the best music-themed festival.

MacCoffee • Ukraine • International Motorcycle Festival



MacCoffee

Share My List Play

Italian Passion with MacCoffee Cappuccino di Torino

From 12th May to 13th July 2021, MacCoffee Cappuccino di Torino rolled out a promotion in SMALL&Skiff chain store in Kazakhstan! Fabulous prizes were given out every week. Participants stand a chance to win either vouchers worth up to 30,000₸ (Kazakhstani Currency), a cool robot vacuum cleaner or an iPhone 12 Pro!

MacCoffee • Cappuccino di Torino • Kazakhstan • Lucky Draw



MacCoffee Kracks

Share My List Play

Supermama Festival Ukraine

In July 2021, MacCoffee and Kracks supported the Supermama Festival in Kiev. It was a festival for mothers with children and pregnant women, where there were workshops and lectures on pregnancy wellbeing and tips on parenting. Participants were treated to a warm cup of MacCoffee beverage and Kracks chips for refreshments.

MacCoffee • Kracks • Ukraine • Supermama Festival



MacTea

Share My List Play

MacTea 3-in-1 Dégustation

For a limited period, shoppers were treated to a cup of instant 3-in-1 MacTea at selected supermarkets around Kazakhstan. Nothing beats walking into a supermarket from the cold weather outside and being treated to a warm cup of MacTea beverage to soothe your soul.

MacTea • Dégustation • Kazakhstan • Supermarket



Share My List Play

New Sales Channel for MacCoffee Cappuccino di Torino

MacCoffee is pleased to introduce a new sales channel in China. MacCoffee Cappuccino di Torino is now the preferred hot coffee beverage choice at a hamburger fast food café in Beijing and patrons can now enjoy this delicious beverage with their meal!

MacCoffee • Cappuccino di Torino • China • Fast Food Café



Share My List Play

MacCoffee Cappuccino di Torino at the High-Altitude Festivals Boogel Woogel and Grelka Fest

In the 2021 season, MacCoffee Cappuccino di Torino was the official hot beverage for the hottest Boogel Woogel and Grelka Fest festivals that took place at Sochi and Sheregesh, in Russia.

Boogel Woogel took place from 7th to 11th April 2021 and Grelka Fest from 15th to 18th April 2021, both events saw thousands of hot guys and gals. Attendees were seen skiing in carnival costumes like phoenix and penguin, jumping on a snowboard into the pool, voting for Miss MacCoffee Boogel Woogel and Miss MacCoffee Grelka Fest, dancing under the rain, and drifting down the hill in bikinis. Everyone were simply enjoying themselves. All the guests were treated to a cup of hot cappuccino with a choice of either chocolate or cinnamon topping, served with warm hearts by the MacCoffee team. The team also gave out cool merchandises like sunglasses, snowboarding seats, swimwears and shorts!

MacCoffee • Cappuccino di Torino • Russia • Boogel Woogel • Grelka Fest



Share My List Play

Kracks Featured in the Movie titled For You

Kracks is proud to be featured on the poster of a new movie titled For You, a romantic comedy movie in Mongolia.

Kracks • Movie Poster Feature • Mongolia • For You

HIGHLIGHTS



MacCoffee

Share My List Play

Euro Hockey Tour 2021 Together with MacCoffee

MacCoffee is proud to sponsor the Karjala Cup hockey tournament, held from 10th to 14th November 2021 in Helsinki, Finland. The tournament is held annually in Finland and was the first tournament of the Euro Hockey Tour. Four national teams from the Czech Republic, Finland, Russia and Sweden competed for the cup.

The tournament turned out to be a challenging one for the Russian national team, losing 2:5 to the Czech Republic and 2:4 to Sweden, but had scored 3:0 over Finland. Sweden topped the tournament eventually. Matches were broadcasted on MATCH TV, a Russian federal sports channel. The MacCoffee logo was not hard to be noticed, underneath the ice, in the center of the Finnish Hartwall Arena.

As a loyal supporter of winter sports, MacCoffee wishes the best of luck to the Russian National Team for all future games of the season.

MacCoffee • Sponsor • Finland • Euro Hockey Tour • Karjala Cup



Food Empire

Share My List Play

Showing Appreciation to Frontliners of Raffles Medical at the Vaccination Centre @ Marine Parade Community Club

In our heartiest appreciation to these frontliners, Food Empire has partnered with Majeton in supporting the distribution of goodie bags to the Raffles Medical staff at the Vaccination Centre @ Marine Parade Community Club. The goodie bags contain Klassno and Mac Tea 3-in-1 instant beverages that come in sachets, providing great convenience for the staff to enjoy during breaks or at home after a long day.

A million thanks to Majeton Pte Ltd, a medical supplement company, for bridging Food Empire with Raffles Medical. Supporting the logistics and distribution on the day was Timothy See, representative of Food Empire, and Martin Eak, representing Majeton.

We hope these frontliners will stay strong in this long battle with the pandemic and their every effort will always be appreciated.

Food Empire • Majeton • Singapore • Appreciating Frontliners



MacCoffee

Share My List Play

MacCoffee featured in the Music Video by Egor Kreed Titled Voice

MacCoffee is once again featured in a music video titled *Voice*. Performed by the most popular Russian pop singer Egor Kreed, the video was released and posted on Egor's YouTube channel on 26th April 2021. In the video, the artist demonstrates his feelings after breaking up with his girlfriend, recalling the beautiful moments when they were together. The viewers were kept in suspense until the last second about what happened eventually.

MacCoffee • Russian Pop Singer • Egor Kreed • Music Video



Food Empire

Share My List Play

Showing Appreciation to Frontliners of Raffles Medical at the Vaccination Centre @ Sengkang Community Club

Once again, in a collaboration between Food Empire and Majeton, goodie bags containing 3-in-1 instant beverages were distributed to the frontliners of Raffles Medical at the Vaccination Centre @ Sengkang Community Club. Bringing smiles to their faces after a long day at work. Everyone has a part to play, one way or another, in this long journey to overcome the pandemic.

Food Empire • Majeton • Singapore • Appreciating Frontliners



Share My List Play

MacCoffee Takes a Huge Step Towards Saving the Planet by Introducing Sustainable Benches

MacCoffee is committed to its contribution towards an eco-friendly planet. With the introduction of modern technologies and in keeping with the current sustainability trends, Food Empire partnered EcoTechnology and produced eco-friendly benches using sustainable materials, one of which is recycled MacCoffee sachet packs. These benches were installed in October 2021 at Birch Grove Park in the city of Dmitrov, Russia.

Polymer sand composite (PPC) was mixed with recycled MacCoffee sachet packs; it is the main material used for these benches. PPC is lightweight, reliable, environmentally friendly and durable. Depending on the size and design, each bench uses about 1,700 to 2,460 MacCoffee sachet packs to manufacture. The silver dots that are visible on the bench as seen in the photos, are little pieces of MacCoffee sachet packs.

Proper waste sorting and recycling of such material provides an opportunity to create useful things, giving it a second purpose of life. Our future, health and wellness of this planet depend on everyone of us. We will grow to love our environment better with each passing day. Start doing your part in taking care of this planet with MacCoffee.

MacCoffee • Russia • Sustainability • Environmentally Friendly



Share My List Play

Sampling Promoter in U.A.E

Throughout the year 2021, the Food Empire team in Dubai has been striving hard to promote its products at major supermarkets across U.A.E.. Brand promoters were stationed at these supermarkets to offer samples of Klassno, Hillway and CafeRite products to shoppers, highlighting the unique selling points of each brand.

Food Empire • UAE • Supermarket Product Sampling

HIGHLIGHTS



MacCoffee
Café PHO

  
Share My List Play

Café PHO Tet Gift Set for Tet Festival

Tet festival (Vietnamese Lunar New Year) is the most significant festival in the S-shaped country. Tet is the time for people to pick up gifts. The MacCoffee team in Vietnam introduced the Café PHO Tet edition gift set for this special occasion.

The biggest sale of the year also falls during this period where consumers have the tendency to stock up products in large quantities, therefore display programmes of MacCoffee Café PHO were deployed in most modern trade doors with product sampling to push for sales.

MacCoffee • Café PHO • Vietnam • Tet Festival



MacCereal **MacCoffee**

  
Share My List Play

MacCereal and MacCoffee Iced Cappuccino Combo

The new MacCereal with MacCoffee Iced Cappuccino combo set is out. With every bag of MacCereal purchased, consumers will get 2 sachets of MacCoffee Iced Cappuccino Original and Cheese flavours each in a box for free.

As MacCereal consumers are usually women who shop for their families, this gift will be great for them. It is also a good opportunity to introduce Food Empire's new coffee flavour to Vietnamese households.

MacCereal • MacCoffee • Iced Cappuccino • Vietnam



MacCoffee

  
Share My List Play

Consumer Sampling for MacCoffee Iced Cappuccino

With an objective to deliver trials and introduce product to the public, MacCoffee Iced Cappuccino set up booth at selected modern trade doors in Ho Chi Minh and Binh Duong, and in the general trade market to introduce this awesome beverage to consumers. Congrats to the team for achieving 107% on sales target.

MacCoffee • Iced Cappuccino • Vietnam • Achieving 107% on Sales Target



HILLWAY

  
Share My List Play

First Time Ever Hillway Hot Air Balloon

The event took place at Star Bridge Park, Ho Chi Minh City, for 2 days to boost Hillway brand presence in Vietnam and build stronger engagement with Hillway consumers with fun activities. It was not just a normal event but also a festival for bubble tea lovers as they could experience hot air ballooning for the first time in Ho Chi Minh City, have a good time hanging out with their family & friends, and snap cool pictures outside of their homes while enjoying a cup of bubble tea.

Hillway • Bubble Tea • Vietnam • Hot Air Balloon

AWARDS



Food Empire Clinches Two Gold Awards at the International Annual Report Competition (ARC) Awards

Food Empire's 2020 Annual Report, themed "Strengthening Connections", has achieved two Gold awards and one Silver award under the "Beverage & Food Manufacturer" classification at the International Annual Report Competition (ARC) Awards. The Group clinched the Gold award for Cover Photo/Design and Design/Graphics along with the Silver award for PDF Version of Annual Report. These awards serve as a recognition of Food Empire's consistent efforts towards excellence in annual reporting, along with upholding transparent and effective communications with its investors and stakeholders.

Food Empire's 2020 Annual Report was built upon the concept of the Group's pursuit in pivoting to the evolving landscape brought about by the outbreak of the Covid-19 pandemic in early 2020. With movement restrictions being implemented globally, maintaining and fostering connections shifted online. As such, technology was used as a major theme in the design, as shown on the cover page featuring a virtual video call with individuals from all around the world. In addition, the introduction of local safe entry symbols, emojis, coupled with various graphics of iPads and Zoom calls could also be found throughout the report. The Group believes that this highlights its agility to adapt to changes and its ability to leverage on technology during these uncertain times.

Food Empire • ARC Awards • Three Award Wins



Scan the QR code to view the Annual Report 2020 or visit: <https://bit.ly/3MAV3Kp>



TOP 100

Most Valuable Singaporean Brands 2021
By Brand Finance



Food Empire

51st
Position

Brand Value: USD 86 Million

Food Empire Achieves its All Time Best Ranking of 51st Place for 2021's "Top 100 Most Valuable Singaporean Brands" By Brand Finance

Food Empire is recognised as one of the Top 100 "Most Valuable Singaporean Brands" by Brand Finance, one of the leading valuation and strategy consultancy firms in the world.

The Group was awarded a brand rating of 'A+', an improvement from last year's 'A' rating. The Group also improved 2 notches in brand ranking, placing 51st this year. Brand value for the Group also improved from USD81 million in 2020 to USD86 million in 2021. The assessment was made by estimating Food Empire's likely future revenues attributable to its respective brands, calculating the royalty rate that would be charged for the use of its brands assuming it was not already owned and benchmarking it against other contestants.

Food Empire • Top 51 • Most Valuable Singaporean Brands • Brand Finance



SINGAPORE BUSINESS AWARDS 2020 / 2021

THE ENTERPRISE AWARD



Food Empire Awarded The Enterprise Award 2020/2021 Under The Singapore Business Awards

Food Empire has been awarded The Enterprise Award 2020/2021 under The Singapore Business Awards, one of the most prestigious accolades in Singapore for local businesses. Launched in 1985, The Singapore Business Awards is jointly organised by The Business Times and DHL to recognise small-and-medium enterprises for their outstanding achievements and performance. The awards acknowledge outstanding contributions by companies and their leaders towards Singapore's economic development.

The Enterprise Award is based on the following four criteria of Innovation, Financial Performance, Company Management, and Contribution to the Community, judged by a panel of experts from the various sectors of business, official agencies and academia. While the Group has performed remarkably in all of the four areas, its achievements in the areas of Innovation and Financial Performance throughout this past year has been key in clinching the award. Amidst the uncertainties and challenges brought about by the pandemic, the Group has also demonstrated its strong resilience and adaptability to increase sales and committing to efficient cost-saving measures.

Food Empire • The Enterprise Award • Singapore Business Awards



MacCoffee Wins Product of the Year 2021 National Award

MacCoffee once again triumphed at the Product of the Year 2021 National Award ceremony held on 18th November 2021 at the MIR Concert Hall in Moscow, Russia. The award is traditionally given to Fast Moving Consumer Goods (FMCG) companies for being top sellers in its respective food and household goods categories. MacCoffee is awarded the best brand in the "Coffee with Milk, Sugar, and Cream" category. We are proud to keep our leading position and will continue to satisfy our consumers with high-quality products. Thank you from the bottom of our hearts!

FoodEmpire • MacCoffee • Product of the Year 2021

CORPORATE GOVERNANCE REPORT

Food Empire Holdings Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) are committed to maintaining good corporate governance to enhance and protect the interests of the Company’s shareholders. The Company recognises the importance of practicing good corporate governance and supports the Code of Corporate Governance 2018 (the “**Code**”). The Company has complied in all material respects with the principles and guidelines in the Code. Where there are deviations from the Code, appropriate explanations will be provided.

This report outlines the corporate governance framework and practices adopted by the Company with reference given to the principles of the Code.

A. BOARD MATTERS

- Principle 1: Effective Board to lead and control the Company

The principal functions of the Board are:

- (1) supervising the Management of the business and affairs of the Group;
- (2) approving Board policies, overall strategic plans, key operational initiatives, financial and human resources objectives of the Group;
- (3) reviewing and monitoring the performance and rewarding of key management;
- (4) overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance;
- (5) approving the nomination of the Board of Directors and appointment of key management personnel;
- (6) approving annual budgets, major funding, investment and divestment proposals; and
- (7) assuming responsibility for corporate governance.

The Board also plays an important role in setting the Company’s values and standards, establishing framework of prudent and effective controls and engaging with stakeholder groups and overseeing the sustainability issues of the Group.

Each member of the Board has fiduciary duty to discharge his or her duties and responsibilities in the best interest of the Company at all times and to take into account the interests of key stakeholder groups in its decision making.

To facilitate effective management, the Board has delegated certain functions to various Board Committees. The Board Committees operate under clearly defined terms of reference. The chairman of the respective committees will report to the Board the outcomes of the committee meetings.

There are three Board Committees:

- Audit Committee (“**AC**”)
- Remuneration Committee (“**RC**”)
- Nominating Committee (“**NC**”)

The Board approves transactions exceeding certain threshold limits set by the Board, while delegating authority for transactions below those limits to Board Committees and the Management via a structured Delegation of Authority matrix. This matrix is reviewed on a regular basis. The Board Committees and the Management remain accountable to the Board. Matters which specifically require the Board’s approval are those involving conflicts of interests of a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders. The Directors and the Group’s employees are also guided by The Food Empire Business Ethics and Code of Conduct and Employee Handbook, which prescribe the standards of ethical behaviour. Any director facing conflicts of interests will recuse himself or herself from discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

A. BOARD MATTERS *(cont'd)* – Principle 1: Effective Board to lead and control the Company *(cont'd)*

The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings are convened as and when circumstances require. Telephonic conference or video-conference via audio-visual communication at Board meetings are allowed under the Company's Constitution.

The Non-executive Directors (“**NED**”) and Independent NEDs (“**INED**”) always constructively challenge and help develop proposals on strategy and review Management's performance in meeting agreed goals and objectives, and monitor the reporting of Management's performance. Where necessary, NEDs and/or INEDs led by the Lead Independent Director (“**Lead ID**”) may meet amongst themselves without the presence of Management outside of Board meetings.

The attendance of the Directors at meetings of the Board and Board Committees, and general meetings for the financial year ended 31 December 2021 (“**FY2021**”) as well as the frequency of these meetings, are disclosed as follows:

Directors	Board Meeting	AC Meeting	NC Meeting	RC Meeting	Annual General Meeting	Extraordinary General Meeting
Tan Wang Cheow	5	N/A	1	N/A	1	1
Sudeep Nair	5	N/A	N/A	N/A	1	1
Tan Guek Ming	5	4	N/A	2	1	1
Koh Yew Hiap	5	4	N/A	2	1	1
Ong Kian Min ⁽¹⁾	5	4	1	2	1	1
Saw Meng Tee ⁽²⁾	5	4	1	2	1	1
Tan Cher Liang ⁽³⁾	5	4	1	2	1	1
Adrian Chan Pengee ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A
No. of Meetings Held in 2021	5	4	1	2	1	1

⁽¹⁾ Mr Ong Kian Min was redesignated from Lead Independent Non-Executive Director to Non-Executive Non-Independent Director and resigned as Chairman of RC and NC and member of AC on 1 January 2022. Consequent to the redesignation, Mr Ong Kian Min remains as a member of NC.

⁽²⁾ Mr Saw Meng Tee was appointed as Lead Independent Non-Executive Director on 1 January 2022.

⁽³⁾ Mr Tan Cher Liang was appointed as the Chairman of NC on 1 January 2022.

⁽⁴⁾ Mr Adrian Chan Pengee was appointed as an Independent Director of the Company, and Chairman of the RC and member of the AC and NC on 1 January 2022.

The Directors are appointed based on the strength of their skills and experience and potential to contribute to the Company. The current Board comprises business leaders and professionals. Profiles of the Directors can be found under the ‘Board of Directors’ section of this annual report.

All new directors appointed on the Board, if any, will be provided with a formal letter of appointment and briefed on matters relating to the Group's business activities, its strategic directions and policies, the regulatory environment in which the Group operates and the Company's corporate governance practices.

The Company will also arrange for first-time directors, if any, to undergo training on the roles and responsibilities as directors of a listed company organised by the Singapore Institute of Directors for an understanding of his legal and fiduciary obligations as an individual and of the Board as a whole. Briefings by the Executive Chairman, Group Chief Executive Officer (“**Group CEO**”), Group Chief Financial Officer (“**Group CFO**”) and all the department heads will be done to familiarise the new directors with the Company's business and operations.

CORPORATE GOVERNANCE REPORT

A. BOARD MATTERS *(cont'd)*

- Principle 1: Effective Board to lead and control the Company (cont'd)

The Management monitors changes to regulations and accounting standards. The Directors are briefed on the new updates in the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Companies Act 1967 (the “Act”) or other regulations/statutory requirements from time to time by external professionals such as the auditors, Company Secretary, or at seminars. If required, all Directors will receive further training. The Company is responsible for arranging and funding the training of Directors.

The Company has adopted a policy that Directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Group’s operations or business issues from Management. The NEDs and INEDs are briefed and updated on major developments and the progress of the Group at the Board meetings.

- Provision 1.6: Board members to have complete, adequate and timely information

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board members with complete, adequate and timely information. The Management also provides quarterly updates of the latest developments in the Group, financial and management accounts, operational metrics, audit findings and risk dashboard and reports and other financial information.

The Board is provided board papers and related materials with explanatory information such as facts, resources needed, risk analysis and strategies, financial impact and expected outcomes and recommendation to facilitate discussion and decision making before the Board and Board Committees’ meetings. Any material variance between any projections and the actual results of budgets are disclosed and explained to the Board. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the meetings.

The Directors have been provided with the contact particulars of the Company’s senior management staff and the Company Secretary to facilitate access. The Directors also have separate and independent access to any external advisers (if necessary) at the Company’s expense.

The Company Secretary or his representatives will attend Board and Board Committees’ meetings as required by the Board. They are responsible for ensuring that Board procedures are followed and that the Company has complied with the requirements of the Act and the SGX-ST Listing Manual. The appointment and removal of the Company Secretary are subject to the Board’s approval.

The Directors are informed and are aware that they may take independent professional advice at the Company’s expense, where necessary, in furtherance of their duties.

B. BOARD COMPOSITION AND GUIDANCE

- Principle 2: Independent and diversity elements of the Board

As at the date of this report, the Board comprises eight Directors, three of whom are independent. The Board composition is as follows:

Mr Tan Wang Cheow	Executive Chairman
Mr Sudeep Nair	Group CEO and Executive Director
Mdm Tan Guek Ming	NED
Mr Koh Yew Hiap	NED
Mr Ong Kian Min	NED
Mr Saw Meng Tee	Lead ID
Mr Tan Cher Liang	INED
Mr Adrian Chan Pengee	INED

CORPORATE GOVERNANCE REPORT

B. BOARD COMPOSITION AND GUIDANCE *(cont'd)* – Principle 2: Independent and diversity elements of the Board *(cont'd)*

The core competencies of the Board members are as follows:

Directors	Accounting/ Finance/Business/ Management Experience	Industry Knowledge	Strategic Planning	Law
Tan Wang Cheow	✓	✓	✓	
Sudeep Nair	✓	✓	✓	
Tan Guek Ming	✓	✓	✓	
Koh Yew Hiap	✓	✓	✓	
Ong Kian Min	✓		✓	✓
Saw Meng Tee	✓	✓	✓	
Tan Cher Liang	✓	✓	✓	
Adrian Chan Pengee	✓		✓	✓

The Directors are professionals in their own fields with industrial, financial and legal backgrounds. Together they provide the Group with a wealth of knowledge, expertise and experience to ensure the Group remains competitive and competent. The INEDs contribute their independent views and objective judgements on issues of strategy, business performance, resources and standards of conduct.

The independence of each INED is assessed at least annually by the NC. Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine years from the date of his first appointment.

