



Food Empire

# Explore

WINDOWS TO  
NEW OPPORTUNITIES



**Vision**



**Strengths**



**Presence**



**Performance**



**People**



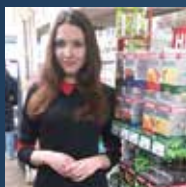
**Brands**

# Explore

## CONTENTS

02

Food Empire in  
Numbers



06

Our Brands



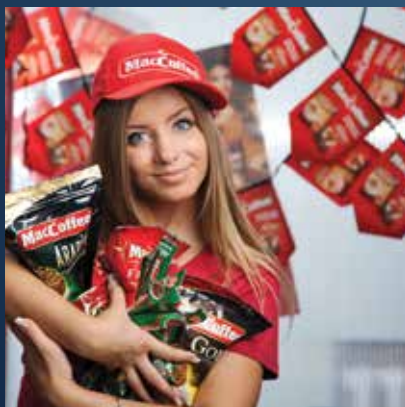
03

Corporate Profile



04

Global  
Presence



08

Executive Chairman's Message



With strong brands, right strategies and growing presence, we at Food Empire have always demonstrated our ability to overcome market challenges and enhance the way we operate. Re-energised for the future, we are focused on building on our strengths and positioning for the next phase of growth.

10



Group CEO's  
Message

12

New  
Products

18



Activities

13



Financial Highlights

20

CSR Activities



38

Financial Contents

14

Operations and  
Financial Review

16

Board of Directors

134

Shareholders'  
Information

136

Notice of  
AGM

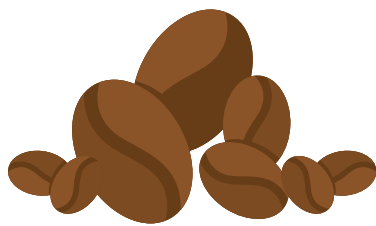
Proxy  
Form

Corporate  
Information





# Food Empire in Numbers



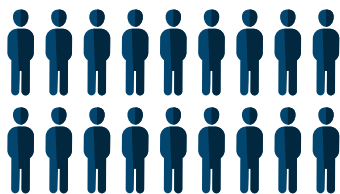
Over  
**17**  
BRANDS  
Beloved by Consumers

**24**

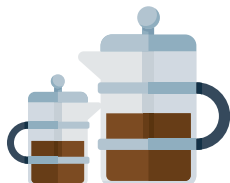
Offices Worldwide  
(Representative and Liaison)



Sells More than  
**18 MILLION**  
**CANISTERS**  
of Potato Crisps  
each year



more than  
**3,000**  
staff worldwide



**3**

Production  
Facilities  
(2 in Malaysia and  
1 in India)



**6 MANUFACTURING  
FACILITIES**

(Russia, Ukraine, Vietnam, Myanmar and  
2 in Malaysia)







## Corporate Profile

SGX Mainboard-listed Food Empire Holdings ("the Group") is a global branding and manufacturing company specializing in the food and beverage industry. The Group's portfolio of products includes instant beverages, frozen convenience food, confectionery and snacks.

Food Empire produces a wide variety of instant beverages such as regular and flavored coffee mixes and cappuccinos, chocolate drinks and flavored fruit teas. The Group also markets instant breakfast cereal, assorted easy-to-prepare frozen foods, and snack items such as potato crisps. In addition to consumer retail products, the Group also sells raw ingredients like instant coffee and non-dairy creamer to other food manufacturers under its B2B arm.

Food Empire's products are sold to over 50 countries, in markets such as Russia, Ukraine, Central Asia, China, Mongolia, Indochina, the Middle East, Africa, Europe and North America. The Group has 24 offices (representative and liaison) worldwide. The Group operates six manufacturing facilities (Russia, Ukraine, Vietnam, Myanmar and two in Malaysia) and three production facilities (two in Malaysia and one in India).

Food Empire's strength lies in its proprietary brands – including MacCoffee, Petrovskaya Sloboda, Café Pho, Klassno, CafeRite, NutriRite, Hillway, Hyson, OrienBites and Kracks. MacCoffee - the Group's flagship brand - has been consistently ranked as the leading 3-in1 instant coffee brand in the Group's core markets of Russia, Ukraine and Kazakhstan. The Group employs sophisticated brand building activities, localized to match the demographics and consumer trends 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 recognized as one of the "Most Valuable Singapore Brands" by IE 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.



**YEARS**

listed on the  
Singapore  
Exchange

Sells  
Products to  
Over

**50**

Countries







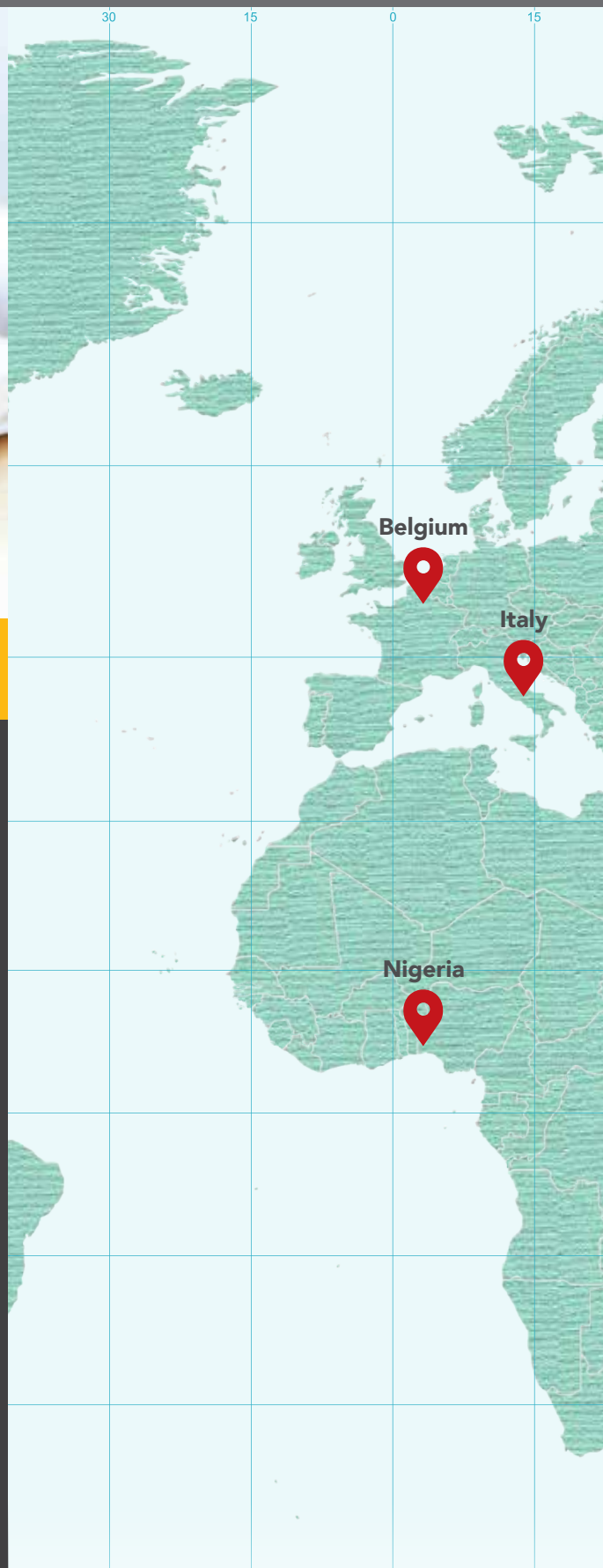
Food Empire



# Global Presence

Building great brands and creating quality products for diverse markets—these form the bedrock of Food Empire's fundamental strength.

With sights set on extending our global footprint, we are excited about how our product development and brand-building capability will take us.









# Our Brands

Food Empire's growing portfolio of trusted brands represents our commitment to deliver quality to our markets. Through brands that satisfy consumers' varying wants, needs and tastes, Food Empire strives to innovate ways to delight consumers while inspiring loyalty.



RE-ENERGISED  
FOR THE FUTURE



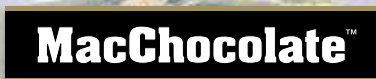




TAZZANERA



COFFEE ONE  
coffeesystem







**Mr Tan Wang Cheow**

Executive Chairman

Photos



Status Photo/Video Life Event

In 2017, we will keep up our efforts to leverage on our strong branding to deliver our growth strategies as we penetrate deeper into markets such as Vietnam, Myanmar, China and other Southeast Asia countries.

Friends

Post

Dear Valued Shareholders,

2016 was a year that marked our corporate recovery, despite headwinds from economic volatility and currency fluctuations which continue to dominate international headlines. Several factors such as the strengthening of the Russian Ruble and the slow recovery in oil prices bode well for the Russia economy and impacted us positively. Together with increased stability in our Russia market as well as higher contributions from our Indochina markets, 2016 was a year whereby the Group was able to catch a glimpse of the clearing of storm clouds over the horizon. Thus, it is with great pleasure that I present to you our scorecard for the financial year ended 31 December 2016 ("FY2016").

#### FINANCIAL OVERVIEW

Revenue for FY2016 was US\$242.2 million, a year-on-year increase of 4.2% compared with the US\$232.5 million recorded in FY2015.

In FY2016, the Ukrainian Hryvnia weakened from 23.9 Hryvnia per US dollar on 31 December 2015 to 27.2 Hryvnia per US dollar on 31 December 2016. Over the same period, the Russian Ruble strengthened to 60.6 Ruble per US dollar on 31 December 2016, compared with 72.9 Ruble per US dollar on 31 December 2015. Against this backdrop, the Group's largest market, Russia, posted a marginal increase in revenue of 0.6% to US\$107.9 million compared to US\$107.3 million. Sales in the Group's Ukraine market declined 5.4% from US\$24.8 million in FY2015 to US\$23.5 million in FY2016 due to the weakening of the Ukrainian Hryvnia against the US dollar. In local currency terms, both Russia and Ukraine markets recorded higher revenue due to higher selling prices. FY2016



sales in the Group's Kazakhstan and CIS markets also fell 24.1% due to softer consumer sentiment and the weakening of local currencies, while the Group's Indochina market as well as Other Markets recorded higher sales for FY2016.

For FY2016, net profit after tax was US\$13.8 million as compared to a net loss after tax of US\$0.1 million in FY2015 due to more favourable exchange rates and better performance in key markets as a result of higher selling prices.

### SUCCESSFUL DIVERSIFICATION OF MARKETS

We are beginning to reap the benefits of our efforts to diversify our markets. Sales in the Group's Indochina market increased by 36.2% from US\$29.4 million in FY2015 to US\$40.1 million in FY2016. Building on this positive growth momentum, we have set sights to deepen market penetration in China for 2017.

In 2011, the Group purchased a plot of land at 81 Playfair Road in Singapore. On 22 February 2016, we officiated the opening of this new Food Empire Building located adjacent to our existing headquarters building at 31 Harrison Road. The new Food Empire Building houses 14 office units for lease and is currently over 90% occupied. The rental lease also provides a source of recurring income for the Group.

### EXPANDING ACROSS THE VALUE CHAIN

The Group made significant headway in our upstream expansion along the Food & Beverage ("F&B") value chain, with all our green-field projects (non-dairy creamer plant, snack factory and the new instant coffee plant in India) being profitable.

In March 2016, we made an investment in Caffè Bene Co., Ltd. ("Caffebene"), one of South Korea's largest coffee house chain with a global presence of about 800 stores worldwide. The investment is in line with our growth strategy to expand along the entire value chain of the F&B industry. Tapping on our counterparties' strengths and network, we remain cautiously optimistic of Caffebene's growth opportunities.

### CREATING GREATER BRAND EQUITY

At Food Empire, we continue to grow our intangible assets and brands to create greater enterprise value in our international markets. Upholding a strong brand equity allows us to establish lasting relationships with our customers and our products and our commitment to do so is reflected in the numerous accolades and awards Food Empire has achieved over the years and likewise in 2016.

We are proud to be recognised as "Top 100 Singapore Brands" by Brand Finance, the world's leading independent intangible asset and brand valuation consultancy. On 16 November 2016, our MacCoffee was awarded Product of the Year within the coffee mix category in Russia, underscoring the hard work of the team behind MacCoffee to continuously innovate to deliver the best quality coffee to our consumers.

Food Empire's 2015 annual report was also internationally recognised at the International ARC Awards and was awarded one Gold and two Bronze awards under the "Food & Consumer Packaged Goods" classification. The accolades are an acknowledgment from the industry and reflection of our commitment to maintaining high internal standards to ensure accuracy and transparency in the most appealing and creative manner to effectively engage our stakeholders.

### OUTLOOK

2016 was a year marked with major political events such as Brexit and the U.S. presidential election – both which may usher in greater political and economic challenges. While these are extraordinary times, we will remain vigilant in keeping a close watch on macroeconomic and geopolitical situations as well as their impact on our businesses.

Moving ahead, we are cautiously optimistic as we step into 2017 due to several factors. Firstly, the potential improvement in relationship between the U.S. and Russia may positively impact market trade. With the likely recovery in oil prices, we expect the economies of our key markets such as Russia, Kazakhstan and CIS countries to fare better relatively from a year ago.

In 2017, we will keep up our efforts to leverage on our strong branding to deliver our growth strategies as we penetrate deeper into markets such as Vietnam, Myanmar, China and other Southeast Asia countries. Meanwhile, we are embracing disruptive technologies which have been transforming the way businesses are conducted. We are increasingly seeing a consolidation of e-commerce and online platforms where making a purchase is more than just a physical transfer of goods.

As a Group, we have faced many challenging economic and business cycles in our journey so far and we have weathered each storm with resilience and grit, emerging stronger after every event. Today, we are well-poised for recovery and growth.

### APPRECIATION

Our team of dedicated management and staff have worked tirelessly to achieve our results today and I would like to take this opportunity to thank all of them for their commitment and dedication. I would also like to thank all our Directors for their strategic input and stewardship during the past year. My heartfelt appreciation is also extended to our business partners, distributors, customers and shareholders for their continued trust and confidence in us, in good times and bad. We are thankful to you for keeping the faith with us. Let us look forward to a better 2017.

**Mr. Tan Wang Cheow**

Executive Chairman



Like



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Share



- Home
- Moments
- Notifications
- Messages
- Me

- Trending
- New Tweet
- Find People



The successful vertical integration of our supply chain, which started a few years ago, has also provided us with greater control over the supply and production of raw materials, thus enabling us to stabilise and maintain our high quality standards.

TWEETS  
1,759

PHOTOS/VIDEOS  
35

FOLLOWING  
131

FOLLOWERS  
30.1M

More ▾



Follow

Dear shareholders,

Since my appointment as the Group Chief Executive Officer of Food Empire three years ago, the team and I have been driving diversification efforts to provide us with a more balanced portfolio in order to overcome the challenges amid weak oil prices and political conflict between Russia and Ukraine. At the close of the 2016 financial year, I am pleased to report that our business has emerged stronger from the difficult period and we can look forward to better days. During the recent downturn not only have we managed to retain and grow our business in our main core markets but we also have succeeded in penetrating into new Asian markets using our experience of Eastern Europe. All these bear testimony to the commitment and hard work of a passionate and dedicated team that keeps driving the Company forward.

For FY2016, the Group recorded higher revenue of 4.2% to US\$242.2 million as compared to US\$232.4 million in FY2015. In local currency terms, Russia and Ukraine posted an increase in revenue due to higher selling prices. However, sales in our Kazakhstan and CIS markets continue to be affected due to softer consumer sentiment and weakening of their respective local currencies.

Meanwhile, we continue to gain momentum in our Indochina market with sales improving 36.2% from US\$29.4 million in FY2015 to US\$40.1 million in FY2016, driven by wider distribution channels combined with aggressive advertising and promotion activities. Sales in the Group's Other Markets also grew by 24.2% from US\$35.1 million in FY2015 to US\$43.5 million in FY2016, due to higher sales contribution from the Group's Middle East market, non-dairy creamer plant in Malaysia and instant coffee plant in India.







The Group recorded higher selling and distribution expenses by US\$4.2 million from US\$38.3 million in FY2015 to US\$42.5 million as well as higher general and administrative expenses by US\$1.9 million from US\$28.6 million in FY2015 to US\$30.5 million. The former was mainly due to higher expenses for advertising and promotion activities coupled with higher manpower cost. The latter was mainly attributed to higher manpower cost, provision for bad debts, legal and professional expenses and stock obsolescence, but was offset by the absence of the US\$1.6 million impairment of an associate recognised in FY2015.

Overall, for FY2016, the Group posted a net profit after tax of US\$13.8 million as compared to a net loss after tax of US\$0.1 million in FY2015.

The Group's results were strongly bolstered by our geographical diversification beyond the CIS region, in particular, Asia. Staying focused on our strengths to deliver high-quality and affordable products which resonate with consumers, we have managed to carve out a niche in our Asian markets, despite stiff competition from well established local as well as global players. With a proven strategy, we are confident of replicating this successful business model in other regions outside our core markets as part of our diversification efforts beyond the CIS regions to provide a more balanced portfolio.

In the long run, it is crucial for us to further diversify and undertake strategic mergers and acquisitions, which will allow us to expand further upstream and downstream, tap new markets and leverage on the capabilities of our partners. Beyond existing joint ventures, we are constantly on the lookout for suitable target companies that could

complement our existing businesses and help to diversify our operations. We will continue to exercise stringent evaluation of the target companies before committing resources to proceed with due diligence.

The successful vertical integration of our supply chain, which started a few years ago, has also provided us with greater control over the supply and production of raw materials, thus enabling us to stabilise and maintain our high quality standards.

The global oil prices have started to recover and the currencies of our key markets such as Russia, Kazakhstan and CIS countries are beginning to stabilise, all of which may weigh positively on the Group in the coming year. Amid global economic uncertainty as well as significant political changes, we continue to exercise resilience and drive steady growth in our key markets while expanding into new territories.

Over the past two years, we have learnt much on how to handle continuous change and I am confident that the changes we made have put us in a far stronger position today to grow our business, to answer further challenges so that we can continue to create greater value for you, our shareholders.

I would like to thank the Board for their guidance, our management and staff for their dedication and hard work. To our partners, customers and shareholders, thank you for staying the course with us.

**Mr Sudeep Nair**  
Group Chief Executive Officer



# New Flavours

Exciting Additions to  
Our Product Portfolio



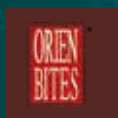
**NutriRite - Instant  
3-in-1 Cereal  
Chocolate**



**Tazzanera  
Premium Coffee**



**Orienbites -  
Premium Dimsum**



**Orienbites -  
Shrimp Hakao**



## **NUTRIRITE - INSTANT 3-IN-1 CEREAL CHOCOLATE**

Great news, chocolate lovers! NutriRite, the delicious and healthy instant cereal drink that has been winning hearts since its launch in 2014, has a new flavour: chocolate. Made with extra cocoa, this drink is packed with nutrients that will keep you nourished and energised—definitely a great way to start your day!

