

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

EMPHASIS OF MATTER ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

In compliance with Rule 704(5) 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 Independent Auditor of the Company, Ernst & Young LLP (the “**Auditor**”) has rendered an unqualified audit opinion with an emphasis of matter (the “**Independent Auditor’s Report**”) on the audited financial statements of the Company and the Group for the financial year ended 31 December 2021 (“**FY2021**”) (the “**Audited Financial Statements**”).

For further details, please refer to the extracts of the Independent Auditor’s Report and Note 39 to the FY2021 Audited Financial Statements, as annexed to this announcement.

Shareholders of the Company are advised to read the FY2021 Audited Financial Statements in full, as set out in its annual report 2021 (the “**FY2021 AR**”). The electronic copy of the FY2021 AR will be available on the Company’s website and SGXNet on 7 April 2022.

The opinion of the Auditor remains unmodified.

EXTRACT OF THE EMPHASIS OF MATTER FROM THE INDEPENDENT AUDITOR’S REPORT

Emphasis of matter – Subsequent events

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

EXTRACT OF NOTE 39 TO THE AUDITED FINANCIAL STATEMENTS FOR FY2021

39. *Events occurring after the reporting period*

On 24 February 2022, the President of the Russia Federation authorised a special military operation against Ukraine, which ignited an extensive armed conflict on Ukrainian soil. In response, the United States, European Union and many countries imposed an unprecedented punitive economic sanctions against Russia. These sanctions are targeted at Russian banks, institutions, entities and individuals, as well as export restrictions on sensitive industries and activities such as Electronics and Energy sector.

Russia and Ukraine are two of the Group’s major markets and accounted for approximately 45% of its revenue for FY2021. The Group operates in the Food and Beverage industry, which is not part of any of the restricted business activities and is not known to be affected by the international sanctions as of the date of the financial statements. As the Ukraine invasion is considered to be a non-adjusting event, no adjustments were made to the carrying amounts of the Group’s assets and liabilities as at 31 December 2021. However, based on the information available as of now, the impact of the Russia-Ukraine war is expected to have a negative effect on the financial performance and position of the Group in relation to its businesses in Russia and Ukraine for the financial year ending 31 December 2022 as outlined below.

In Ukraine, physical damage to public infrastructures and properties, disruption to supply chains and massive human displacement have resulted in the temporary suspension of business activities. The country is under martial law and many cities are operating under wartime conditions, which could lead to potential future impairment on the Group’s assets if the conflict persists.

In Russia, international sanctions have resulted in disruption in logistics and supply chains, which may necessitate the Group to look for alternative solutions to keep productions running smoothly. The Group is economically exposed to US Dollar and a sharp devaluation of the Russian Ruble will have an adverse impact on financial performance and position of the Group. In addition, the Group may also face heightened credit risks, higher



working capital requirements and issues with currency remittance due to sanctions against its financial system. These and the ensuing economic uncertainties in the Russia market would negatively impact the future financial performance, financial position and cash flows of the Group's operations in Russia.

At the date of the financial statements, the armed conflict is still ongoing. As the situation is volatile and evolving, the Group is closely monitoring the financial impact to its Russian and Ukrainian operations. Based on the information available and the Group's current financial position and resources, the Group has assessed that the use of the going concern assumption remains appropriate.

By order of the Board

Kevin Cho
Company Secretary
24 March 2022