Mr Ong Kian Min has served on the Board for more than nine years and will not be considered independent under Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited with effect from 1 January 2022. The Board, taking into consideration the capabilities, qualifications, experience of Mr Ong and his vast knowledge of the operations of the Food Empire Group, the recommendation of the NC, was satisfied that Mr Ong can continue to contribute effectively to the Board. The Board approved the redesignation of Mr Ong from Lead Independent Non-Executive Director to Non-Executive Non-Independent Director and ceased as Chairman of RC and NC, and member of AC on 1 January 2022. Consequent to the redesignation, Mr Ong Kian Min remains as a member of NC.

As a part of the Board renewal process, Mr Adrian Chan Pengee was appointed as an Independent Director of the Company, Chairman of the RC and a member of the AC and NC with effect from 1 January 2022. The composition of the Board and NC has also been reconstituted, Mr Saw Meng Tee was appointed as Lead Independent Non-Executive Director and Mr Tan Cher Liang was appointed as the Chairman of NC with effect from 1 January 2022.

The Company has a Board Diversity Policy in place, which sets out the approach to achieve diversity in the Company's Board. The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. It is accordingly committed to promoting diversity of the Board. The Board, with the concurrence of the NC, is also of the view that the composition of the Board and the Board Committees, as a group, provides an appropriate balance and diversity of skills, experience, ethnicity, gender, age and knowledge of the Group. No individual or group dominates the decision-making process of the Board and Board Committees. The NC is of the view that the current Board and Board Committees have the necessary competencies, skills and attributes to meet the Group's targets and to respond to the demands facing the Group.

CORPORATE GOVERNANCE REPORT

B. BOARD COMPOSITION AND GUIDANCE *(cont'd)*

- Principle 2: Independent and diversity elements of the Board *(cont'd)*

The NC is also of the view that the current Board size of eight Directors is appropriate, taking into account the nature and scope of the Company's operations. The Company has a majority of NEDs on its Board. The Board is of the view that a Director's independence cannot be determined arbitrarily with reference to set period of service. However, the NC recognises that the Board renewal process is of utmost importance. Having regard to the experience and leadership of the founder Chairman, Mr Tan Wang Cheow, it is in the best interest of the Company to maintain his executive chairmanship in the Company so that the Board could have the benefit of a Chairman who is knowledgeable about the business of the Group, which he founded and is capable to guide and watch over the best interests of the Company. The Company will continue its searches for candidates for appointment as new INED to ensure that there is a majority of INEDs on the board where the founder Chairman, Mr Tan, is not an independent director as required by Provision 2.2 of the Code. The NC will continue to monitor the progress of the Board renewal, also taking into account the commitment, experience and invaluable advice each Director offers when deciding on the board renewal in the interest of a smooth transition, and the Company will announce the reconstitution of its Board membership to SGX-ST at the appropriate time.

C. CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

- Principle 3: Clear division of responsibilities at the top of the Company

The roles of the Executive Chairman and Group CEO are separate to ensure a clear division of responsibilities, balance of power, increase accountability and greater capacity of the Board for independent decision-making. The Executive Chairman and the Group CEO do not have any familial relationship with each other.

The Executive Chairman, Mr Tan Wang Cheow, is the founder of the Company and he is primarily responsible for overseeing the Group's strategies, which includes developing new markets and exploring opportunities for acquisitions.

The Group CEO, Mr Sudeep Nair, is responsible for the Group's diversification and growth strategy including overall oversight of the day-to-day operations. His roles include geographical expansion of business as well as identifying new businesses and merger and acquisition opportunities for the Group. Mr Nair has over 27 years of experience in building and managing the Group's business.

In addition, the Executive Chairman has responsibility for the workings of the Board and ensuring the integrity and effectiveness of its governance processes. The Executive Chairman is also responsible for representing the Board to shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agendas and ensuring that the Board members are provided with adequate and timely information. He promotes high standards of corporate governance and open environment for debate and ensures that NEDs are able to speak freely and contribute effectively. Regular meetings are scheduled to enable the Board to perform its duties and agendas are prepared in consultation with Management as well as the Company Secretary. At the AGM and other shareholders' meetings, the Executive Chairman plays a pivotal role in fostering constructive dialogue between shareholders, key stakeholder groups, the Board and Management.

The Lead ID, Mr Saw Meng Tee, shall be available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or Management are inappropriate or inadequate. He shall also represent the INEDs in responding to shareholders' questions and comments that are directed to the INEDs as a group at any general meetings of the Company.

The Lead ID may call for meetings of the INEDs as and when necessary and provides feedback to the Executive Chairman after such meetings.

In carrying out their duties, the Executive Chairman, Group CEO and Lead ID are also guided by the Company's Terms of Reference of the Executive Chairman, Group CEO and Lead ID.

CORPORATE GOVERNANCE REPORT

D. BOARD MEMBERSHIP

– Principle 4: Formal and transparent process of appointment of new Directors

The NC comprises:

Mr Tan Cher Liang (*Chairman*)
Mr Tan Wang Cheow
Mr Ong Kian Min
Mr Saw Meng Tee
Mr Adrian Chan Pengee

The NC has a majority of INEDs including the NC Chairman.

The scope and responsibilities of the NC include:

- (1) identifying candidates and reviewing all nominations for all appointments and re-appointments to the Board of Directors, including making recommendations on the composition of the Board and balance between Executive Directors, NEDs and INEDs;
- (2) reviewing the Board structure, size, diversity and composition;
- (3) reviewing the strength and attributes of the existing Directors including assessing the effectiveness of the Board and Board Committees and the contribution by individual Directors;
- (4) reviewing the independence of Directors annually;
- (5) considering and making recommendations on nominations of Directors retiring by rotation;
- (6) reviewing Board succession plans for Directors, in particular the Executive Chairman, the Group CEO and key management personnel;
- (7) making recommendations to the Board on comprehensive training and professional development programs for the Board; and
- (8) deciding whether or not a Director is able to and has adequately carried out his or her duties as a Director of the Company, particularly when they have multiple Board representations.

Dates of last re-election/re-appointment

Directors	Date of last re-election/re-appointment
Tan Wang Cheow	24 April 2019
Sudeep Nair	26 April 2021
Tan Guek Ming	26 April 2021
Koh Yew Hiap	23 April 2020
Ong Kian Min	26 April 2021
Tan Cher Liang	26 April 2021
Saw Meng Tee	23 April 2020
Adrian Chan Pengee	Not applicable

CORPORATE GOVERNANCE REPORT

D. BOARD MEMBERSHIP *(cont'd)*

- Principle 4: Formal and transparent process of appointment of new Directors *(cont'd)*

The NC has reviewed the multiple-board seats held by the Directors to determine if they had been adequately carrying out their duties as a Director of the Company. Though some of the Directors have multiple board representations, the NC is satisfied that the Directors have devoted sufficient time and attention to the Company. The Board determined that it is not necessary to set the maximum number of listed board representations that any Director may hold as all the Directors are able to devote time to the Company's affairs despite their other commitments.

The Board renewal is an ongoing process and the NC is responsible for identifying and recommending new Board members, after considering the necessary and desirable competencies. In its search and selection process for new directors, the NC considers the attributes including the diversity of skills, knowledge and experience on the Board. Other considerations include, but are not limited to background, gender, age, and ethnicity. The short-listed candidates would be required to furnish their curricula vitae stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines. Thereafter, the NC will interview the candidates and make its recommendation to the Board for approval. In accordance with the Company's Constitution, the new director will hold office until the next AGM and, if eligible, can stand for re-election.

The NC may tap on its networking contacts and/or engage external search consultants to undertake research on, or to assess a candidate for new positions on the Board. The NC can engage other independent experts if necessary, to help it carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

The Company does not have any alternate director on its Board.

E. BOARD PERFORMANCE

- Principle 5: Formal assessment of the effectiveness of the Board, Board Committees and contributions of each Director

The NC has formulated an evaluation process for assessing the effectiveness of the Board and Board Committees and the contributions of each Director. The assessment parameters include:

- (a) attendance at Board and Board Committees' meetings;
- (b) participation in meetings and special contributions including Management's access to the Director for guidance or exchange of views outside the formal environment of Board meetings;
- (c) introducing contacts of strategic benefit to the Group; and
- (d) progress of implementation of the board diversity policy.

The Board's evaluation process is performed annually whereby questionnaires were sent to the Directors and the results of the evaluation were tabled to the NC for deliberation. The results of the performance evaluation showed that the overall performance of the Board, Board Committees and contribution of the individual Directors were in the categories of "consistently good". The NC and the Board were satisfied with the overall performance in FY2021.

CORPORATE GOVERNANCE REPORT

F. REMUNERATION MATTERS

- Principle 6: Formal and transparent procedure for fixing remuneration packages of Directors and key management personnel

- Principle 7: Remuneration of Directors and key management personnel should be appropriate but not excessive

- Principle 8: Remuneration policy, level and mix of remuneration and procedure for setting remuneration

The RC comprises:

Mr Adrian Chan Pengee (Chairman)

Mdm Tan Guek Ming

Mr Koh Yew Hiap

Mr Tan Cher Liang

Mr Saw Meng Tee

All five members of the RC are NEDs. The RC has a majority of INEDs including the RC Chairman.

The RC's main responsibility is to review and recommend a framework of remuneration for the Board members and key executives of the Group that is appropriate and proportionate to the sustained performance and value creation. The objective 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 of the Executive Directors is based on service agreements signed upon their appointments. The service agreements will continue unless otherwise terminated by either party giving not less than three months' notice in writing. Under the service agreements, the Executive Directors are entitled to a share of profits on the Group's profit after tax, on top of the monthly salary and bonus.

The NEDs and INEDs receive directors' fees determined based on factors such as duties and responsibilities, effort and time spent for serving on the Board and Board Committees. The aggregate directors' fees are subject to final approval by the shareholders at the AGM.

The current share option scheme applies to eligible employees and Directors of the Group, other than the controlling shareholders who are not Directors or employees. The participation of Directors who are controlling shareholders, associates of controlling shareholders or nominated by the controlling shareholders of the Group in the current share option scheme is subject to independent shareholders' approval. Additional information on the previous and current share option schemes can be found on pages 48 to 52 and 115 to 119 of the annual report.

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 aggregate total remuneration paid to the top five key management personnel (who are not the Directors or the Group CEO) was S\$3,429,000 in FY2021.

The Company has implemented the clawback provision for its key office holders. The clawback will be triggered by events such as material violation of risk limits, misstatement of financial results, misconduct or fraud.

In FY2021, the Company has appointed an independent external consultant, Asia Rem LLP, to provide professional advice on a performance share plan for the Company. The consultant is not related to the Company or any of its Directors. In its deliberations, the RC also took into consideration industry practices and norms in compensation.

CORPORATE GOVERNANCE REPORT

F. REMUNERATION MATTERS (cont'd)

- **Principle 6: Formal and transparent procedure for fixing remuneration packages of Directors and key management personnel** (cont'd)
- **Principle 7: Remuneration of Directors and key management personnel should be appropriate but not excessive** (cont'd)
- **Principle 8: Remuneration policy, level and mix of remuneration and procedure for setting remuneration** (cont'd)

The remuneration for FY2021 is shown below:-

Remuneration Bands	No. of Directors in Remuneration Bands
S\$2,000,000 to S\$2,249,999	0
S\$1,750,000 to S\$1,999,999	0
S\$1,500,000 to S\$1,749,999	2
S\$1,250,000 to S\$1,499,999	0
S\$1,000,000 to S\$1,249,999	0
S\$750,000 to S\$999,999	0
S\$500,000 to S\$749,999	0
S\$250,000 to S\$499,999	0
Below S\$250,000	5

Note: There were 7 directors in FY2021, Mr Adrian Chan Pengee was appointed to the Board on 1 January 2022.

Remuneration Bands	Remuneration of top five key management personnel
S\$1,250,000 to S\$1,499,999	0
S\$1,000,000 to S\$1,249,999	1
S\$750,000 to S\$999,999	1
S\$500,000 to S\$749,999	1
S\$250,000 to S\$499,999	2
Below S\$250,000	0

To maintain confidentiality of remuneration, the names, amounts and breakdown of remuneration of the Directors and the top five key executives are not stated. There are no employees who are substantial shareholders of the Company or immediate family members of a Director or the Group CEO or a substantial shareholder whose remuneration exceeds S\$100,000 during FY2021.

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

G. ACCOUNTABILITY AND AUDIT

- **Principle 9: Sound systems of risk management and internal controls**

The Board is accountable to the shareholders while the Management of the Group is accountable to the Board. The Board is committed to providing timely information to the shareholders and the public with a balanced, clear and understandable assessment of the Group's financial updates, position and prospects on a quarterly basis.

The Company believes that presenting a balanced view of the Company's performance, position and prospects is imperative to maintaining shareholders' confidence and trust.

CORPORATE GOVERNANCE REPORT

G. ACCOUNTABILITY AND AUDIT *(cont'd)*

– Principle 9: Sound systems of risk management and internal controls (cont'd)

The Management provides quarterly management reports to the Board members and also presents to the Board the Group's quarterly and full year accounts and the AC reports on the results for review and approval. In compliance with the SGX-ST's requirement for half yearly reporting, the Board approves the half year and full results and authorises the release of the results to SGX-ST and the public via SGXNet.

The Board also reviews legislation and regulatory compliance reports from the Management to ensure that the Group complies with relevant statutory reporting requirements.

The Board is also responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses key stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2018 Risk Management framework. To enhance the effectiveness of the enterprise risk management ("**ERM**") framework, the Group implemented Orion ERM system, a third-party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

The AC oversees risk governance which includes the following roles and responsibilities:

- (1) proposes the risk governance approach and risk policies for the Group to the Board;
- (2) reviews the risk management methodology adopted by the Group;
- (3) reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and
- (4) reviews Management's assessment of risks and Management's action plans to mitigate such risks.

The AC assumed the function of the Board risk committee to oversee the Group's ERM framework and policies.

Management presented an annual assurance report to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the adequacy of Group's internal controls including financial, operational, compliance and information technology controls and risk management systems. Such assurance activities include control self-assessments performed by Management, internal, external audits and external certifications conducted by various external professional service firms.

The Board has obtained a written confirmation from the Executive Chairman, Group CEO and Group CFO that:

- (1) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (2) the Group maintains effective and adequate risk management and internal control systems.

The Executive Chairman, Group CEO and Group CFO have obtained assurances from the respective risk and control owners.

Based on the risk management framework and internal controls established and maintained by the Group, works performed by the internal, external auditors and external certification firms and annual reviews performed by Management, various Board Committees and the Board, the Board (with the concurrence of the AC) is satisfied that the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2021.

CORPORATE GOVERNANCE REPORT

G. ACCOUNTABILITY AND AUDIT *(cont'd)*

- Principle 9: Sound systems of risk management and internal controls (cont'd)

The Board and the Audit Committee are also responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any Sanction Law; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities.

The Company had, through its announcement dated 7 March 2022, responded to SGX-ST's queries on the Company's exposure to sanctions-related risks due to sanctions and restrictions imposed by the Singapore Government against Russia. Barring any unforeseen turn of events in the volatile and constantly evolving situation, the Board and Audit Committee had confirmed that the Group has in place adequate and effective internal controls to monitor, address and mitigate sanction-related risks.

The Company will continue to monitor the situation and update shareholders on any new sanction-related risks on the Company, the impact on such risk on the financials and operations of the Group, if any, and also the cessation of sanctions-related risk via announcement to SGXNet.

The Board notes that system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

H. AUDIT COMMITTEE

- Principle 10: Establishment of AC with written terms of reference

The AC comprises:

Mr Saw Meng Tee (Chairman)
Mdm Tan Guek Ming
Mr Tan Cher Liang
Mr Koh Yew Hiap
Mr Adrian Chan Pengee

All five members of the AC are NEDs. The AC has a majority of INEDs, including the AC Chairman. The AC members including the AC Chairman have recent and relevant accounting or related financial management expertise or experience.

None of the AC members were previous partners or directors of the Company's external auditors, Ernst & Young LLP ("**EY**" or "**External Auditors**"), within a period of two years (2) years or hold any financial interest in EY.

During the year, the AC carried out its functions in accordance with its written terms of reference.

The AC meets with Management and/or the auditors of the Group on a regular basis to discuss and review:

- (a) the audit plan of the External Auditors of the Group, the results of their examination and evaluation of the Group's systems of internal accounting controls, their independence and the non-audit services provided by them;
- (b) risk or exposure that exists and the steps Management has taken to minimise these risks to the Group;
- (c) the Group's financial results for submission to the Board;
- (d) the assistance given by the Group's officers to the External Auditors;
- (e) the remuneration and terms of engagement of the External Auditors;
- (f) the re-appointment of the External Auditors and recommend it to the Board for obtaining approval from the shareholders;

CORPORATE GOVERNANCE REPORT

H. AUDIT COMMITTEE *(cont'd)*

- Principle 10: Establishment of AC with written terms of reference (cont'd)

- (g) the Group's interested person transactions in accordance with the requirements of the SGX-ST Listing Manual;
- (h) the assurance from the Executive Chairman, Group CEO and Group CFO on the financial records and financial statements;
- (i) the significant financial reporting issues and judgements so as to ensure integrity of the financial statements and financial results announcements relating to the financial performance of the Company;
- (j) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the External Auditors' report on those financial statements;
- (k) the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls as well as sanction-related risk controls and risk management systems via reviews carried out by the internal auditors;
- (l) the audit plans of the internal auditors;
- (m) the results of their internal audit; and
- (n) the independence, adequacy and effectiveness of the external audit results and internal audit function of the Group.

Apart from the duties listed above, the AC has the authority to commission and review the findings of internal investigations into any matter where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position.

In performing its functions, the AC has:

- (a) full access to and co-operation from the Management and has full discretion to invite any Director and executive officer to attend its meetings;
- (b) been given reasonable resources to enable it to discharge its duties and responsibilities properly; and
- (c) the express authority to conduct investigation into any matters within its terms of reference.

During FY2021, the AC held four meetings. The AC meets with the External Auditors without the presence of Management at least once annually.

The AC has reviewed the internal procedures set up by the Company to identify and report, and where necessary, seek approval for interested person transactions, and with the assistance of the Management, reviewed interested person transactions. The AC is of the opinion that the internal procedures have been complied with.

The External Auditors provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The total fees paid to EY (including overseas EY entities) for FY2021 are as disclosed in the table below:

	US\$'000	% of total audit fees
Audit Fees	351	70.1
Non-Audit Fees	150	29.9
Total Fees Paid	501	100.0

CORPORATE GOVERNANCE REPORT

H. AUDIT COMMITTEE *(cont'd)* - Principle 10: Establishment of AC with written terms of reference *(cont'd)*

The AC has reviewed the non-audit services provided by the External Auditors and is satisfied with the independence of the External Auditors.

Different auditors have been appointed for some of the overseas subsidiaries. The names of these audit firms are disclosed under Note 15 of the financial statements. This matter has been reviewed by the AC and the Board and both are satisfied that these appointments did not compromise the standard and effectiveness of the audit of the Group.

The Group has complied with Rules 712 and 716 of the SGX-ST Listing Manual in relation to its external auditors.

The AC has recommended to the Board that EY be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

The AC has established the whistle-blowing policy where staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financials that might have a significant impact on the Group, such as actions that may lead to incorrect financial reporting, unlawful and/or otherwise amount to serious improper conduct according to Company policy. The AC is responsible for oversight and monitoring of any whistleblowing incident. The Company ensures the identity of the whistleblower is kept confidential and will provide protection to the whistleblower against detrimental or unfair treatment.

Significant financial statement reporting matters

In the review of the Company's financial statements for FY2021, the AC considered a number of significant matters and has discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements.

The following key audit matters impacting the financial statements were discussed with Management and the External Auditor of the Company and were reviewed by the AC:

Significant matters How the AC reviewed these matters

1. Revenue recognition	<p>The AC reviewed Management's approach and assessment of the internal controls over the recognition of revenue. The AC was satisfied that Management's approach and assessment of internal controls over revenue recognition were appropriate.</p> <p>Please refer to page 55 of the External Auditors' report and Note 2.22 (Summary of significant accounting policies) and Note 4 (Notes on Revenue) of the financial statements for further details.</p>
2. Recoverability of trade receivables	<p>The AC considered Management's approach and methodology used in the evaluation of the Group's trade receivables for impairment. The Group determines expected credit losses for trade receivables by making debtor-specific assessment for credit-impaired debtors and using provision matrix method for outstanding trade receivables. The AC was satisfied that the approach and methodology used by Management in the process was appropriate.</p> <p>Please refer to page 55 of the External Auditors' report and Note 2.14 (Summary of significant accounting policies), Note 3.2b (Significant accounting estimates and judgements), and Note 23 (Notes on Trade Receivables) of the financial statements for further details.</p>
3. Impairment assessment of intangible assets	<p>The AC considered Management's approach and methodology applied to the valuation model in impairment assessment of the Group's intangible assets, including the key assumptions for growth rates, cash-flow expectations and the discount rates used. The AC was satisfied that the approach and methodology in the impairment assessment used by Management were appropriate.</p> <p>Please refer to page 56 of the External Auditors' report and Note 2.13 (Summary of significant accounting policies), Note 3.2a (Significant accounting estimates and judgements), and Note 17 (Notes on Intangible Assets) of the financial statements for further details.</p>

CORPORATE GOVERNANCE REPORT

H. **AUDIT COMMITTEE** *(cont'd)* – **Principle 10.4: Internal audit function** *(cont'd)*

Significant financial statement reporting matters *(cont'd)*

The Group outsources its internal audit function to a professional service firm, Yang Lee & Associates (“**YLA**” or “**Internal Auditor**”). YLA is a professional services firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies in distribution, manufacturing, services, food & beverage and property development industries.

The Engagement Team is staffed with professionals with knowledge and experience in internal audit, risk management and other relevant disciplines.

The Internal Auditor reports directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically. The AC approves the hiring, removal, evaluation and compensation to the Internal Auditor. The Internal Auditor has unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC.

The AC has reviewed and confirmed that YLA is a suitable professional service firm to meet the Company’s internal audit obligations, having regard to the adequacy of resources, independence and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audits.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group’s activities. It also oversees the implementation of the internal audit plan and ensures the Internal Auditor has appropriate standing and that Management provides the necessary co-operation and adequate resources to enable the Internal Auditor to perform its function.

YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. The Internal Auditor is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The AC annually reviews the independence, adequacy and effectiveness of the internal audit function to ensure that the internal audits are performed effectively.