## **TAZZANERA COFFEE CAPSULES**

Inspired by the Italian tradition of coffee excellence, every cup of TazzaNera is a taste of culture and memories from the heart of Italy, promising a genuine satisfaction to all coffee lovers. Easy-to-enjoy, TazzaNera coffee capsules are compatible with all Nespresso machines and comes in 4 different blends.



## **ORIENBITES - PREMIUM DIMSUM**

Who needs to go to a traditional teahouse when you can have a terrific assortment of classic dimsum favourites anywhere you go? Made with no artificial flavours and MSG, OrienBites Premium Dimsum is a tasty, easy-to-prepare and guilt-free snack. Just steam these delectable treats and you're ready to enjoy in seconds.

## **ORIENBITES - SHRIMP HAKAO**

OrienBites introduces the latest addition to its frozen snacks family: Shrimp Hakao, the traditional Cantonese dumpling that continues to delight dimsum lovers all over the world. Made with shrimp and wrapped in a translucent skin, this sumptuous snack is best enjoyed when dipped in a little bit of soy sauce.



Send





File

Home

Insert

Layout

Review

View

Calibri (Body)

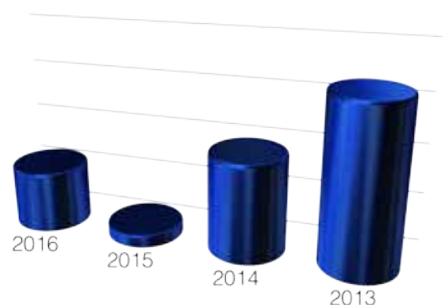
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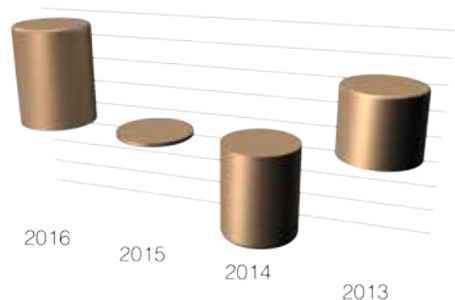
abc

**GROUP REVENUE**

(US\$'000)

**GROUP PROFIT/(LOSS) BEFORE TAX**

(US\$'000)



	2016	2015	2014	2013
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**(US\$'000)**

Revenue	242,210	232,427	249,514	262,886
Profit/(loss) before taxation	17,457	(791)	(16,362)	12,691
Profit/(loss) after taxation	13,815	(131)	(13,601)	11,341

**Financial Indicators**

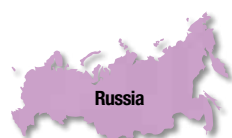
Debt to Equity Ratio	25.3%	28.7%	30.0%	19.4%
Working Capital Ratio	2.1	2.2	2.3	3.2
Quick Ratio	1.4	1.4	1.4	2.2
EBITDA Margin	9.8%	1.9%	(4.6%)	6.2%
Diluted earnings/(loss) per share (USD cents)	2.72	0.04	(2.48)	2.18
NAV per share (USD cents)	28.83	25.78	25.94	31.15

**Revenue by Geographical Regions (US\$'000)**

Russia	107,938	107,302	136,655	152,925
Ukraine	23,480	24,811	26,719	35,323
Kazakhstan & CIS Markets	27,170	35,808	48,356	47,903
Indochina	40,092	29,445	10,498	5,078
Others	43,530	35,061	27,286	21,657
	242,210	232,427	249,514	262,886

**Revenue by Product Group (US\$'000)**

Beverages	216,365	211,229	229,450	246,867
Non-Beverages	15,374	15,547	19,269	16,019
Ingredients	10,471	5,651	795	—
	242,210	232,427	249,514	262,886



**US\$107.9  
MILLION**



**US\$23.5  
MILLION**



**US\$27.2  
MILLION**



**US\$40.1  
MILLION**



**US\$43.5  
MILLION**



Aa

Aa

Aa

Aa

Aa

Aa

Aa

Aa

Aa

Aa

1



2



3



4



## 2016 in Review



### FINANCIAL PERFORMANCE

Revenue for the financial year ended 31 December 2016 ("FY2016") was US\$242.2 million, a year-on-year ("yoy") increase of 4.2% compared with the US\$232.4 million revenue recorded in FY2015.

In FY2016, sales in the Group's largest market, Russia, increased marginally by 0.6% to US\$107.9 million compared to US\$107.3 million. In the Group's Ukraine market, sales declined by 5.4% from US\$24.8 million in FY2015 to US\$23.5 million in FY2016 due to weakening of the Ukrainian Hryvnia against the US dollar. In local currency terms, both Russia and Ukraine markets recorded higher revenue due to higher selling prices. In the Group's Kazakhstan and CIS markets, sales decreased by 24.1% from US\$35.8 million in FY2015 to US\$27.2 million in FY2016 due to softer consumer sentiment and the weakening of local currencies. In the Group's Indochina market, sales increased by 36.2% from US\$29.4 million in FY2015 to US\$40.1 million in FY2016 as a result of higher sales due to wider distribution channels, aggressive advertising and promotion activities. Sales in the Group's Other Markets increased by 24.2% from US\$35.1 million in FY2015 to US\$43.5 million in FY2016 due to higher sales contribution from the Group's Middle East market, non-dairy creamer plant in Malaysia and instant coffee plant in India.





Slide  
Size



Format  
Background



Design  
Ideas

For FY2016, selling and distribution expenses increased by US\$4.2 million from US\$38.3 million in FY2015 to US\$42.5 million. The increase was mainly attributed to higher expenses for advertising and promotion activities coupled with higher manpower cost. General and administrative expenses increased by US\$1.9 million from US\$28.6 million in FY2015 to US\$30.5 million. The increase was mainly attributed to higher manpower cost, provision for bad debts, legal and professional expenses and stock obsolescence, but was offset by the absence of the US\$1.6 million impairment of an associate recognised in FY2015.

For FY2016, the Group recorded a net profit after tax of US\$13.8 million as compared to a net loss after tax of US\$0.1 million in FY2015 mainly due to more favourable exchange rates and better performance in key markets as a result of higher selling prices. This was partially offset by share of losses from our associate company, Caffè Bene Co., Ltd., which was acquired in 1Q2016.

### FINANCIAL POSITION

Inventories increased from US\$40.1 million as at 31 December 2015 to US\$43.6 million as at 31 December 2016 due to translation gain of inventories held in currencies other than the US dollar, stock-up of inventories and a change in business processes from distributor importer to direct import model for our operations in Kazakhstan.

Investment in associates increased from US\$7.6 million as at 31 December 2015 to US\$15.3 million as at 31 December 2016 due to the Group's investment in Caffè Bene Co., Ltd., net of loss equity accounted during the year.

The Group's net operating cash inflow was US\$12.7 million in FY2016 compared to US\$15.3 million in FY2015. The Group's cash and cash equivalents was US\$28.6 million as at 31 December 2016, compared to US\$27.5 million as at 31 December 2015. The Group's net assets as at 31 December 2016 were US\$153.9 million. The net asset value per ordinary share (excluding non-controlling interests) as at 31 December 2016 was 28.83 US cents as compared to 25.78 US cents as at 31 December 2015.

Inventories increased in FY 2016 due to translation gain of inventories held in currencies other than the US dollar, stock-up of inventories and a change in business processes from distributor importer to direct import model for our operations in Kazakhstan.





## The Board



**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 developing new markets and exploring opportunities for acquisitions. A passionate believer in the power of brands, Mr Tan is actively involved in the marketing and branding activities across the Group.

Mr Tan is also actively involved in the local grassroots community since 1990. He received the Ministry of Education Service to Education Award 2014, and was awarded the Public Service Medal in 2014 for his contributions to the society and business. He holds a Bachelor of Accountancy from the National University of Singapore.

**MR SUDEEP NAIR** *Group Chief Executive Officer*

Mr Nair joined the Board as an Executive Director in July 2005. In October 2012 Mr Nair was appointed as the Group CEO and is responsible for the overall oversight of the Group's day-to-day operations. His role includes developing new markets for the Group and identifying new business opportunities within and outside of the Group's markets.

Mr Nair has over 20 years of experience in developing and managing the Group's business in Russia and the CIS countries.



**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 had 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 with the Salim Group. He holds a Bachelor of Arts (Economics) Honours from the University of Manchester.







**MR HARTONO GUNAWAN** *Non-Executive Director*

Mr Gunawan was appointed to the Board as a Non-Executive Director in September 2006. Mr Gunawan brings substantial international business experience and expertise to the Board. Since 1990, he has served as an Executive Director of the Salim Group and sits on the Boards of several companies with the Salim Group with responsibility for setting the overall direction and goals of those companies. Mr Gunawan has spearheaded numerous investment projects in Indonesia, Asia Pacific and Australia and holds principal directorship in the corporate and other business entities overseeing such investments.

He graduated from the University of Indonesia in 1979 with an accounting degree (Sarjana Ekonomi-Universitas, Indonesia).

**MR BOON YOON CHIANG** *Independent Director*

Mr Boon was appointed to the Board as an Independent Director in December 2005. He is the Country Chairman of the Jardine Matheson Group of Companies in Singapore, and Deputy Chairman of Jardine Cycle & Carriage Limited, which is listed on the Singapore Exchange Limited. He also serves on the Boards of other public companies including MNCs. He is a Board member of the Singapore International Chamber of Commerce and a member of the Competition Appeal Board.



**MR LEW SYN PAU** *Independent Director*

Mr Lew has served as an Independent Director on the Board since April 2000 and is a member of the Audit Committee. He is also a Director of several other Singapore listed companies involved in a range of industries including palm oil, logistics, energy and resources, marina & yachting, and precision machining. His previous career included being Managing Director of NTUC Comfort, Executive Director of NTUC Fairprice and General Manager and Senior Country Officer of Credit Agricole Indosuez.

Between 2002 and 2006, Mr Lew was the President of the Singapore Manufacturers Federation. He was a Member of the Singapore Parliament from 1988 to 2001, and served as the Chairman of the Government Parliamentary Committees for Education, Finance, Trade & Industry and National Development. A Singapore Government scholar, Mr Lew holds a Masters Degree in Engineering from the University of Cambridge, UK and a Masters Degree in Business Administration from Stanford University, USA.

**MR ONG KIAN MIN** *Independent Director*

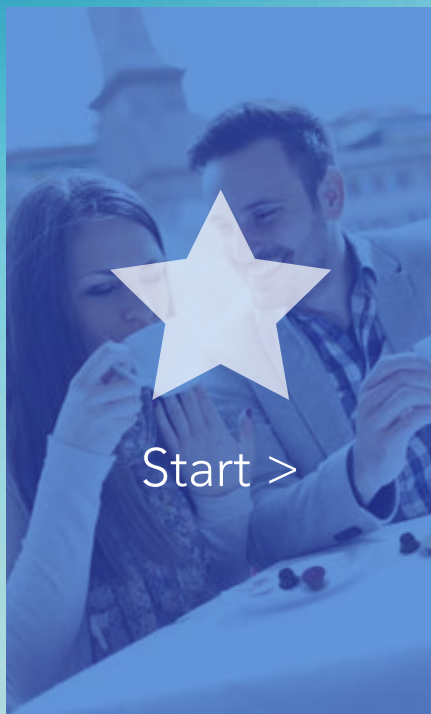
Mr Ong has served on the Board as an Independent Director since April 2000. He is the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. As a lawyer and corporate adviser, Mr Ong brings invaluable legal and business experience to the Board. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 20 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 practicing as a consultant with Drew & Napier LLC, a leading Singapore law firm, he is a senior advisor of Alpha Advisory Pte Ltd (a financial and corporate advisory firm) and CEO of Kanesaka Sushi Private Limited which invests in and operates Japanese fine-dining restaurants.

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.





# 2016 Events



1



## FOOD EMPIRE BUILDING OFFICIAL OPENING

With great pride and joy, Food Empire officially opened the Food Empire Building at 31 Harrison Road on 22 February 2016. Executive Chairman Mr Tan Wang Cheow graced the celebration, where friends and colleagues gathered to mark the occasion.

2



## FOOD EMPIRE ENTERS JOINT VENTURE TO INVEST IN CAFFEBENE

03 March 2016—Food Empire sets up a USD24M joint venture fund to invest into Caffebene, a widely popular chain of cafes from South Korea with over 800 shops worldwide.

3



## CAFÉ PHÔ SALES ACHIEVEMENT AWARDS

On 07 April 2016, in appreciation of the efforts of our dedicated employees in FES Vietnam, 10 cars were awarded to the 10 best performing sales managers. These managers not only met their sales goals but exceeded them.

4



## SIAL CHINA

From 05 to 07 May 2016, Food Empire participated in SIAL China 2016, the largest food and beverage trade show in Asia. The event was held at the Shanghai New International Expo Centre, where enterprises from all over the world gathered to showcase innovative products and concepts.

5



## STRONG SHOWING AT THE HKBPE 2016

Klassno and NutriRite were well received at the annual Hong Kong Brands and Products Expo (HKBPE), one of the region's largest outdoor exhibitions featuring local and international brands and quality products. The 24-day event was held at Victoria Park, where 880 booths filled 28,000 sqm of exhibition space and showcased a wide variety of goods.



## FOOD EMPIRE'S BRAND BUILDING EXPEDITIONS IN 2016

**6**



**OFFICIAL SPONSOR OF WORLD CUP OF HOCKEY 2016**  
05 October 2016 – Marking a milestone in our consumer outreach efforts, MacCoffee is honoured to be the official sponsor of the World Cup of Hockey (NHL), one of the biggest sports events on the global scale. This event attracted more than 500 million viewers throughout the globe, with more than 100 million fans in Europe only.

**7**



**SIAL PARIS 2016**  
From 16 to 20 October, Food Empire took part in the SIAL Paris 2016, the world's largest food innovation exhibition. Over 7,000 exhibitors participated in this event, attracting over 155,000 visitors from all over the world.

**8**



**OPENING CEREMONY OF FES VIETNAM'S NEW OFFICE**  
Founded in 2004, FES Vietnam is one of the first companies to introduce instant coffee to Vietnam. On 28 June 2016, the company held the opening of its new office at Pearl Plaza, a location that allows FES Vietnam to meet the development and expansion of the enterprise.

**9**



**JUBILEE WITH MACCOFFEE: HAPPY 300TH BIRTHDAY TO THE CITY OF OMSK!**  
Birthdays come once a year, and the 300th anniversary—only once in 300 years! Isn't that a reason for a big celebration? That's what the city of Omsk celebrated on the first week of August, and naturally MacCoffee was present to join the 3-day festivity. MacCoffee organised fun events and contests around the city, entertaining and energising the townspeople who received prizes, gifts and free MacCoffee samples!

**10**



**MACCOFFEE IS PRODUCT OF THE YEAR**  
On 16 November, MacCoffee was awarded 'Product of the Year' in the Coffee Mix category in Russia. The accolade is a testament to the MacCoffee team's continued commitment to innovation to give our consumers quality coffee.

**11**



**MACCOFFEE BOLLYWOOD FILM FESTIVAL**  
MacCoffee is the general sponsor of the Bollywood Film Festival, which was held from November 30 to December 7, 2016 in 21 cities in Russia, including Moscow and Saint Petersburg.



## Making a difference as part of our journey as a Company

### FOOD EMPIRE PERFORMING ARTS AWARD 2016

Continuing an annual tradition, Food Empire participated in the Woodgrove Performing Arts Award on 02 April 2016. Executive Chairman Mr Tan Wang Cheow was present to support and congratulate the young talents who showed exceptional skills in the performing arts. Food Empire will always encourage Singapore's youth to express creativity through performing arts.



### MANILA MEDICAL MISSION – 31<sup>ST</sup> MAY TO 10<sup>TH</sup> JUNE

For the past five years, Food Empire's Medical Mission to Manila sponsorship has proven to be a testimony to the company's commitment to make a difference and give back to the community. From 31 May to 10 June 2016, selfless volunteers continued to carry out the mission of providing free medical treatment and health education, as well as organising a feeding programme for the less fortunate.



### NATIONAL DAY DINNER

Food Empire is proud to be part of this year's National Day Dinner organised by the Bedok Reservoir-Punggol CCC. This annual event is organised to gather people, foster community spirit and celebrate social harmony.



### WOODGROVE AESTHETIC NIGHT

On 01 June 2016, Woodgrove Secondary School held its Aesthetic Night, with the theme "Empowering Growth". Food Empire's Executive Chairman Mr Tan Wang Cheow was present to show the Group's support.





# 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 interest of the Company’s shareholders. The Company recognises the importance of practicing good corporate governance and supports the Code of Corporate Governance 2012 (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 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.

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 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.



# Corporate Governance Report

## A) BOARD MATTERS (CONT'D)

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

The Non-executive Directors ("**NEDs**") and Independent NEDs ("**INEDs**") always constructively challenge and help develop proposals on strategy and reviews the Management's performance in meeting agreed goals and objectives, and monitor the reporting of Management's performance. To facilitate a more effective check on Management, NEDs would meet amongst themselves without the presence of Management prior to the start of each Board meeting, where necessary.

The attendance of the Directors at meetings of the Board and Board Committees for the financial year ended 31 December 2016 ("**FY2016**") as well as the frequency of these meetings, are disclosed as follows:-

<b>Directors</b>	<b>Board Meeting</b>	<b>Audit Committee Meeting</b>	<b>Nominating Committee Meeting</b>	<b>Remuneration Committee Meeting</b>
Tan Wang Cheow	5	N/A	1	N/A
Sudeep Nair	5	N/A	N/A	N/A
Tan Guek Ming	5	4	N/A	3
Hartono Gunawan	3	N/A	N/A	N/A
Koh Yew Hiap	5	N/A	N/A	3
Ong Kian Min	5	4	1	3
Lew Syn Pau	5	4	1	3
Boon Yoon Chiang	5	4	1	3
<b>No. of Meetings Held in 2016</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>3</b>

The Directors are appointed based on the strength of their 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 director to undergo training on the roles and responsibilities as directors of a listed company 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 director on the Company's business and operations.

The Management monitors changes to regulations and accounting standards and the Directors are briefed on the new updates in the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Companies Act, Chapter 50 or other regulations/statutory requirements from time to time by the Management and 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.



# Corporate Governance Report

## B) BOARD COMPOSITION AND GUIDANCE

### - Principle 2: Strong and independent element 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
Mdm. Tan Guek Ming	Non-executive Director
Mr. Hartono Gunawan	Non-executive Director
Mr. Koh Yew Hiap	Non-executive Director
Mr. Ong Kian Min	Lead Independent Non-executive Director
Mr. Lew Syn Pau	Independent Non-executive Director
Mr. Boon Yoon Chiang	Independent Non-executive Director

The core competencies of the Board members are as follows:-

	Accounting/ Finance/ Business/ Management Experience	Industry Knowledge	Strategic Planning	Human Resource	Law
Tan Wang Cheow	√	√	√		
Sudeep Nair	√	√	√		
Tan Guek Ming	√	√	√		
Hartono Gunawan	√	√	√		
Koh Yew Hiap	√	√	√		
Ong Kian Min	√		√		√
Lew Syn Pau	√		√	√	
Boon Yoon Chiang	√	√	√	√	√

The Directors are professionals in their own fields with industrial, financial, legal and human resource 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.

