



Ignite the spirit of exploration

# 7 Wonders of the World



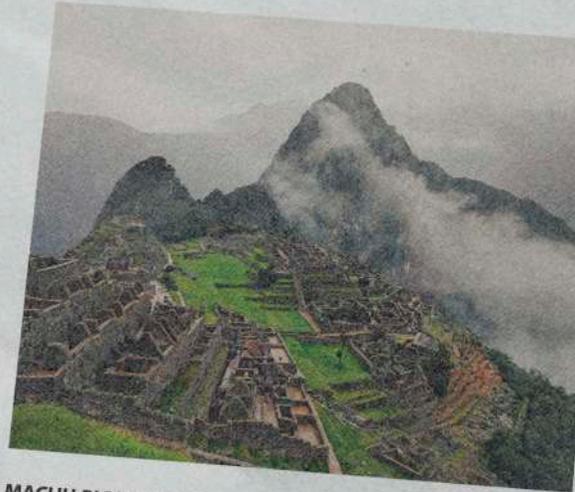
**COLOSSEUM, ITALY**

The Colosseum in Rome, Italy, is a large amphitheater that hosted events like gladiatorial games.



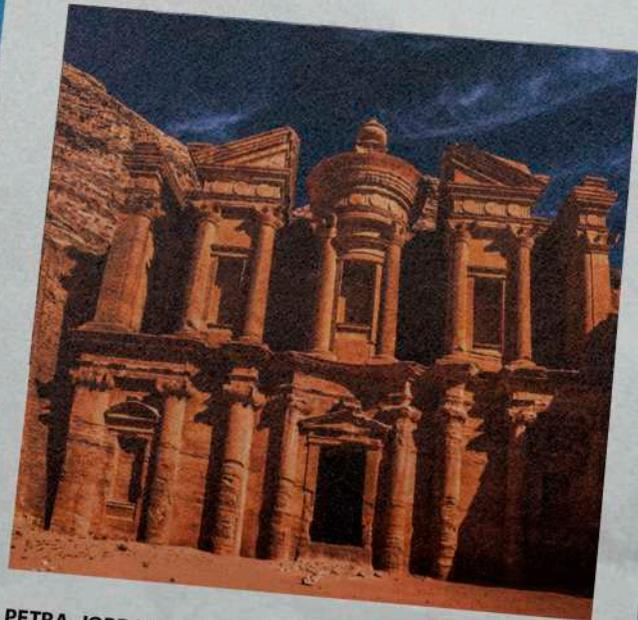
**CHRIST THE REDEEMER, BRAZIL**

Christ the Redeemer is a statue of Jesus Christ in Rio de Janeiro, Brazil. It stands on top of Corcovado Mountain, which is 2310 feet high. The statue is a part of the Christ the Redeemer National Monument in the city.



**MACHU PICCHU, PERU**

Machu Picchu is the most visited tourist destination in Peru. It sits on top of a mountain, 8,000 feet (2,430 meters) in the tropical forest, offering spectacular scenery with significant endemic biodiversity of flora and fauna.



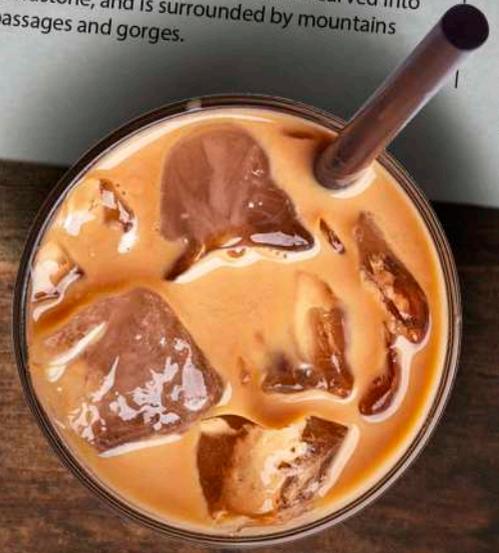
**PETRA, JORDAN**

Petra, Jordan is one of the world's most famous archaeological sites, where ancient Eastern traditions blend with Hellenistic architecture. It is half-built, half-carved into the rose-red sandstone, and is surrounded by mountains dotted with passages and gorges.

*my travel inspiration*

Notes:

- Explore new frontiers.
- Develop global strategies.



Friday, 24 February 2023

What's New in Food Empire

# NEW PRODUCTS

FOOD EMPIRE



## DISCOVER THE EXOTIC FLAVOURS OF THE WORLD



### MACCOFFEE LY LỚN

For the people in Vietnam, coffee is much more than just a daily shot of caffeine – it is a source of pride and a way of life. When it's combined with condensed milk, it is a popular way for the Vietnamese to drink their coffee, making it an irresistible drink. The newly launched 3-in-1 MacCoffee Ly Lớn has also become a favourite among the Vietnamese for its delicious, rich and bold milk coffee. Best served with ice, its high-quality ingredients help you have a productive and energetic day at work!