The Internal Auditor completed two reviews during FY2021 in accordance with the internal control testing plan developed and approved by the Board under the Group’s Risk Management Framework. The findings and recommendations of the Internal Auditor, Management’s responses, and Management’s implementation of the recommendations has been reviewed and discussed with the AC.

The AC meets with the Internal Auditor without the presence of Management at least once annually.

I. **SHAREHOLDER RIGHTS AND ENGAGEMENT** – **Principle 11: Shareholder rights and conduct of general meetings**

The Group’s corporate governance culture and awareness promotes fair and equitable treatment of all shareholders.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group’s business which could have a material impact on the Company’s share price.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company where relevant rules and procedures governing the meetings are clearly communicated. A relevant intermediary may appoint more than two proxies to attend and vote at the AGM.

CORPORATE GOVERNANCE REPORT

I. SHAREHOLDER RIGHTS AND ENGAGEMENT *(cont'd)*

- Principle 11: Shareholder rights and conduct of general meetings *(cont'd)*

Price sensitive information is first publicly released via SGXNet before any meeting with any group of investors or analysts. Results are announced within the mandatory period on a half yearly basis to SGX-ST. The Company also practices releasing quarterly business updates to SGX-ST.

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company has an internal guide in determining the quantum of any dividend payable. The declaration of dividend is subject to various factors such as the Group's profitability, free cash flow and capital commitment.

All shareholders (except those who own the shares through nominees) of the Company will receive annual report, circulars and notices of general meeting of the Company. The notices are also advertised in newspapers and available at SGX-ST's website. The Constitution of the Company allows a member of the Company to appoint one or two proxies to attend and vote at all general meetings on his/her behalf.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are able to exercise their right to approve or deny the issue or motion. Shareholders can also exercise their right to vote in absentia by the use of proxies. The Company has been conducting electronic poll voting for all resolutions passed at the general meetings of shareholders for greater transparency in the voting process. Shareholders or their proxies are briefed by the appointed polling agent on the poll voting procedures at the AGM. The appointed scrutineer will ensure that the poll process is properly carried out and the counting of the votes is verified by the scrutineer.

The Chairmen of the AC, NC and RC are present and available to address questions at the AGM. The External Auditors shall be present to assist the Directors in addressing any relevant queries by shareholders.

The Company Secretary prepares minutes of general meetings, which incorporates substantial comments or queries questions from shareholders and responses from the Board and the Management, where relevant. The Company does not publish meeting minutes on the corporate website as the Company recognises the importance of shareholders' privacy. The Board is of the view that minutes are meant for the attendees of the general meeting and the extension of the minutes to shareholders upon request (regardless of attendance at the general meeting) is appropriate and adequate.

2021 and 2022 AGMs and EGMs

In view of the COVID-19 situation in Singapore, the 2021 AGM and EGM were held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holder) Order 2020 ("Alternative Meeting Arrangements"). The 2022 AGM and EGM will also be convened and held via electronic means.

Alternative Meeting Arrangements relating to attendance at the AGM and EGM via electronic means (including arrangements by which the meeting can be electronically access via live audio-visual webcast and live audio-only stream), submission of questions to the Chairman of the meeting in advance of the AGM and EGM, addressing of substantial and relevant questions prior to or at the AGM and EGM and voting by appointing the Chairman of the meeting as proxy at the AGM and EGM, will put in place for the AGM and EGM. Details of the steps for pre-registration, submission of questions and voting at the AGM and EGM 2022 by shareholders are set out in a separate announcement released on SGXNet on 7 April 2022.

Under the Alternative Meeting Arrangements, the minutes of the AGM and EGM will be uploaded to the Company's corporate website and SGXNet within one month from the date of the AGM and EGM. The Company may revert to comply with all the applicable provisions of Principle 11 of the Code after Alternative Meeting Arrangements have ceased to be in force.

CORPORATE GOVERNANCE REPORT

I. SHAREHOLDER RIGHTS AND ENGAGEMENT *(cont'd)* **- Principle 12: Engagement with shareholders**

The Company has in place an Investor Relations (“IR”) policy outlining the principles and practices adopted in the course of its investor relations activities, including communication with shareholders and the investment community. The policy reflects avenues for communication between shareholders and the Company, including shareholders’ meetings, the Company’s annual report and sustainability report, the information available on the Company’s website, results announcements, meetings with analysts and media, and describes how shareholders may contact the Company should they have questions. The policy thus allows for an ongoing exchange of views with shareholders, thereby promoting regular, effective and fair communication.

J. MANAGING STAKEHOLDER RELATIONSHIPS **- Principle 13: Engagement with stakeholders**

The Company’s key stakeholders are listed in its Sustainability Report. They are the Company’s shareholders, its employees and workers, its consumers, its suppliers and business partners, communities, government and regulators, and its financiers. The Sustainability Report also outlines how relationships with these key stakeholders are managed.

The Company has a Stakeholder Engagement Policy in place. The policy shows how the Company engages its key stakeholders regularly through various channels to understand their key interests and needs and expectations and respond promptly to their concerns. Stakeholders can communicate or write to the Company via its corporate website.

The Group’s other policies including the Board Diversity Policy, the Investor Relations Policy and Whistle-blowing Policy facilitate the Group’s engagement with its key stakeholders. The Sustainability Report outlines the Group’s policies, practices, performance and targets in relation to its Economic and Environmental, Social and Governance activities. Developed in accordance with the Global Reporting Initiative Standards 2016 (Core option), the Group endeavours to communicate how sustainability is embedded in its business practices and value chain across its operations in the report.

CORPORATE GOVERNANCE REPORT

SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (SGX-ST LISTING MANUAL REQUIREMENTS)

(i) Dealing in Securities

The Company has in place an internal policy prohibiting share dealings by Directors and officers of the Group while in possession of unpublished material or price sensitive information during the period commencing one month prior to the announcement of the Company's half year and annual financial results and two weeks before the announcement of its 1st quarter and 3rd quarter business updates announcements and ending on the date of the announcement of the relevant results or business updates. Directors and officers of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and officers of the Group are strongly discouraged to deal in the Company's securities on short-term considerations.

During FY2021, the Company has complied with the best practices on dealing in securities in accordance with Rule 1207(19) of the SGX-ST Listing Manual.

(ii) Material Contracts

Other than those disclosed in the financial statements, the Group did not enter into any material contracts involving interests of the Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

(iii) Risk Management Policies and Processes

Operating in Emerging Markets

The Group's sales are generated mainly from developing countries where economic, social, political and regulatory frameworks are less developed, resulting in uncertainties that could have a direct or indirect impact on sales and profitability.

The Group is also subject to changes in policies by the government of these countries, which may have an impact through (i) changes in laws and regulations; (ii) changes in custom and import tariff; (iii) restrictions on currency conversions and remittances; and (iv) the stability of the banking system.

The Group and its in-country teams constantly monitor ongoing macro environment of key markets to identify potential areas of problems and develop suitable strategies around them, including the possibility of rationalising some business operations if the situation warrants.

The Group maintains an internal control system which includes policies and procedures and information systems to mitigate this risk.

Foreign Exchange Exposure

The Group has transactional currency exposures arising from sales, purchases or operating costs by operating units in currencies other than the unit's functional currency.

The Group maintains an internal control and monitoring system which includes policies and procedures and information systems to mitigate this risk.

The Group closely monitors its macro operating environment and will consider entering into appropriate hedging transactions to mitigate the exchange risk exposure, if necessary.

CORPORATE GOVERNANCE REPORT

SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (SGX-ST LISTING MANUAL REQUIREMENTS) *(cont'd)*

(iii) Risk Management Policies and Processes *(cont'd)*

Credit Risk of Customers

In the normal course of its business, the Group extends credit terms to its customers, primarily to those located in developing countries. In the event of any significant devaluation or depreciation of the currencies of these markets or if any major customer encounters financial difficulties, the Group would be exposed to the risk of non-collectability of some of its trade receivables.

The Group maintains an internal control system which includes policies and procedures and information systems to mitigate this risk.

Under its credit policy, credit evaluations are performed for new customers and ongoing evaluation is also performed for existing customers. Other key mitigating controls include credit limits established, regular review and follow up on trade receivables ageing.

Dependence on Key Personnel

The Executive Directors and the country/general managers in the Group's key markets have contributed significantly to the success of the Group. The loss of the services of any one of these key personnel without suitable replacement will adversely affect the Group's operations and financial performance.

The Group maintains an internal control system which includes measures on human resources, policies and procedures and information systems to mitigate this risk.

The Group has implemented remuneration packages aimed at retaining existing personnel and conducts regular performance reviews to reward key management personnel who contribute to the success of the Group.

Investment Risk

In the normal course of its business, the Group may invest in setting up new businesses or production plants and by way of acquisition of existing businesses. Investments in unfamiliar territories, new businesses or products could carry a high risk of failure due to a lack of visibility and knowledge of the business nature and market. Besides the initial capital, the Group may also have to support the new investments financially post acquisition.

The Group maintains an internal control system which includes policies and procedures and information systems to mitigate this risk.

Under its investment policy, a delegation of authority matrix is established for approval of different levels of investments. Due diligence exercises are conducted prior to acquisition and exposure to investment risk is monitored through regular reporting to Management and the Board on investment performance.

Information Technology Risk

The Group has implemented information technology ("IT") management controls and security controls so as to ensure an appropriate level of security awareness at all times by users of the Group's IT systems.

The Group has also put in place appropriate policies and control procedures to manage the risk of data privacy breaches.

CORPORATE GOVERNANCE REPORT

SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (SGX-ST LISTING MANUAL REQUIREMENTS) (cont'd)

(iii) Risk Management Policies and Processes (cont'd)

Sanctions-related Risk

The Group may be, or may become expose to various sanctions-related risks through various means such as sanctions-related law or regulation.

The Group has in place adequate and effective internal controls, where practicable, to monitor, address and mitigate sanctions-related risk.

(iv) Interested Person Transactions

Interested person transactions ("IPT") carried out during the financial year which falls under Chapter 9 of the SGX-ST Listing Manual are as follows:-

Name of interested person	Nature of relationship	Aggregate value of all IPT during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)		Aggregate value of all IPT conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than \$100,000)		
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	
a) Triple Ace Ventures Limited and its subsidiaries and Simonelo Limited and its subsidiaries	Companies associated to Mr Sudeep Nair (Group CEO and Executive Director)	- Payment of lease liabilities	1,788	1,780	-	-
		- Transfer of 50% shareholding in Simonelo Limited*	2,145	-	-	-
b) UDI Marketing Sdn Bhd	Company associated to Universal Integrated Corporation Consumer Products Pte Ltd (Controlling Shareholder)	- Sales of goods	685	1,035	-	-

* There is no change in the Group's effective shareholding for this transfer. Food Empire and its subsidiaries still effectively owned 50% in Simonelo before and after the transfer.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Directors who are seeking re-appointment at the forthcoming Annual General Meeting of the Company, as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name	Mr Tan Wang Cheow (Executive Chairman)	Mr Koh Yew Hiap (NED)	Adrian Chan Pengee (INED)
Date of appointment	17 February 2000	1 March 2007	1 January 2022
Date of last re-appointment	24 April 2019	23 April 2020	Not applicable
Age	65	64	57
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on the re-appointment	Based on the recommendation of the NC, the Board (save for Mr Tan Wang Cheow who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Tan Wang Cheow as the Executive Chairman. Mr Tan Wang Cheow will remain as a member of the NC.	Based on the recommendation of the NC, the Board (save for Mr Koh Yew Hiap who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Koh as a Director of the Company. Mr Koh will remain a member of the AC and RC.	Based on the recommendation of the NC, the Board (save for Adrian Chan Pengee who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Adrian Chan Pengee as a Director of the Company. Mr Chan will remain as Chairman of RC and members of AC and NC.
Whether the appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and member of NC	Non-executive Director and members of the AC and RC	Independent Director, Chairman of RC and members of the AC and the NC
Professional qualifications	Bachelor of Accountancy from the National University of Singapore	Bachelor of Arts (Economics) Honours from the University of Manchester	Bachelor of Laws (Honours) from National University of Singapore
Working experience and occupation(s) in the past 10 years	Executive Chairman and Executive Director of Food Empire Holdings Limited	Managing Director, Universal Integrated Corporation Consumer Products Pte Ltd Managing Director, United Detergent Industries Sdn Bhd	Head of Corporate Department & Senior Partner at Lee & Lee Advocates & Solicitors
Shareholding interest in the listed issuer and its subsidiaries	52,440,000 (deemed interest) is held by United Overseas Bank Nominees (Private) Limited, and 68,374,600 (deemed interest) is held by his spouse, Mdm Tan Guek Ming	Nil.	Nil.
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Spouse of Executive Chairman, Mdm Tan Guek Ming	None.	None.
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT *(cont'd)*

Other principal commitments including directorships

Name	Mr Tan Wang Cheow (Executive Chairman)	Mr Koh Yew Hiap (NED)	Adrian Chan Pengee (INED)
Past (for the last 5 years)	Ichiban Lifestyle Holdings Pte. Ltd.	None.	Accounting and Corporate Regulatory Authority Nobel Design Holdings Ltd Yoma Strategic Holdings Ltd AEM Holdings Ltd
Present	Future Enterpries Pte Ltd FER (HK) Limited Empire Manufacturing Sdn Bhd Nisedaj Investments Pte Ltd SkyVenture VWT Singapore Pte Ltd Kong Lam Holdings Pte Ltd K L Industries Pte Ltd Jodasen Ventures Limited W Capital Markets Pte. Ltd. MYCLNQ Health Pte. Ltd. (f.k.a Ssvix Lab Pte Ltd) Nineteen69 Pte. Ltd.	Empire International Sdn Bhd Empire Manufacturing Sdn Bhd Ace Aim Pte. Ltd. EIG Cash & Carry Pty Ltd EPH Investments Pty Ltd Ettason Property Holdings Pty Ltd Ettason Pty Limited Great Orient Chemical Pte. Ltd. Great Orient Chemical (Taicang) Co. Ltd Kong Trading Pty Limited Leisureivity Pte. Ltd. PT Indo Sukses Sentra Usaha PT UICCP Indonesia Universal Integrated Corporation Consumer Products Pte. Ltd. Touch Properties Pty Ltd UDI Marketing Sdn. Bhd. UICCP Holdings (M) Sdn Bhd. United Detergent Industries Sdn Bhd Universal Surfactants & Chemicals Sdn Bhd United Trading (Shanghai) Co Ltd Whalley Investments Pte. Ltd.	Hogan Lovells Lee & Lee Shared Services For Charities Limited Ascendas Funds Management (S) Limited Hong Fok Corporation Limited Azalea Asset Management Pte. Ltd. Astrea III Pte. Ltd. Want Want Holdings Ltd Best World International Limited Astrea IV Pte. Ltd. First Reit Management Limited Singapore Institute of Directors Astrea V Pte. Ltd. MKC Holdings (Pte) Ltd. LHC Pte. Ltd. LHC Pte. Ltd. Singapore Management University's Enterprise Board

Information required pursuant to Listing Rule 704(7)

Name	Mr Tan Wang Cheow (Executive Chairman)	Mr Koh Yew Hiap (NED)	Adrian Chan Pengee (INED)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT *(cont'd)*

Information required pursuant to Listing Rule 704(7) *(cont'd)*

Name	Mr Tan Wang Cheow (Executive Chairman)	Mr Koh Yew Hiap (NED)	Adrian Chan Pengee (INED)
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or			
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or			
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or			
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No



FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Food Empire Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The Directors of the Company in office at the date of the statement are:

Tan Wang Cheow
Sudeep Nair
Tan Guek Ming
Koh Yew Hiap
Ong Kian Min
Tan Cher Liang
Saw Meng Tee
Adrian Chan Pengee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except for the Food Empire Holdings Limited Share Option Scheme (the "2002 Option Scheme" and "2012 Option Scheme"), neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors of the Company, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company, as stated below:

Name of Director	Shares held in the name of the Directors		Shareholdings in which Directors are deemed to have an interest		Shares held in the name of the Directors	Shareholdings in which Directors are deemed to have an interest
	At the Beginning of the year	At the end of the year	At the beginning of the year	At the end of the year	As at 21 January 2022	As at 21 January 2022
The Company						
Ordinary shares						
Tan Wang Cheow	-	-	120,814,600	120,814,600	-	120,814,600
Sudeep Nair	2,700,000	4,200,000	60,076,399	60,076,399	4,200,000	60,076,399
Tan Guek Ming	27,547,400	27,547,400	93,267,200	93,267,200	27,547,400	93,267,200
Ong Kian Min	-	100,000	720,000	720,000	100,000	720,000

Name of Director	Share options held in the name of the Directors		Share options held in the name of the Directors
	At the beginning of the year	At the end of the year	As at 21 January 2022
The Company			
Options to subscribe for ordinary shares exercisable between 19 December 2012 to 18 December 2021 at S\$0.315 per share			
Sudeep Nair			
Options to subscribe for ordinary shares exercisable between 8 March 2014 to 7 March 2023 at S\$0.669 per share			
Sudeep Nair			
Options to subscribe for ordinary shares exercisable between 4 July 2017 to 3 July 2026 at S\$0.308 per share			
Sudeep Nair			
Ong Kian Min ⁽¹⁾			
Options to subscribe for ordinary shares exercisable between 16 March 2019 to 15 March 2028 at S\$0.679 per share			
Sudeep Nair			
Ong Kian Min ⁽²⁾			

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

Name of Director	Share options held in the name of the Directors		Share options held in the name of the Directors
	At the beginning of the year	At the end of the year	As at 21 January 2022
<i>The Company</i> <i>(cont'd)</i>			
Options to subscribe for ordinary shares exercisable between 15 March 2020 to 14 March 2029 at S\$0.556 per share			
Sudeep Nair	1,500,000	1,500,000	1,500,000
Ong Kian Min ⁽³⁾	100,000	100,000	100,000
Options to subscribe for ordinary shares exercisable between 6 March 2021 to 5 March 2030 at S\$0.667 per share			
Sudeep Nair	1,500,000	1,500,000	1,500,000
Ong Kian Min ⁽⁴⁾	100,000	100,000	100,000
Saw Meng Tee ⁽⁴⁾	100,000	100,000	100,000

⁽¹⁾ Options to subscribe for ordinary shares expire on 3 July 2021.

⁽²⁾ Options to subscribe for ordinary shares expire on 15 March 2023.

⁽³⁾ Options to subscribe for ordinary shares expire on 14 March 2024.

⁽⁴⁾ Options to subscribe for ordinary shares expire on 5 March 2025.

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Tan Wang Cheow and Mdm Tan Guek Ming are deemed to have an interest in the Company's subsidiaries at the end of the financial year.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' STATEMENT

SHARE OPTIONS

The Food Empire Holdings Limited Share Option Scheme (the "2002 Option Scheme") was approved and adopted at an Extraordinary General Meeting of the Company held on 22 January 2002, which has since expired on 31 December 2011.

The Food Empire Holdings Limited Share Option Scheme (the "2012 Option Scheme") was approved and adopted at an Extraordinary General Meeting of the Company held on 27 April 2012.

The 2002 Option Scheme and 2012 Option Scheme are administered by the Remuneration Committee ("RC").

The total number of shares in respect of the 2012 Option Scheme and the 2002 Option Scheme that may be offered shall not exceed 15% of the Company's total issued share capital on the day immediately preceding the offer date.

Unissued shares under 2002 Option Scheme and 2012 Option Scheme

Unissued shares of the Company under the 2002 Option Scheme and 2012 Option Scheme at the end of the financial year were as follows:

	Number of holders at year end	Number of options outstanding at 1.1.2021	Number of options granted during the financial year	Number of options lapsed during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.12.2021	Exercise price per share S\$	Exercise period
2002 Option Scheme								
2011 Options (February)	-	990,000	-	-	(990,000)	-	0.505	1 February 2012 to 31 January 2021
2011 Options (December)	-	2,360,000	-	(300,000)	(2,060,000)	-	0.315	19 December 2012 to 18 December 2021
		<u>3,350,000</u>	<u>-</u>	<u>(300,000)</u>	<u>(3,050,000)</u>	<u>-</u>		
2012 Option Scheme								
2013 Options	13	3,810,000	-	-	(380,000)	3,430,000	0.669	8 March 2014 to 7 March 2023
2016 Options	11	3,335,000	-	-	(250,000)	3,085,000	0.308	4 July 2017 to 3 July 2026
2017 Options	6	550,000	-	-	-	550,000	0.693	23 May 2018 to 22 May 2027
2018 Options	11	4,450,000	-	(100,000)	(400,000)	3,950,000	0.679	16 March 2019 to 15 March 2028
2019 Options	19	5,300,000	-	(100,000)	(610,000)	4,590,000	0.556	15 March 2020 to 14 March 2029
2020 Options	20	5,300,000	-	-	(160,000)	5,140,000	0.667	6 March 2021 to 5 March 2030
		<u>22,745,000</u>	<u>-</u>	<u>(200,000)</u>	<u>(1,800,000)</u>	<u>20,745,000</u>		
		<u>26,095,000</u>	<u>-</u>	<u>(500,000)</u>	<u>(4,850,000)</u>	<u>20,745,000</u>		

DIRECTORS' STATEMENT

SHARE OPTIONS (cont'd)

Unissued shares under 2002 Option Scheme and 2012 Option Scheme (cont'd)

The options granted to Directors of the Company and participants who received 5% or more of the total number of options available under the 2002 Option Scheme and 2012 Option Scheme are as follows:

Name of Director	Aggregate options granted since commencement of 2002 Option Scheme and 2012 Option Scheme to end of financial year	Aggregate options exercised since commencement of 2002 Option Scheme and 2012 Option Scheme to end of financial year	Aggregate options lapsed/cancelled since commencement of 2002 Option Scheme and 2012 Option Scheme to end of financial year	Aggregate options outstanding as at end of financial year
2002 Option Scheme				
Ong Kian Min	900,000	(600,000)	(300,000)	-
Sudeep Nair ⁽¹⁾	12,000,000	(12,000,000)	-	-
2012 Option Scheme				
Saw Meng Tee	100,000	-	-	100,000
Ong Kian Min	400,000	-	(100,000)	300,000
Sudeep Nair	7,500,000	-	-	7,500,000

⁽¹⁾ 7,800,000 share options were granted before his appointment as an Executive Director of the Company.