Although Mr. Lew Syn Pau, Mr. Ong Kian Min and Mr. Boon Yoon Chiang have served on the Board for more than nine years, in determining the independence of a Director, the Board, with the affected Directors abstaining from the review, takes into consideration, among others, Guideline 2.3 of the Code, in which, the Board may consider a Director independent if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgement. Furthermore, the Board also notes that none of the affected INEDs had any interested party transactions with the Group or the substantial shareholders that might affect their independence. The Board has observed their performance at Board meetings, Board Committee meetings and other occasions and has no reasons to doubt their independence in the course of discharging their duties.



# Corporate Governance Report

## B) BOARD COMPOSITION AND GUIDANCE (CONT'D)

### - Principle 2: Strong and independent element of the Board (cont'd)

Hence, the Board is of the view that Mr. Lew Syn Pau, Mr. Ong Kian Min and Mr. Boon Yoon Chiang should still be considered independent despite having been on the Board for more than nine years as there are no circumstances which might affect their independent judgement. The Board wishes to retain them for their combined strength of character, objectivity and wealth of useful and relevant experience which would enable them to be effective independent directors, their long tenure notwithstanding.

While recognising the benefits of the experience and stability brought by long-standing Directors, the Board remains committed to the progressive renewal of board membership.

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 and knowledge of the Group. No individual or group dominates the decision-making process of the Board and the 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.

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.

## 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, increase accountability and greater capacity of the Board for independent decision-making. The Executive Chairman and the Group CEO are not related.

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

The Group CEO, Mr. Sudeep Nair, is responsible for overseeing the overall management, planning and execution of the Group's business and marketing strategies.

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 Annual General Meeting ("AGM") and other shareholders' meetings, the Executive Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

Mr. Ong Kian Min, who is also the chairman of the AC, was appointed as Lead Independent Director of the Company on 1 March 2017 to lead and co-ordinate the activities of the INEDs.

The Lead Independent Director shall be available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman, Group CEO or the Group CFO has failed to resolve or is inappropriate. 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 Independent Director may call for meetings of the INEDs as and when necessary and provides feedback to the Executive Chairman after such meetings.



# Corporate Governance Report

## D) BOARD MEMBERSHIP

### - Principle 4: Formal and transparent process of appointment of new Directors

The NC comprises:-

Mr. Lew Syn Pau (Chairman)  
Mr. Tan Wang Cheow  
Mr. Ong Kian Min  
Mr. Boon Yoon Chiang

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 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 and for the Group CEO;
- 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 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 2015
Sudeep Nair	22 April 2016
Tan Guek Ming	22 April 2016
Hartono Gunawan	22 April 2016
Koh Yew Hiap	23 April 2014
Ong Kian Min	24 April 2015
Lew Syn Pau	24 April 2015
Boon Yoon Chiang	22 April 2016

The NC had 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.



# Corporate Governance Report

## D) BOARD MEMBERSHIP (CONT'D)

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

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 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 it considers it 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 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 Committee 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; and
- c) introducing contacts of strategic benefit to the Group.

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 "good" and "very good". The NC and the Board were satisfied with the overall performance in FY2016.

## F) ACCESS TO INFORMATION

### **- Principle 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 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 is 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.



# Corporate Governance Report

## F) ACCESS TO INFORMATION (CONT'D)

### - Principle 6: Board members to have complete, adequate and timely information (cont'd)

The Directors have been provided with the contact particulars of the Company's senior management staff and the Company Secretary to facilitate access.

The Company Secretary or his representatives will attend all Board and Board Committee meetings. They are responsible for ensuring that Board procedures are followed and that the Company has complied with the requirements of the Companies Act, Chapter 50 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.

## G) REMUNERATION MATTERS

### - Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors

### - Principle 8: Remuneration of Directors should be adequate but not excessive

### - Principle 9: Remuneration policy, level and mix of remuneration and procedure for setting remuneration

The RC comprises:-

Mr. Lew Syn Pau	(Chairman)
Mdm. Tan Guek Ming	
Mr. Koh Yew Hiap	
Mr. Ong Kian Min	
Mr. Boon Yoon Chiang	

The RC's main responsibility is to review and recommend a framework of remuneration for the Board members and key executives of the Group. The objective is to motivate and retain executives and ensures the Group is able to attract the best talent in order to maximise shareholder value.

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 month's notice in writing. Under the service agreements, the Executive Directors are entitled to a share of profits on the Group's profit before 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.

There is no change in the existing remuneration package for the Executive Directors, NEDs and INEDs compared to the previous year. All Directors, including NEDs, who are controlling shareholders, associates of controlling shareholders or nominated by the controlling shareholders of the Group, were eligible for share options under the current share option scheme. 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 40 to 43 and 110 to 114 of the annual report.

Although the Code recommends the disclosure of remuneration of each individual Director and Group CEO on a named basis rounded off to the nearest thousand dollars, 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 will 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.



# Corporate Governance Report

## G) REMUNERATION MATTERS (CONT'D)

- **Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors (cont'd)**
- **Principle 8: Remuneration of Directors should be adequate but not excessive (cont'd)**
- **Principle 9: Remuneration policy, level and mix of remuneration and procedure for setting remuneration (cont'd)**

The aggregate total remuneration paid to the top five key executives (who are not the Directors or the Group CEO) was S\$2,728,000 in FY2016.

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.

The remuneration for FY2016 is shown below:-

Remuneration Bands	No. of Directors in Remuneration Bands
S\$1,250,000 to S\$1,499,999	2
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	6

Remuneration Bands	Remuneration of top five executives
S\$750,000 to S\$999,999	1
S\$500,000 to S\$749,999	1
S\$250,000 to S\$499,999	3
Below S\$250,000	0

To maintain confidentiality of remuneration, the names of the Directors and the top five key executives are not stated. There are no employees who are immediate family members of a Director or the Group CEO whose remuneration exceeds S\$50,000 during FY2016.

## H) ACCOUNTABILITY AND AUDIT

- **Principle 10: Accountability of the Board and Management**

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 results, 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.

The Management provides quarterly management report 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. The Board approves the 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.



# Corporate Governance Report

## I) **RISK MANAGEMENT AND INTERNAL CONTROLS**

### **- Principle 11: Sound systems of risk management and internal controls**

The Board is 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 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 31000:2009 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 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. 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:

- 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 an effective and adequate risk management and internal control systems.

The Executive Chairman, Group CEO and Group CFO have obtained assurance 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 AC and the Board are of the opinion 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 2016.



# Corporate Governance Report

## I) RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

### - Principle 11: Sound systems of risk management and internal controls (cont'd)

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.

## J) AUDIT COMMITTEE

### - Principle 12: Establishment of AC with written terms of reference

The AC comprises:-

Mr. Ong Kian Min	(Chairman)
Mdm. Tan Guek Ming	
Mr. Lew Syn Pau	
Mr. Boon Yoon Chiang	

All four members of the AC are NEDs and the majority, including the Chairman, is independent. The Chairman of the AC, Mr. Ong Kian Min, is a lawyer and director of several publicly listed and private companies. The other three members of the AC have many years of management and financial experience. The Directors are of the view that all the members of the AC have recent and relevant accounting knowledge or related financial management expertise and experience to discharge the AC's duties and responsibilities. None of the AC members were previous partners or directors of the Company's external auditors, Ernst & Young LLP ("**EY**" or "**External Auditors**"), within the last twelve months 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 plans 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 quarterly financial results for submission to the Board;
- d) the assistance given by the Group's officers to the External Auditor;
- e) the re-appointment of the External Auditors and recommend it to the Board for obtaining approval from the shareholders;
- f) the Group's interested person transactions in accordance with the requirements of the SGX-ST Listing Manual;
- g) 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;
- h) the adequacy and effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- i) the audit plans of the internal auditors;
- j) the results of their internal audit; and
- k) the adequacy and effectiveness of the internal audit function of the Group.

# Corporate Governance Report

## J) AUDIT COMMITTEE (CONT'D)

### - Principle 12: Establishment of AC with written terms of reference (cont'd)

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 Singapore 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 expressed authority to conduct investigation into any matters within its terms of reference.

During the year, 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 for FY2016 are as disclosed in the table below:-

	US\$'000	% of total audit fees
Audit Fees	154	84.60
Non-Audit Fees	28	15.40
Total Fees Paid	182	100.00

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 14 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.

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.





# Corporate Governance Report

## J) AUDIT COMMITTEE (CONT'D)

### - Principle 12: Establishment of AC with written terms of reference (cont'd)

#### Significant financial statement reporting matters

In the review of the Company's financial statements for FY2016, 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 pages 45 and 46 of the External Auditors' report and Note 2.23 (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, including assumptions used and ageing analysis of 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 46 of the External Auditors' report and Note 3.2b (Significant accounting estimates and judgements), Note 2.14b (Summary of significant accounting policies) and Note 24 (Notes on Trade Receivables) of the financial statements for further details.</p>
3. Impairment assessment of intangible assets	<p>The AC considered the 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 the Management were appropriate.</p> <p>Please refer to page 46 of the External Auditors' report and Note 3.2a (Significant accounting estimates and judgements), Note 2.11 (Summary of significant accounting policies) and Note 16 (Notes on Intangible Assets) of the financial statements for further details.</p>
4. Business combination	<p>The AC has discussed with Management the results of the provisional Purchase Price Allocation ("PPA") exercise performed with respect to the acquisition of Caffè Bene Co., Ltd. during the year. The AC agrees with the results of the provisional PPA as of 31 December 2016 and will review the finalised PPA upon completion of the exercise in 2017.</p> <p>Please refer to page 47 of the External Auditors' report and Note 15 of the financial statements for further details.</p>

# Corporate Governance Report

## K) INTERNAL AUDIT

### - Principle 13: Setting up independent internal audit function

The Group outsources its internal audit function to Yang Lee & Associates (“YLA” or “Internal Auditors”). The Internal Auditors 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 Auditors. The Internal Auditors 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 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 Auditors has appropriate standing and that Management provides the necessary co-operation and adequate resources to enable the Internal Auditors to perform its function.

The Internal Auditors 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 adequacy of the internal audit function to ensure that the internal audits are performed effectively.

The Internal Auditors completed three reviews during FY2016 in accordance with the internal control testing plan developed and approved by the Board under the Group Risk Management Framework. The findings and recommendations of the Internal Auditors, Management’s responses, and Management’s implementation of the recommendations has been reviewed and discussed with the AC.

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

## L) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### - Principle 14: Treatment to all shareholders fairly and equitably

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

## M) COMMUNICATION WITH SHAREHOLDERS

### - Principle 15: Regular, effective and fair communication with shareholders

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 quarterly basis to SGX-ST.

At general meetings, the shareholders are given the opportunity to express their views and concerns and ask questions regarding the Group's performance that will be addressed by the Directors and Management in attendance.

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.

## N) GREATER SHAREHOLDER PARTICIPATION

### - Principle 16: Shareholders' participation at AGMs

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.

The Chairpersons 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 minutes are available to shareholders upon their request.

## SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (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 annual result, and two weeks before the announcement of its quarterly results and ending on the date of the announcement of the relevant results. 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 FY2016, the Company has complied with the best practices on dealing in securities in accordance with Rule 1207(19) of the SGX-ST Listing Manual.



# Corporate Governance Report

## SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (SGX-ST LISTING MANUAL REQUIREMENTS) (CONT'D)

### (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 measures on human resources, policies and procedures and information systems to mitigate this risk.

#### **Foreign Exchange Exposure**

The Group is subject to foreign exchange risk arising mainly from those sales, purchases and operating costs by operating units which are denominated in currencies other than the operating units' functional currency. Approximately 2.5% of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sales. Traditionally, the Group has relied upon natural hedging to protect itself against volatile foreign exchange rate movements, albeit only partially. In view of changes in the Group's business processes, the Group has become more exposed to exchange risk. In FY2016, the Group had a natural hedge ratio of 46.8% (FY2015: 48.8%), which indicates the level of purchases and major operating expenses that are denominated in the functional currency of the operating units.

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.

#### **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.



# Corporate Governance Report

## **SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (SGX-ST LISTING MANUAL REQUIREMENTS) (CONT'D)**

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

#### **Credit Risk of Customers (cont'd)**

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

Under its credit policy, credit evaluations are performed for new customers and on-going 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 plants and by way of acquisition of existing businesses. Investments in overseas countries, 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 measures on human resources, 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 where necessary and exposure to investment risk is monitored through regular reporting to Management and the Board on investment performance.

# Corporate Governance Report

## SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (SGX-ST LISTING MANUAL REQUIREMENTS) (CONT'D)

### (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	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)	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
<b>Companies associated to Mr. Sudeep Nair ("Director"):-</b>				
<b>a) Simonelo Limited and its subsidiaries</b>				
- Rental expense paid	1,851	2,113	-	-
<b>b) Triple Ace Ventures Limited and its subsidiaries</b>				
- Interest income received	29	84	-	-
- Loan advanced	-	1,700	-	-
- Rental expenses paid	-	119	-	-
<b>Companies associated to Universal Integrated Corporation Consumer Products Pte Ltd ("Controlling Shareholder"):-</b>				
<b>a) UDI Marketing Sdn Bhd</b>				
- Sales of goods	1,871	1,706	-	-
<b>b) United Trading (Shanghai) Co., Ltd</b>				
- Purchase of goods	-	804	-	-
- Sales of goods	-	49	-	-
<b>c) Sweet Blossom Holdings Ltd</b>				
- Investment in Caffè Bene Co., Ltd.	12,770	-	-	-



39

Directors'  
Statement

45

Independent Auditors'  
Report

50

Consolidated Income  
Statement

51

Consolidated Statement of  
Comprehensive Income

52

Balance  
Sheets

54

Statements of Changes in  
Equity

58

Consolidated Cash Flow  
Statement

60

Notes to the  
Financial Statements

# 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 2016.

## 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 2016 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  
 Hartono Gunawan  
 Koh Yew Hiap  
 Lew Syn Pau  
 Ong Kian Min  
 Boon Yoon Chiang

## 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, Chapter 50, 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 2017	As at 21 January 2017
<b>The Company</b>						
<b>Ordinary shares</b>						
Tan Wang Cheow	52,440,000	52,440,000	67,547,400	67,547,400	52,440,000	67,547,400
Sudeep Nair	34,406,399	34,406,399	4,680,000	12,588,400	34,406,399	12,588,400
Tan Guek Ming	67,547,400	67,547,400	52,440,000	52,440,000	67,547,400	52,440,000
Lew Syn Pau	384,000	384,000	96,000	96,000	384,000	96,000
Ong Kian Min	–	–	720,000	720,000	–	720,000
Boon Yoon Chiang	100,000	50,000	–	–	50,000	–

Name of Director	Share options held in the name of the Directors	
	At the beginning of the year	At the end of the year
<b>The Company</b>		
<b>Options to subscribe for ordinary shares exercisable between 4 January 2011 to 3 January 2020 at S\$0.335 per share</b>		
Sudeep Nair	1,300,000	1,300,000
Ong Kian Min	100,000	100,000
Lew Syn Pau	100,000	100,000

**The Company**  
**Options to subscribe for ordinary shares exercisable between 4 January 2011 to 3 January 2020 at S\$0.335 per share**

Sudeep Nair	1,300,000	1,300,000	1,300,000
Ong Kian Min	100,000	100,000	100,000
Lew Syn Pau	100,000	100,000	100,000

**Options to subscribe for ordinary shares exercisable between 1 February 2012 to 31 January 2021 at S\$0.505 per share**

Sudeep Nair	1,400,000	1,400,000	1,400,000
Ong Kian Min	100,000	100,000	100,000
Lew Syn Pau	100,000	100,000	100,000
Boon Yoon Chiang	100,000	100,000	100,000



# 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 2017
<b>The Company</b>			
<b>Options to subscribe for ordinary shares exercisable between 19 December 2012 to 18 December 2021 at S\$0.315 per share</b>			
Sudeep Nair	1,500,000	1,500,000	1,500,000
Ong Kian Min	100,000	100,000	100,000
Lew Syn Pau	100,000	100,000	100,000
Boon Yoon Chiang	100,000	100,000	100,000
<b>Options to subscribe for ordinary shares exercisable between 8 March 2014 to 7 March 2023 at S\$0.669 per share</b>			
Sudeep Nair	1,500,000	1,500,000	1,500,000
Ong Kian Min	100,000	100,000	100,000
Lew Syn Pau	100,000	100,000	100,000
Boon Yoon Chiang	100,000	100,000	100,000
<b>Options to subscribe for ordinary shares exercisable between 4 July 2017 to 3 July 2026 at S\$0.308 per share</b>			
Sudeep Nair	—	1,500,000	1,500,000
Ong Kian Min	—	100,000	100,000
Lew Syn Pau	—	100,000	100,000
Boon Yoon Chiang	—	100,000	100,000

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, 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 2017.

Except as disclosed in this report, 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 1.1.2016	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 31.12.2016	Exercise price per share S\$	Exercise period
<b>2002 Option Scheme</b>								
2010 Options	9	2,840,000	–	–	(30,000)	2,810,000	0.335	4 January 2011 to 3 January 2020
2011 Options (February)	16	3,630,000	–	–	–	3,630,000	0.505	1 February 2012 to 31 January 2021
2011 Options (December)	13	3,672,000	–	–	(400,000)	3,272,000	0.315	19 December 2012 to 18 December 2021
		<u>10,142,000</u>	<u>–</u>	<u>–</u>	<u>(430,000)</u>	<u>9,712,000</u>		
<b>2012 Option Scheme</b>								
2013 Options	22	4,630,000	–	–	–	4,630,000	0.669	8 March 2014 to 7 March 2023
2016 Options	23	–	5,170,000	–	–	5,170,000	0.308	4 July 2017 to 3 July 2026
		<u>4,630,000</u>	<u>5,170,000</u>	<u>–</u>	<u>–</u>	<u>9,800,000</u>		
		<u>14,772,000</u>	<u>5,170,000</u>	<u>–</u>	<u>(430,000)</u>	<u>19,512,000</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
<b>2002 Option Scheme</b>				
Lew Syn Pau	900,000	(600,000)	–	300,000
Ong Kian Min	900,000	(600,000)	–	300,000
Sudeep Nair <sup>1</sup>	12,000,000	(7,800,000)	–	4,200,000
Boon Yoon Chiang	300,000	(100,000)	–	200,000
<b>2012 Option Scheme</b>				
Lew Syn Pau	200,000	–	–	200,000
Ong Kian Min	200,000	–	–	200,000
Sudeep Nair	3,000,000	–	–	3,000,000
Boon Yoon Chiang	200,000	–	–	200,000

<sup>1</sup> 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
- 10,050,000 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.





## Directors' Statement

### **AUDIT COMMITTEE**

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. 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  
17 March 2017

# Independent Auditor's Report

For the financial year ended 31 December 2016

## 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 2016, 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, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 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.

