

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

QUALIFIED OPINION BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 IN RELATION TO THE EFFECTS ON THE CORRESPONDING FIGURES

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), the Board of Directors of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, Ernst & Young LLP, have in the Independent Auditor’s report, included a qualified opinion (the “**Qualified Opinion**”) on the Group’s audited financial statements for the financial year ended 31 December 2018 (“**FY2018**”) in relation to the effects on the corresponding figures.

The extract of the Qualified Opinion arising from Qualification in the Previous Financial Year and Basis for Qualified Opinion arising from Qualification in the Previous Financial Year in the Independent Auditor’s Report are as follows:

Qualified Opinion arising from Qualification in the Previous Financial Year

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 2018, 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, except for the effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, 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 Singapore Financial Reporting Standards (International) (SFRS (I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 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 Qualified Opinion arising from Qualification in the Previous Financial Year

During the last financial year ended 31 December 2017, we were unable to ascertain the appropriateness of the classification between the Group’s share of losses and impairment charges for the Group’s investment in a foreign associate, Caffè Bene Co., Ltd ("Caffebene"), which had been fully impaired as at 31 December 2017 as set out in Note 15 to the financial statements, and whether any adjustment is necessary between the impairment charge and the share of losses recognised during that year. Our audit opinion on the financial statements for the year ended 31 December 2017 was modified accordingly. Our opinion on the current year’s financial statements is also modified because of the effect of this matter on the comparability of the current year’s figures and the corresponding figures.

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 qualified opinion.



The Company will be issuing its Annual Report 2018, which will contain the Group's audited financial statements for FY2018, the Independent Auditor's Report and the Qualified Opinion to its shareholders in due course.

By order of the Board

Cho Form Po
Company Secretary

22 March 2019