Since the commencement of the 2002 Option Scheme and 2012 Option Scheme till the end of the financial year:

- 45,215,000 options were granted for 2002 Option Scheme
- 26,350,000 options were granted for 2012 Option Scheme
- No options had been granted to the controlling shareholders of the Company or their associates
- No options had been granted to the Directors appointed by the controlling shareholders
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation had been granted
- No participant other than Mr Sudeep Nair has been granted 5% or more of the total options available under the 2002 Option Scheme and 2012 Option Scheme

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year. There are no options granted at a discount during the financial year.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967. The functions performed by the Audit Committee are detailed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Tan Wang Cheow
Director

Sudeep Nair
Director

Singapore
24 March 2022

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD EMPIRE HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2021, 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, 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 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2021 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 Opinion

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.

Emphasis of matter – Subsequent events

We draw attention to Note 39 of the financial statements which describes the uncertain financial, economic and social impact on the Group arising from the armed conflict between Russia and Ukraine. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Revenue recognition

We refer to Note 2.22 (Summary of significant accounting policies) and Note 4 (Notes on Revenue).

Revenue is measured taking into account of discounts and rebates earned by customers on the Group's sales, which give rise to variable consideration under SFRS(I) 15. Variable consideration is estimated and is recognised as revenue to the extent that it is highly probable that a significant reversal in revenue recognised up-to-date will not occur when the discount and rebate amounts are subsequently finalised. In addition, due to the multitude and variety of contractual terms across the Group's operating markets, the estimation of variable consideration arising from discounts and rebates is considered to be complex and judgemental. As such, we considered this to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD EMPIRE HOLDINGS LIMITED *(cont'd)*

Key audit matters *(cont'd)*

1. Revenue recognition *(cont'd)*

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of the revenue recognition process, performed a walkthrough of the significant class of transactions and evaluated the design of the relevant internal controls for effectiveness. We also tested the effectiveness of the management's internal controls over the timing of the revenue recognition and gross or net presentation of revenue. In addition, we read significant sales contracts and revenue arrangements, and performed inquiries of management to understand the potential impact of the various terms on revenue recognition, and to also determine if the arrangement is appropriately identified as a contract in accordance with SFRS(I) 15.

In respect of discounts and rebates and the relating variable consideration recognised during the year, we checked to the terms of agreements and other supporting documents. We assessed the appropriateness of the method used and the reasonableness of data and assumptions used such as historical experience and purchasing patterns in the estimation of variable consideration and determination of the amount of revenue to be recognised. We also assessed the adequacy of disclosures in Note 2.22.

2. Recoverability of trade receivables

We refer to Note 3.2b (Significant accounting estimates and judgements), Note 2.14 (Summary of significant accounting policies) and Note 23 (Notes on Trade Receivables).

Trade receivable balances are significant to the Group as they represented 17.6% of the Group's net assets as at 31 December 2021. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group determines expected credit losses for trade receivables by making debtor-specific assessment for credit-impaired debtors and using provision matrix method for the remaining group of debtors. In determining the estimated credit loss allowance for the Group's trade receivables as at year end, management had considered various factors such as the age of the outstanding balances, historical payment and credit loss patterns over an appropriate period, facts and circumstances specific to the countries and economic environments where the Group operates, correlation between economic conditions and historical credit losses, as well as the forecast of future macro-economic conditions over the expected life of the Group's trade receivables, which require significant management judgement. This estimation is further affected by the economic uncertainty brought on by the COVID-19 pandemic. Accordingly, we determined that this is a key audit matter.

As part of our audit procedures, we assessed the Group's processes and key controls relating to the monitoring of trade receivables, including the process in determining whether a debtor is credit-impaired. We also considered ageing of the receivables to identify collection risks. We evaluated management's assumptions and inputs used in the computation of historical credit loss rates and reviewed data and information that management had used to make forward-looking adjustments, including consideration on impact arising from COVID-19. We requested trade receivable confirmations and reviewed for collectability by way of obtaining evidence of subsequent receipts from the trade receivables. We held discussions with management on their assessment of the recoverability of long outstanding receivables in particular receivables that could be affected by COVID-19, analysed trend of collections and assessed management's assumptions used to determine expected credit losses for such trade receivables notably through consideration of their specific profiles and risks.

We assessed the adequacy of the Group's disclosures on the trade receivables and the related credit risk in Note 37a.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD EMPIRE HOLDINGS LIMITED *(cont'd)*

Key audit matters *(cont'd)*

3. Impairment assessment of intangible assets

We refer to Note 3.2a (Significant accounting estimates and judgements), Note 2.13 (Summary of significant accounting policies) and Note 17 (Notes on Intangible Assets).

As at 31 December 2021, intangible assets comprise goodwill of US\$6,684,000 and brand of US\$3,659,000, representing 3.0% and 1.6% of the Group's net assets respectively. The Group annually carries out an impairment assessment using a value-in-use model which is based on discounted cash flows of the cash generating units ("CGU"). Management estimated the recoverable value using assumptions in respect of future market and economic conditions to estimate expected revenue and margin, inflation rate, discount rates and economic growth. As disclosed in Note 17, the Group's goodwill is allocated to each of the Group's CGU or group of CGUs. As intangible assets impairment assessment requires management to apply significant judgement in determining the key assumptions, especially in the current economic uncertainty, we determined this a key audit matter.

As part of our audit procedures, we assessed the reasonableness of the key assumptions applied by the Group in determining the recoverable amounts of each CGU. In particular, we tested the underlying assumptions by comparing to historical results for reasonableness, with considerations of the impact on growth forecasts due to the COVID-19 pandemic. We involved our internal specialist to assess the reasonableness of discount rates and long-term growth rates used by the Group by checking the discount rate to comparable companies and comparing the long-term growth rate to external economic data. We also considered the risk of potential management bias by using our own set of assumptions in developing a range of possible values to evaluate management's point estimates; and performed sensitivity analysis on reasonably possible reduction in the assumed growth rates.

We also considered the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD EMPIRE HOLDINGS LIMITED *(cont'd)*

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD EMPIRE HOLDINGS LIMITED *(cont'd)*

Auditor's responsibilities for the audit of the financial statements *(cont'd)*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Boon Leong.

Ernst & Young LLP
Public Accountants
and Chartered Accountants

Singapore
24 March 2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Revenue	4	320,074	272,971
Cost of sales		(226,415)	(168,325)
Gross profit		93,659	104,646
Selling and marketing expenses		(34,618)	(35,996)
General and administrative expenses		(33,617)	(34,786)
Results from operating activities		25,424	33,864
Other income	5	1,072	3,840
Other expenses	6	(334)	(4,426)
Net finance costs	7	(1,186)	(593)
Share of profits/(losses) of associates		1,338	(450)
Profit before taxation	8	26,314	32,235
Income tax expense	9	(6,974)	(5,781)
Profit for the year		19,340	26,454
Profit/(loss) attributable to:			
Equity shareholders of the Company		19,501	26,785
Non-controlling interest		(161)	(331)
		19,340	26,454
Earnings per share			
Basic earnings per share (in cents)	11	3.64	5.01
Diluted earnings per share (in cents)	11	3.60	4.98

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	2021 US\$'000	2020 US\$'000
Profit for the year	19,340	26,454
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation loss	(36)	(8,686)
Share of other comprehensive loss of associates	(384)	(141)
Exchange differences realised on liquidation of subsidiaries	-	49
Other comprehensive loss for the year, net of tax	(420)	(8,778)
Total comprehensive income for the year	18,920	17,676
Total comprehensive income attributable to:		
Equity shareholders of the Company	19,071	18,001
Non-controlling interest	(151)	(325)
	18,920	17,676

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2021

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-Current Assets					
Property, plant and equipment	12	103,944	104,284	-	-
Right-of-use assets	13	9,514	10,487	357	-
Investment properties	14	14,026	14,529	-	-
Investments in subsidiaries	15	-	-	44,485	44,485
Investments in associates	16	9,046	10,799	-	-
Intangible assets	17	10,343	10,343	-	-
Amount due from an associate (non-trade)	21	1,545	-	-	-
Deferred tax assets	18	3,110	3,443	-	-
		<u>151,528</u>	<u>153,885</u>	<u>44,842</u>	<u>44,485</u>
Current Assets					
Inventories	19	73,521	50,129	-	-
Prepaid operating expenses		8,074	4,751	16	15
Deposits		793	803	-	-
Amounts due from subsidiaries (non-trade)	20	-	-	15,213	19,517
Amounts due from associates (non-trade)	21	683	85	-	-
Amount due from a related party (trade)	22	69	311	-	-
Trade receivables	23	39,965	31,193	-	-
Other receivables	24	4,852	2,450	-	-
Cash and cash equivalents	25	60,557	69,037	760	1,134
		<u>188,514</u>	<u>158,759</u>	<u>15,989</u>	<u>20,666</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2021

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Current Liabilities					
Trade payables and accruals	26	48,078	28,766	1,917	2,449
Other payables	29	4,886	3,294	-	146
Lease liabilities	13	1,989	1,786	37	-
Interest-bearing loans and borrowings	28	22,421	18,403	-	-
Amount due to a subsidiary (non-trade)	20	-	-	20	21
Amount due to an associate (non-trade)	21	297	295	-	-
Amount due to an associate (trade)	27	131	21	-	-
Amount due to a related party (non-trade)	22	697	654	-	-
Income tax payable		1,502	1,778	13	42
		80,001	54,997	1,987	2,658
Net Current Assets		108,513	103,762	14,002	18,008
Non-Current Liabilities					
Lease liabilities	13	1,525	2,616	150	-
Interest-bearing loans and borrowings	28	27,385	35,330	-	-
Deferred tax liabilities	18	4,572	2,733	-	-
		33,482	40,679	150	-
Net Assets		226,559	216,968	58,694	62,493
Equity					
Share capital	30	45,420	43,267	45,420	43,267
Treasury shares	30	(4,242)	(1,742)	(4,242)	(1,742)
Reserves	31	186,538	176,499	17,516	20,968
		227,716	218,024	58,694	62,493
Non-controlling interest		(1,157)	(1,056)	-	-
Total Equity		226,559	216,968	58,694	62,493

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Group 2021	Attributable to equity shareholders of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 January 2021	43,267	(1,742)	(10,950)	3,865	183,584	218,024	(1,056)	216,968
Profit/(loss) for the year	-	-	-	-	19,501	19,501	(161)	19,340
<u>Other comprehensive income</u>								
Foreign currency translation (loss)/gain	-	-	(46)	-	-	(46)	10	(36)
Share of other comprehensive loss of associates	-	-	(384)	-	-	(384)	-	(384)
Total comprehensive income for the year	-	-	(430)	-	19,501	19,071	(151)	18,920
<u>Contributions by and distributions to owners</u>								
Value of employee services received from the issuance of share options	-	-	-	429	-	429	-	429
Dividend paid to shareholders of the Company	-	-	-	-	(8,946)	(8,946)	-	(8,946)
Exercise of share options (Note 30)	2,153	-	-	(515)	-	1,638	-	1,638
Purchase of treasury shares (Note 30)	-	(2,500)	-	-	-	(2,500)	-	(2,500)
Expiry of share options	-	-	-	(10)	10	-	-	-
Total contributions by and distributions to owners	2,153	(2,500)	-	(96)	(8,936)	(9,379)	-	(9,379)
<u>Changes in ownership interest in subsidiaries</u>								
Capital injection from non-controlling interest of a subsidiary, representing total changes in ownership interest in subsidiaries	-	-	-	-	-	-	50	50
Total transactions with owners in their capacity as owners	2,153	(2,500)	-	(96)	(8,936)	(9,379)	50	(9,329)
Balance as at 31 December 2021	45,420	(4,242)	(11,380)	3,769	194,149	227,716	(1,157)	226,559

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Group 2020	Attributable to equity shareholders of the Company							
	Share capital	Treasury shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated profits	Total	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2020	42,020	(477)	(2,166)	3,301	164,217	206,895	(1,192)	205,703
Profit/(loss) for the year	-	-	-	-	26,785	26,785	(331)	26,454
<u>Other comprehensive income</u>								
Foreign currency translation (loss)/gain	-	-	(8,692)	-	-	(8,692)	6	(8,686)
Share of other comprehensive income of associates	-	-	(141)	-	-	(141)	-	(141)
Exchange differences realised on liquidation of subsidiaries	-	-	49	-	-	49	-	49
Total comprehensive income for the year	-	-	(8,784)	-	26,785	18,001	(325)	17,676
<u>Contributions by and distributions to owners</u>								
Value of employee services received from the issuance of share options	-	-	-	905	-	905	-	905
Dividend paid to shareholders of the Company	-	-	-	-	(7,595)	(7,595)	-	(7,595)
Exercise of share options (Note 30)	1,247	-	-	(281)	-	966	-	966
Purchase of treasury shares (Note 30)	-	(1,265)	-	-	-	(1,265)	-	(1,265)
Expiry of share options	-	-	-	(60)	60	-	-	-
Total contributions by and distributions to owners	1,247	(1,265)	-	564	(7,535)	(6,989)	-	(6,989)
<u>Changes in ownership interest in subsidiaries</u>								
Loss of control of a subsidiary (Note 15)	-	-	-	-	-	-	510	510
Dilution of interest in a subsidiary	-	-	-	-	117	117	(49)	68
Total changes in ownership interests in subsidiaries	-	-	-	-	117	117	461	578
Total transactions with owners in their capacity as owners	1,247	(1,265)	-	564	(7,418)	(6,872)	461	(6,411)
Balance as at 31 December 2020	43,267	(1,742)	(10,950)	3,865	183,584	218,024	(1,056)	216,968

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Company 2021	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
Balance as at 1 January 2021	43,267	(1,742)	(36)	3,865	17,139	62,493
Profit for the year	-	-	-	-	5,695	5,695
Other comprehensive income						
Foreign currency translation loss	-	-	(115)	-	-	(115)
Total comprehensive income for the year	-	-	(115)	-	5,695	5,580
Contributions by and distributions to owners						
Value of employee services received from the issuance of share options	-	-	-	429	-	429
Dividend paid to shareholders of the Company	-	-	-	-	(8,946)	(8,946)
Exercise of share options	2,153	-	-	(515)	-	1,638
Purchase of treasury shares	-	(2,500)	-	-	-	(2,500)
Expiry of share options	-	-	-	(10)	10	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	2,153	(2,500)	-	(96)	(8,936)	(9,379)
Balance as at 31 December 2021	45,420	(4,242)	(151)	3,769	13,898	58,694

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Company 2020	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
Balance as at 1 January 2020	42,020	(477)	49	3,301	19,727	64,620
Profit for the year	-	-	-	-	4,947	4,947
Other comprehensive income						
Foreign currency translation loss	-	-	(85)	-	-	(85)
Total comprehensive income for the year	-	-	(85)	-	4,947	4,862
Contributions by and distributions to owners						
Value of employee services received from the issuance of share options	-	-	-	905	-	905
Dividend paid to shareholders of the Company	-	-	-	-	(7,595)	(7,595)
Exercise of share options	1,247	-	-	(281)	-	966
Purchase of treasury shares	-	(1,265)	-	-	-	(1,265)
Expiry of share options	-	-	-	(60)	60	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	1,247	(1,265)	-	564	(7,535)	(6,989)
Balance as at 31 December 2020	43,267	(1,742)	(36)	3,865	17,139	62,493

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit before taxation		26,314	32,235
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	12	8,427	6,086
Depreciation of investment properties	14	151	166
Depreciation of right-of-use assets	13	1,985	1,930
(Gain)/loss on disposal of property, plant and equipment		(8)	3
Gain on partial disposal of an associate		-	(58)
Gain on dilution of investment in an associate		-	(178)
Gain on loss of control of a subsidiary	15	-	(1,728)
Impairment loss on loan to an associate	21	-	2,130
Interest income	7	(259)	(334)
Interest expenses	7	1,445	927
Impairment loss on trade receivables	23	342	80
Impairment loss on other receivables	24	35	20
Inventories written down	19	587	972
Share of (profits)/losses of associates		(1,338)	450
Value of employee services received from the issuance of share options		429	905
Exchange realignment		751	1,052
		38,861	44,658
Operating cash flows before changes in working capital			
<u>Changes in working capital</u>			
(Increase)/decrease in trade and other receivables		(15,702)	2,411
Increase in inventories		(24,068)	(485)
Increase/(decrease) in trade and other payables		20,921	(8,837)
		20,012	37,747
Cash flows from operations			
Income taxes paid		(5,340)	(4,397)
Net cash flows from operating activities		14,672	33,350
Cash flows from investing activities			
Interest received		222	408
Purchase of property, plant and equipment		(6,552)	(9,144)
Proceeds from disposal of property, plant and equipment		71	75
Prepayment of right-of-use assets		(96)	(2,861)
Proceeds from partial disposal of an associate		-	137
Net cash outflow on loss of control of a subsidiary		-	(24)
Dividend received from associates		558	329
		(5,797)	(11,080)
Net cash flows used in investing activities		(5,797)	(11,080)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Cash flows from financing activities			
Interest paid		(1,674)	(2,032)
Proceeds from issuance of shares		1,638	966
Dividends paid to shareholders of the Company		(8,946)	(7,595)
Payment of principal portion of lease liabilities		(1,760)	(1,630)
Repayment of principal portion of interest-bearing loans and borrowings		(77,673)	(37,650)
Proceeds from interest-bearing loans and borrowings		73,889	41,215
Purchase of treasury shares		(2,500)	(1,265)
Proceeds from dilution of interest in a subsidiary		-	68
Capital injection from non-controlling interest of a subsidiary		20	-
		(17,006)	(7,923)
Net cash flows used in financing activities			
Net (decrease)/increase in cash and cash equivalents		(8,131)	14,347
Effect of exchange rate changes on cash and cash equivalents		(349)	(45)
Cash and cash equivalents at beginning of year		69,037	54,735
		60,557	69,037
Cash and cash equivalents at end of year	25	60,557	69,037

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. CORPORATE INFORMATION

The financial statements of Food Empire Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 24 March 2022.

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company is located at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632. The principal place of business of the Company is located at 31 Harrison Road #08-01, Food Empire Building, Singapore 369649.

The principal activity of the Company is investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 15 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below. The consolidated financial statements provide comparative information in respect of the previous period.

The Company’s functional currency is Singapore Dollars (“S\$” or “SGD”) while the financial statements are presented in United States Dollars (“US\$” or “USD”). The Group adopted USD as the presentation currency as it is more reflective of the business operations of the Group, where transactions are mostly in USD.

All values in the tables are rounded to the nearest thousand (US\$’000), except when otherwise stated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 Basis of consolidation and business combination

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.6 Foreign currency

The financial statements are presented in United States Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.8 Associates *(cont'd)*

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold properties	- 10 – 50 years
Leasehold properties	- Over the remaining term of lease between 1 – 60 years
Plant and machinery	- 5 – 15 years
Furniture and fittings and other equipment	- 3 – 15 years
Factory and office equipment	- 5 – 10 years
Computers	- 3 – 5 years
Motor vehicles	- 3 – 5 years
Forklifts	- 10 years
Leasehold improvements	- 5 – 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.10 Investment properties

Investment properties are properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met.

Depreciation is calculated using straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of the intangible assets are assessed as indefinite.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Brand

The brand was acquired in a business combination. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group has debt instruments which are held at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable to transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.12 Financial instruments *(cont'd)*

(b) Financial liabilities *(cont'd)*

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference in the respective carrying amounts and the consideration paid is recognised in profit or loss.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash with banks or financial institutions, including fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: costs of direct materials and goods purchased for resale are stated on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses, the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	- 33 – 60 years
Office and factory premises	- 2 – 3 years
Motor vehicles	- 2 – 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.13.

The Group's right-of-use assets are presented within Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.21 Leases *(cont'd)*

(a) As lessee *(cont'd)*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 13.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.22 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of discounts and rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

(b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Other trade-related revenue

Other trade-related revenue is recognised when the Group satisfies its performance obligation upon the rendering of services.

2.23 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.23 Employee benefits *(cont'd)*

(c) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

(d) Employee equity compensation benefits

Employee share option plans

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share options as consideration for services rendered ('equity-settled share based payment transactions').

The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market condition and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share option reserve is transferred to accumulated profits upon expiry of the share option.

Where the employee share option plan is cancelled, it is treated as if it vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.24 Taxes *(cont'd)*

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at costs and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in the process of applying the Group's accounting policies.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of intangible assets

As disclosed in Note 17 to the financial statements, the recoverable amounts of the cash-generating units which goodwill and brands have been allocated to are determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value-in-use are disclosed and further explained in Note 17 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2021 is US\$10,343,000 (2020: US\$10,343,000).

(b) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances as well as forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 23.

The carrying amount of trade receivables as at 31 December 2021 is US\$39,965,000 (2020: US\$31,193,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

3.2 Key sources of estimation uncertainty *(cont'd)*

(c) Variable consideration arising from discounts and rebates

Revenue is measured taking into account of discounts and rebates earned by customers on the Group's sales, which give rise to variable consideration under SFRS(I) 15. Variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

The Group provides rebates to some of its customers if the customers reach a certain threshold of purchase. The Group applied the "most likely amount method" to estimate the variable consideration to which it will be entitled.

For the financial year ended 31 December 2021, the Group recognised revenue amounting to US\$320,074,000 (2020: US\$272,971,000).

4. REVENUE

Disaggregation of revenue

Segments	Sale of goods		Rental income		Other trade-related revenue		Total revenue	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets								
Russia	114,889	99,530	-	-	26	25	114,915	99,555
Ukraine, Kazakhstan and CIS markets	71,156	67,829	5	4	-	-	71,161	67,833
South-East Asia	96,144	80,240	590	702	45	71	96,779	81,013
South Asia	17,375	7,205	-	-	18	19	17,393	7,224
Others	19,499	17,190	-	-	327	156	19,826	17,346
Total	319,063	271,994	595	706	416	271	320,074	272,971
Timing of transfer of goods or services								
At a point in time	319,063	271,994	-	-	416	271		

Rental income from the Group's operating leases are accounted for on a straight-line basis over the lease term of the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. OTHER INCOME

	Group	
	2021	2020
	US\$'000	US\$'000
Government grants ⁽¹⁾	634	1,374
Gain on disposal of property, plant and equipment	8	-
Gain on loss of control of a subsidiary	-	1,728
Gain on partial disposal of an associate	-	58
Gain on dilution of investment in an associate	-	178
Miscellaneous income	430	502
	<u>1,072</u>	<u>3,840</u>

⁽¹⁾ Comprise mainly of grant income received by the Singapore subsidiaries under the Jobs Support Scheme and Property Tax Rebates that were granted due to the COVID-19 pandemic and grant income received by the India subsidiary under the Merchandise Exports from India Scheme. There are no unfulfilled conditions or contingencies attached to the grants recognised in the consolidated income statement.