#### 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 2.23 (Summary of significant accounting policies) and Note 4 (Notes on Revenue).

The Group recognised revenue of US\$242,210,000 during the financial year. Revenue is measured taking account of discounts and rebates earned by customers on the Group's sales. Due to the multitude and variety of contractual terms across the Group's operating markets, the estimation of discounts and rebates recognised based on sales made during the year is considered to be complex. There is a risk that revenue could be misstated due to the judgemental character of revenue recognition for these contracts. As such, we considered revenue recognition to be a key audit matter.



# Independent Auditor's Report

For the financial year ended 31 December 2016

## 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 tested the effectiveness of the management's internal controls over revenue recognition, including the calculation of discounts, incentives and rebates, timing of the revenue recognition, gross or net recognition, and the treatment of discounts, incentives and commissions. In respect of rebates, we tested the accuracy and appropriateness of rebate provision calculations by agreeing to terms of agreements and other supporting documents. We also performed a review of year end customer rebate provisions and rebate costs in the year, by comparison to prior year and our expectations.

### 2. Recoverability of trade receivables

We refer to Note 3.2b (Significant accounting estimates and judgements), Note 2.14b (Summary of significant accounting policies) and Note 24 (Notes on Trade Receivables).

Trade receivable balances were significant to the Group as they represented 24.8% of the Group's net assets as at 31 December 2016. 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. Trade receivables impairment assessment requires significant judgement from management hence 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 and considered aging to identify collection risks. We performed audit procedures, amongst others, sending trade receivable confirmations, and reviewing for collectability by way of obtaining evidence of subsequent receipts from the trade receivables. We had discussions with management on the recoverability of long outstanding debts and analyzed trend of collections for such trade debtors. We assessed the adequacy of the Group's disclosures on the trade receivables and the related credit risk in Note 37a.

### 3. Impairment assessment of intangible assets

We refer to Note 3.2a (Significant accounting estimates and judgements), Note 2.11 (Summary of significant accounting policies) and Note 16 (Notes on Intangible Assets).

As at 31 December 2016, intangible assets comprises goodwill of US\$6,684,000 and brand of US\$3,659,000, representing 4.3% and 2.4% 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"). As disclosed in Note 16, the Group's goodwill is allocated to the Group's CGU identified to each individual business unit. Management uses assumptions in respect of future market and economic conditions such as revenue and margin, expected inflation rate, discount rate and economic growth.

As part of our audit procedures, we assessed the key assumptions applied by the Group in determining the recoverable amounts of each CGU. In particular, we considered the underlying assumptions in determining the cash flows and growth assumptions applied with reference to historical forecasts, accuracy, assessed the appropriateness of discount rates used by the Group, including comparisons with external data sources where available and consideration of the potential risk of management bias; and performed our own sensitivity analysis, including a reasonably possible reduction in assumed growth rates and cash flows.

We also focused on the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on goodwill, key assumptions and sensitivities are included in Note 16.



# Independent Auditor's Report

For the financial year ended 31 December 2016

## Key audit matters (cont'd)

### 4. Business Combination

We refer to Note 15 of the financial statements, the Group acquired an associated company, Caffè Bene Co., Ltd. for a total purchase consideration of US\$7,341,000 during the financial year ended 31 December 2016. We have determined this to be a key audit matter based on the quantitative materiality of the acquisitions and the significant management judgement that the provisional purchase price allocations (PPA) required particularly on the valuation of the intangible assets such as trademarks, customer relationships and franchise agreements.

In our audit of the accounting of the acquisition, we reviewed the purchase agreements to obtain an understanding of the transactions. An important element of our audit relates to the identification and measurement of the acquired assets (e.g., trademarks, customer relationships and franchise agreements) and liabilities (e.g., provisions, other liabilities). We tested this identification based on our discussion with management and board and understanding of the acquired company's business. Management prepared the provisional PPA assisted by an external valuation expert. We assessed the competence, capabilities and objectivity of the external expert engaged by management. Our internal valuation specialist was engaged to support us in assessing the reasonableness of management's valuation methodology and assessing the reasonableness of key assumptions and inputs used in measuring the provisional fair value of acquired assets. We have also assessed the reasonableness of the closing balances as at the date of acquisition. As the PPA is provisional as of 31 December 2016, the Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect the results of the finalised PPA.

## 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.

## 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 FRSs, 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.



## Independent Auditor's Report

For the financial year ended 31 December 2016

### **Responsibilities of management and directors for the financial statements (cont'd)**

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 2016

## **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 Simon Yeo.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
17 March 2017



# Consolidated Income Statement

For the financial year ended 31 December 2016

	Note	2016 US\$'000	2015 US\$'000 (Restated)
Revenue	4	242,210	232,427
Cost of sales		(154,740)	(150,212)
<b>Gross profit</b>		<b>87,470</b>	<b>82,215</b>
Selling and distribution expenses		(42,455)	(38,308)
General and administrative expenses		(30,520)	(28,581)
<b>Results from operating activities</b>		<b>14,495</b>	<b>15,326</b>
Other income	5	4,613	1,425
Other expenses	6	(33)	(17,130)
Net finance expense	7	(921)	(767)
Share of (loss)/profit of associates		(697)	355
<b>Profit/(loss) before taxation</b>	8	<b>17,457</b>	<b>(791)</b>
Taxation	9	(3,642)	660
<b>Profit/(loss) for the year</b>		<b>13,815</b>	<b>(131)</b>
<b>Profit/(loss) attributable to:</b>			
Equity shareholders of the Company		14,520	210
Non-controlling interest		(705)	(341)
		<b>13,815</b>	<b>(131)</b>
<b>Earnings per share</b>			
Basic earnings per share (in cents)	11	2.73	0.04
Diluted earnings per share (in cents)	11	2.72	0.04

*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 2016

	2016 US\$'000	2015 US\$'000
Profit/(loss) net of tax	13,815	(131)
<b>Other comprehensive income/(loss):</b>		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation gain	1,070	148
Share of other comprehensive profit/(loss) of associates	551	(1,243)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>1,621</b>	<b>(1,095)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>15,436</b>	<b>(1,226)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Equity shareholders of the Company	16,141	(885)
Non-controlling interest	(705)	(341)
	<b>15,436</b>	<b>(1,226)</b>

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



# Balance Sheets

As at 31 December 2016

	Note	Group		Company	
		2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
<b>Non-Current Assets</b>					
Property, plant and equipment	12	64,389	66,519	–	35
Investment properties	13	15,436	15,275	–	–
Investment in subsidiaries	14	–	–	44,545	44,545
Investment in associates	15	15,298	7,647	–	–
Amount due from an associate (non-trade)	22	208	–	–	–
Intangible assets	16	10,343	10,343	–	–
Deferred tax assets	17	3,274	3,614	–	–
		108,948	103,398	44,545	44,580
<b>Current Assets</b>					
Inventories	19	43,560	40,100	–	–
Prepaid operating expenses and other debtors	20	2,480	2,833	7	57
Deferred expenses		185	152	–	–
Amounts due from subsidiaries (non-trade)	21	–	–	9,933	9,839
Amounts due from associates (non-trade)	22	4,801	841	–	–
Amounts due from related parties (trade)	23	396	364	–	–
Trade receivables	24	38,107	38,576	–	–
Other receivables	18	1,601	1,433	–	–
Cash and cash equivalents	25	28,574	27,524	131	92
		119,704	111,823	10,071	9,988

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

# Balance Sheets (cont'd)

As at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Current Liabilities</b>					
Trade payables and accruals	26	(30,103)	(32,412)	(1,403)	(459)
Other payables	27	(2,217)	(3,754)	–	–
Finance lease creditors	34	(34)	(15)	–	–
Interest-bearing loans and borrowings	29	(21,987)	(13,303)	–	–
Amounts due to subsidiaries (non-trade)	21	–	–	(19)	(19)
Amount due to an associate (non-trade)	22	(49)	(165)	–	–
Amounts due to associates (trade)	28	(233)	(395)	–	–
Amounts due to related parties (non-trade)		(301)	–	–	–
Amounts due to related parties (trade)	23	–	(154)	–	–
Provision for taxation		(1,043)	(960)	(4)	(14)
		(55,967)	(51,158)	(1,426)	(492)
<b>Net Current Assets</b>		<b>63,737</b>	<b>60,665</b>	<b>8,645</b>	<b>9,496</b>
<b>Non-Current Liabilities</b>					
Finance lease creditors	34	(48)	(27)	–	–
Interest-bearing loans and borrowings	29	(16,833)	(26,119)	–	–
Other payables	27	(5)	(6)	–	–
Deferred tax liabilities	17	(1,943)	(457)	–	–
		(18,829)	(26,609)	–	–
<b>Net Assets</b>		<b>153,856</b>	<b>137,454</b>	<b>53,190</b>	<b>54,076</b>
<b>Equity</b>					
Share capital	30	40,846	40,725	40,846	40,725
Treasury shares	30	(317)	(317)	(317)	(317)
Reserves	31	113,208	96,957	12,661	13,668
		153,737	137,365	53,190	54,076
Non-controlling interest		119	89	–	–
<b>Total Equity</b>		<b>153,856</b>	<b>137,454</b>	<b>53,190</b>	<b>54,076</b>

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 2016

Group 2016	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 equity US\$'000
Balance as at 1 January 2016	40,725	(317)	(15,057)	1,888	110,126	137,365
<b>Profit/(loss) for the year</b>	-	-	-	-	<b>14,520</b>	<b>13,815</b>
Other comprehensive income/(loss)						
Foreign currency translation gain	-	-	1,070	-	-	1,070
Share of other comprehensive gain of associates	-	-	551	-	-	551
<b>Total comprehensive income/(loss) for the year</b>	-	-	<b>1,621</b>	-	<b>14,520</b>	<b>15,436</b>
Contributions by and distributions to owners						
Value of employee services received for issue of share options	-	-	-	134	-	134
Dividend refunded from equity shareholders of the Company	-	-	-	-	1	1
Issuance of new shares	96	-	-	-	-	96
Exercise of share options	25	-	-	(25)	-	-
<b>Total contributions by and distributions to owners</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>1</b>	<b>231</b>
Changes in ownership interests in subsidiaries						
Capital injection from non-controlling interests of subsidiaries	-	-	-	-	-	726
Acquisitions of non-controlling interests without a change in control	-	-	-	-	-	9
<b>Total changes in ownership interest in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>1</b>	<b>966</b>
<b>Balance as at 31 December 2016</b>	<b>40,846</b>	<b>(317)</b>	<b>(13,436)</b>	<b>1,997</b>	<b>124,647</b>	<b>153,856</b>

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



# Statements of Changes in Equity (cont'd)

For the financial year ended 31 December 2016

Group 2015	Attributable to equity shareholders of the Company						
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Asset revaluation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
Balance as at 1 January 2015	40,725	(317)	(13,962)	60	1,808	109,856	138,170
<b>Profit/(loss) for the year</b>	-	-	-	-	-	<b>210</b>	<b>210</b>
Other comprehensive (loss)/income							
Foreign currency translation gain	-	-	148	-	-	-	148
Share of other comprehensive loss of associates	-	-	(1,243)	-	-	-	(1,243)
Reversal of asset revaluation reserve from disposal of assets held for sale	-	-	-	(60)	-	60	-
<b>Total comprehensive (loss)/income for the year</b>	-	-	<b>(1,095)</b>	<b>(60)</b>	-	<b>270</b>	<b>(885)</b>
Contributions by and distributions to owners							
Value of employee services received for issue of share options	-	-	-	-	80	-	80
<b>Total contributions by and distributions to owners</b>	-	-	-	-	<b>80</b>	-	<b>80</b>
Changes in ownership interests in subsidiaries							
Capital injection from non-controlling interests of subsidiaries, representing total changes in ownership interests in subsidiaries	-	-	-	-	-	-	167
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	<b>80</b>	-	<b>167</b>
<b>Balance as at 31 December 2015</b>	<b>40,725</b>	<b>(317)</b>	<b>(15,057)</b>	-	<b>1,888</b>	<b>110,126</b>	<b>137,365</b>
						<b>89</b>	<b>137,454</b>

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

# Statements of Changes in Equity (cont'd)

For the financial year ended 31 December 2016

Company 2016	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 2016	40,725	(317)	2,999	1,888	8,781	54,076
<b>Loss for the year</b>	-	-	-	-	<b>(938)</b>	<b>(938)</b>
Other comprehensive loss	-	-	(179)	-	-	(179)
Foreign currency translation loss	-	-	(179)	-	-	(179)
<b>Total comprehensive loss for the year</b>	-	-	<b>(179)</b>	-	<b>(938)</b>	<b>(1,117)</b>
Contributions by and distributions to owners	-	-	-	134	-	134
Value of employee services received for issue of share options	-	-	-	-	1	1
Dividend refunded from equity shareholders of the Company	96	-	-	-	-	96
Issuance of new shares	25	-	-	(25)	-	-
Exercise of share options	-	-	-	-	-	-
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	<b>121</b>	-	-	<b>109</b>	<b>1</b>	<b>231</b>
<b>Balance as at 31 December 2016</b>	<b>40,846</b>	<b>(317)</b>	<b>2,820</b>	<b>1,997</b>	<b>7,844</b>	<b>53,190</b>

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

# Statements of Changes in Equity (cont'd)

For the financial year ended 31 December 2016

<b>Company 2015</b>	<b>Share capital US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Foreign currency translation reserve US\$'000</b>	<b>Share- based payment reserve US\$'000</b>	<b>Accumulated profits US\$'000</b>	<b>Total equity US\$'000</b>
Balance as at 1 January 2015	40,725	(317)	3,669	1,808	8,997	54,882
<b>Loss for the year</b>	-	-	-	-	<b>(216)</b>	<b>(216)</b>
Other comprehensive loss	-	-	-	-	-	-
Foreign currency translation loss	-	-	(670)	-	-	(670)
<b>Total comprehensive loss for the year</b>	-	-	<b>(670)</b>	-	<b>(216)</b>	<b>(886)</b>
Contributions by and distributions to owners	-	-	-	80	-	80
Value of employee services received for issue of share options	-	-	-	-	-	-
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	-	-	-	<b>80</b>	-	<b>80</b>
<b>Balance as at 31 December 2015</b>	<b>40,725</b>	<b>(317)</b>	<b>2,999</b>	<b>1,888</b>	<b>8,781</b>	<b>54,076</b>

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 2016

	2016 US\$'000	2015 US\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) from operations before taxation	17,457	(791)
Adjustments for:		
Bad debts written off	73	23
Depreciation of property, plant and equipment	5,204	4,159
Depreciation of investment properties	163	105
Loss on disposal of property, plant and equipment	33	141
Gain on disposal of assets held for sale	–	(938)
Impairment of an associate	–	1,580
Loss on disposal of an associate	–	53
Interest income	(251)	(142)
Interest expenses	1,172	909
Allowance for doubtful receivables	809	375
Inventories written down	790	627
Share of loss/(profit) of associates	697	(355)
Value of employee services received for issue of share options	134	80
Exchange realignment	462	5,123
<b>Operating profit before working capital changes</b>	<b>26,743</b>	<b>10,949</b>
(Increase)/decrease in trade and other receivables	(4,383)	3,562
(Increase)/decrease in inventories	(4,250)	4,935
Decrease in trade and other payables	(4,008)	(3,713)
<b>Cash flows generated from operations</b>	<b>14,102</b>	<b>15,733</b>
Income taxes paid	(1,360)	(468)
<b>Net cash flows generated from operating activities</b>	<b>12,742</b>	<b>15,265</b>
<b>Cash flows from investing activities</b>		
Interest income received	251	142
Purchase of property, plant and equipment	(3,803)	(5,314)
Subsequent expenditure on investment property	(35)	(701)
Proceeds from disposal of property, plant and equipment	37	93
Proceeds from disposal of assets held for sale	–	1,481
Dividend income from an associate	35	34
Proceeds from disposal of an associate	–	900
Capital injection in an associate	(7,831)	(108)
<b>Net cash flows used in investing activities</b>	<b>(11,346)</b>	<b>(3,473)</b>

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



# Consolidated Cash Flow Statement (cont'd)

For the financial year ended 31 December 2016

	2016 US\$'000	2015 US\$'000
<b>Cash flows from financing activities</b>		
Interest expenses paid	(1,172)	(1,115)
Proceeds from issuance of shares	96	—
Dividends refunded from shareholders of the Company	1	—
Repayment of obligation under finance leases	(20)	(18)
Proceeds from obligation under finance lease	58	23
Repayment of interest-bearing loans and borrowings	(47,034)	(28,478)
Proceeds from interest-bearing loans and borrowings	46,603	26,995
Capital injection from non-controlling interest of a subsidiary	726	167
<b>Net cash flows used in financing activities</b>	<b>(742)</b>	<b>(2,426)</b>
Net increase in cash and cash equivalents	654	9,366
Effect of exchange rate changes on cash and cash equivalents	396	(1,620)
Cash and cash equivalents at beginning of year	27,524	19,778
<b>Cash and cash equivalents at end of year (Note 25)</b>	<b>28,574</b>	<b>27,524</b>

*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 2016

## 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 2016 were authorised for issue in accordance with a resolution of the Directors on 17 March 2017.

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 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623. The principal place of business of the Company is located at 31 Harrison Road, Food Empire Building #08-01, Singapore 369649.

The principal activity of the Company is investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year under review.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The Group has adopted the presentation of analysis of expenses recognised in the Consolidated Income Statement from the classification based on the nature of expenses to the classification based on function. The comparatives had been restated accordingly to follow the same classification.

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.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

### 2.2 *Changes in accounting policies*

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 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 *Standards issued but not yet effective*

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

#### FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis.

#### Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and



## Notes to the Financial Statements

For the financial year ended 31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 ***Standards issued but not yet effective (cont'd)***

##### FRS 115 Revenue from Contracts with Customers (cont'd)

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:
  - identifying the satisfied and unsatisfied performance obligations;
  - determining the transaction price; and
  - allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

##### FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

##### Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

##### Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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 assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### (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.





## Notes to the Financial Statements

For the financial year ended 31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 *Basis of consolidation and business combination (cont'd)*

##### *(b) Business combinations and goodwill (cont'd)*

The Group elects for each individual business combination, whether 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, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 interests*

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.

#### 2.6 *Foreign currency*

The Group's consolidated 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 *Foreign currency (cont'd)*

#### (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.

#### (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 separate financial statements, 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 account 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 2016

## 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 other than freehold and leasehold properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold and leasehold properties are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold and leasehold properties at the end of reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 *Property, plant and equipment (cont'd)*

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
Renovation, air-conditioners, electrical installation and 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 or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 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 are 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 off 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### *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.

### 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. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 *Financial instruments (cont'd)*

#### (a) *Financial assets (cont'd)*

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### (i) **Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### (ii) **Available-for-sale financial assets**

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

##### **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, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 *Financial instruments (cont'd)*

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

##### **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts 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 of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

#### (a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 *Impairment of financial assets (cont'd)*

#### (c) *Available-for-sale financial assets (cont'd)*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

### 2.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and cash with banks or financial institutions, including fixed deposits and short-term, highly liquid investments 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Provisions (cont'd)

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 shall be 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 recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

### 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

#### (a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.





## Notes to the Financial Statements

For the financial year ended 31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.21 *Leases (cont'd)*

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(b). Contingent rents are recognised as revenue in the period in which they are earned.