### MACCHOCO BANANA COOKIES

In the summer of 2022, a new banana and biscuit flavoured MacChoco drink was released, which aroused unprecedented market interest in the brand due to the formation of a new taste segment. MacChoco banana cookies has a unique taste, with the aroma of freshly baked cookies. Delicious, healthy and nutritious cocoa drink for both children and adults! Add a couple of teaspoons of MacChoco powder to a glass of milk and enjoy this aromatic cocktail!



### HILLWAY TARO BUBBLE TEA

HILLWAY taro bubble tea offers a unique taro tea taste made with real taro. Topped with yummy and chewy bubbles, it is a magical purple drink to be enjoyed anytime, anywhere.



### MACCOFFEE 3-IN-1 COFFEE MIX – CONDENSED MILK FLAVOUR

Condensed milk is a familiar delicacy that more than one generation has grown up having. Its creamy taste perfectly complements the rich aroma of MacCoffee, creating the recipe for a perfect cup of coffee.

# Let's begin our journey!

Return
  One Way
  Multi-city

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| From                     | To                       | Depart     | Return     | Travellers         |
|--------------------------|--------------------------|------------|------------|--------------------|
| Country, city or airport | Country, city or airport | 03/01/2022 | 03/01/2023 | 1 adult, Economy ▼ |

- |  |  |
|--|--|
| <input type="checkbox"/> <b>1</b> Our New Products                 | <input type="checkbox"/> <b>16</b> Market and Social Activities  |
| <input type="checkbox"/> <b>3</b> About Food Empire                | <input type="checkbox"/> <b>20</b> Sustainability Report Summary |
| <input type="checkbox"/> <b>4</b> Global Presence                  | <input type="checkbox"/> <b>21</b> Corporate Governance Report   |
| <input type="checkbox"/> <b>6</b> Executive Chairman's Message     | <input type="checkbox"/> <b>45</b> Financial Contents            |
| <input type="checkbox"/> <b>8</b> Group CEO's Message              | <input type="checkbox"/> <b>138</b> Shareholders' Information    |
| <input type="checkbox"/> <b>10</b> Financial Highlights            | <input type="checkbox"/> <b>140</b> Notice of AGM                |
| <input type="checkbox"/> <b>11</b> Operations and Financial Review | Proxy Form   |
| <input type="checkbox"/> <b>13</b> Awards                          | Corporate Information  |
| <input type="checkbox"/> <b>14</b> Board of Directors              |  |

## Mission Statement

We aim to be a leading global food and beverage company providing quality products and services. We will achieve this goal as we have the people, the passion and the enterprising spirit to make a difference.



## TRAVELLER INFORMATION

# ABOUT FOOD EMPIRE HOLDINGS LIMITED

(BLOOMBERG CODE: FEH SP)

Food Empire Holdings, a publicly traded company listed on SGX Mainboard, is a global leader in branding and manufacturing in the food and beverage industry. With a portfolio spanning instant beverages, snack foods, and a growing presence in food ingredients, Food Empire's products are sold in over 60 countries across North Asia, Eastern Europe, South-East Asia, South Asia, Central Asia, Middle East, and North America. Supported by 8 manufacturing facilities in 5 countries and 23 offices worldwide, Food Empire is poised for even greater success.

Food Empire offers an enticing range of branded beverages and snacks, including classic and flavoured coffee mixes and cappuccinos, chocolate drinks, fruit-flavoured tea, bubble tea, instant cereal blends, and crispy potato snacks. Its food ingredients business features the finest freeze dry and spray dry instant coffee, as well as non-dairy creamer.