6. OTHER EXPENSES

	Group	
	2021	2020
	US\$'000	US\$'000
Loss on disposal of property, plant and equipment	-	3
Foreign exchange loss	334	2,293
Impairment loss on loan to an associate (Note 21)	-	2,130
	<u>334</u>	<u>4,426</u>

7. NET FINANCE COSTS

	Group	
	2021	2020
	US\$'000	US\$'000
Interest income from:		
- Bank deposits	259	334
Interest expenses on:		
- Bank loans	(1,063)	(427)
- Lease liabilities	(372)	(474)
- Others	(10)	(26)
	<u>(1,186)</u>	<u>(593)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group	
	2021	2020
	US\$'000	US\$'000
Audit fees paid to:		
- Auditors of the Company	175	179
- Other auditors	228	249
Non-audit fees paid to:		
- Auditors of the Company	84	51
- Other auditors	86	34
Directors' fee:		
- Directors of the Group	277	260
Depreciation of property, plant and equipment	8,427	6,086
Depreciation of investment properties	151	166
Depreciation of right-of-use assets	1,985	1,930
Impairment loss on trade receivables	342	80
Impairment loss on other receivables	35	20
Inventories written down	587	972
Advertising and promotion expenses	14,592	17,631
Legal and professional fees	1,363	1,241
Office upkeep and administrative expenses	2,217	2,106
Employee benefits expense (Note 32)	51,863	49,586

9. INCOME TAX EXPENSE

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	2020
	US\$'000	US\$'000
Consolidated income statement		
Current income tax		
- Current income taxation	5,229	4,880
- (Over)/under provision in respect of prior years	(444)	65
	4,785	4,945
Deferred income tax		
- Origination and reversal of temporary differences	926	229
- Under provision in respect of prior years	1,263	607
	2,189	836
Income tax expense recognised in profit or loss	6,974	5,781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. INCOME TAX EXPENSE *(cont'd)*

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Accounting profit before tax	26,314	32,235
Tax at the domestic rates applicable to profits in the countries where the Group operates	5,891	5,187
Adjustments:		
Non-deductible expenses	1,862	1,558
Income not subject to taxation	(1,100)	(1,348)
Effect of partial tax exemption and tax relief	(648)	(498)
Deferred tax assets not recognised	170	392
(Over)/under provision of current taxation in respect of prior years	(444)	65
Under provision of deferred taxation in respect of prior years	1,263	607
Utilisation of previously unrecognised tax losses and capital allowances	(152)	(54)
Others	132	(128)
Income tax expense recognised in profit or loss	<u>6,974</u>	<u>5,781</u>

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. DIVIDENDS

	Group and Company	
	2021 US\$'000	2020 US\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
– Final exempt (one-tier) dividend for 2020: S\$0.022 (2019: S\$0.01) per share	8,946	3,797
– Special exempt (one-tier) dividend for 2020: S\$Nil (2019: S\$0.01) per share	<u>-</u>	<u>3,797</u>
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholder approval at the Annual General Meeting:</i>		
– Final exempt (one-tier) dividend for 2021: S\$0.0162 (2020: S\$0.022) per share	6,495	8,946
– Special exempt (one-tier) dividend for 2021: S\$0.0058 (2020: S\$Nil) per share	<u>2,325</u>	<u>-</u>

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the year, net of tax, attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. EARNINGS PER SHARE *(cont'd)*

(a) Basic earnings per share *(cont'd)*

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2021 US\$'000	2020 US\$'000
Net profit for the year used in computing basic earnings per share	19,501	26,785
	No. of shares '000	
Weighted average number of ordinary shares used in basic earnings per share computation*	535,094	534,826

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit for the year, net of tax, attributable to original equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and shares data used in the computation of dilutive earnings per share for the years ended 31 December:

	Group	
	2021 US\$'000	2020 US\$'000
Net profit for the year used in computing diluted earnings per share	19,501	26,785
	No. of shares '000	
Weighted average number of shares issued, used in basic earnings per share computation*	535,094	534,826
Dilutive effect of share options	6,385	3,512
Weighted average number of ordinary shares used in diluted earnings per share computation*	541,479	538,338

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Nil (2020: 13,303,000) share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the financial year, senior executives have exercised the options to acquire 200,000 (2020: Nil) ordinary shares. There has been no significant transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Plant and machinery, furniture and other equipment	Factory and office equipment and computers	Forklifts and motor vehicles	Leasehold improvements	Capital work-in-progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost							
At 1 January 2020	38,034	41,437	7,090	3,047	6,007	39,837	135,452
Additions	492	228	245	61	58	9,376	10,460
Disposals	-	(210)	(183)	(67)	(97)	(1)	(558)
Reclassifications	112	2,754	297	99	108	(3,370)	-
Transfer from investment properties	1,871	-	-	-	-	-	1,871
Transfer from right-of-use assets	-	-	-	67	-	-	67
Exchange realignment	(286)	(1,195)	(249)	(166)	(161)	(33)	(2,090)
At 31 December 2020	40,223	43,014	7,200	3,041	5,915	45,809	145,202
Additions	103	362	97	130	135	7,458	8,285
Disposals	-	(100)	(154)	(451)	(1,205)	(2)	(1,912)
Reclassifications	8,713	40,092	415	157	1,993	(51,370)	-
Exchange realignment	(90)	17	(25)	1	(26)	(1)	(124)
At 31 December 2021	48,949	83,385	7,533	2,878	6,812	1,894	151,451

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Land and buildings US\$'000	Plant and machinery, furniture and other equipment US\$'000	Factory and office equipment and computers US\$'000	Forklifts and motor vehicles US\$'000	Leasehold improvements US\$'000	Capital work-in-progress US\$'000	Total US\$'000
Accumulated depreciation and impairment loss							
At 1 January 2020	3,983	21,613	4,997	2,063	3,471	-	36,127
Charge for the year	724	3,651	652	297	762	-	6,086
Transfer from investment properties	109	-	-	-	-	-	109
Transfer from right-of-use assets	-	-	-	12	-	-	12
Disposals	-	(161)	(168)	(48)	(55)	-	(432)
Exchange realignment	7	(698)	(149)	(104)	(40)	-	(984)
At 31 December 2020	4,823	24,405	5,332	2,220	4,138	-	40,918
Charge for the year	850	5,873	650	294	760	-	8,427
Disposals	-	(84)	(143)	(427)	(1,114)	-	(1,768)
Exchange realignment	(23)	(2)	(20)	(5)	(20)	-	(70)
At 31 December 2021	5,650	30,192	5,819	2,082	3,764	-	47,507
Net carrying amount							
At 31 December 2021	43,299	53,193	1,714	796	3,048	1,894	103,944
At 31 December 2020	35,400	18,609	1,868	821	1,777	45,809	104,284

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Motor vehicle US\$'000
Cost	
At 1 January 2020	221
Exchange realignment	4
At 31 December 2020 and 1 January 2021	225
Disposals	(217)
Exchange realignment	(8)
At 31 December 2021	-
Accumulated depreciation	
At 1 January 2020	221
Exchange realignment	4
At 31 December 2020 and 1 January 2021	225
Disposals	(217)
Exchange realignment	(8)
At 31 December 2021	-
Net carrying amount	
At 31 December 2020 and 31 December 2021	-

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank loans made specifically for the purpose of the construction of an item of property, plant and equipment. During the financial year, the borrowing costs capitalised and included in capital work-in-progress amounted to US\$224,000 (2020: US\$1,032,000).

As at 31 December 2021, land and buildings consist of freehold properties of US\$17,668,000 (2020: US\$17,758,000) and leasehold properties of US\$25,631,000 (2020: US\$17,642,000).

The following are the carrying amounts of property, plant and equipment that are mortgaged to obtain bank loans:

	Group	
	2021	2020
	US\$'000	US\$'000
Land and buildings	26,308	27,219
Plant and machinery	47,863	12,427
Other equipment	2,606	651
Capital work-in-progress	1,287	45,509
	<u>78,064</u>	<u>85,806</u>

Information on the borrowing facilities of the Group is disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. LEASES

Group as a lessee

The Group has lease contracts for various items of leasehold land, office and factory premises and motor vehicles used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of machinery, storage facilities and office premises with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets

Group	Leasehold land	Office and factory premises	Motor vehicles	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2020	4,665	5,615	154	10,434
Additions	2,844	425	9	3,278
Depreciation	(103)	(1,802)	(25)	(1,930)
Disposals	(3)	(6)	(10)	(19)
Transfer to property, plant and equipment	-	-	(55)	(55)
Effects of lease modifications	17	(376)	1	(358)
Exchange realignment	(149)	(712)	(2)	(863)
At 31 December 2020 and 1 January 2021	7,271	3,144	72	10,487
Additions	-	888	400	1,288
Depreciation	(148)	(1,798)	(39)	(1,985)
Disposals	-	(16)	(34)	(50)
Effects of lease modifications	-	(186)	(21)	(207)
Exchange realignment	(11)	(10)	2	(19)
At 31 December 2021	7,112	2,022	380	9,514

Company	Motor vehicles
	US\$'000
At 1 January 2020, 31 December 2020 and 1 January 2021	-
Additions	365
Depreciation	(12)
Exchange realignment	4
At 31 December 2021	357

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. LEASES (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
At 1 January	4,402	6,842	-	-
Additions	1,110	417	187	-
Accretion of interest	372	474	1	-
Payments	(2,133)	(2,104)	(3)	-
Effects of lease modifications	(207)	(358)	-	-
Exchange realignment	(30)	(869)	2	-
At 31 December	3,514	4,402	187	-
Current	1,989	1,786	37	-
Non-current	1,525	2,616	150	-

The maturity analysis of lease liabilities is disclosed in Note 37b.

(c) Amounts recognised in profit or loss

	Group	
	2021 US\$'000	2020 US\$'000
Depreciation expense of right-of-use assets	1,985	1,930
Interest expense on lease liabilities (Note 7)	372	474
Lease expense not capitalised in lease liabilities and included in general and administrative expenses:		
- Expense relating to short-term leases	571	668
- Expense relating to low-value assets	23	21
Total amount recognised in profit or loss	2,951	3,093

(d) Total cash outflow

The Group had total cash outflows for leases, including short-term leases and low-value assets, amounting to US\$2,905,000 (2020: US\$5,695,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of US\$1,110,000 (2020: US\$417,000) in 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. LEASES (cont'd)

Group as a lessee (cont'd)

(e) Extension options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	Group More than five years	Total
	US\$'000	US\$'000	US\$'000
2021			
Extension options expected not to be exercised	-	3,542	3,542
2020			
Extension options expected not to be exercised	-	3,605	3,605

14. INVESTMENT PROPERTIES

	Group	
	2021	2020
	US\$'000	US\$'000
Cost		
At 1 January	15,557	17,106
Transfer to property, plant and equipment	-	(1,871)
Exchange realignment	(360)	322
At 31 December	15,197	15,557
Accumulated depreciation		
At 1 January	1,028	947
Charge for the year	151	166
Transfer to property, plant and equipment	-	(109)
Exchange realignment	(8)	24
At 31 December	1,171	1,028
Net carrying amount		
At 31 December	14,026	14,529
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	590	696
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	170	238
- Non-rental generating properties	55	21

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT PROPERTIES *(cont'd)*

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

During the previous financial year ended 31 December 2020, there was a change in use of a portion of the Group's freehold property at 81 Playfair Road, from leasing to third parties to being used for its own operations. Accordingly, the carrying amount of US\$1,762,000 was reclassified from investment properties to property, plant and equipment.

Properties pledged as security

The freehold property at 81 Playfair Road, Singapore 367999, with net carrying amount of US\$9,903,000 as at 31 December 2021 (2020: US\$10,252,000), was mortgaged to secure bank loans (Note 28).

Valuation of investment properties

Based on valuations performed by independent appraiser, Allied Appraisal Consultants Pte Ltd, for the years ended 31 December 2021 and 2020, there is no impairment required to the carrying amounts of investment properties.

The valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and knowledgeable willing seller on an arm's length transaction at the valuation date. As at 31 December 2021, the fair values of the investment properties are determined at US\$24,823,000 (2020: US\$27,865,000).

Details of investment properties

The investment properties held by the Group as at 31 December 2021 are as follows:

Location	Description	Existing use	Tenure of land
1. 31 Harrison Road Singapore 369649	6 units of a 11-storey building	Warehouse/Office	Freehold
2. 81 Playfair Road Singapore 367999	12 units of a 11-storey building	Warehouse/Office	Freehold

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 US\$'000	2020 US\$'000
Unquoted shares, at cost	44,485	44,485

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

Composition of the Group

Details of the subsidiaries as at 31 December are as follows:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2021 %	2020 %
<i>Held by the Company</i>			
Future Enterprises Pte Ltd ⁽¹⁾ (Singapore)	Sales and marketing of instant food and beverages	100	100
EPIQ Food Services Pte Ltd ⁽¹⁾ (Singapore)	Investment holding	100	100
Future Investment Holdings Pte Ltd ⁽¹⁾ (Singapore)	Investment holding	100	100
<i>Held by Future Enterprises Pte Ltd</i>			
Food Empire Real Estates Pte Ltd ⁽¹⁾ (Singapore)	Property investment holding	100	100
FER (HK) Limited ⁽³⁾ (Hong Kong)	Investment holding	100	100
WELLDIS LLP ^{****(5)} (Kazakhstan)	Distribution, procurement, wholesale and trade of beverage products	100	100
Empire Manufacturing Sdn Bhd ⁽²⁾ (Malaysia)	Manufacturing and distribution of food and beverages	100	100
Food Excellence Specialist Sdn Bhd ⁽²⁾ (Malaysia)	Manufacturing food and beverages	100	100
Mei Ka Fei (Hohhot) Trade Co., Ltd ⁽⁹⁾ (People's Republic of China)	Trading (import and export) of Group's products	100	100
Empire Food Trading Co Ltd ⁽⁸⁾ (Mongolia)	General trading	100	100
Empire International Sdn Bhd ⁽²⁾ (Malaysia)	International procurement centre, procuring and selling of raw materials, processed and non-processed food and finished goods	100	100
FES Products LLC ⁽²⁾ (Russia)	Manufacturing and distribution of instant food and beverages	100	100
FES Impex LLC ⁽²⁾ (Russia)	Import/Export and trading activities in Russia	-**	100
FES (Vietnam) Co., Ltd ⁽²⁾ (Vietnam)	Manufacturing and distribution of instant food and beverages	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2021 %	2020 %
Held by Future Enterprises Pte Ltd (cont'd)			
Food Land Empire Pte Ltd ⁽⁵⁾ (Singapore)	Dormant	–*	100
FES UKR LLC ⁽²⁾ (Ukraine)	Production, preparation, packaging and distribution of instant beverages	100	100
Ukragroinvest-2005 LLC ⁽⁵⁾ (Ukraine)	Ownership and leasing of factory space and equipment	100	100
FE Foods Philippines Inc. ⁽⁴⁾ (Philippines)	Importing and distribution of food and beverages	100	100
FE Global DMCC ⁽⁵⁾ (United Arab Emirates – Dafza)	Marketing Management	100	–
Held by FER (HK) Limited			
FES International FZE ^{***(5)} (United Arab Emirates – Dafza)	Import, export, trading of food and beverages, management and finance support	100	100
Held by FES International FZE			
Bexar Limited ⁽⁵⁾ (Cyprus)	Dormant	–*	100
Held by EPIQ Food Services Pte Ltd			
BVBA Food Expert ⁽⁶⁾ (Belgium)	Wholesale of food products	100	100
Held by Ukragroinvest-2005 LLC			
FE Production Ltd ⁽⁵⁾ (Ukraine)	Manufacturing of food products	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

Composition of the Group *(cont'd)*

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2021 %	2020 %
<i>Held by Future Investment Holdings Pte Ltd</i>			
Food Land Investment Holding Pte Ltd ⁽⁵⁾ (Singapore)	Dormant	100	100
Coffee One Coffee System Pte Ltd ⁽¹⁾ (Singapore)	Wholesale trade of a variety of goods without dominant products and selling rights to use intellectual property against royalty rights	51	51
Hallyu Ventures Pte Ltd ⁽¹⁾ (Singapore)	Investment holding company	51	51
<i>Held by Food Land Investment Holding Pte Ltd</i>			
Food Land Manufacturing Co., Ltd ⁽⁵⁾ (Myanmar)	Dormant	100	100
<i>Jointly held by EPIQ Food Services Pte Ltd and Future Investment Holdings Pte Ltd</i>			
Global Food Excellence Ltd ⁽⁷⁾ (Nigeria)	Marketing support of Group's products	100	100
Indus Coffee Private Limited ⁽²⁾ (India)	Manufacturing and packaging of instant coffee	100	100
<i>Jointly held by Future Investment Holdings Pte Ltd and Empire Teas (PVT) Ltd</i>			
Tea Avenue Pte Ltd ⁽¹⁾ (Singapore)	Investment holding company and office administrative services	72	72
<i>Held by Tea Avenue Pte Ltd</i>			
Tea Avenue (Private) Limited ⁽²⁾ (Sri Lanka)	To carry out restaurant and cafe service	72	72

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

- ⁽¹⁾ Audited by Ernst & Young LLP, Singapore.
- ⁽²⁾ Audited by associated firms of Ernst & Young LLP, Singapore.
- ⁽³⁾ Audited by Chow & Ng CPA Limited, Hong Kong.
- ⁽⁴⁾ Audited by Ayson Accounting and Business Center.
- ⁽⁵⁾ Not required to be audited by the law of its country of incorporation.
- ⁽⁶⁾ Audited by BDO Belgium.
- ⁽⁷⁾ Audited by UHY Maaji and Co. (Nigeria).
- ⁽⁸⁾ Audited by New Balance Audit LLC.
- ⁽⁹⁾ Audited by Hohhot Zhi Xin Lian He Accounting Firm.
- * Entities liquidated in 2020/2021
- ** FES Impex LLC merged with FES Products LLC in 2021
- *** FES International FZE is audited by Ernst & Young LLP, Singapore for the purposes of group reporting.
- **** WELLDIS LLP is audited by Grant Thornton LLP, Kazakhstan for the purposes of group reporting.

Loss of control of a subsidiary

During the previous financial year ended 31 December 2020, the Group's subsidiary, Positive Food Ventures Private Limited ("PFVPL") issued new shares to a new investor, diluting the Group's shareholdings in PFVPL from 80.00% to 77.24%. The Group then sold 42.76% of its enlarged shareholding in PFVPL to a non-controlling shareholder, for a consideration of US\$1. As a result, the Group's shareholdings in PFVPL decreased further from 77.24% to 34.48%, and accordingly, the Group recognised its investment in PFVPL as an associate. At the initial date of recognition of PFVPL as an associate, the Group had determined that the fair value of its interest in PFVPL to be US\$Nil.

The value of assets and liabilities of PFVPL at the date of loss of control was:

	2020 US\$'000
Current	
Assets	332
Liabilities	(2,619)
Net current liabilities	(2,287)
Non-current	
Assets	49
Carrying value of net liabilities	(2,238)
The cash flow effect of the loss of control was:	
Cash consideration	-
Net liabilities derecognised	(2,238)
Derecognition of non-controlling interest	510
Gain on loss of control of a subsidiary	(1,728)
Net cash outflow on loss of control of subsidiary	
Cash consideration	-
Less: Cash and cash equivalents of subsidiary	(24)
Net cash outflow from disposal of subsidiary	(24)

* The cash consideration for the partial sale of PFVPL amounted to US\$1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are summarised below:

	Group	
	2021 US\$'000	2020 US\$'000
Caffe Bene Co., Ltd.	-	-
Triple Ace Ventures Limited	3,634	3,953
Empire Teas (PVT) Ltd	3,679	3,023
101 Caffe s.r.l.	1,733	1,956
Simonelo Limited	- ^(a)	1,867
Positive Food Ventures Private Limited	-	-
	9,046	10,799

^(a) During the financial year ended 31 December 2021, the Group and the other 50% shareholder of Simonelo Limited divested their interest in Simonelo Limited to Triple Ace Ventures Limited for consideration of US\$2,145,000 each. No gain or loss was recognised on the divestment. There is no change to the Group's effective shareholding in Simonelo Limited pre and post transaction.

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2021 %	2020 %
Held by subsidiaries			
Caffe Bene Co., Ltd. ⁽¹⁾ (South Korea)	Coffee house chain	19.18	19.18
Triple Ace Ventures Limited ⁽²⁾ (British Virgin Islands)	Investment holding	50.00	50.00
Empire Teas (PVT) Ltd ⁽³⁾ (Sri Lanka)	Exporter of bulk, packet and bagged tea	30.00	30.00
Simonelo Limited ⁽⁴⁾ (Cyprus)	Investment holding	-	50.00
101 Caffe s.r.l. ⁽⁵⁾ (The Republic of Italy)	Distribution of coffee paraphernalia including pods, pads and capsules through its franchise network	22.48	22.48
Positive Food Ventures Private Limited ⁽⁶⁾ (India)	Manufacturing and marketing ready-to-drink beverages	33.13	34.48

⁽¹⁾ Audited by Dong-A & Song-Kang Accounting Corporation, Korea.

⁽²⁾ Audited by N.D,S & Co, Chartered Accountants, India.

⁽³⁾ Audited by PricewaterhouseCoopers, Sri Lanka.

⁽⁴⁾ Audited by VGDA Accountants Limited, Cyprus.

⁽⁵⁾ Audited by BDO, Italy.