#### 2.22 *Non-current assets held for sale*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

#### 2.23 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

##### (a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (b) *Rental income*

Rental income arising from operating leases in 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) *Dividend income*

Dividend income is recognised when the Group's right to receive the payment is established.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Revenue (cont'd)

#### (d) Interest income

Interest income is recognised using the effective interest method.

#### (e) Packaging service income

Packaging service income is recognised when services are rendered.

### 2.24 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 reporting period.

#### (c) Termination benefit

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 benefits 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 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.

#### (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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

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.

### 2.26 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 review 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.

### 2.27 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.

### 2.28 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.



## Notes to the Financial Statements

For the financial year ended 31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.29 *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.

### 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*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### **(a) *Determination of lease classification***

The Group has entered into commercial property leases on its investment properties. The Group evaluated the terms and conditions of the arrangements and assessed that the lease term does not constitute a substantial portion of the economic life of the commercial property and the minimum lease payment is not substantially all of the fair value of the leased asset. The Group determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### 3.1 *Judgements made in applying accounting policies (cont'd)*

#### **(b) Determination of functional currency**

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

### 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 16 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 models. The recoverable amount is most sensitive to the discount rate 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 16 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2016 is US\$10,343,000 (2015: US\$10,343,000).

#### **(b) Impairment of receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables at the end of the reporting period is disclosed in Note 24 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by US\$3,945,000 (2015: increase by US\$3,900,000).



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 4. REVENUE

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Sale of goods	241,425	231,775
Rental income	673	465
Packaging service fee	112	187
	<u>242,210</u>	<u>232,427</u>

## 5. OTHER INCOME

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
		<b>(Restated)</b>
Gain on disposal of assets held for sale	–	938
Sales of scrapped items	136	62
Foreign exchange gain	4,151	–
Other income	326	425
	<u>4,613</u>	<u>1,425</u>

## 6. OTHER EXPENSES

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
		<b>(Restated)</b>
Loss on disposal of property, plant and equipment	(33)	(141)
Loss on disposal of an associate	–	(53)
Foreign exchange loss	–	(16,936)
	<u>(33)</u>	<u>(17,130)</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 7. NET FINANCE EXPENSE

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Restated)</b>	
Interest income from		
- Bank deposits	218	55
- Associates	32	84
- Other receivables	1	3
Interest expenses on:		
Bank loans	(1,160)	(896)
Others	(12)	(13)
	<b>(921)</b>	<b>(767)</b>

## 8. PROFIT / (LOSS) BEFORE TAXATION

The following items have been included in arriving at profit/(loss) before taxation:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Restated)</b>	
Audit fees paid to		
- Auditors of the Company	154	147
- Other auditors	166	166
Non-audit fees paid to		
- Auditors of the Company	28	180
- Other auditors	29	29
Directors' fee		
- Directors of the Group	284	242
Other operating expenses		
- Allowance for doubtful receivables	809	375
- Inventories written down	790	627
- Impairment of an associate	—	1,580
- Advertising and promotion expenses	27,814	24,914
- Legal and professional fees	1,495	1,277
- Office upkeep and administrative expenses	3,050	2,927
- Bad debts written off	73	23
Salaries, wages and other staff benefits	32,587	27,835
Employer's contribution to defined contribution plans, including Central Provident Fund	3,452	3,495
Value of employee services received for issue of share options	135	80
	<b>36,174</b>	<b>31,410</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 9. TAXATION

### Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2016 and 2015 are:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Consolidated income statement</b>		
Current income tax		
- Current income taxation	1,753	976
- (Over)/under provision in respect of prior years	(273)	451
	<u>1,480</u>	<u>1,427</u>
Deferred income tax		
- Utilisation/(recognition) of tax losses	1,300	(2,262)
- Origination and reversal of temporary differences	862	175
Income tax expense /(credit) recognised in profit or loss	<u>3,642</u>	<u>(660)</u>

### Relationship between tax expense and accounting loss

The reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Accounting profit/(loss) before tax	17,457	(791)
Tax at statutory tax rate of 17%	<u>2,968</u>	<u>(134)</u>
Adjustments:		
Non-deductible expenses	3,099	3,665
Income not subject to taxation	(2,111)	(3,612)
Effect of partial tax exemption and tax relief	(172)	(456)
Deferred tax assets not recognised	1,007	2,629
Effect of different tax rates in other countries	(591)	(1,832)
(Over)/under provision in respect of prior years taxation	(273)	451
Utilisation of previously unrecognised tax losses and capital allowances	(586)	(1,166)
Others	<u>301</u>	<u>(205)</u>
Income tax expense/(credit) recognised in profit or loss	<u>3,642</u>	<u>(660)</u>

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 10. DIVIDENDS

Group and Company	
2016	2015
US\$'000	US\$'000

### Proposed but not recognised as a liability as at 31 December:

*Dividends on ordinary shares, subject to shareholder approval at the Annual General Meeting:*

- Final exempt (one-tier) dividend for 2016: S\$0.00600 (2015: S\$Nil) per share

2,244	–
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## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

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

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	
	2016 US\$'000	2015 US\$'000
Net profit for the year used in computing basic earnings per share	14,520	210
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	532,769	532,741

### (b) Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit for the year (after deducting dividends) from continuing operations, 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.





# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 11. EARNINGS PER SHARE (CONT'D)

### (b) Diluted earnings per share (cont'd)

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

	Group	
	2016 US\$'000	2015 US\$'000
Net profit for the year used in computing diluted earnings per share	14,520	210
	No. of shares '000	No. of shares '000
Weighted average number of shares issued, used in basic earnings per share computation *	532,769	532,741
Dilutive effect of share options	1,356	–
Weighted average number of ordinary shares used in diluted earnings per share computation *	534,125	532,741

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

8,260,000 (2015: 14,772,000) 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 230,000 ordinary shares. There have been no other 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 2016

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties US\$'000	Leasehold properties 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	Renovation, air conditioners, electrical installation and leasehold improvements US\$'000	Capital work-in-progress US\$'000	Total US\$'000
<b>Cost</b>								
At 1 January 2015	16,650	17,991	23,899	4,362	2,136	4,801	10,609	80,448
Additions	29	221	2,573	301	141	129	3,467	6,861
Disposals	-	(2)	(304)	(115)	(130)	(6)	(14)	(571)
Reclassifications	1,357	4,727	7,188	29	46	317	(13,664)	-
Exchange realignment	(450)	(999)	(1,837)	(206)	(197)	(303)	(45)	(4,037)
At 31 December 2015 and 1 January 2016	17,586	21,938	31,519	4,371	1,996	4,938	353	82,701
Additions	58	947	805	642	262	174	915	3,803
Disposals	-	(15)	(276)	(51)	(117)	(28)	(5)	(492)
Reclassification	-	243	350	40	227	28	(888)	-
Transfer to investment property (Note 13)	(691)	-	-	-	-	-	-	(691)
Exchange realignment	(116)	(243)	550	23	38	16	36	304
At 31 December 2016	16,837	22,870	32,948	5,025	2,406	5,128	411	85,625
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2015	267	935	7,951	2,367	1,150	1,179	-	13,849
Charge for the year	151	390	2,311	555	280	472	-	4,159
Disposals	-	(1)	(130)	(106)	(99)	(1)	-	(337)
Reclassifications	-	-	(1)	1	-	-	-	-
Exchange realignment	(17)	(151)	(977)	(126)	(112)	(106)	-	(1,489)
At 31 December 2015 and 1 January 2016	401	1,173	9,154	2,691	1,219	1,544	-	16,182
Charge for the year	145	546	3,143	573	290	507	-	5,204
Disposals	-	(3)	(257)	(44)	(104)	(14)	-	(422)
Transfer to investment property (Note 13)	(29)	-	-	-	-	-	-	(29)
Reclassification	-	-	1	(1)	-	-	-	-
Exchange realignment	(7)	(49)	334	21	18	(16)	-	301
At 31 December 2016	510	1,667	12,375	3,240	1,423	2,021	-	21,236
<b>Net carrying amount</b>								
At 31 December 2016	16,327	21,203	20,573	1,785	983	3,107	411	64,389
At 31 December 2015	17,185	20,765	22,365	1,680	777	3,394	353	66,519



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Company

**Motor  
vehicle**  
US\$'000

### Cost

At 31 December 2015 and 1 January 2016  
Exchange realignment  
At 31 December 2016

210  
(5)

205

### Accumulated depreciation

At 31 December 2015 and 1 January 2016  
Charge for the year  
Exchange realignment  
At 31 December 2016

175  
35  
(5)

205

### Net carrying amount

At 31 December 2016  
At 31 December 2015

—

35

The Group's freehold properties included US\$8,268,000 (2015: US\$10,088,000) which relate to freehold land. The Group's properties were valued by the following independent appraisers:

### Country of properties

### Appraiser

Singapore

Allied Appraisal Consultants Pte Ltd

Ukraine

BDO LLP

Vietnam

Viet Valuation and Consulting Co., Ltd,  
Com.PT Consultancy Co. Ltd

Malaysia

Henry Butcher Malaysia (Johor) Sdn Bhd,  
PA International Property Consultants Sdn Bhd

India

G.Mohandas & Associates

Based on valuations performed by independent appraisers, there are no impairment required for the carrying amounts of these properties.

The valuations are estimates of the amounts for which these assets could be exchanged between a knowledgeable willing buyer and seller on an arm's length transaction at the valuation date.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Capitalisation of borrowing costs

The Group's property, plant and equipment includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of factories and buildings. During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to US\$Nil (2015: US\$191,000). The rates used to determine the amount of borrowing costs eligible for capitalisation is Nil% (2015: 2.47% to 2.49%), which are the effective interest rates of the specific borrowings.

### Assets held under finance leases

As at the end of the financial year, the net carrying amount of the motor vehicles held under finance leases were US\$120,000 (2015: US\$57,000). The leased assets are pledged as security for the related finance lease liabilities.

### Assets pledged as security

The portion of the freehold property at 31 Harrison Road, Singapore 369649, whose carrying amount was US\$5,346,000 as at 31 December 2016 (2015: US\$6,163,000) was mortgaged to secure bank loans (Note 29).

The freehold property at GM 1780, Lot 1723, Tempat Batu 9¼, Jalan Kapar, Mukim Kapar, Daerah Klang, Selangor whose carrying amount was US\$9,529,000 as at 31 December 2016 (2015: US\$9,626,000) was mortgaged to secure bank loans (Note 29).

The leasehold property at PLO 88 and PLO 89 in the Mukim Sungai Tiram District Johor Bahru, State of Johor Darul Takzim whose carrying amount was US\$12,190,000 as at 31 December 2016 (2015: US\$12,402,000) was mortgaged to secure bank loans (Note 29).



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 13. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cost</b>		
At 1 January	15,508	15,845
Additions	35	716
Transfer from property, plant and equipment (Note 12)	691	–
Exchange realignment	(387)	(1,053)
At 31 December	15,847	15,508
<b>Accumulated depreciation</b>		
At 1 January	233	140
Charge for the year	163	105
Transfer from property, plant and equipment (Note 12)	29	–
Exchange realignment	(14)	(12)
At 31 December	411	233
<b>Net carrying amount</b>		
At 31 December	15,436	15,275
<b>Income statement:</b>		
Rental income from investment properties:		
- Minimum lease payments	669	461
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	334	231
- Non-rental generating properties	9	107

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.

### Transfer from property, plant and equipment

On 1 October 2016, the Group transferred one unit in 31 Harrison Road, Singapore 369649, that was held as owner-occupied property to investment property. On that date, the Group has leased the unit to third party.

### Properties pledged as security

The portion of the freehold property at 31 Harrison Road, Singapore 369649, whose net carrying amount was US\$4,048,000 as at 31 December 2016 (2015: US\$3,532,000), was mortgaged to secure bank loans (Note 29).

The freehold property at 81 Playfair Road, Singapore 367999, whose net carrying amount was US\$11,387,000 as at 31 December 2016 (2015: US\$11,743,000), was mortgaged to secure bank loans (Note 29).



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 13. INVESTMENT PROPERTIES (CONT'D)

### Capitalisation of borrowing costs

The Group's investment properties include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of factories and buildings. During the financial year, the borrowing costs capitalised as cost of investment amounted to US\$Nil (2015: US\$15,000). The rates used to determine the amount of borrowing costs eligible for capitalisation is Nil% (2015: 1.63% to 2.01%), which are the effective interest rates of the specific borrowings.

### Valuation of investment properties

Based on valuations performed by independent appraiser, Allied Appraisal Consultants Pte Ltd, for the years ended 31 December 2016 and 2015, there are no impairment required for the carrying amounts of 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. The fair value of the investment properties is determined at US\$25,960,000 (2015: US\$25,544,000).

### Details of investment properties

The investment properties held by the Group as at 31 December 2016 are as follows:

	Location	Description	Existing use	Tenure of land
1.	#03-01, #04-01, #05-01, #06-01, #07-01 and #07-02 of 31 Harrison Road Singapore 369649*	6 units of a 11-Storey Building	Warehouse/ Office	Freehold
2.	81 Playfair Road Singapore 367999	11-Storey Building	Warehouse/ Office	Freehold

\* Relates to the portion of the freehold properties which were leased out to third parties. See Note 12 for more details.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Unquoted shares, at cost	44,894	44,894
Impairment losses	(349)	(349)
Carrying amount of investments	<u>44,545</u>	<u>44,545</u>

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

<b>Name of company (Country of incorporation)</b>	<b>Principal activities</b>	<b>Percentage of equity held by the Group</b>	
		<b>2016</b>	<b>2015</b>
		<b>%</b>	<b>%</b>
<b><i>Held by the Company</i></b>			
Future Enterprises Pte Ltd <sup>(1)</sup> (Singapore)	Sales and marketing of instant food and beverages	100	100
Future Corporation Pte Ltd <sup>(1)</sup> (Singapore)	Dormant	100	100
Masters Corporation Pte Ltd <sup>(1)</sup> (Singapore)	Sales and marketing of instant food and beverages	100	100
EPIQ Food Services Pte Ltd <sup>(1)</sup> (Singapore)	Investment holding	100	100
Future Investment Holdings Pte Ltd <sup>(1)</sup> (Singapore)	Investment holding	100	100
<b><i>Held by Future Enterprises Pte Ltd</i></b>			
FES Industries Pte Ltd <sup>(1)</sup> (Singapore)	Dormant	100	100
FES Industries Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing and processing of instant food and beverages	100	100
Foodaworld Marketing Pte Ltd <sup>(1)</sup> (Singapore)	Dormant	100	100
Food Empire Real Estates Pte Ltd <sup>(1)</sup> (Singapore)	Property investment holding	100	100

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2016 %	2015 %
<b>Held by Future Enterprises Pte Ltd (cont'd)</b>			
FER (HK) Limited <sup>(3)</sup> (Hong Kong)	Investment holding	100	100
Empire Distribution (Europe) Spółka Z Ograniczona Odpowiedzialnoscia <sup>(5)</sup> (Poland)	Dormant	100	100
WELLDIs LLP <sup>(5)</sup> (Kazakhstan)	Distribution, procurement, wholesale and trade of beverage products	100	100
Empire Manufacturing Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing food and beverages and real estate activities relating to own or lease property	100	100
Food Excellence Specialist Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing food and beverages	100	100
Mei Ka Fei (Hohhot) Trade Co., Ltd **** <sup>(9)</sup> (People's Republic of China)	Trading (import and export) of Group's products	100	100
Empire Food Trading Co Ltd <sup>(11)</sup> (Mongolia)	General trading	100	100
Empire International Sdn Bhd <sup>(2)</sup> (Malaysia)	International procurement centre, procuring and selling of raw materials, processed and non-processed food and finished goods	100	100
Guangdong Future Enterprises Trade Ltd. Co. *** <sup>(13)</sup> (People's Republic of China)	Import, export, wholesale and distribution of food and beverages	100	100
FES Products LLC <sup>(2)</sup> (Russia)	Manufacturing and distribution of instant food and beverages	100	100
FES Impex LLC <sup>(2)</sup> (Russia)	Import/Export and trading activities in Russia	100	100



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2016 %	2015 %
<b>Held by Foodaworld Marketing Pte Ltd</b>			
Lovena Limited <sup>(4)</sup> (Cyprus)	Investment holding	100	100
Pavo Holding Limited <sup>(4)</sup> (Cyprus)	Investment holding	100	100
<b>Held by Pavo Holding Limited</b>			
Delta Future <sup>(5)</sup> (Ukraine)	Manufacturing of food products	100	100
FE Production Ltd <sup>(5)</sup> (Ukraine)	Manufacturing of food products	100	100
<b>Held by Lovena Limited</b>			
FES UKR LLC <sup>(2)</sup> (Ukraine)	Preparation, packaging and distribution of instant beverages	100	100
<b>Held by FES Industries Pte Ltd</b>			
FES (Vietnam) Co., Ltd <sup>(2)</sup> (Vietnam)	Manufacturing and distribution of instant food and beverages	100	100
<b>Held by FER (HK) Limited</b>			
FES International FZE <sup>(5)</sup> (United Arab Emirates - Dafza)	Import, export, trading of food and beverages, management and finance support	100	100
Navas Services Limited <sup>(6)</sup> (Cyprus)	Investment holding	100	100
Bexar Limited <sup>(6)</sup> (Cyprus)	Licensing, management and finance support	100	100
<b>Held by Bexar Limited</b>			
Naturant System Inc. <sup>(5)</sup> (British Virgin Islands)	Investment holding	100	100
Ukragroinvest-2005 <sup>(2)</sup> (Ukraine)	Ownership and leasing of factory space and equipment to FES UKR LLC	100	100

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2016 %	2015 %
<b>Jointly held by FES International FZE and Future Enterprises Pte Ltd</b>			
FES Marketing LLP <sup>(7)</sup> (Russia)	Providing royalty and trade-mark contract service; and trade and marketing services	—*	100
<b>Held by EPIQ Food Services Pte Ltd</b>			
BVBA Food Expert <sup>(8)</sup> (Belgium)	Wholesale of food products	100	100
<b>Held by Future Investment Holdings Pte Ltd</b>			
Food Land Empire Pte Ltd <sup>(1)</sup> (Singapore)	Dormant	100	70
Food Land Investment Holding Pte Ltd <sup>(1)</sup> (Singapore)	Investment holding company and advertising activities	100	100
Coffee One Coffee System Pte Ltd <sup>(1)</sup> (Singapore)	Other investment holding company and selling rights to use intellectual property against royalty rights	51	51
Hallyu Ventures Pte Ltd <sup>(1)</sup> (Singapore)	Investment holding company	51	—
<b>Held by Food Land Investment Holding Pte Ltd</b>			
Food Land Manufacturing Co., Ltd <sup>(5)</sup> (Myanmar)	Manufacturing and processing of instant food and beverages	70	70
<b>Jointly held by EPIQ Food Services Pte Ltd and Future Investment Holdings Pte Ltd</b>			
Global Food Excellence Ltd <sup>(10)</sup> (Nigeria)	Marketing support of Group’s products	100	100
Indus Coffee Private Limited ** <sup>(12)</sup> (India)	Manufacturing and packaging of instant coffee	100	100



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2016 %	2015 %
<b>Jointly held by Future Investment Holdings Pte Ltd and Empire Tea (PVT) Ltd</b>			
Tea Avenue Pte Ltd <sup>(1)</sup> (Singapore)	Investment holding company and office administrative services	72	72
<b>Held by Tea Avenue Pte Ltd</b>			
Tea Avenue (Private) Limited <sup>(2)</sup> (Sri Lanka)	To open cafes and restaurants to sell premium tea and coffee	72	72

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(2)</sup> Audited by associated firms of Ernst & Young LLP, Singapore.

<sup>(3)</sup> Audited by S.B. Chow & Co., Certified Public Accountants (Practising), Hong Kong.

<sup>(4)</sup> Audited by P. Kalopetrides & Co, Cyprus.

<sup>(5)</sup> Not required to be audited by the law of its country of incorporation.

<sup>(6)</sup> Audited by JIB Audit and Accounting Ltd, Cyprus.

<sup>(7)</sup> Audited by Alinga Consulting LLC.

<sup>(8)</sup> Audited by BDO Belgium.

<sup>(9)</sup> Audited by Hohhot Zhicheng Certified Public Accountants Co., Ltd. (Inner Mongolia).

<sup>(10)</sup> Audited by UHY Maaji and Co. (Nigeria).

<sup>(11)</sup> Audited by Evident Audit LLC (Mongolia).

<sup>(12)</sup> Audited by Jyothirmayi & Associates.

<sup>(13)</sup> Audited by XiangHe Accounting Co.

\* FES Marketing LLP has been liquidated during the year.

\*\* Indus Coffee Private Limited has changed their auditor to EY India from FY 2016 onwards.

\*\*\* Guangdong Future Enterprises Trade Ltd. Co has changed their auditor to Foshan Zhong Zheng Cheng Certified Public Accountant Co., Ltd from FY 2016 onwards.

\*\*\*\* Mei Ka Fei (Hohhot) Trade Co., Ltd has changed their auditor to Inner Mongolia Zhixin CPA firm from FY 2016 onwards.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 15. INVESTMENT IN ASSOCIATES

The Group's material investments in associates are summarised below:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Caffe Bene Co., Ltd.	6,571	—
Triple Ace Ventures Limited	4,364	3,799
Empire Tea (PVT) Ltd	2,694	2,778
Other associates	1,669	1,070
	<b>15,298</b>	<b>7,647</b>

<b>Name of company</b> <b>(Country of incorporation)</b>	<b>Principal activities</b>	<b>Percentage of equity</b> <b>held by the Group</b>	
		<b>2016</b>	<b>2015</b>
		<b>%</b>	<b>%</b>
<b>Held by subsidiaries</b>			
Caffe Bene Co., Ltd. <sup>(1)</sup> (South Korea)	Coffee house Chain	19.6	—
Triple Ace Ventures Limited <sup>(2)</sup> (British Virgin Islands)	Investment holding	50	50
Empire Tea (PVT) Ltd <sup>(3)</sup> (Sri Lanka)	Exporter of bulk, packet and bagged tea	30	30
Simonelo Limited <sup>(4)</sup> (Cyprus)	Investment holding	50	50
Cap Empire S.r.l. <sup>(2)</sup> (The Republic of Italy)	Production and marketing of capsules for coffee and other beverages	49	49
PT Marindo Makmur Usahajaya <sup>(5)</sup> (Indonesia)	Manufacturing of frozen seafood products	—	—*

<sup>(1)</sup> Audited by associate firms of Ernst & Young LLP, Singapore.

<sup>(2)</sup> Not required to be audited by the law of its country of incorporation.

<sup>(3)</sup> Audited by HLB Edirisinghe & Company, Sri Lanka.

<sup>(4)</sup> Audited by KPMG Cyprus.

<sup>(5)</sup> Audited by Drs. Supriyadi dan Rekan, Indonesia.

\* In 2015, the Group disposed its entire 40% interest in its associate, PT Marindo Makmur Usahajaya with carrying value of US\$953,000 for a cash consideration of US\$900,000. The loss of disposal of the associate was US\$53,000.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 15. INVESTMENT IN ASSOCIATES (CONT'D)

Aggregate information about the Group's investments in associates (not adjusted for the percentage of ownership held) that are not individually material are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit/(loss) after tax	578	(34)
Other comprehensive profit/(loss)	616	(2)
Total comprehensive profit/(loss)	<u>1,194</u>	<u>(36)</u>

The summarised financial information in respect of Caffè Bene Co., Ltd., Triple Ace Ventures Limited and Empire Tea (PVT) Ltd, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

### Summarised balance sheet

	<b>Caffè Bene Co., Ltd.</b>		<b>Triple Ace Ventures Limited</b>		<b>Empire Tea (PVT) Ltd</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Current assets	26,849	–	9,686	9,654	22,816	21,534
Non-current assets	40,519	–	–	–	3,964	3,496
Total assets	<u>67,368</u>	<u>–</u>	<u>9,686</u>	<u>9,654</u>	<u>26,780</u>	<u>25,030</u>
Current liabilities	(58,429)	–	(957)	(2,056)	(16,089)	(11,293)
Non-current liabilities	(20,792)	–	–	–	(1,791)	(4,619)
Total liabilities	<u>(79,221)</u>	<u>–</u>	<u>(957)</u>	<u>(2,056)</u>	<u>(17,880)</u>	<u>(15,912)</u>
Net (liabilities)/assets	<u>(11,853)</u>	<u>–</u>	<u>8,729</u>	<u>7,598</u>	<u>8,900</u>	<u>9,118</u>
Proportion of the Group's ownership	19.6%	–	50%	50%	30%	30%
Group's share of net (liabilities)/assets	(2,323)	–	4,365	3,799	2,670	2,735
Goodwill on acquisition	6,404	–	–	–	–	–
Fair value adjustment on acquisition	2,145	–	–	–	–	–
Other adjustments	345	–	–	–	24	43
Carrying amount of the investment	<u>6,571</u>	<u>–</u>	<u>4,365</u>	<u>3,799</u>	<u>2,694</u>	<u>2,778</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 15. INVESTMENT IN ASSOCIATES (CONT'D)

### Summarised statement of comprehensive income

	Caffe Bene Co., Ltd.		Triple Ace Ventures Limited		Empire Tea (PVT) Ltd	
	2016	2015	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	65,397	—	1,065	1,752	49,433	41,804
(Loss)/profit after tax	(26,856)	—	409	264	229	711
Other comprehensive income/(loss)	—	—	722	(1,149)	(393)	(851)
Total comprehensive (loss)/income	(26,856)	—	1,131	(885)	(164)	(140)

### Acquisition of an associate

On 18 March 2016, the Group's 51% owned subsidiary, Hallyu Ventures Pte Ltd ("Hallyu") entered into a share subscription with Caffe Bene Co., Ltd ("Caffebene") to subscribe 33,180,000 common stocks for a total consideration of US\$14,390,000. Upon completion of subscription, Hallyu holds 38.4% equity interest and Caffebene became an associate of the Group.

The investment in Caffebene is in line with the Group's growth strategy to move into downstream business along the entire value chain of the food and beverage industry.

The provisional fair value of the identifiable assets and liabilities of Caffebene as at the acquisition date were:

	Fair value recognised on acquisition 2016 US\$'000
Property, plant and equipment	33,049
Intangible assets	14,953
Other non-current assets	20,458
Current assets	33,020
Total assets	101,480
Current liabilities	(55,509)
Non-current liabilities	(41,188)
Total liabilities	(96,697)
Total identifiable net assets at fair value	4,783
Proportion of the Group's ownership	19.6%
Group's share of net identifiable assets	937
Goodwill on acquisition	6,404
Total cash consideration paid	7,341



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 15. INVESTMENT IN ASSOCIATES (CONT'D)

### Summarised statement of comprehensive income (cont')

#### Provisional accounting of the acquisition

Intangible assets has been identified arising from this acquisition. The Group has engaged an independent valuer to determine the fair value of the intangible assets. As at 31 December 2016, fair value has been determined on a provisional basis as the final results of the independent valuation have not been received by the date the financial statements was authorized for issue. Goodwill arising from this acquisition, carrying amount of the intangible assets, deferred tax liability and amortisation of the intangible assets will be adjusted accordingly on a retrospective basis when the valuation of intangible assets is finalised.

## 16. INTANGIBLE ASSETS

	Goodwill US\$'000	Group Brand US\$'000	Total US\$'000
<b>Cost</b>			
At the beginning and end of the year for financial year 2016 and 2015	7,390	8,361	15,751
<b>Less: Impairment</b>			
At 31 December 2015, 1 January 2016 and 31 December 2016	706	4,702	5,408
<b>Net carrying amount</b>			
At 31 December 2016	6,684	3,659	10,343
At 31 December 2015	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 ("CGU") identified according to each individual business unit for impairment testing.

The carrying amounts of goodwill and brand allocated to each CGU are as follows:

	Group	
	2016 US\$'000	2015 US\$'000
Goodwill		
- FER (HK) Limited Group	4,797	4,797
- FES Industries Pte Ltd and Empire Manufacturing Sdn Bhd	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 2016

## 16. INTANGIBLE ASSETS (CONT'D)

The recoverable amount of the 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	
	FER (HK) Limited Group		FES Industries Pte Ltd and Empire Manufacturing Sdn Bhd <sup>(1)</sup>			
	2016	2015	2016	2015	2016	2015
Growth rates	1.0%	1.0%	1.0%	1.0%	2.20%	1.0%
Pre-tax discount rates	18.5%	18.5%	13.01%	13.0%	18.5%	18.5%

<sup>(1)</sup> Resulting from transfer of assets from FES Industries Pte Ltd to Empire Manufacturing Sdn Bhd, the CGU has been expanded to include Empire Manufacturing Sdn Bhd.

### Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

*Forecasted sales* – For the first 5 years of forecasted 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 5 years resulting from increased advertising and promotional effects. An average sales growth of 7.5% (2015: 5%) and a range of 5% to 7.7% (2015: 5% to 13%) per annum were applied for brand and goodwill respectively.

*Growth rates* – The forecasted growth rates beyond the 5-year period are based on published industry research and do not exceed the long-term average growth rate for the mature industry that the CGU is in.

*Pre-tax discount rates* – Discount rates represent the current market assessment of the risks specific to each CGU, 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 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 17. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Deferred tax assets</b>		
Sundry provision	1,249	1,303
Unutilised tax losses	2,025	2,311
	<u>3,274</u>	<u>3,614</u>
<b>Deferred tax liabilities</b>		
Excess of net book value over tax written down value	<u>(1,943)</u>	<u>(457)</u>

### Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US\$14,363,000 (2015: US\$12,633,000) 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 are 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 an amount of US\$2,061,000 (2015: US\$2,773,000) for companies in China, Cyprus, India, Kazakhstan, Myanmar, Mongolia and Poland which have an expiry period ranging from 2 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 (2015: 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 aggregate to US\$168,796,000 (2015: US\$159,364,000).

## 18. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Staff advances	199	186	–	–
Advance payment	425	455	–	–
Sundry receivables	796	652	–	–
Tax recoverable	518	471	–	–
Allowance for doubtful receivables	(337)	(331)	–	–
	<u>1,601</u>	<u>1,433</u>	<u>–</u>	<u>–</u>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 18. OTHER RECEIVABLES (CONT'D)

	<b>Group</b>	
	<i>Individually impaired</i>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	331	–
Charge for the year	6	331
At 31 December	337	331

Staff advances are unsecured, non-interest bearing and expected to be repayable on demand.

## 19. INVENTORIES

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
<b>Balance sheet:</b>		
Raw materials	17,085	18,534
Packaging materials	7,568	7,308
Finished products/trading goods	18,907	14,258
Total inventories at lower of cost and net realisable value	43,560	40,100
<b>Income statement:</b>		
Inventories recognised as an expense in cost of sales	131,179	129,582

## 20. PREPAID OPERATING EXPENSES AND OTHER DEBTORS

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Deposits	652	666	–	–
Prepayments	1,828	2,167	7	57
	2,480	2,833	7	57



# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Amounts due from subsidiaries	10,195	10,107
Allowance for doubtful receivables	(262)	(268)
	<u>9,933</u>	<u>9,839</u>
Amount due to a subsidiary	<u>(19)</u>	<u>(19)</u>

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

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	268	1,679
Written off during the year	–	(901)
Write-back during the year	–	(510)
Exchange realignment	(6)	–
At 31 December	<u>262</u>	<u>268</u>

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Loan advance to an associate (non-current)	<u>208</u>	<u>–</u>
Amounts due from an associate (current)		
- Simonelo Limited	101	85
Loan advance to an associate (current)		
- Triple Ace Ventures Limited	–	756
- Caffè Bene Co., Ltd.	4,700	–
	<u>4,801</u>	<u>841</u>
Amount due to an associate (current)		
- Empire Teas (PVT) Ltd	<u>(49)</u>	<u>(165)</u>

### **Loan advance to an associate (non-current)**

The loan advance to an associate (non-current) is unsecured, bears an interest of 2% per annum and is repayable by 31 July 2019.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 22. AMOUNTS DUE FROM/(TO) ASSOCIATES (NON-TRADE) (CONT'D)

### Amounts due from/(to) associates (current)

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

### Loan advance to an associate (current)

The loan advance to Triple Ace Ventures Limited is unsecured, bears an interest of 10% per annum and is fully repaid during the year.

The loan advance to Caffè Bene Co., Ltd. is unsecured and bears an interest of 1% per annum.

The loan shall be repaid as follows:

- (i) US\$2,491,000 shall be repaid by issuance of common shares on 30 June 2017.
- (ii) US\$2,209,000 shall be repaid either by issuance of common shares or cash on 31 December 2017.

## 23. AMOUNTS DUE FROM/(TO) RELATED PARTIES (TRADE)

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Unsecured, interest free and with 60 to 270 days' credit terms	396	364
Unsecured, interest free and with 270 days' credit terms	—	(154)

## 24. TRADE RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Trade receivables	39,447	38,998	—	—
Allowance for doubtful receivables	(1,340)	(422)	—	—
	38,107	38,576	—	—

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.

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

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
United States Dollar	280	269	—	—
Singapore Dollar	—	156	—	—
Euro	287	234	—	—
Malaysia Ringgit	1,226	714	—	—
Sterling Pound	11	—	—	—
Indian Rupee	1,211	120	—	—



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 24. TRADE RECEIVABLES (CONT'D)

### *Receivables that are past due but not impaired*

The Group has trade receivables amounting to US\$9,112,000 (2015: US\$15,330,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Trade receivables past due but not impaired:		
Less than 91 days	7,711	10,490
91 to 120 days	305	1,379
More than 120 days	1,096	3,461
	<u>9,112</u>	<u>15,330</u>

### *Receivables that are impaired*

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<i>Individually impaired</i>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Trade receivables – nominal amounts	1,340	422
Allowance for impairment	<u>(1,340)</u>	<u>(422)</u>
	<u>–</u>	<u>–</u>
Movement in allowance accounts:		
At 1 January	422	479
Charge for the year	802	44
Exchange realignment	115	(101)
At 31 December	<u>1,340</u>	<u>422</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

For the year ended 31 December 2016, net impairment loss on trade receivables of US\$803,000 (2015: US\$44,000) was recognised in the profit or loss subsequent to a debt recovery assessment performed.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 25. CASH AND CASH EQUIVALENTS

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and bank balances	28,574	27,524	131	92

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.1% to 0.9% (2015: 0.1% to 0.5%) per annum.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
United States Dollar	1,809	780	–	–
Singapore Dollar	458	391	–	–
Euro	1,362	2,787	–	–
Russian Ruble	45	1,455	–	–
Malaysia Ringgit	1,200	726	–	–
Indian Rupee	1,682	183	–	–
Arab Emirates Dirham	94	94	–	–

## 26. TRADE PAYABLES AND ACCRUALS

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	17,361	22,018	22	73
Accruals	12,742	10,394	1,381	386
Total trade payables and accruals	30,103	32,412	1,403	459

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 2016

## 26. TRADE PAYABLES AND ACCRUALS (CONT'D)

Trade payables and accruals denominated in currencies other than the functional currency as at 31 December are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
United States Dollar	209	119	–	–
Singapore Dollar	318	246	–	–
Euro	109	68	–	–
Indian Rupees	1,163	543	–	–
Arab Emirates Dirham	49	–	–	–
Malaysia Ringgit	2,313	3,711	–	–

## 27. OTHER PAYABLES

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
<b>Current</b>		
Rental and other deposits	384	135
Advance payment received from customers	256	982
Payables for purchase of property, plant and equipment	–	156
Sundry payables	1,577	2,481
Other payables	2,217	3,754

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
<b>Non-current</b>		
Other payables	5	6

## 28. AMOUNTS DUE TO ASSOCIATES (TRADE)

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	US\$'000	US\$'000
Unsecured, repayable on demand and interest free	233	395



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 29. INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	Group	
		2016 US\$'000	2015 US\$'000
<b>Current</b>			
- SGD loan at SWAP + 0.85% p.a.	2017	658	674
- USD loan at COF + 1.50% p.a.	2017	343	343
- SGD loan at COF + 1.15% p.a.	2017	601	526
- USD loan at COF + 2.35% p.a.	2017	1,471	1,471
- USD loan at COF + 2.35% p.a. (2015: COF + 1.70% p.a)	2017	3,571	3,571
- USD loan at SIBOR + 2.30% p.a. <sup>(1)</sup>	2017	2,320	2,320
- USD loan at higher of COF + 2.50% or LIBOR + 2.50% p.a. <sup>(1)</sup>	2017	4,000	–
- USD loan at COF + 1.75% p.a. <sup>(1)</sup>	2017	3,603	1,665
- USD loan at COF + 1.50% p.a. <sup>(1)</sup>	2017	718	863
- USD loan at LIBOR + 2.75% p.a.	2017	1,594	1,870
- USD loan at LIBOR + 2.00% p.a. <sup>(1)</sup>	2017	3,108	–
		<b>21,987</b>	<b>13,303</b>
<b>Non-current</b>			
- SGD loan at SWAP + 0.85% p.a.	2020	1,810	2,526
- USD loan at COF + 1.50% p.a.	2021	1,373	1,717
- SGD loan at COF + 1.15% p.a.	2024	3,754	4,546
- USD loan at COF + 2.35% p.a.	2018	3,880	7,649
- USD loan at COF + 2.35% p.a. (2015: COF + 1.70% p.a)	2019	1,456	2,801
- USD loan at SIBOR + 2.30% p.a. <sup>(1)</sup>	2019	4,560	6,880
		<b>16,833</b>	<b>26,119</b>
Total loans and borrowings		<b>38,820</b>	<b>39,422</b>

<sup>(1)</sup> The loan is unsecured governed by corporate guarantee by the Company.