⁽⁶⁾ Audited by M. P. & Associates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. INVESTMENTS IN ASSOCIATES (cont'd)

The summarised financial information in respect of the Group's associates based on their financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Caffe Bene Co., Ltd.		Triple Ace Ventures Limited		Empire Teas (PVT) Ltd		101 Caffe S.r.l.		Simonelo Limited		Positive Food Ventures Private Limited	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current assets	3,097	4,236	1,949	8,628	49,786	38,342	7,147	9,777	-	1,242	397	317
Non-current assets	7,756	17,636	10,933	-	7,285	5,323	3,982	4,909	-	11,419	36	50
Total assets	10,853	21,872	12,882	8,628	57,071	43,665	11,129	14,686	-	12,661	433	367
Current liabilities	(9,143)	(19,794)	(5,565)	(721)	(41,061)	(31,093)	(7,541)	(10,681)	-	(529)	(1,091)	(581)
Non-current liabilities	(18,603)	(18,081)	(50)	-	(4,025)	(2,778)	(3,914)	(3,875)	-	(8,398)	(2,050)	(2,050)
Total liabilities	(27,746)	(37,875)	(5,615)	(721)	(45,086)	(33,871)	(11,455)	(14,556)	-	(8,927)	(3,141)	(2,631)
Net (liabilities)/assets	(16,893)	(16,003)	7,267	7,907	11,985	9,794	(326)	130	-	3,734	(2,708)	(2,264)
Proportion of the Group's ownership	19.18%	19.18%	50.00%	50.00%	30.00%	30.00%	22.48%	22.48%	-	50.00%	33.13%	34.48%
Group's share of net (liabilities)/assets	(3,240)	(3,069)	3,634	3,953	3,596	2,938	(73)	29	-	1,867	(897)	(781)
Goodwill on acquisition	8,440	8,440	-	-	-	-	1,626	1,626	-	-	-	-
Remeasurement of retained interest	-	-	-	-	-	-	-	-	-	-	773	773
Fair value adjustment on acquisition	2,123	2,123	-	-	-	-	395	395	-	-	-	-
Impairment loss	(4,281)	(4,281)	-	-	-	-	-	-	-	-	-	-
Others	(3,042)	(3,213)	-	-	83	85	(215)	(94)	-	-	124	8
Carrying amount of the investments	-	-	3,634	3,953	3,679	3,023	1,733	1,956	-	1,867	-	-

Summarised statement of comprehensive income

	Caffe Bene Co., Ltd.		Triple Ace Ventures Limited		Empire Teas (PVT) Ltd		101 Caffe S.r.l.		Simonelo Limited		Positive Food Ventures Private Limited	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	14,938	20,255	1,772	934	79,684	69,165	19,063	18,664	-	3,064	591	267
(Loss)/profit after tax	(2,557)	(359)	481	(863)	3,041	1,304	(301)	(2,486)	-	432	(564)	(847)
Other comprehensive income	1,667	(79)	(95)	538	(700)	(277)	(155)	229	-	(1,058)	38	-
Total comprehensive income	(890)	(438)	386	(325)	2,341	1,027	(456)	(2,257)	-	(626)	(526)	(847)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. INVESTMENTS IN ASSOCIATES *(cont'd)*

During the financial year, the Group received dividend income from Empire Teas (PVT) Ltd and Triple Ace Ventures Limited of US\$45,000 (2020: US\$29,000) and US\$513,000 (2020: US\$300,000) respectively.

Disposal/dilution of interest in an associate

During the financial year ended 31 December 2021, the Group's investment in Positive Food Ventures Private Limited was diluted from 34.48% to 33.13% as a result of issuance of new shares to new investors.

During the previous financial year ended 31 December 2020, the Group sold 1% of its shareholding in 101 Caffe S.r.l. ("101 Caffe") to a new investor (the "investor") for a cash consideration of US\$137,000. Subsequent to the sale, 101 Caffe issued new shares to the same investor, which resulted in the further dilution of the Group's shareholding in 101 Caffe to 22.48% as at 31 December 2020. As a result, the Group recognised a gain on partial disposal and gain on dilution of interest in associate amounting to US\$58,000 and US\$178,000 respectively.

17. INTANGIBLE ASSETS

	Goodwill	Group Brand	Total
	US\$'000	US\$'000	US\$'000
Cost			
At 1 January 2020, 31 December 2020 and 31 December 2021	7,489	8,361	15,850
Accumulated impairment			
At 1 January 2020, 31 December 2020 and 31 December 2021	805	4,702	5,507
Net carrying amount			
At 31 December 2020 and 31 December 2021	6,684	3,659	10,343

Impairment testing of goodwill and brand

Goodwill and brand acquired through business combinations have been allocated to the Group's cash-generating units ("CGUs") or group of CGUs for impairment testing.

The carrying amounts of goodwill and brand allocated to each of the Group's CGUs or group of CGUs are as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Goodwill		
- Procurement business for the Group's Russia operating segment	4,797	4,797
- Manufacturing and trading businesses in Malaysia	1,887	1,887
	6,684	6,684
Brand	3,659	3,659
	10,343	10,343

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. INTANGIBLE ASSETS (cont'd)

Impairment testing of goodwill and brand (cont'd)

The recoverable amounts of the Group's CGUs or group of CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are as follows:

	Goodwill				Brand	
	Procurement business for the Group's Russia operating segment		Manufacturing and trading businesses in Malaysia		2021	2020
	2021	2020	2021	2020		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Terminal growth rates	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Pre-tax discount rates	15.32%	12.27%	14.71%	11.53%	18.50%	15.20%

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the Group's CGUs or group of CGUs are most sensitive to the following assumptions:

Forecasted sales growth – For the first five years of forecasted sales growth, sales are based on actual values achieved in the years preceding the start of the budget period. These are adjusted over the budget period of the next five years. An average sales growth of 8% (2020: 8%) and 5% (2020: 5%) per annum were applied for brand and goodwill respectively for the next five years.

Royalty rate – Royalty rates are based on the median royalty rates of an average of comparable royalty rates extracted from a published database provider.

Terminal growth rates – The forecasted growth rates beyond the five years period are based on published industry research and do not exceed the long-term average growth rate for the mature industry that the Group's CGU or group of CGUs are in.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU or group of CGUs, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for the Group's CGUs or group of CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to materially fall below its carrying amount.

Impairment loss recognised

There was no impairment loss recognised for the financial years ended 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group	
	2021	2020
	US\$'000	US\$'000
Deferred tax assets/(liabilities):		
Provisions	1,541	836
Unutilised tax losses	3,747	2,784
Excess of net book value over tax written down value	(7,832)	(4,665)
Unrealised profits on inventories	991	1,660
Others	80	222
Exchange realignment	11	(127)
	<u>(1,462)</u>	<u>710</u>
Presented as:		
Deferred tax assets	3,110	3,443
Deferred tax liabilities	<u>(4,572)</u>	<u>(2,733)</u>

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities, and when deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits are probable.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US\$6,747,000 (2020: US\$9,440,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for amounts of US\$5,051,000 (2020: US\$7,373,000) which have an expiry period ranging from 1 to 10 years from the date that the losses were incurred.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: US\$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised amounted to US\$28,914,000 (2020: US\$26,685,000).

Tax consequences of proposed dividends

There are no income tax consequences (2020: US\$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 10).

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For the financial year ended 31 December 2021

19. INVENTORIES

	Group	
	2021	2020
	US\$'000	US\$'000
Balance sheet:		
Raw materials	34,446	19,670
Packaging materials	10,615	6,546
Finished products/trading goods	28,460	23,913
Total inventories at lower of cost and net realisable value	<u>73,521</u>	<u>50,129</u>
Income statement:		
Inventories recognised as an expense in cost of sales	174,553	132,414
Inclusive of the following charge:		
– Inventories written down	587	972
	<u>587</u>	<u>972</u>

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (NON-TRADE)

	Company	
	2021	2020
	US\$'000	US\$'000
Amounts due from subsidiaries	<u>15,213</u>	<u>19,517</u>
Amount due to a subsidiary	<u>(20)</u>	<u>(21)</u>

The amounts due from and due to subsidiaries are unsecured, non-interest bearing, expected to be settled in cash and are repayable on demand.

21. AMOUNTS DUE FROM/(TO) ASSOCIATES (NON-TRADE)

	Group	
	2021	2020
	US\$'000	US\$'000
Non-current		
Amount due from an associate	<u>1,545</u>	<u>-</u>
Current		
Amounts due from associates	<u>683</u>	<u>85</u>
Amount due to an associate	<u>(297)</u>	<u>(295)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. AMOUNTS DUE FROM/(TO) ASSOCIATES (NON-TRADE) (cont'd)

The Group has loan advances to associates that are impaired at the end of the reporting period. The movement in allowance accounts used to record the impairment are as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Loan advances to associates	5,295	5,516
Allowance for impairment	(5,295)	(5,516)
	<u>-</u>	<u>-</u>
	Group	
	<i>Individually impaired</i>	
	2021	2020
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	5,516	3,454
Charge for the year (Note 6)	-	2,130
Written off	-	(68)
Exchange realignment	(221)	-
At 31 December	<u>5,295</u>	<u>5,516</u>

Amounts due from/(to) associates

The current amounts due from and due to associates are unsecured, non-interest bearing, expected to be settled in cash and are repayable on demand. The non-current amount due from an associate represents the portion of the sale proceeds receivable in relation to the disposal of Simonelo Limited to Tripe Ace Ventures Limited (Note 16) that is repayable in instalments from 2023 to 2025.

Loan advances to associates

Loan advances to associates are unsecured, of which US\$2,173,000 (2020: US\$2,130,000) is repayable by 2023 and US\$3,122,000 (2020: US\$3,386,000) is repayable on demand. The loans are repayable either by cash or by issuance of common shares by the associates. The loans bear interest rates ranging from 1% to 3% and LIBOR + 2% per annum. As the loan advances had been fully impaired, no interest income on these credit-impaired loans was recognised for the financial years ended 31 December 2021 and 31 December 2020 as there is uncertainty on the collectability of any interest income.

22. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group	
	2021	2020
	US\$'000	US\$'000
Amount due from a related party (trade)	69	311
Amount due to a related party (non-trade)	(697)	(654)

The amount due from a related party is unsecured, non-interest bearing and is on 60 days' credit terms.

The amount due to a related party is unsecured, non-interest bearing and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. TRADE RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	41,695	33,005	-	-
Allowance for expected credit losses	(1,730)	(1,812)	-	-
	39,965	31,193	-	-

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Significant trade receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
United States Dollar	3,676	1,085	-	-
Euro	17	48	-	-
Malaysia Ringgit	1,061	396	-	-

Expected credit losses

The movement in allowance for expected credit losses of trade receivables is computed based on lifetime ECL are as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	1,812	4,795
Charge for the year	342	80
Written off	(427)	(2,786)
Exchange realignment	3	(277)
At 31 December	1,730	1,812

24. OTHER RECEIVABLES

	Group	
	2021	2020
	US\$'000	US\$'000
Staff advances	108	181
Tax recoverable	1,721	1,389
Sundry receivables	3,060	900
Allowance for doubtful receivables	(37)	(20)
	4,852	2,450

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24. OTHER RECEIVABLES *(cont'd)*

	Group	
	<i>Individually impaired</i>	
	2021	2020
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	20	20
Charge for the year	35	20
Written off	(18)	(20)
At 31 December	37	20

Staff advances are unsecured and non-interest bearing.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at banks and on hand	40,425	42,379	760	1,134
Short-term deposits	20,132	26,658	-	-
Cash and short-term deposits	60,557	69,037	760	1,134

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the respective short-term deposits rates.

Significant cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
United States Dollar	1,593	5,235	188	407
Singapore Dollar	736	2,263	-	-
Euro	1,811	830	-	-
Malaysia Ringgit	2,223	3,869	-	-
Russian Ruble	1,851	25	-	-

26. TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	31,975	17,849	30	19
Accruals	16,103	10,917	1,887	2,430
Total trade payables and accruals	48,078	28,766	1,917	2,449

Trade payables are non-interest bearing and normally settled on 60 days' terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. TRADE PAYABLES AND ACCRUALS (cont'd)

Significant trade payables and accruals denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
United States Dollar	2,167	1,837	1,199	1,648
Singapore Dollar	855	1,187	-	-
Euro	1,126	675	-	-
Malaysia Ringgit	5,803	3,709	-	-

27. AMOUNT DUE TO AN ASSOCIATE (TRADE)

	Group	
	2021 US\$'000	2020 US\$'000
Amount due to an associate (trade)	131	21

The amount due to an associate is unsecured, non-interest bearing and repayable on demand.

28. INTEREST-BEARING LOANS AND BORROWINGS

	Group	
	2021 US\$'000	2020 US\$'000
Current		
Revolving credit loans	12,471	10,451
Term loans	9,950	7,952
	<u>22,421</u>	<u>18,403</u>
Non-current		
Term loans	27,385	35,330
Total loans and borrowings	<u>49,806</u>	<u>53,733</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

	Denomination	Interest (p.a)	Maturity	Group	
				2021 US\$'000	2020 US\$'000
Current Revolving Credit					
Loan 1	USD	COF + 1.50% to 2.20%	2022/2021	3,684	4,264
Loan 2	USD	LIBOR + 2.00%	2022/2021	8,045	1,295
Loan 3	USD	COF + 2.31% to 2.34%	2022	742	-
Loan 4	VND	LIBOR + 2.60% to 3.00% or 5.30% to 5.40%	2021	-	4,892
				<u>12,471</u>	<u>10,451</u>
Current Term Loans					
Loan 5	USD	LIBOR + 2.75%	2021	-	957
Loan 6	USD	COF + 2.20%	2022/2021	76	952
Loan 7	SGD	COF + 1.15%	2022/2021	642	657
Loan 8	USD	COF + 1.50%	2021	-	343
Loan 9	USD	LIBOR + 2.45%	2022/2021	7,984	4,813
Loan 10	SGD	1.75%	2022/2021	1,199	210
Loan 11	UAH	6.99%	2021	-	3
Loan 12	LKR	LIBOR + 4.00% to 10.65%	2022/2021	49	17
				<u>9,950</u>	<u>7,952</u>
Non-Current Term Loans					
Loan 6	USD	COF + 2.20%	2028	1,862	77
Loan 7	SGD	COF + 1.15%	2024	802	1,479
Loan 9	USD	LIBOR + 2.45%	2024	22,205	30,188
Loan 10	SGD	1.75%	2024	2,395	3,572
Loan 12	LKR	LIBOR + 4.00% to 10.65%	2026	121	14
				<u>27,385</u>	<u>35,330</u>
Total loans and borrowings				<u>49,806</u>	<u>53,733</u>

COF - Cost of Funds is the difference between the average yield of interest obtained from loans and the average rate of interest paid for deposits and other such funds.

LIBOR - Intercontinental Exchange London Interbank Offered Rate is a benchmark rate that some of the world's leading banks charge each other for short term loans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

	Group	
	2021 US\$'000	2020 US\$'000
Secured*	41,616	39,839
Unsecured**	8,190	13,894
Total loans and borrowings	49,806	53,733

* The loans are secured by certain property, plant and equipment, inventories and receivables.

** The loans are unsecured and are covered by corporate guarantees issued by the Company.

Loan 2

The loan is secured by an exclusive charge over a subsidiary's inventories, receivables, property, plant and machinery, and a corporate guarantee issued by the ultimate holding company.

Loan 6

The loan is secured by an exclusive charge over a subsidiary's plant and machinery and a corporate guarantee issued by the ultimate holding company.

Loan 7

The loan is secured by a first mortgage over the freehold property at 81 Playfair Road, Singapore 367999 (Note 14). This loan includes a covenant which requires the subsidiary to be wholly owned by its ultimate holding company.

Loan 8

The loan is secured by a first mortgage over the freehold property at GM 1780, Lot 1723, Tempat Batu 9¼, Jalan Kapar, Mukim Kapar, Daerah Klang, Selangor (Note 12). This loan includes a covenant which requires the subsidiary to be wholly owned by its ultimate holding company.

Loan 9

The loan is secured by a mortgage of the subsidiary's leasehold building, plant and equipment at S.NO: 56 Part, 60 Part, 61 Part, 62 Part, 64 Part, 67 Part in Dwaraka Puram, MP SEZ Dwarakapuram Naidupeta Mandal Nellore District and a corporate guarantee issued by the ultimate holding company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. INTEREST-BEARING LOANS AND BORROWINGS *(cont'd)*

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 January 2021 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2021 US\$'000
			Foreign exchange movement US\$'000	Accretion of interest US\$'000	
Loans and borrowings	53,733	(4,847)	(143)	1,063	49,806

	1 January 2020 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2020 US\$'000
			Foreign exchange movement US\$'000	Accretion of interest US\$'000	
Loans and borrowings	50,005	3,138	163	427	53,733

29. OTHER PAYABLES

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Rental and other deposits	394	427	-	-
Advance payment received from customers	1,066	1,048	-	-
Payables for purchase of property, plant and equipment	783	659	-	-
Sundry payables	2,643	1,160	-	146
Total other payables	4,886	3,294	-	146

The sundry payables are non-interest bearing and are normally settled on a 120 days' terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company	
	2021	2020
	US\$'000	US\$'000
Issued and fully paid:		
At beginning of the year		
540,917,999 (2020: 537,797,999) ordinary shares including treasury shares	43,267	42,020
Issued under employee share option		
2,060,000 (2020: 350,000) ordinary shares issued at exercise price of S\$0.315	631	102
250,000 (2020: 930,000) ordinary shares issued at exercise price of S\$0.308	76	267
990,000 (2020: 1,840,000) ordinary shares issued at exercise price of S\$0.505	494	878
380,000 (2020: Nil) ordinary shares issued at exercise price of S\$0.669	249	-
610,000 (2020: Nil) ordinary shares issued at exercise price of S\$0.556	334	-
400,000 (2020: Nil) ordinary shares issued at exercise price of S\$0.679	265	-
160,000 (2020: Nil) ordinary shares issued at exercise price of S\$0.667	104	-
At end of the year		
545,767,999 (2020: 540,917,999) ordinary shares including treasury shares	<u>45,420</u>	<u>43,267</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

As at the end of the financial year, the total number of unissued ordinary shares of the Company under options granted to eligible employees and Directors under the 2002 Option Scheme and 2012 Option Scheme amounted to Nil (2020: 3,350,000) and 20,745,000 (2020: 22,745,000) shares respectively. Details of outstanding options are set out in Note 32.

(b) Treasury shares

	Group and Company	
	2021	2020
	US\$'000	US\$'000
At beginning of the year		
4,338,300 (2020: 1,425,500) treasury shares	1,742	477
Purchase of 4,231,100 (2020: 2,912,800) treasury shares	<u>2,500</u>	<u>1,265</u>
At end of the year		
8,569,400 (2020: 4,338,300) treasury shares	<u>4,242</u>	<u>1,742</u>

Treasury shares relate to ordinary shares of the Company that are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. RESERVES

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Foreign currency translation reserve	(11,380)	(10,950)	(151)	(36)
Share-based payment reserve	3,769	3,865	3,769	3,865
Accumulated profits	194,149	183,584	13,898	17,139
	186,538	176,499	17,516	20,968

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share options granted to employees (Note 32). The reserve is made up of the cumulative value of services rendered from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

32. EMPLOYEE BENEFITS

	Group	
	2021	2020
	US\$'000	US\$'000
Salaries, wages and other staff benefits	46,481	44,189
Employer's contribution to defined contribution plans, including Central Provident Fund	4,953	4,492
Value of employee services received from the issuance of share options	429	905
	51,863	49,586

The Food Empire Holdings Limited Share Option Scheme (the "2002 Option Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 22 January 2002 which has since expired on 31 December 2011.

The Food Empire Holdings Limited Share Option Scheme (the "2012 Option Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 27 April 2012. The 2012 Option Scheme applies to eligible employees and Directors of the Group, other than the controlling shareholders who are not Directors or employees. The participation of Directors who are controlling shareholders, associates of controlling shareholders or nominated by the controlling shareholders of the Group is subject to independent shareholders' approval.

The total number of shares in respect of which options may be offered shall not exceed 15% of the Company's total issued share capital on the day immediately preceding the offer date.

The offer price of the options may be set at market price or at a price which is greater than the market price at the time of grant, at the discretion of the Remuneration Committee ("RC").

The option period shall commence after 1 year from the offer date if the offer price is the prevailing market price.

The 2002 Option Scheme and 2012 Option Scheme are administered by the RC.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. EMPLOYEE BENEFITS (cont'd)

Movements in the number of share options outstanding under the 2002 Option Scheme and 2012 Option Scheme as at 31 December 2021 and the details of the 2002 Option Scheme and 2012 Option Scheme are as follows:

	Number of holders of options at end of year	Number of options outstanding at 1.1.2021	Number of options granted during the financial year	Number of options lapsed during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.12.2021	Exercise price per share \$	Exercise period	Remaining contractual life (years)
2002 Option Scheme									
2011 Options (February)	-	990,000	-	-	(990,000)	-	0.505	1 February 2012 to 31 January 2021	-
2011 Options (December)	-	2,360,000	-	(300,000)	(2,060,000)	-	0.315	19 December 2012 to 18 December 2021	-
		3,350,000	-	(300,000)	(3,050,000)	-			
2012 Option Scheme									
2013 Options	13	3,810,000	-	-	(380,000)	3,430,000	0.669	8 March 2014 to 7 March 2023	1.0
2016 Options	11	3,335,000	-	-	(250,000)	3,085,000	0.308	4 July 2017 to 3 July 2026	4.5
2017 Options	6	550,000	-	-	-	550,000	0.693	23 May 2018 to 22 May 2027	5.4
2018 Options	11	4,450,000	-	(100,000)	(400,000)	3,950,000 ⁽¹⁾	0.679	16 March 2019 to 15 March 2028	6.3
2019 Options	19	5,300,000	-	(100,000)	(610,000)	4,590,000 ⁽²⁾	0.556	15 March 2020 to 14 March 2029	7.3
2020 Options	20	5,300,000	-	-	(160,000)	5,140,000 ⁽³⁾	0.667	6 March 2021 to 5 March 2030	8.3
		26,095,000	-	(500,000)	(4,850,000)	20,745,000			
Weighted average exercise price per share (\$)		0.563	-	0.436	0.453	0.592			

⁽¹⁾ Includes 100,000 outstanding options which are exercisable between 16 March 2019 to 15 March 2023.

⁽²⁾ Includes 130,000 outstanding options which are exercisable between 15 March 2020 to 14 March 2024.