SWAP – Swap rate and is the rate of the fixed leg of a swap as determined by its particular market.

COF – Cost of Funds and 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.

SIBOR – Singapore Interbank Offered Rate and is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other banks in the Singapore wholesale money market (or interbank market).

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

### SGD loan at SWAP + 0.85% p.a.

The loan is secured by a mortgage of this freehold building at 31 Harrison Road, Singapore 369649 (Note 12 and 13). This loan includes a covenant which requires the subsidiary to be wholly owned by its ultimate holding company.

### USD loan at COF + 1.50% p.a.

The loan is secured by a first mortgage over the freehold property at GM 1780, Lot 1723, Tempat Batu 91/4, 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 29. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

SGD loan at COF + 1.15% p.a.

The loan is secured by a first mortgage over the freehold property at 81 Playfair Road, Singapore 367999 (Note 13). This loan includes a covenant which requires the subsidiary to be wholly owned by its ultimate holding company.

USD loan at COF + 2.35% p.a.

The loan is secured by a first mortgage over the 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.

USD loan at COF + 2.35% p.a.

The loan is secured by an Assignment and Power of Attorney over the lease agreement and fixed specific charge over property at PLO 88 and PLO 89 in the Mukim Sungai Tiram District Johor Bahru, State of Johor Darul Takzim (Note 12). This loan includes a covenant which requires the subsidiary to be wholly owned by its ultimate holding company.

USD loan at LIBOR + 2.75% p.a.

The loan is secured by an exclusive charge over subsidiary's stock, receivables, plant and machinery, land and building and governed by corporate guarantee issued by the ultimate holding company.

## 30. SHARE CAPITAL AND TREASURY SHARES

### (a) *Share capital*

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Issued and fully paid:</b>		
At beginning of the year		
533,741,999 (2015: 533,741,999) ordinary shares	40,725	40,725
Issued for cash under employee share option		
30,000 (2015: Nil) ordinary shares issued at exercised price of S\$0.335	7	–
Issued for cash under employee share option		
400,000 (2015: Nil) ordinary shares issued at exercised price of S\$0.315	89	–
Transfer from share-based payment reserve	25	–
At end of the year	<u>40,846</u>	<u>40,725</u>

The holders of ordinary shares are entitled to receive dividend 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 9,712,000 (2015: 10,142,000) and 9,800,000 (2015: 4,630,000) shares respectively. Details of outstanding options are set out in Note 32.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 30. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

### (b) Treasury shares

	Group and Company			
	2016		2015	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January and 31 December	1,001	317	1,001	317

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

## 31. RESERVES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Foreign currency translation reserve	(13,436)	(15,057)	2,820	2,999
Share-based payment reserve	1,997	1,888	1,997	1,888
Accumulated profits	124,647	110,126	7,844	8,781
	113,208	96,957	12,661	13,668

### (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) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of freehold and leasehold properties, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

### (c) 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.



## Notes to the Financial Statements

For the financial year ended 31 December 2016

### 32. EMPLOYEE BENEFITS

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 is administered by the RC.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 2016 and the details of the 2002 Option Scheme and 2012 Option Scheme are as follows:

	Number of holders at end of year	Number of options outstanding at 1.1.2016	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 31.12.2016	Exercise price per share S\$	Exercise period	Remaining contractual life (years)
<b>2002 Option Scheme</b>									
2010 Options	9	2,840,000	-	-	(30,000)	2,810,000	0.335	4 January 2011 to 3 January 2020	3.0
2011 Options (February)	16	3,630,000	-	-	-	3,630,000	0.505	1 February 2012 to 31 January 2021	4.1
2011 Options (December)	13	3,672,000	-	-	(400,000)	3,272,000	0.315	19 December 2012 to 18 December 2021	5.0
		10,142,000	-	-	(430,000)	9,712,000			
<b>2012 Option Scheme</b>									
2013 Options	22	4,630,000	-	-	-	4,630,000	0.669	8 March 2014 to 7 March 2023	6.0
2016 Options	23	-	5,170,000	-	-	5,170,000	0.308	4 July 2017 to 3 July 2026	9.5
		14,772,000	5,170,000	-	(430,000)	19,512,000			
Weighted average share price (S\$)		0.476	0.308	-	-	0.435			

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 2015 and the details of the 2002 Option Scheme and 2012 Option Scheme are as follows:

	Number of holders at end of year	Number of options outstanding at 1.1.2015	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 31.12.2015	Exercise price per share S\$	Exercise period	Remaining contractual life (years)
<b>2002 Option Scheme</b>									
2010 Options	10	2,840,000	-	-	-	2,840,000	0.335	4 January 2011 to 3 January 2020	4.0
2011 Options (February)	16	3,630,000	-	-	-	3,630,000	0.505	1 February 2012 to 31 January 2021	5.1
2011 Options (December)	17	3,672,000	-	-	-	3,672,000	0.315	19 December 2012 to 18 December 2021	6.0
		10,142,000	-	-	-	10,142,000			
<b>2012 Option Scheme</b>									
2013 Options	22	4,630,000	-	-	-	4,630,000	0.669	8 March 2014 to 7 March 2023	7.0
		14,772,000	-	-	-	14,772,000			
Weighted average share price (S\$)		0.476	-	-	-	0.476			



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 32. EMPLOYEE BENEFITS (CONT'D)

Out of the 19,512,000 (2015: 14,772,000) outstanding options on 31 December 2016, 14,342,000 (2015: 13,383,000) share options are exercisable as at 31 December 2016.

The fair value of the share options as at the date of grant was estimated by an external valuer using Trinomial Option 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) 2010 Options

	<b>Group</b> Grant - 10 years
Average dividend per share (S\$)	0.01262
Expected volatility (%)	45.36
Risk-free rate (%)	1.088
Expected life of option (years)	4
Weighted average share price (S\$)	<u>0.335</u>

### (b) 2011 Options (February)

	<b>Group</b> Grant - 10 years
Average dividend per share (S\$)	0.01218
Expected volatility (%)	43.00
Risk-free rate (%)	0.935
Expected life of option (years)	4
Weighted average share price (S\$)	<u>0.505</u>

### (c) 2011 Options (December)

	<b>Group</b> Grant - 10 years
Average dividend per share (S\$)	0.01218
Expected volatility (%)	41.23
Risk-free rate (%)	0.602
Expected life of option (years)	5
Weighted average share price (S\$)	<u>0.315</u>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 32. EMPLOYEE BENEFITS (CONT'D)

### (d) 2013 Options

	<b>Group</b> 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>

### (e) 2016 Options

	<b>Group</b> 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>

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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 33. SEGMENT INFORMATION

For management purposes, the Group is organised into 5 reportable segments based on geographical locations. Each segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from each other. The 5 main segments are:

- (i) Russia
- (ii) Ukraine
- (iii) Kazakhstan and CIS markets (Uzbekistan, Turkmenistan, Azerbaijan and etc)
- (iv) Indochina
- (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 2016

## 33. SEGMENT INFORMATION (CONT'D)

	Russia		Ukraine		Kazakhstan and CIS markets		Indochina		Others		Adjustments and eliminations		Per consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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
<b>Revenue</b>														
Segment to external customers	107,938	107,302	23,480	24,811	27,170	35,808	40,092	29,445	43,530	35,061	–	–	242,210	232,427
Inter-segment sales <sup>(a)</sup>	261	220	–	–	–	–	–	–	85,405	91,807	(85,666)	(92,027)	–	–
Total revenue	108,199	107,522	23,480	24,811	27,170	35,808	40,092	29,445	128,935	126,868	(85,666)	(92,027)	242,210	232,427
<b>Results</b>														
Segment results	15,199	3,185	2,394	(1,915)	230	2,726	2,008	1,491	21,303	24,701	(14,887)	(23,617)	26,247	6,571
Interest income	41	93	8	9	3	3	145	23	54	14	–	–	251	142
Interest expenses	(19)	(17)	(6)	(4)	(5)	(6)	(11)	(5)	(1,131)	(877)	–	–	(1,172)	(909)
Share of profit/(loss) of associates	496	83	–	–	–	–	–	–	(1,193)	272	–	–	(697)	355
Income tax (expenses)/credit	(1,288)	1,141	25	12	(156)	18	(774)	58	(1,449)	(569)	–	–	(3,642)	660
Non-controlling interest	69	78	–	–	–	–	–	–	636	263	–	–	705	341
Depreciation for property, plant and equipment	(608)	(745)	(343)	(374)	(63)	(76)	(207)	(166)	(3,983)	(2,798)	–	–	(5,204)	(4,159)
Depreciation for investment properties	–	–	–	–	–	–	–	–	(163)	(105)	–	–	(163)	(105)
Impairment of an associate	–	(1,580)	–	–	–	–	–	–	–	–	–	–	–	(1,580)
Other non-cash expenses <sup>(a)</sup>	(937)	(122)	(13)	(16)	(59)	(84)	(368)	(113)	(428)	(771)	–	–	(1,805)	(1,106)
Profit/(loss) attributable to equity shareholders of the Company	12,953	2,116	2,065	(2,288)	(50)	2,581	793	1,288	13,646	20,130	(14,887)	(23,617)	14,520	210

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 33. SEGMENT INFORMATION (CONT'D)

	Russia		Ukraine		Kazakhstan and CIS markets		Indochina		Others		Adjustments and eliminations		Per consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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
<b>Assets</b>														
Segment assets	54,515	57,047	13,027	14,180	4,336	524	9,260	6,821	147,514	136,649	–	–	228,652	215,221
<b>Liabilities</b>														
Segment liabilities	(12,383)	(14,099)	(1,353)	(1,317)	(515)	(25)	(4,054)	(3,341)	(56,491)	(58,985)	–	–	(74,796)	(77,767)
<b>Other Information</b>														
Investment in associates	6,033	4,760	–	–	–	–	–	–	9,265	2,887	–	–	15,298	7,647
Additions to non-current assets	465	169	132	79	26	–	939	329	2,276	7,000	–	–	3,838	7,577

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

(b) Other non-cash expenses consists of allowance for doubtful receivables, bad debts written off, inventories written down, write down of property, plant and equipment, provision for restructuring costs, loss on disposal of a subsidiary and value of employee services received for issue 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 2016

## 33. SEGMENT INFORMATION (CONT'D)

Segment revenue information based on the product segment of external customers are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beverages	216,365	211,229
Others	15,374	15,547
Ingredients	10,471	5,651
	<u>242,210</u>	<u>232,427</u>

Non-current assets and other information based on the geographical location of the assets are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Singapore	23,458	24,137
Malaysia	33,297	34,932
India	17,353	17,649
Russia	11,436	11,119
Ukraine	2,464	2,857
Others	2,160	1,443
	<u>90,168</u>	<u>92,137</u>

Non-current assets information presented above consist of property, plant and equipment, investment properties, and intangible assets as presented in the consolidated balance sheet.

### **Information about major customers**

Revenue from six major customers amounted to US\$56,578,000 (2015: US\$65,944,000), arising from sales and services in the Russia, Ukraine, Africa and Kazakhstan and CIS countries 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:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Capital commitments in respect of property, plant and equipment	70	442
Capital commitments in respect of investment properties	<u>521</u>	<u>574</u>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 34. COMMITMENTS AND CONTINGENCIES (CONT'D)

### ***Operating lease commitments as lessee***

The Group leases certain properties under lease agreements which expire at various dates till 2020. Rental expenses were US\$2,495,000 and US\$2,885,000 for the years ended 31 December 2016 and 2015 respectively.

Future minimum lease payments payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Not later than one year	1,805	2,453
Later than one year but not later than five years	182	226
Later than five years	148	123
	<u>2,135</u>	<u>2,802</u>

### ***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 five years as at 31 December 2016.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Not later than one year	948	624
Later than one year but not later than five years	1,734	1,291
	<u>2,682</u>	<u>1,915</u>

### ***Finance lease commitments***

The Group has finance leases for motor vehicles. The leases contain purchase options but no terms of renewal or escalation clauses.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 34. COMMITMENTS AND CONTINGENCIES (CONT'D)

### **Finance lease commitments (cont'd)**

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2016		2015	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	US\$'000	US\$'000	US\$'000	US\$'000
Not later than one year	34	34	15	15
Later than one year but not later than five years	49	48	28	27
Total minimum lease payments	83	82	43	42
Less: Amounts representing finance charges	(1)	–	(1)	–
Present value of minimum leases	82	82	42	42

### **Contingent liabilities**

The Group has given corporate guarantees to banks amounting to US\$134,079,000 (2015: US\$129,361,000) 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 amount owing from them for the prior payment of other liabilities.

## 35. RELATED PARTY TRANSACTIONS

### **(a) Sales and purchase of goods and services**

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:

	2016 US\$'000	2015 US\$'000
<b>Group</b>		
<u>Triple Ace Ventures Limited and its subsidiaries</u> <sup>(a)</sup>		
- Interest income received	29	84
- Loan advance	–	1,700
- Rental expense paid	–	119
<u>Simonelo Limited and its subsidiaries</u> <sup>(a)</sup>		
- Rental expense paid	1,851	2,113
<u>Companies associated to a controlling shareholder</u> <sup>(b)</sup>		
- Sale of goods	1,871	2,559

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 35. RELATED PARTY TRANSACTIONS (CONT'D)

### (a) Sales and purchase of goods and services (cont'd)

	2016 US\$'000	2015 US\$'000
<b>Company</b>		
<u>Subsidiaries</u>		
- Management fees received	1,299	545
(a) Companies associated to one of the director and substantial shareholder, Mr. Sudeep Nair.		
(b) Companies associated to one of the controlling shareholder, Universal Integrated Corporation Consumer Products Pte Ltd.		

### (b) Investment in associate company

During the year, a company associated to one of the controlling shareholder, Universal Integrated Corporation Consumer Products Pte Ltd, has invested and granted loan to an associated company of the Group, Caffè Bene Co., Ltd., amounting to US\$12,770,000 (2015: US\$Nil).

### (c) Compensation of key management personnel

	Group 2016 US\$'000	2015 US\$'000
Salaries, wages and other staff benefits	3,690	2,007
Central Provident Fund contributions	52	42
Value of employee services received for issue of share options	83	51
Total compensation paid to key management personnel	3,825	2,100

	Group 2016 US\$'000	2015 US\$'000
<i>Comprise amounts paid to:</i>		
Directors of the Group	1,911	760
Other key management personnel	1,914	1,340
Total compensation paid to key management personnel	3,825	2,100

The remuneration of key management personnel are 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 35. RELATED PARTY TRANSACTIONS (CONT'D)

### (b) *Compensation of key management personnel (cont'd)*

As at 31 December, share options outstanding to the Directors and key management personnel of the Company are as follows:

	Outstanding share options	
	2016 '000	2015 '000
Directors	8,600	6,800
Key management personnel	6,360	4,760
	<u>14,960</u>	<u>11,560</u>

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) *Fair value of 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 2016 and 2015.

### (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, amount due from subsidiaries (non-trade), amount due from associates (non-trade), amount due from related parties (trade), trade and other payables, current finance lease creditors, and current interest-bearing loans and borrowing, amounts due to subsidiaries (non-trade), amount due to related parties (trade and 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 finance lease creditors and non-current interest-bearing loans and borrowings are reasonable approximation of fair values as their interest rate approximate the market lending rate.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (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 13.

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

*Recurring fair value measurement*

Description	Fair value as at 31 December 2016 US\$'000	Valuation techniques	Key unobservable inputs
<b>Investment properties</b>			
- Singapore	25,960	Market comparison method	Transacted price of comparable properties <sup>(1)</sup>

Description	Fair value as at 31 December 2015 US\$'000	Valuation techniques	Key unobservable inputs
<b>Investment properties</b>			
- Singapore	25,544	Market comparison method	Transacted price of comparable properties <sup>(1)</sup>

<sup>(1)</sup> 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 FRS 113 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (c) Assets not carried at fair value but for which fair value is disclosed (cont'd)

#### (ii) Valuation policies and procedures (cont'd)

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.

### (d) Classification of financial instruments

Group 2016	Fair value through profit or loss US\$'000	Loans and receivables US\$'000	Liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
<b>Assets</b>					
Property, plant and equipment	—	—	—	64,389	64,389
Investment properties	—	—	—	15,436	15,436
Investment in associates	—	—	—	15,298	15,298
Intangible assets	—	—	—	10,343	10,343
Deferred tax assets	—	—	—	3,274	3,274
Amount due from an associate (non-trade)	—	208	—	—	208
Inventories	—	—	—	43,560	43,560
Prepaid operating expenses and deposits	—	—	—	2,480	2,480
Deferred expenses	—	—	—	185	185
Amounts due from associates (non-trade)	—	4,801	—	—	4,801
Amounts due from related parties (trade)	—	396	—	—	396
Trade receivables	—	38,107	—	—	38,107
Other receivables	—	1,601	—	—	1,601
Cash and cash equivalents	—	28,574	—	—	28,574
	—	73,687	—	154,965	228,652

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (d) Classification of financial instruments (cont'd)

Group 2016	Fair value through profit or loss US\$'000	Loans and receivables US\$'000	Liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
<b>Liabilities</b>					
Trade payables and accruals	—	—	(30,103)	—	(30,103)
Other payables	—	—	(1,838)	(384)	(2,222)
Interest-bearing loans and borrowings	—	—	(38,820)	—	(38,820)
Finance lease creditors	—	—	(82)	—	(82)
Amounts due to associates (trade)	—	—	(233)	—	(233)
Amounts due to an associate (non-trade)	—	—	(49)	—	(49)
Amounts due to a related party (non-trade)	—	—	(301)	—	(301)
Provision for taxation	—	—	—	(1,043)	(1,043)
Deferred tax liabilities	—	—	—	(1,943)	(1,943)
	—	—	(71,426)	(3,370)	(74,796)
<b>Group 2015</b>	<b>Fair value through profit or loss US\$'000</b>	<b>Loans and receivables US\$'000</b>	<b>Liabilities at amortised cost US\$'000</b>	<b>Non- financial assets/ liabilities US\$'000</b>	<b>Total US\$'000</b>
<b>Assets</b>					
Property, plant and equipment	—	—	—	66,519	66,519
Investment properties	—	—	—	15,275	15,275
Investment in associates	—	—	—	7,647	7,647
Intangible assets	—	—	—	10,343	10,343
Deferred tax assets	—	—	—	3,614	3,614
Inventories	—	—	—	40,100	40,100
Prepaid operating expenses and deposits	—	—	—	2,833	2,833
Deferred expenses	—	—	—	152	152
Amounts due from associates (non-trade)	—	841	—	—	841
Amounts due from related parties (trade)	—	364	—	—	364
Trade receivables	—	38,576	—	—	38,576
Other receivables	—	1,433	—	—	1,433
Cash and cash equivalents	—	27,524	—	—	27,524
	—	68,738	—	146,483	215,221





# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (d) Classification of financial instruments (cont'd)

Group 2015	Fair value through profit or loss US\$'000	Loans and receivables US\$'000	Liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
<b>Liabilities</b>					
Trade payables and accruals	—	—	(32,412)	—	(32,412)
Other payables	—	—	(3,625)	(135)	(3,760)
Interest-bearing loans and borrowings	—	—	(39,422)	—	(39,422)
Finance lease creditors	—	—	(42)	—	(42)
Amounts due to associates (trade)	—	—	(395)	—	(395)
Amounts due to an associate (non-trade)	—	—	(165)	—	(165)
Amounts due to related parties (trade)	—	—	(154)	—	(154)
Provision for taxation	—	—	—	(960)	(960)
Deferred tax liabilities	—	—	—	(457)	(457)
	—	—	(76,215)	(1,552)	(77,767)

Company 2016	Loans and receivables US\$'000	Liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
<b>Assets</b>				
Property, plant and equipment	—	—	—	—
Investment in subsidiaries	—	—	44,545	44,545
Prepaid operating expenses	—	—	7	7
Amounts due from subsidiaries (non-trade)	9,933	—	—	9,933
Cash and cash equivalents	131	—	—	131
	10,064	—	44,552	54,616
<b>Liabilities</b>				
Trade payables and accruals	—	(1,403)	—	(1,403)
Amounts due to subsidiaries (non-trade)	—	(19)	—	(19)
Provision for taxation	—	—	(4)	(4)
	—	(1,422)	(4)	(1,426)

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (d) Classification of financial instruments (cont'd)

Company 2015	Loans and receivables US\$'000	Liabilities at amortised cost US\$'000	Non- financial assets/ liabilities US\$'000	Total US\$'000
<b>Assets</b>				
Property, plant and equipment	—	—	35	35
Investment in subsidiaries	—	—	44,545	44,545
Prepaid operating expenses	—	—	57	57
Amounts due from subsidiaries (non-trade)	9,839	—	—	9,839
Cash and cash equivalents	92	—	—	92
	<u>9,931</u>	<u>—</u>	<u>44,637</u>	<u>54,568</u>
<b>Liabilities</b>				
Trade payables and accruals	—	(459)	—	(459)
Amounts due to subsidiaries (non-trade)	—	(19)	—	(19)
Provision for taxation	—	—	(14)	(14)
	<u>—</u>	<u>(478)</u>	<u>(14)</u>	<u>(492)</u>

## 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, Ukraine, Kazakhstan and CIS countries. Hence, risk is concentrated on the trade receivables in these countries.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (cont'd)

#### **Exposure to credit risk**

At the end of reporting the 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.

#### **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:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>By country:</b>		
Russia	15,543	16,115
Ukraine	5,872	5,449
Kazakhstan and CIS countries	3,744	7,354
Others	12,948	9,658
	<b>38,107</b>	<b>38,576</b>

#### **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 Note 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 57% (2015: 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 2016

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk (cont'd)

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 2016	Within 1 year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
<b>Financial assets:</b>				
Trade and other receivables	39,708	–	–	39,708
Amount due from related parties (trade)	396	–	–	396
Amount due from associates (non-trade)	4,801	208	–	5,009
Cash and cash equivalents	28,574	–	–	28,574
Total undiscounted financial assets	73,479	208	–	73,687
<b>Financial liabilities:</b>				
Amounts due to associates (trade)	(233)	–	–	(233)
Amount due to an associate (non-trade)	(49)	–	–	(49)
Amounts due to a related party (non-trade)	(301)	–	–	(301)
Interest-bearing loans and borrowings	(22,783)	(16,044)	(1,381)	(40,208)
Finance lease creditors	(34)	(48)	–	(82)
Trade and other payables	(31,941)	–	–	(31,941)
Total undiscounted financial liabilities	(55,341)	(16,092)	(1,381)	(72,814)
Total net undiscounted financial assets/(liabilities)	18,138	(15,884)	(1,381)	873
<b>2015</b>				
<b>Financial assets:</b>				
Trade and other receivables	40,009	–	–	40,009
Amount due from related parties (trade)	364	–	–	364
Amount due from associates (non-trade)	841	–	–	841
Cash and cash equivalents	27,524	–	–	27,524
Total undiscounted financial assets	68,738	–	–	68,738
<b>Financial liabilities:</b>				
Amounts due to associates (trade)	(395)	–	–	(395)
Amounts due to an associate (non-trade)	(165)	–	–	(165)
Amounts due to related parties (trade)	(154)	–	–	(154)
Interest-bearing loans and borrowings	(14,117)	(24,456)	(2,906)	(41,479)
Finance lease creditors	(15)	(27)	–	(42)
Trade and other payables	(36,037)	–	–	(36,037)
Total undiscounted financial liabilities	(50,883)	(24,483)	(2,906)	(78,272)
Total net undiscounted financial assets/(liabilities)	17,855	(24,483)	(2,906)	(9,534)



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk (cont'd)

Company 2016	Within 1 year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
<b>Financial assets:</b>				
Amounts due from subsidiaries (non-trade)	9,933	–	–	9,933
Cash and cash equivalents	131	–	–	131
Total undiscounted financial assets	10,064	–	–	10,064
<b>Financial liabilities:</b>				
Trade payables and accruals	(1,403)	–	–	(1,403)
Amounts due to subsidiaries (non-trade)	(19)	–	–	(19)
Total undiscounted financial liabilities	(1,422)	–	–	(1,422)
Total net undiscounted financial assets	8,642	–	–	8,642
<b>2015</b>				
<b>Financial assets:</b>				
Amounts due from subsidiaries (non-trade)	9,839	–	–	9,839
Cash and cash equivalents	92	–	–	92
Total undiscounted financial assets	9,931	–	–	9,931
<b>Financial liabilities:</b>				
Trade payables and accruals	(459)	–	–	(459)
Amounts due to subsidiaries (non-trade)	(19)	–	–	(19)
Total undiscounted financial liabilities	(478)	–	–	(478)
Total net undiscounted financial assets	9,453	–	–	9,453

The table below shows the contractual expiry by maturity of the Group's and 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 or the amount that is expected to be paid.

Company	1 year or less US\$'000	2016 Over 1 year US\$'000	Total US\$'000	1 year or less US\$'000	2015 Over 1 year US\$'000	Total US\$'000
Financial guarantees	134,079	–	134,079	129,361	–	129,361

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 and the Company'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 favorable rate. At the end of the reporting period, all of the Group's borrowings are at floating rates of interest.

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.

	Increase/ decrease in basis points	Effect on profit, net of tax US\$'000
<b>2016</b>		
Cash and cash equivalents	+10	25
Interest-bearing loans and borrowings	+100	(407)
<b>2015</b>		
Cash and cash equivalents	+10	22
Interest-bearing loans and borrowings	+100	(394)

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
<b>2016 Group</b>							
<i>Floating rate</i>							
Cash and bank balances	28,574	–	–	–	–	–	28,574
Finance lease creditors	34	48	–	–	–	–	82
Interest-bearing loans and borrowings	21,987	8,843	4,257	1,438	944	1,351	38,820
<b>Company</b>							
<i>Floating rate</i>							
Cash and bank balances	131	–	–	–	–	–	131



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Interest rate risk (cont'd)

2015 Group	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
<i>Floating rate</i>							
Cash and bank balances	27,524	–	–	–	–	–	27,524
Finance lease creditors	15	27	–	–	–	–	42
Interest-bearing loans and borrowings	13,303	9,102	7,769	5,089	1,375	2,784	39,422
<b>Company</b>							
<i>Floating rate</i>							
Cash and bank balances	92	–	–	–	–	–	92

### (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. Approximately 2.5% (2015: 2.4%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst 46.8% (2015: 48.8%) of purchases and operating costs are denominated in 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 (RUR) and Indian Rupee (INR) against the respective functional currencies of the Group entities, with all variables held constant.

		Group Profit before tax	
		2016 US\$'000	2015 US\$'000
EURO/USD	- strengthened 5% (2015: 5%)	77	148
	- weakened 5% (2015: 5%)	(77)	(148)
RM/USD	- strengthened 5% (2015: 5%)	455	277
	- weakened 5% (2015: 5%)	(455)	(277)
UAH/USD	- strengthened 5% (2015: 5%)	511	1,152
	- weakened 5% (2015: 5%)	(511)	(1,152)
RUR/USD	- strengthened 5% (2015: 5%)	1,108	1,747
	- weakened 5% (2015: 5%)	(1,108)	(1,747)
INR/USD	- strengthened 5% (2015: 5%)	87	12
	- weakened 5% (2015: 5%)	(87)	(12)



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 2016 and 31 December 2015.

The Group monitors its capital structure as follows:

	2016 US\$'000	2015 US\$'000
Interest-bearing loans and borrowings (Note 29)	38,820	39,422
Finance lease creditors (Note 34)	82	42
Trade payables and accruals (Note 26)	30,103	32,412
Other payables (Note 27)	2,222	3,760
Less: Cash and cash equivalents (Note 25)	(28,574)	(27,524)
Net debt	42,653	48,112
Equity attributable to the equity holders of the Company	153,737	137,365
<b>Capital and net debt</b>	<b>196,390</b>	<b>185,477</b>
<b>Gearing Ratio</b>	<b>22%</b>	<b>26%</b>

## 39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 17 March 2017.



# Shareholders' Information

As at 16 March 2017

Class of equity securities	: Ordinary share
No. of equity securities	: 533,400,999
Voting rights	: One vote per share

As at 16 March 2017, the total number of treasury shares held is 1,001,000. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 0.19%.

## DIRECTORS' SHAREHOLDINGS AS AT 16 MARCH 2017

(As recorded in the Register of Directors' Shareholdings)

	Direct Interest	%	Deemed Interest	%
Tan Wang Cheow	52,440,000	9.83	67,547,400	12.66
Tan Guek Ming	67,547,400	12.66	52,440,000	9.83
Lew Syn Pau	384,000	0.07	96,000	0.02
Sudeep Nair	34,406,399	6.45	16,588,400	3.11
Ong Kian Min	—	—	720,000	0.13
Boon Yoon Chiang	50,000	0.01	—	—

## SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2017

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Tan Wang Cheow <sup>(1)</sup>	52,440,000	9.83	67,547,400	12.66
Tan Guek Ming <sup>(1)</sup>	67,547,400	12.66	52,440,000	9.83
Sudeep Nair <sup>(2)</sup>	34,406,399	6.45	16,588,400	3.11
Anthoni Salim <sup>(3)</sup>	—	—	132,079,200	24.76
Universal Integrated Corporation Consumer Products Pte Ltd	132,079,200	24.76	—	—
FMR LLC on behalf of the managed accounts of its direct and indirect subsidiaries & FIL Ltd on behalf of the managed accounts of its direct and indirect subsidiaries	—	—	52,900,000	9.92

### Notes:

- <sup>(1)</sup> Mr. Tan Wang Cheow and Mdm. Tan Guek Ming are husband and wife. Mr. Tan Wang Cheow is deemed to have an interest in the shares held by Mdm. Tan Guek Ming and vice versa.
- <sup>(2)</sup> Mr. Sudeep Nair is deemed to have an interest in the 16,588,400 shares held by UOB Kay Hian Pte Ltd, Maybank Kim Eng Securities Pte Ltd, DMG & Partners Securities Pte Ltd and DBS Nominees Pte Ltd.
- <sup>(3)</sup> Mr. Anthoni Salim is the ultimate beneficial owner of the entire issued share capital of Trevoze International Pte Ltd, which is the sole shareholder of Universal Integrated Corporation Consumer Products Pte Ltd. Mr. Anthoni Salim is deemed to have an interest in the shares held by Universal Integrated Corporation Consumer Products Pte Ltd.

## PUBLIC FLOAT

As at 16 March 2017, 32.86% 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 16 March 2017

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 - 99	7	0.40	239	0.00
100 - 1,000	103	5.91	57,882	0.01
1,001 - 10,000	838	48.08	4,174,100	0.78
10,001 - 1,000,000	765	43.89	46,870,566	8.79
1,000,001 and above	30	1.72	482,298,212	90.42
<b>Total</b>	<b>1,743</b>	<b>100.00</b>	<b>533,400,999</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS NOMINEES (PRIVATE) LIMITED	155,884,900	29.22
2	TAN GUEK MING	67,547,400	12.66
3	TAN WANG CHEOW	52,440,000	9.83
4	RAFFLES NOMINEES (PTE) LIMITED	51,122,100	9.58
5	SUDEEP NAIR	34,406,399	6.45
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	28,462,100	5.34
7	OON PENG HENG	13,005,500	2.44
8	KOH PUAY LING	9,750,000	1.83
9	TAN BIAN CHYE	7,580,800	1.42
10	OON PENG LIM	7,488,300	1.40
11	HSBC (SINGAPORE) NOMINEES PTE LTD	6,718,000	1.26
12	OON PENG LAM	6,010,500	1.13
13	CHAN MENG HUAT	4,401,500	0.83
14	UOB KAY HIAN PRIVATE LIMITED	4,303,700	0.81
15	LIM SIEW KHENG	3,860,000	0.72
16	OON PENG WAH	2,943,500	0.55
17	TAN SIOK CHER	2,910,000	0.55
18	CITIBANK NOMINEES SINGAPORE PTE LTD	2,682,800	0.50
19	TAN SEOK WAH	2,680,000	0.50
20	ONG MIN KHIM	2,200,000	0.41
	<b>TOTAL</b>	<b>466,397,499</b>	<b>87.43</b>



**FOOD EMPIRE HOLDINGS LIMITED**  
(Company Registration No. 200001282G)  
(Incorporated in the Republic of Singapore)

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Food Empire Holdings Limited ("the Company") will be held at Carlton Hotel, Empress Ballroom 4 & 5, Level 2, 76 Bras Basah Road, Singapore 189558 on Monday, 24 April 2017 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 2016 together with the Auditor's Report thereon.  
**(Resolution 1)**
  
2. To declare a first and final dividend of S\$0.006 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2016.  
**(Resolution 2)**
  
3. To re-elect the following Directors of the Company retiring pursuant to Article 115 of the Constitution of the Company:
 

Mr. Tan Wang Cheow

Mr. Koh Yew Hiap

Mr. Lew Syn Pau

**(Resolution 3)**

**(Resolution 4)**

**(Resolution 5)**

*Mr. Tan Wang Cheow will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee and will be considered non-independent.*

*Mr. Koh Yew Hiap will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee and will be considered non-independent.*

*Mr. Lew Syn Pau will, upon re-election as a Director of the Company, remain as Chairman of both the Nominating Committee and Remuneration Committee and a member of the Audit Committee. He will be considered independent.*
  
4. To approve the payment of Directors' fees of S\$370,230 for the year ended 31 December 2016 (2015: S\$362,970).  
**(Resolution 6)**
  
5. 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)**
  
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

# 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:

### 7. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 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) 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) shall be based on the total number of issued shares (excluding treasury shares) 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 which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (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

8. **Authority to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme ("2002 Option Scheme")**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered 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 by the Company under the 2002 Option Scheme approved by shareholders on 22 January 2002, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2002 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) 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)**

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, Chapter 50, 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) 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 (iii)]

**(Resolution 10)**

By Order of the Board

Tan Cher Liang  
Secretary

Singapore,  
5 April 2017

# Notice of Annual General Meeting

## Explanatory Notes:

- (i) The Ordinary Resolution 8 in item 7 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, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 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) will be calculated based on the total number of issued shares (excluding treasury shares) 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 2002 Option Scheme had expired on 31 December 2011, outstanding options granted prior to that date subsist and remain exercisable in accordance with the rules of the 2002 Option Scheme.

The Ordinary Resolution 9 in item 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 in the Company pursuant to the exercise of options granted under the 2002 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 2002 Option Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

- (iii) The Ordinary Resolution 10 in item 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) in the capital of the Company from time to time.

## Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").
- (b) A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.





## Notice of Annual General Meeting

### **Personal data privacy:**

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

### **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 member, 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.





**FOOD EMPIRE HOLDINGS LIMITED**

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

# Proxy Form

(Please see notes overleaf before completing this Form)

**IMPORTANT:**

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Food Empire Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

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

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Carlton Hotel, Empress Ballroom 4 & 5, Level 2, 76 Bras Basah Road, Singapore 189558 on Monday, 24 April 2017 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	Number of Votes For <sup>(1)</sup>	Number of Votes Against <sup>(1)</sup>
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2016		
2	Proposed first and final 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. Lew Syn Pau as a Director		
6	Approval of Directors' fees amounting to S\$370,230		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Authority to issue shares		
9	Authority to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme ("2002 Option Scheme")		
10	Authority to grant options and to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme ("2012 Option Scheme")		

<sup>(1)</sup> If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

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

**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) 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;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2017.

**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 member, 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

# Corporate Information

## BOARD OF DIRECTORS

### Executive

Tan Wang Cheow  
(Executive Chairman)  
Sudeep Nair  
(Group CEO)

### Non-Executive

Tan Guek Ming  
(Non-Independent)  
Hartono Gunawan  
(Non-Independent)  
Koh Yew Hiap  
(Non-Independent)  
Lew Syn Pau  
(Independent)  
Ong Kian Min  
(Independent)  
Boon Yoon Chiang  
(Independent)

## AUDIT COMMITTEE

Ong Kian Min  
(Chairman)  
Lew Syn Pau  
Boon Yoon Chiang  
Tan Guek Ming

## NOMINATING COMMITTEE

Lew Syn Pau  
(Chairman)  
Ong Kian Min  
Boon Yoon Chiang  
Tan Wang Cheow

## REMUNERATION COMMITTEE

Lew Syn Pau  
(Chairman)  
Koh Yew Hiap  
Ong Kian Min  
Boon Yoon Chiang  
Tan Guek Ming

## COMPANY SECRETARY

Tan Cher Liang

## REGISTERED OFFICE

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

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Pte. Ltd.  
50 Raffles Place #32-01  
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Singapore 048623  
Telephone number : (65) 6536 5355  
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## AUDITORS

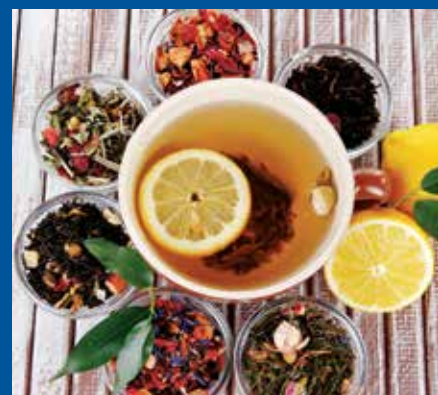
Ernst & Young LLP  
One Raffles Quay  
North Tower Level 18  
Singapore 048583

## AUDIT PARTNER-IN-CHARGE

Simon Yeo (w.e.f. the financial year ended  
31 December 2015)

## PRINCIPAL BANKERS

Overseas-Chinese Banking  
Corporation Limited  
United Overseas Bank Limited  
The Hongkong and Shanghai  
Banking Corporation Limited



Food Empire



*Food Empire*

**Food Empire Holdings Limited**

31 Harrison Road, #08-01, Food Empire Building, Singapore 369649

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