⁽³⁾ Includes 260,000 outstanding options which are exercisable between 6 March 2021 to 5 March 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. EMPLOYEE BENEFITS (cont'd)

Movements in the number of share options outstanding under the 2002 Option Scheme and 2012 Option Scheme as at 31 December 2020 and the details of the 2002 Option Scheme and 2012 Option Scheme are as follows:

	Number of holders of options at end of year	Number of options outstanding at 1.1.2020	Number of options granted during the financial year	Number of options lapsed during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.12.2020	Exercise price per share \$	Exercise period	Remaining contractual life (years)
2002 Option Scheme									
2010 Options	-	100,000	-	(100,000)	-	-	0.335	4 January 2011 to 3 January 2020	-
2011 Options (February)	5	2,930,000	-	(100,000)	(1,840,000)	990,000	0.505	1 February 2012 to 31 January 2021	0.1
2011 Options (December)	5	2,710,000	-	-	(350,000)	2,360,000	0.315	19 December 2012 to 18 December 2021	1.0
		5,740,000	-	(200,000)	(2,190,000)	3,350,000			
2012 Option Scheme									
2013 Options	15	3,810,000	-	-	-	3,810,000	0.669	8 March 2014 to 7 March 2023	2.0
2016 Options	13	4,415,000	-	(150,000)	(930,000)	3,335,000 ⁽¹⁾	0.308	4 July 2017 to 3 July 2026	5.5
2017 Options	6	550,000	-	-	-	550,000	0.693	23 May 2018 to 22 May 2027	6.4
2018 Options	14	4,600,000	-	(150,000)	-	4,450,000 ⁽²⁾	0.679	16 March 2019 to 15 March 2028	7.3
2019 Options	20	5,450,000	-	(150,000)	-	5,300,000 ⁽³⁾	0.556	15 March 2020 to 14 March 2029	8.3
2020 Options	20	-	5,450,000 ⁽⁴⁾	(150,000)	-	5,300,000	0.667	6 March 2021 to 5 March 2030	9.3
		24,565,000	5,450,000	(800,000)	(3,120,000)	26,095,000			
Weighted average exercise price per share (S\$)		0.521	0.667	0.519	0.425	0.563			

⁽¹⁾ Includes 100,000 outstanding options which are exercisable between 4 July 2017 to 3 July 2021.

⁽²⁾ Includes 300,000 outstanding options which are exercisable between 16 March 2019 to 15 March 2023.

⁽³⁾ Includes 300,000 outstanding options which are exercisable between 15 March 2020 to 14 March 2024.

⁽⁴⁾ Includes 300,000 outstanding options which are exercisable between 6 March 2021 to 5 March 2025.

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32. EMPLOYEE BENEFITS *(cont'd)*

Out of the 20,745,000 (2020: 26,095,000) outstanding options on 31 December 2021, 16,005,000 (2020: 16,280,000) share options are exercisable as at 31 December 2021.

The fair value of the share options as at the date of grant was estimated by an external valuer using Black Scholes Valuation Model, taking into account the terms and conditions under which the options were granted. The inputs to the model used for the options granted are shown below:

(a) 2013 Options

	Group Grant - 10 years
Average dividend per share (S\$)	0.01044
Expected volatility (%)	38.255
Risk-free rate (%)	0.312
Expected life of option (years)	4.5
Weighted average share price (S\$)	<u>0.669</u>

(b) 2016 Options

	Group Grant - 10 years
Average dividend per share (S\$)	0.00975
Expected volatility (%)	45.921
Risk-free rate (%)	1.474
Expected life of option (years)	5.6
Weighted average share price (S\$)	<u>0.308</u>

(c) 2017 Options

	Group Grant - 10 years
Average dividend per share (S\$)	0.0065
Expected volatility (%)	49.123
Risk-free rate (%)	1.654
Expected life of option (years)	5.78
Weighted average share price (S\$)	<u>0.693</u>

(d) 2018 Options

	Group Grant - 10 years
Average dividend per share (S\$)	0.00643
Expected volatility (%)	46.206
Risk-free rate (%)	2.163
Expected life of option (years)	5.89
Weighted average share price (S\$)	<u>0.679</u>

NOTES TO THE FINANCIAL STATEMENTS

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32. EMPLOYEE BENEFITS *(cont'd)*

(e) 2019 Options

	Group <u>Grant – 10 years</u>
Average dividend per share (S\$)	0.00637
Expected volatility (%)	44.859
Risk-free rate (%)	2.080
Expected life of option (years)	6.05
Weighted average share price (S\$)	<u>0.556</u>

(f) 2020 Options

	Group <u>Grant – 10 years</u>
Average dividend per share (S\$)	0.00642
Expected volatility (%)	43.268
Risk-free rate (%)	1.120
Expected life of option (years)	6.25
Weighted average share price (S\$)	<u>0.667</u>

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

33. SEGMENT INFORMATION

For management purposes, the Group is organised into five reportable segments based on geographical locations. The five main segments are:

- (i) Russia
- (ii) Ukraine, Kazakhstan and CIS markets
- (iii) South-East Asia
- (iv) South Asia
- (v) Others

In presenting information on the basis of geographical segments, the segment revenue and results for sale of ingredients are based on the physical location of the factories.

For all other sales, the segment revenue and results are based on the geographical locations of the customers. This is consistent with the manner which the Group's chief operating decision makers review the segment results of the Group.

The Group regularly reviews each reportable segment results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the consolidated financial statements.

Transfer pricing between operating parties, are on arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. SEGMENT INFORMATION (cont'd)

	Ukraine, Kazakhstan and CIS markets						South-East Asia		South Asia		Others		Per consolidated financial statements	
	Russia		2021		2020		2021		2020		2021		2020	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue														
Total segment sales	124,288	101,379	71,161	67,833	209,457	196,991	32,887	19,379	19,826	17,346	457,619	402,928		
Inter-segment sales ^(a)	(9,373)	(1,824)	-	-	(112,678)	(115,978)	(15,494)	(12,155)	-	-	(137,545)	(129,957)		
Segment sales to external customers	114,915	99,555	71,161	67,833	96,779	81,013	17,393	7,224	19,826	17,346	320,074	272,971		
Results														
Segment results	7,371	13,096	9,734	12,811	17,551	15,750	5,594	3,520	(2,087)	(1,335)	38,163	43,842		
Interest income	107	105	27	66	66	118	56	27	3	18	259	334		
Interest expenses	(290)	(393)	(75)	(50)	(185)	(287)	(879)	(101)	(16)	(96)	(1,445)	(927)		
Share of profits/(losses) of associates	494	(200)	-	-	-	-	-	-	844	(250)	1,338	(450)		
Income tax (expense)/credit	(807)	655	(381)	(933)	(5,417)	(4,758)	(347)	(726)	(22)	(19)	(6,974)	(5,781)		
Non-controlling interest	1	31	-	-	-	-	96	231	64	69	161	331		
Depreciation for property, plant and equipment	(994)	(952)	(497)	(468)	(3,012)	(2,946)	(3,853)	(1,632)	(71)	(88)	(8,427)	(6,086)		
Depreciation for investment properties	-	-	-	-	(151)	(166)	-	-	-	-	(151)	(166)		
Depreciation for right-of-use assets	(1,423)	(1,486)	(133)	(170)	(257)	(142)	(97)	(70)	(75)	(62)	(1,985)	(1,930)		
Gain on loss of control of a subsidiary	-	-	-	-	-	-	-	1,728	-	-	-	1,728		
Impairment loss on loan to associates	-	-	-	-	-	-	(43)	(2,130)	-	-	(43)	(2,130)		
Other non-cash expenses ^(b)	(673)	(888)	(75)	(203)	(639)	(310)	(50)	(202)	42	(377)	(1,395)	(1,980)		
Profit/(loss) attributable to equity shareholders of the Company	3,786	9,968	8,600	11,053	7,956	7,259	477	645	(1,318)	(2,140)	19,501	26,785		

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For the financial year ended 31 December 2021

33. SEGMENT INFORMATION (cont'd)

	Russia		Ukraine, Kazakhstan and CIS markets		South-East Asia		South Asia		Others		Per consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Assets												
Segment assets	64,471	68,457	26,012	16,622	163,346	147,938	76,878	71,863	9,335	7,764	340,042	312,644
Liabilities												
Segment liabilities	(8,793)	(12,246)	(4,189)	(1,501)	(54,106)	(39,710)	(45,313)	(41,205)	(1,082)	(1,014)	(113,483)	(95,676)
Other Information												
Investment in associates	3,634	5,820	-	-	-	-	-	-	5,412	4,979	9,046	10,799
Additions to non-current assets	777	888	273	849	1,644	4,470	6,826	7,526	52	9	9,572	13,742

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash expenses consist of allowance for doubtful debt, bad debts written off, inventories written down and value of employee services received from the issuance of share options as presented in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. SEGMENT INFORMATION *(cont'd)*

Segment revenue information based on the product segment of external customers are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Beverages	259,861	231,509
Ingredients	33,581	21,368
Others	26,632	20,094
	<u>320,074</u>	<u>272,971</u>

Non-current assets information based on the geographical location of the assets are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Russia	12,867	14,608
Ukraine, Kazakhstan and CIS markets	2,314	2,433
South-East Asia	57,151	59,582
South Asia	65,447	62,826
Others	48	194
	<u>137,827</u>	<u>139,643</u>

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties and intangible assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from six major customers amounted to US\$63,142,000 (2020: US\$58,627,000), arising from sale of goods in the Russia, Ukraine, Kazakhstan and CIS markets segments.

34. COMMITMENTS AND CONTINGENCIES

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Capital commitments in respect of property, plant and equipment	<u>6,753</u>	<u>2,116</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. COMMITMENTS AND CONTINGENCIES *(cont'd)*

Operating lease commitments as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining terms of between one and ten years as at 31 December 2021.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Not later than one year	624	458
Later than one year but not later than five years	571	402
Later than five years	89	87
	1,284	947

Guarantees

The Company has given corporate guarantees to banks amounting to US\$162,711,000 (2020: US\$178,752,000) to secure banking facilities granted to its subsidiaries.

Financial support

The Company has agreed to provide financial support to certain subsidiaries to meet their liabilities as and when they fall due and to subordinate the amounts due from them subject to the settlement of other liabilities.

35. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services and other transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2021 US\$'000	2020 US\$'000
Group		
- Divestment of 50% shareholding in Simonelo Limited (Note 16) ^(a)	2,145	-
- Payment of lease liabilities to Triple Ace Ventures Limited and its subsidiaries and Simonelo Limited and its subsidiaries	1,788	1,780
<u>UDI Marketing Sdn Bhd</u> ^(b)		
- Sale of goods	685	1,035
Company		
<u>Subsidiaries</u>		
- Management fees received	1,127	1,502

^(a) Triple Ace Ventures Limited also acquired 50% shareholding in Simonelo Limited from Euro Asia Dynamic Ventures Limited, which is associated to one of the directors and substantial shareholder, Mr Sudeep Nair, for a consideration of US\$2,145,000.

^(b) Company associated to Universal Integrated Corporation Consumer Products Pte Ltd., a substantial shareholder of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. RELATED PARTY TRANSACTIONS *(cont'd)*

(b) Compensation of key management personnel

	Group	
	2021	2020
	US\$'000	US\$'000
Salaries, wages and other staff benefits	4,635	5,244
Central Provident Fund contributions	48	49
Value of employee services received from the issuance of share options	275	541
Total compensation paid to key management personnel	<u>4,958</u>	<u>5,834</u>

	Group	
	2021	2020
	US\$'000	US\$'000
<i>Comprise amounts paid to:</i>		
Directors of the Group	2,455	3,112
Other key management personnel	2,503	2,722
Total compensation paid to key management personnel	<u>4,958</u>	<u>5,834</u>

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

In addition to their salaries, certain Directors also participate in the 2002 Option Scheme and 2012 Option Scheme granted under the Food Empire Holdings Limited Share Option Scheme. For the exercise period, the terms and conditions of the share options granted to the Directors were the same as those granted to other employees of the Company as described in Note 32.

As at 31 December, share options outstanding to the Directors and key management personnel of the Company are as follows:

	Outstanding share options	
	2021	2020
	'000	'000
Directors	7,900	9,500
Key management personnel	7,250	10,000
	<u>15,150</u>	<u>19,500</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation input used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs at different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 2021 and 2020.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amount of trade and other receivables, cash and cash equivalents, amounts due from subsidiaries (non-trade), current amounts due from associates (non-trade), amount due from a related party (trade), trade and other payables, current lease liabilities, and current interest-bearing loans and borrowings, amount due to a subsidiary (non-trade), amount due to a related party (non-trade) and amounts due to associates (trade and non-trade) are reasonable approximation of fair values due to their short-term nature.

The carrying amount of non-current lease liabilities and interest-bearing loans and borrowings are reasonable approximation of fair values as their interest rate approximate the market lending rate.

The carrying amount of non-current amount due from an associate reasonably approximates fair value as the effect of discounting these cash flows based on the expected receipt dates is not significant.

(c) Assets not carried at fair value but for which fair value is disclosed

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment properties. Generally, the fair values of investment properties are determined annually by independent professional valuers. The carrying amount of the investment properties is disclosed in Note 14.

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(c) Assets not carried at fair value but for which fair value is disclosed (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Recurring fair value measurement

Description	Fair value as at 31 December 2021 US\$'000	Valuation techniques	Key unobservable inputs
Investment properties			
- Singapore	24,823	Market comparison method	Transacted price of comparable properties ⁽¹⁾

Description	Fair value as at 31 December 2020 US\$'000	Valuation techniques	Key unobservable inputs
Investment properties			
- Singapore	27,865	Market comparison method	Transacted price of comparable properties ⁽¹⁾

⁽¹⁾ Adjustments are made for any difference in the location, tenure, size, shape, design and layout, age and condition of the specific property, dates of transactions and other factors.

(ii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. FAIR VALUE OF ASSETS AND LIABILITIES *(cont'd)*

(d) Classification of assets and liabilities

Group 2021	Financial assets at amortised cost US\$'000	Financial liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
Assets				
Property, plant and equipment	-	-	103,944	103,944
Investment properties	-	-	14,026	14,026
Investments in associates	-	-	9,046	9,046
Intangible assets	-	-	10,343	10,343
Right-of-use assets	-	-	9,514	9,514
Deferred tax assets	-	-	3,110	3,110
Inventories	-	-	73,521	73,521
Prepaid operating expenses	-	-	8,074	8,074
Deposits	793	-	-	793
Amounts due from associates (non-trade)	2,228	-	-	2,228
Amount due from a related party (trade)	69	-	-	69
Trade receivables	39,965	-	-	39,965
Other receivables	3,023	-	1,829	4,852
Cash and cash equivalents	60,557	-	-	60,557
	<u>106,635</u>	<u>-</u>	<u>233,407</u>	<u>340,042</u>
Liabilities				
Trade payables and accruals	-	(48,078)	-	(48,078)
Other payables	-	(3,820)	(1,066)	(4,886)
Interest-bearing loans and borrowings	-	(49,806)	-	(49,806)
Lease liabilities	-	(3,514)	-	(3,514)
Amount due to an associate (trade)	-	(131)	-	(131)
Amount due to an associate (non-trade)	-	(297)	-	(297)
Amount due to a related party (non-trade)	-	(697)	-	(697)
Income tax payable	-	-	(1,502)	(1,502)
Deferred tax liabilities	-	-	(4,572)	(4,572)
	<u>-</u>	<u>(106,343)</u>	<u>(7,140)</u>	<u>(113,483)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(d) Classification of assets and liabilities (cont'd)

Group 2020	Financial assets at amortised cost US\$'000	Financial liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
Assets				
Property, plant and equipment	-	-	104,284	104,284
Investment properties	-	-	14,529	14,529
Investments in associates	-	-	10,799	10,799
Intangible assets	-	-	10,343	10,343
Right-of-use assets	-	-	10,487	10,487
Deferred tax assets	-	-	3,443	3,443
Inventories	-	-	50,129	50,129
Prepaid operating expenses	-	-	4,751	4,751
Deposits	803	-	-	803
Amount due from an associate (non-trade)	85	-	-	85
Amount due from a related party (trade)	311	-	-	311
Trade receivables	31,193	-	-	31,193
Other receivables	880	-	1,570	2,450
Cash and cash equivalents	69,037	-	-	69,037
	<u>102,309</u>	<u>-</u>	<u>210,335</u>	<u>312,644</u>
Liabilities				
Trade payables and accruals	-	(28,766)	-	(28,766)
Other payables	-	(2,246)	(1,048)	(3,294)
Interest-bearing loans and borrowings	-	(53,733)	-	(53,733)
Lease liabilities	-	(4,402)	-	(4,402)
Amount due to an associate (trade)	-	(21)	-	(21)
Amount due to an associate (non-trade)	-	(295)	-	(295)
Amount due to a related party (non-trade)	-	(654)	-	(654)
Income tax payable	-	-	(1,778)	(1,778)
Deferred tax liabilities	-	-	(2,733)	(2,733)
	<u>-</u>	<u>(90,117)</u>	<u>(5,559)</u>	<u>(95,676)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. FAIR VALUE OF ASSETS AND LIABILITIES *(cont'd)*

(d) Classification of assets and liabilities (cont'd)

Company 2021	Financial assets at amortised cost US\$'000	Financial liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
Assets				
Investments in subsidiaries	-	-	44,485	44,485
Right-of-use assets	-	-	357	357
Prepaid operating expenses	-	-	16	16
Amounts due from subsidiaries (non-trade)	15,213	-	-	15,213
Cash and cash equivalents	760	-	-	760
	15,973	-	44,858	60,831
Liabilities				
Trade payables and accruals	-	(1,917)	-	(1,917)
Lease liabilities	-	(187)	-	(187)
Amount due to a subsidiary (non-trade)	-	(20)	-	(20)
Income tax payable	-	-	(13)	(13)
	-	(2,124)	(13)	(2,137)
Company 2020				
Assets				
Investments in subsidiaries	-	-	44,485	44,485
Prepaid operating expenses	-	-	15	15
Amounts due from subsidiaries (non-trade)	19,517	-	-	19,517
Cash and cash equivalents	1,134	-	-	1,134
	20,651	-	44,500	65,151
Liabilities				
Trade payables and accruals	-	(2,449)	-	(2,449)
Other payables	-	(146)	-	(146)
Amount due to a subsidiary (non-trade)	-	(21)	-	(21)
Income tax payable	-	-	(42)	(42)
	-	(2,616)	(42)	(2,658)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

The Group and the Company does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group sells mainly to Russia, South-East Asia, Ukraine, Kazakhstan and CIS markets. Hence, risk is concentrated on the trade receivables in these countries.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(a) Credit risk *(cont'd)*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 150 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2021 and 31 December 2020 incorporates forward looking information such as forecast of economic conditions where the gross domestic product may change significantly over the next year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(a) Credit risk *(cont'd)*

Trade receivables *(cont'd)*

Summarised below is the information about the credit risk exposure on the Group's trade receivables using the provision matrix:

	Current	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	121-150 days past due	More than 150 days	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2021								
Gross carrying amount	29,318	6,659	2,923	777	316	125	1,577	41,695
Loss allowance provision	(16)	(27)	(32)	(25)	(24)	(29)	(1,577)	(1,730)
	<u>29,302</u>	<u>6,632</u>	<u>2,891</u>	<u>752</u>	<u>292</u>	<u>96</u>	<u>-</u>	<u>39,965</u>
2020								
Gross carrying amount	20,694	6,725	2,383	778	80	175	2,170	33,005
Loss allowance provision	(16)	(21)	(29)	(21)	(9)	(68)	(1,648)	(1,812)
	<u>20,678</u>	<u>6,704</u>	<u>2,354</u>	<u>757</u>	<u>71</u>	<u>107</u>	<u>522</u>	<u>31,193</u>

Information regarding loss allowance movement of trade receivables are disclosed in Note 23.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each financial assets in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(a) Credit risk *(cont'd)*

Trade receivables *(cont'd)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Russia	17,536	13,292
Ukraine, Kazakhstan and CIS markets	8,891	8,637
South-East Asia	7,650	7,144
South Asia	3,575	648
Others	2,313	1,472
	<u>39,965</u>	<u>31,193</u>

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 21, 23 and 24.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

At the end of reporting period, approximately 45% (2020: 34%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Group's operation and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group 2021	Within 1 year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
Financial assets:				
Trade and other receivables	42,988	-	-	42,988
Deposits	793	-	-	793
Amount due from an associates (non-trade)	683	1,545	-	2,228
Amount due from a related party (trade)	69	-	-	69
Cash and cash equivalents	60,557	-	-	60,557
Total undiscounted financial assets	105,090	1,545	-	106,635

Financial liabilities:

Amount due to an associate (trade)	(131)	-	-	(131)
Amount due to an associate (non-trade)	(297)	-	-	(297)
Amount due to a related party (non-trade)	(697)	-	-	(697)
Interest-bearing loans and borrowings	(22,926)	(27,034)	(1,110)	(51,070)
Lease liabilities	(2,213)	(1,213)	(1,935)	(5,361)
Trade and other payables	(51,896)	-	-	(51,896)
Total undiscounted financial liabilities	(78,160)	(28,247)	(3,045)	(109,452)
Total net undiscounted financial assets/(liabilities)	26,930	(26,702)	(3,045)	(2,817)

Group 2020	Within 1 year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
Financial assets:				
Trade and other receivables	32,073	-	-	32,073
Deposits	803	-	-	803
Amount due from a related party (trade)	311	-	-	311
Amount due from an associate (non-trade)	85	-	-	85
Cash and cash equivalents	69,037	-	-	69,037
Total undiscounted financial assets	102,309	-	-	102,309

Financial liabilities:

Amount due to an associate (trade)	(21)	-	-	(21)
Amount due to an associate (non-trade)	(295)	-	-	(295)
Amount due to a related party (non-trade)	(654)	-	-	(654)
Interest-bearing loans and borrowings	(19,395)	(36,638)	-	(56,033)
Lease liabilities	(2,118)	(2,413)	(1,784)	(6,315)
Trade and other payables	(31,012)	-	-	(31,012)
Total undiscounted financial liabilities	(53,495)	(39,051)	(1,784)	(94,330)
Total net undiscounted financial assets/(liabilities)	48,814	(39,051)	(1,784)	7,979

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	Within 1 year	Within 1 to 5 years	More than 5 years	Total
2021	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Amounts due from subsidiaries (non-trade)	15,213	-	-	15,213
Cash and cash equivalents	760	-	-	760
Total undiscounted financial assets	15,973	-	-	15,973
Financial liabilities:				
Trade payables and accruals	(1,917)	-	-	(1,917)
Lease liabilities	(40)	(156)	-	(196)
Amount due to a subsidiary (non-trade)	(20)	-	-	(20)
Total undiscounted financial liabilities	(1,977)	(156)	-	(2,133)
Total net undiscounted financial assets/(liabilities)	13,966	(156)	-	13,840
Company				
2020	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Amounts due from subsidiaries (non-trade)	19,517	-	-	19,517
Cash and cash equivalents	1,134	-	-	1,134
Total undiscounted financial assets	20,651	-	-	20,651
Financial liabilities:				
Trade payables and accruals	(2,595)	-	-	(2,595)
Amount due to a subsidiary (non-trade)	(21)	-	-	(21)
Total undiscounted financial liabilities	(2,616)	-	-	(2,616)
Total net undiscounted financial assets	18,035	-	-	18,035

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Financial guarantee contracts are recorded in the contractual maturity analysis based on the maximum amount guaranteed. They are allocated to the earliest date they can be drawn.

Company	2021			2020		
	1 year or less	Over 1 year	Total	1 year or less	Over 1 year	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial guarantees	162,711	-	162,711	178,752	-	178,752

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from interest-bearing loans and borrowings. The Group monitors the interest rate on loans and borrowings closely to ensure that the loans and borrowings are maintained at favourable rates. At the end of the reporting period, all of the Group's borrowings are at floating rates of interest.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in interest rate, with all other variables held constant.

	Group Increase/ decrease in basis points	Effect on profit, net of tax US\$'000
2021		
Cash and cash equivalents	+10	61
Interest-bearing loans and borrowings	+100	(361)
2020		
Cash and cash equivalents	+10	69
Interest-bearing loans and borrowings	+100	(395)

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year US\$'000	1 – 2 years US\$'000	2 – 3 years US\$'000	3 – 4 years US\$'000	4 – 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
Group							
2021							
<i>Floating rate</i>							
Cash and cash equivalents	60,557	-	-	-	-	-	60,557
Interest-bearing loans and borrowings	22,421	10,112	15,574	315	292	1,092	49,806
2020							
<i>Floating rate</i>							
Cash and cash equivalents	69,037	-	-	-	-	-	69,037
Interest-bearing loans and borrowings	18,403	9,992	10,151	15,187	-	-	53,733

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

	Within 1 year US\$'000	1 - 2 years US\$'000	2 - 3 years US\$'000	3 - 4 years US\$'000	4 - 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
Company							
2021							
<i>Floating rate</i>							
Cash and cash equivalents	760	-	-	-	-	-	760
2020							
<i>Floating rate</i>							
Cash and cash equivalents	1,134	-	-	-	-	-	1,134

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales, purchases or operating costs by operating units in currencies other than the unit's functional currency.

The Management ensures that the net exposure is maintained at an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term fluctuations.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the EURO, Malaysia Ringgit (RM), Ukrainian Hryvnia (UAH), Russian Ruble (RUB), Indian Rupee (INR), Singapore Dollar (SGD) and Kazakhstan Tenge (KZT) against the respective functional currencies of the Group entities, with all variables held constant.

		Group Profit before tax	
		2021	2020
		US\$'000	US\$'000
EURO/USD	- strengthened 5% (2020: 5%)	154	66
	- weakened 5% (2020: 5%)	(154)	(66)
RM/USD	- strengthened 5% (2020: 5%)	(392)	5
	- weakened 5% (2020: 5%)	392	(5)
UAH/USD	- strengthened 5% (2020: 5%)	120	107
	- weakened 5% (2020: 5%)	(120)	(107)
RUB/USD	- strengthened 10% (2020: 5%)	1,758	759
	- weakened 10% (2020: 5%)	(1,758)	(759)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(d) Foreign currency risk *(cont'd)*

Sensitivity analysis for foreign currency risk *(cont'd)*

		Group	
		Profit before tax	
		2021	2020
		US\$'000	US\$'000
INR/USD	- strengthened 5% (2020: 5%)	1,830	56
	- weakened 5% (2020: 5%)	(1,830)	(56)
SGD/USD	- strengthened 5% (2020: 5%)	(191)	(346)
	- weakened 5% (2020: 5%)	191	346
KZT/USD	- strengthened 5% (2020: 5%)	221	72
	- weakened 5% (2020: 5%)	(221)	(72)

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

A gearing ratio with a specific measurement basis has been disclosed as this is the measure used to monitor capital. The Group considers both capital and net debt as relevant components of funding, hence part of its capital management.

The Group monitors its capital structure as follows:

	2021	2020
	US\$'000	US\$'000
Interest-bearing loans and borrowings (Note 28)	49,806	53,733
Lease liabilities (Note 13)	3,514	4,402
Trade payables and accruals (Note 26)	48,078	28,766
Other payables (Note 29)	4,886	3,294
<i>Less: Cash and cash equivalents (Note 25)</i>	(60,557)	(69,037)
Net debt	45,727	21,158
Equity attributable to the equity shareholders of the Company	227,716	218,024
Capital and net debt	273,443	239,182
Gearing Ratio	17%	9%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 24 February 2022, the President of the Russia Federation authorised a special military operation against Ukraine, which ignited an extensive armed conflict on Ukrainian soil. In response, the United States, European Union and many countries imposed an unprecedented punitive economic sanctions against Russia. These sanctions are targeted at Russian banks, institutions, entities and individuals, as well as export restrictions on sensitive industries and activities such as Electronics and Energy sector.

Russia and Ukraine are two of the Group's major markets and accounted for approximately 45% of its revenue for FY2021. The Group operates in the Food and Beverage industry, which is not part of any of the restricted business activities and is not known to be affected by the international sanctions as of the date of the financial statements. As the Ukraine invasion is considered to be a non-adjusting event, no adjustments were made to the carrying amounts of the Group's assets and liabilities as at 31 December 2021. However, based on the information available as of now, the impact of the Russia-Ukraine war is expected to have a negative effect on the financial performance and position of the Group in relation to its businesses in Russia and Ukraine for the financial year ending 31 December 2022 as outlined below.

In Ukraine, physical damage to public infrastructures and properties, disruption to supply chains and massive human displacement have resulted in the temporary suspension of business activities. The country is under martial law and many cities are operating under wartime conditions, which could lead to potential future impairment on the Group's assets if the conflict persists.

In Russia, international sanctions have resulted in disruption in logistics and supply chains, which may necessitate the Group to look for alternative solutions to keep productions running smoothly. The Group is economically exposed to US Dollar and a sharp devaluation of the Russian Ruble will have an adverse impact on financial performance and position of the Group. In addition, the Group may also face heightened credit risks, higher working capital requirements and issues with currency remittance due to sanctions against its financial system. These and the ensuing economic uncertainties in the Russia market would negatively impact the future financial performance, financial position and cash flows of the Group's operations in Russia.

At the date of the financial statements, the armed conflict is still ongoing. As the situation is volatile and evolving, the Group is closely monitoring the financial impact to its Russian and Ukrainian operations. Based on the information available and the Group's current financial position and resources, the Group has assessed that the use of the going concern assumption remains appropriate.

40. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 24 March 2022.

SHAREHOLDERS' INFORMATION

As at 9 March 2022

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	536,998,599
Voting rights	:	One vote per share

As at 9 March 2022, the total number of treasury shares held is 8,969,400. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 1.67%.

DIRECTORS' SHAREHOLDINGS AS AT 9 MARCH 2022

(As recorded in the Register of Directors' Shareholdings)

	Direct Interest	%	Deemed Interest	%
Tan Wang Cheow	-	-	120,814,600	22.50
Tan Guek Ming	27,547,400	5.13	93,267,200	17.37
Sudeep Nair	4,200,000	0.78	60,076,399	11.19
Ong Kian Min	820,000	0.15	-	-

SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2022

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Tan Wang Cheow ⁽¹⁾	-	-	120,814,600	22.50
Tan Guek Ming ⁽²⁾	27,547,400	5.13	93,267,200	17.37
Sudeep Nair ⁽³⁾	4,200,000	0.78	60,076,399	11.19
Anthoni Salim ⁽⁴⁾	-	-	132,079,200	24.60
Universal Integrated Corporation Consumer Products Pte. Ltd.	132,079,200	24.60	-	-
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	-	-	48,292,200	8.99

Notes:

- ⁽¹⁾ Mr Tan Wang Cheow is deemed to have an interest in the 52,440,000 shares held by United Overseas Bank Nominees (Private) Limited. Mr Tan Wang Cheow is the husband of Mdm Tan Guek Ming and he is deemed to have an interest in the 68,374,600 shares held by Mdm Tan Guek Ming.
- ⁽²⁾ Mdm Tan Guek Ming has a direct interest of 27,547,400 shares and she is deemed to have an interest in the 40,827,200 shares held by DB Nominees (Singapore) Pte Ltd. Mdm Tan Guek Ming is the wife of Mr Tan Wang Cheow, she is deemed to have an interest in the 52,440,000 shares held by Mr Tan Wang Cheow.
- ⁽³⁾ Mr Sudeep Nair has a direct interest of 4,200,000 shares and he is deemed to have an interest in the 60,076,399 shares held by Raffles Nominees (Pte.) Ltd, DBSN Services Pte Ltd and DBS Nominees (Private) Limited.
- ⁽⁴⁾ Mr Anthoni Salim is the controlling shareholder 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.

PUBLIC FLOAT

As at 9 March 2022, 31.61% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

STATISTICS OF SHAREHOLDINGS

As at 9 March 2022

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	8	0.41	241	0.00
100 - 1,000	143	7.33	80,582	0.02
1,001 - 10,000	1,028	52.66	5,428,302	1.01
10,001 - 1,000,000	745	38.17	44,155,266	8.22
1,000,001 and above	28	1.43	487,334,208	90.75
Total	1,952	100.00	536,998,599	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS NOMINEES (PRIVATE) LIMITED	143,962,376	26.81
2	RAFFLES NOMINEES (PTE.) LIMITED	70,900,000	13.20
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	56,111,600	10.45
4	DBSN SERVICES PTE. LTD.	45,720,099	8.51
5	DB NOMINEES (SINGAPORE) PTE LTD	42,777,200	7.97
6	TAN GUEK MING	27,547,400	5.13
7	MAYBANK SECURITIES PTE. LTD.	19,072,300	3.55
8	OON PENG HENG	10,033,600	1.87
9	CITIBANK NOMINEES SINGAPORE PTE LTD	9,530,505	1.77
10	ESTATE OF TAN BIAN CHYE, DECEASED	7,580,800	1.41
11	KOH PUAY LING	7,564,400	1.41
12	OON PENG LIM	5,964,300	1.11
13	PHILLIP SECURITIES PTE LTD	5,623,900	1.05
14	OON PENG LAM	5,000,000	0.93
15	SUDEEP NAIR	4,200,000	0.78
16	LIM SIEW KHENG	4,060,000	0.76
17	HSBC (SINGAPORE) NOMINEES PTE LTD	3,588,700	0.67
18	TAN SIOK CHER	2,810,000	0.52
19	TAN SEOK WAH	2,580,000	0.48
20	OON PENG WAH	2,333,500	0.43
	Total	476,960,680	88.81

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Food Empire Holdings Limited (the “**Company**”) will be held by way of electronic means on Friday, 22 April 2022 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditor’s Report thereon.

(Resolution 1)
2. To declare a first and final dividend of S\$0.0162 per ordinary share (one-tier tax exempt) and a special dividend of S\$0.0058 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2021.

(Resolution 2)
3. To re-elect the following Directors of the Company retiring pursuant to Article 115 of the Constitution of the Company⁽¹⁾:

Mr Tan Wang Cheow **(Resolution 3)**
Mr Koh Yew Hiap **(Resolution 4)**

Mr Tan Wang Cheow will, upon re-election as a Director of the Company, remain as the Executive Chairman and member of the Nominating Committee.

Mr Koh Yew Hiap will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee. He will be considered non-independent pursuant to Rule 704(8) of the Main Board Listing Rules of Singapore Exchange Securities Trading Limited (“SGX-ST”).
4. To re-elect the following Director of the Company retiring pursuant to Article 119 of the Constitution of the Company⁽¹⁾:

Mr Adrian Chan Pengee **(Resolution 5)**

Mr Adrian Chan Pengee will, upon re-election as a Director of the Company, remain as Chairman of Remuneration Committee and members of Audit Committee and Nominating Committee and will be considered independent pursuant to Rule 704(8) of the Main Board Listing Rules of SGX-ST.
5. To approve the payment of Directors’ fees of S\$370,285.00 for the year ended 31 December 2021 (2020: S\$359,500.00).

(Resolution 6)
6. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 7)
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

⁽¹⁾ Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on the Director who is proposed to be re-appointed can be found under the sections entitled “Board of Directors” and “Additional Information on Directors seeking re-appointment” in the Annual Report of the Company.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercise of share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

provided that adjustments in accordance with (2)(a) or (2)(b) above is only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to grant options and to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme ("2012 Option Scheme")**

That pursuant to Section 161 of the Companies Act, 1967, the Directors of the Company be authorised and empowered to offer and grant options under the 2012 Option Scheme and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted by the Company under the 2012 Option Scheme approved by shareholders on 27 April 2012, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2012 Option Scheme and all other share-based incentive schemes of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

(Resolution 9)

By Order of the Board

Kevin Cho
Company Secretary

Singapore,
7 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) Although the 2012 Option Scheme will expire on 22 April 2022, outstanding options granted prior to that date subsist and remain exercisable in accordance with the rules of the 2012 Option Scheme.

The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the 2012 Option Scheme and all other share-based incentive schemes of the Company up to a number not exceeding in aggregate (for the entire duration of the 2012 Option Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

Notes:

General

1. In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, members of the Company will NOT be allowed to attend the AGM in person. The AGM will be held by way of electronic means.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance, addressing of substantial and relevant questions at or before the AGM and/or voting by proxy at the AGM are set out in the Company's announcement dated 7 April 2022 titled "General Meetings to be held on 22 April 2022" which has been uploaded together with this Notice of AGM, the Annual Report and the Proxy Form (as defined below) on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> ("SGXNet") on the same day. The same may also be accessed at the home page of the Company's corporate website (www.foodempire.com). Members of the Company can participate in the AGM by:
 - (a) watching or listening to the AGM proceedings via "live" webcast (as defined below). Members who wish to participate as such will have to pre-register in the manner outlined in Notes 3 to 6 below;
 - (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 10 below for further details; and
 - (c) voting by proxy at the AGM. Please refer to Notes 11 to 17 below for further details.

Participation in AGM proceedings via "live webcast"

3. A member will be able to watch the proceedings of the AGM through a "live" audio-visual webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only feed. In order to do so, a member who wishes to watch the "live" audio-visual webcast or listen to the "live" audio feed must pre-register by 3.00 p.m. on 19 April 2022 ("Registration Deadline"), at this URL: https://live.motionmediaworks.com/foodempire_reg, to create an account.

NOTICE OF ANNUAL GENERAL MEETING

4. Following authentication of his/her/its status as member, such member will receive email instructions on how to access the AGM using the account created.
5. Members who have pre-registered by Registration Deadline but do not receive the aforementioned email by 12.00 p.m. on 21 April 2022 should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at foodempire-agmegm2022@boardroomlimited.com or alternatively at +65 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m..
6. If your Shares are held through a nominee account, you should approach the relevant Depository Agent and Relevant Intermediaries (as defined below) as soon as possible but not less than seven (7) working days before the AGM (i.e. by 11 April 2022) if you wish to attend the AGM.

Submission of questions prior to the AGM

7. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations.
8. To do so, all questions must be submitted no later than 5.00 p.m. on 14 April 2022 by post at 31 Harrison Road, #08-01, Food Empire Building, Singapore 369649 or email: agm@foodempire.com or the URL: https://live.motionmediaworks.com/foodempire_reg. For post or email, please indicate the following details in your letter or email:
 - a. Your full name,
 - b. Number of shares held; and
 - c. The manner in which you hold shares (via CDP, Scrip, CPF or SRS)
9. If your Shares are held through a nominee account, you should approach the relevant Depository Agent and Relevant Intermediaries (as defined below) as soon as possible but not less than seven (7) working days before the AGM (i.e. by 11 April 2022) if you wish to submit questions related to the resolution to be tabled for approval at the AGM.
10. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet by 18 April 2022. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM.

Voting by proxy

11. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**"), failing which the appointment of the Chairman of the AGM as proxy for the resolutions will be treated as invalid.
12. The Chairman of the AGM, as proxy, need not be a member of the Company.
13. The Proxy Form, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted through any one of the following means by 3.00 p.m. on 20 April 2022, being not less than 48 hours before the time appointed for the AGM:
 - (a) by email, sending a scanned PDF copy of the duly completed Proxy Form to foodempire-agmegm2022@boardroomlimited.com; or
 - (b) if in hard copy and sent personally or by post, the Proxy Form must be deposited / sent to the Company's registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

NOTICE OF ANNUAL GENERAL MEETING

14. The Proxy Form must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
15. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case where the appointor submits more than one Proxy Form).
16. In the case of a member whose Shares are entered against his/her/its name in the Depository Register, the Company may reject any Proxy Form lodged if such member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
17. A member of the Company who holds his/her/its shares through a Relevant Intermediary (as defined below) (other than CPF and SRS investors) and who wish to exercise his/her/its votes by appointing the Chairman of the AGM as proxy should approach his/her/its Relevant Intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

CPF and SRS investors who hold Shares through Relevant Intermediaries like the CPF Agent Banks or SRS Operators and who wish to request their CPF Agent Banks or SRS Agent Banks to appoint the Chairman of the AGM as their proxy in respect of the Shares held by such CPF Agent Banks or SRS Agent Banks on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions at least seven (7) working days (by 11 April 2022) prior to the date of the AGM.

A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By pre-registering for the Live Webcast and/or submitting an instrument appointing Chairman of the AGM as proxy to vote at the AGM of the Company and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder'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 AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (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 and agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

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FOOD EMPIRE HOLDINGS LIMITED
(Company Registration No. 200001282G)
(Incorporated In the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
2. Shareholders will not be able to attend the AGM in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.
3. If a CPFIS or SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach their respective CPF Agent Banks or SRS Operators to submit his/her votes at least seven (7) working days before the date of the AGM.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We*, _____ (Name)

NRIC/Passport/Company Registration No. _____

of _____ (Address)

being a member/members* of Food Empire Holdings Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("AGM") as my/our* proxy to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held by way of electronic means on Friday, 22 April 2022 at 3.00 p.m.

I/We* direct my/our* proxy/proxies* to vote for, against or abstain from voting on the ordinary resolutions proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given for any particular resolution or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as my/our* proxy will be treated as invalid for that particular resolution or for any other matter arising at the AGM and at any adjournment thereof.**

No.	Resolutions	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾	Number of Votes Abstain ⁽¹⁾
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2021			
2	Proposed first and final dividend and special dividend			
3	Re-election of Mr Tan Wang Cheow as a Director			
4	Re-election of Mr Koh Yew Hiap as a Director			
5	Re-election of Mr Adrian Chan Pengee as a Director			
6	Approval of Directors' fees amounting to S\$370,285.00			
7	Re-appointment of Ernst & Young LLP as Auditors			
8	Authority to issue shares			
9	Authority to grant options and to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme ("2012 Option Scheme")			

⁽¹⁾ If you wish to exercise all your votes 'For', 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2022

Signature (s) of Member(s) / Common Seal of Corporate Member

* To delete as appropriate

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

Notes to the Proxy Form:

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 81SF of the Securities and Futures Act 2001 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 the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
2. In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be convened and held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person.
3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid.
4. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. This Proxy Form must be submitted through any one of the following means by 3.00 p.m. on 20 April 2022, being not less than 48 hours before the time appointed for the AGM:
 - (a) by email, sending a scanned PDF copy of the duly completed Proxy Form to foodempire-agmegm2022@boardroomlimited.com; or
 - (b) if in hard copy and sent personally or by post, the Proxy Form must be deposited / sent to the Company's registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.
6. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
7. A member of the Company who holds his/her/its Shares through a Relevant Intermediary (as defined below) (other than CPF and SRS investors) and who wish to exercise his/her/its votes by appointing the Chairman of the AGM as proxy should approach his/her/its Relevant Intermediary (as defined below) through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

CPF and SRS investors who hold Shares through Relevant Intermediaries like the CPF Agent Banks or SRS Operators and who wish to request their CPF Agent Banks or SRS Agent Banks to appoint the Chairman of the AGM as their proxy in respect of the Shares held by such CPF Agent Banks or SRS Agent Banks on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions at least seven (7) working days (by 11 April 2022) prior to the date of the AGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

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 shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, all Shareholders accept and agree to the personal data privacy terms set out in the Notice of AGM dated 7 April 2022.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Tan Wang Cheow (*Executive Chairman*)
Sudeep Nair (*Group CEO and Executive Director*)

Non-Executive

Tan Guek Ming (*Non-Independent*)
Koh Yew Hiap (*Non-Independent*)
Ong Kian Min (*Non-Independent*)
Saw Meng Tee (*Lead Independent*)
Tan Cher Liang (*Independent*)
Adrian Chan Pengee (*Independent*)

AUDIT COMMITTEE

Saw Meng Tee (*Chairman*)
Tan Guek Ming
Koh Yew Hiap
Tan Cher Liang
Adrian Chan Pengee

NOMINATING COMMITTEE

Tan Cher Liang (*Chairman*)
Tan Wang Cheow
Ong Kian Min
Saw Meng Tee
Adrian Chan Pengee

REMUNERATION COMMITTEE

Adrian Chan Pengee (*Chairman*)
Tan Guek Ming
Koh Yew Hiap
Saw Meng Tee
Tan Cher Liang

COMPANY SECRETARY

Kevin Cho

REGISTERED OFFICE

1 Harbourfront Avenue, #14-07
Keppel Bay Tower
Singapore 098632
Telephone number : (65) 6536 5355
Fax number : (65) 6536 1360

BUSINESS OFFICE

31 Harrison Road, #08-01
Food Empire Building
Singapore 369649
Telephone number : (65) 6622 6900
Fax number : (65) 6744 8977

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue, #14-07
Keppel Bay Tower
Singapore 098632
Telephone number : (65) 6536 5355
Fax number : (65) 6536 1360

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Tan Boon Leong
(*w.e.f. the financial year ended 31 December 2019*)

PRINCIPAL BANKERS

DBS Bank Limited
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited



AR21: BUILDING RESILIENCE & TRUST



Food Empire

FOOD EMPIRE HOLDINGS LIMITED

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