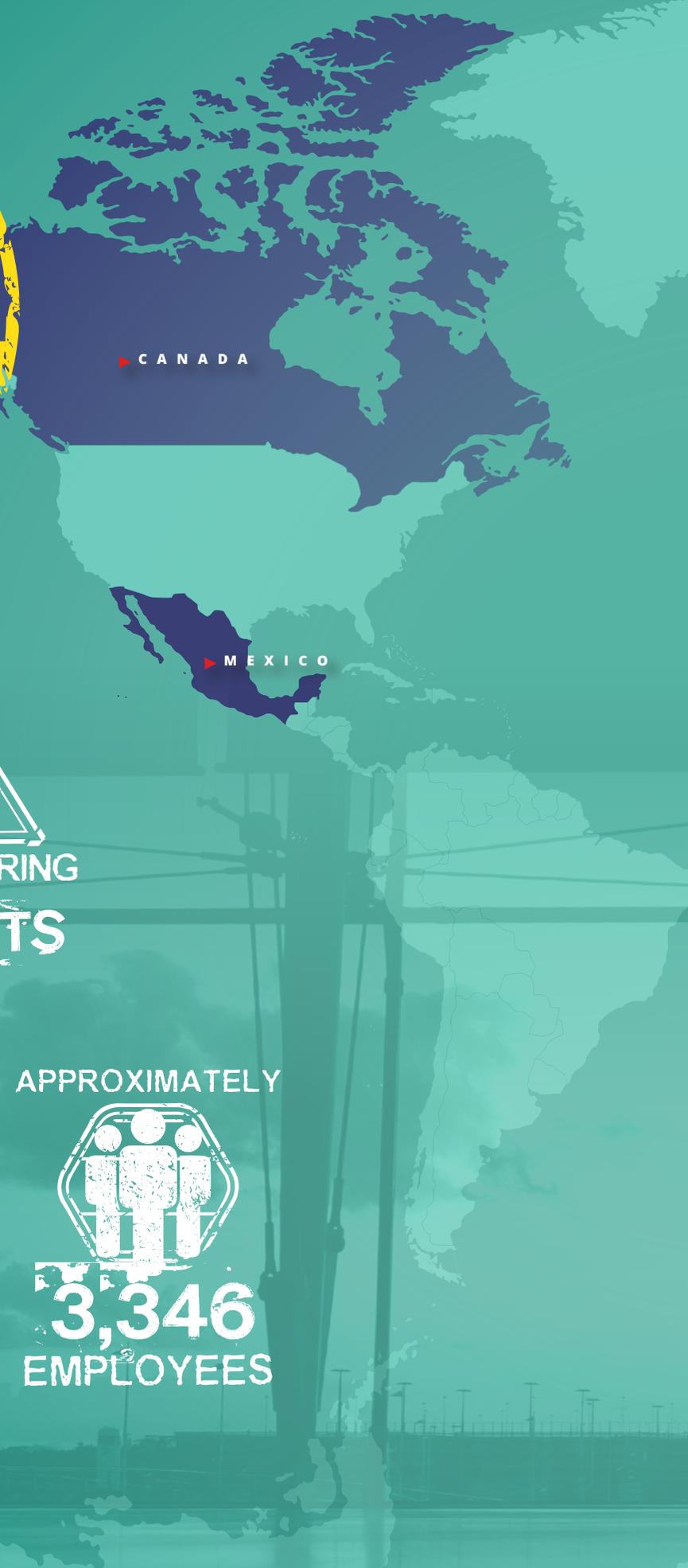
Food Empire owns a family of proprietary brands – including MacCoffee, CaféPHŌ, Petrovskaya Sloboda, Klassno, Hillway, and Kracks. MacCoffee – the Group's flagship brand – has been consistently ranked as the leading 3-in-1 instant coffee brand in the Group's core markets. The Group employs innovative brand-building activities, localised to match the flavour of the local markets in which its products are sold.

Since its public listing in 2000, Food Empire has won numerous accolades and awards including being recognised as one of the "Most Valuable Singapore Brands" by IE Singapore (now known as Enterprise Singapore), while MacCoffee has been ranked as one of "The Strongest Singapore Brands". Forbes Magazine has twice named Food Empire as one of the "Best under a Billion" companies in Asia and the company has also been awarded as one of Asia's "Top Brands" by Influential Brands.

Food Empire is dedicated to sustainability, as evidenced by the receipt of the Sustainability Award at the Securities Investors Association (Singapore) 20th Investors' Choice Award – and it also emerged as the winner of The Enterprise Award at the Singapore Business Awards 2020/2021.

For more information, please refer to: [www.foodempire.com](http://www.foodempire.com)

Check Airline **Fare Rules** Most Airlines charge Baggage Fees. **Check Baggage** Fees for complete details.



▶ CANADA

▶ MEXICO

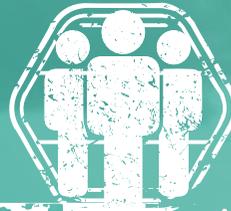


MANUFACTURING  
**8** PLANTS



**23** OFFICES  
WORLDWIDE

APPROXIMATELY



**3,346**  
EMPLOYEES



▶ RUSSIA

▶ LATVIA  
▶ LITHUANIA

▶ BELGIUM

▶ UKRAINE

▶ ITALY

▶ KAZAKHSTAN

▶ MONGOLIA

▶ GEORGIA

▶ UZBEKISTAN

▶ ARMENIA

▶ AZERBAIJAN

▶ TURKMENISTAN

▶ CHINA

▶ LEBANON

▶ IRAQ

▶ JORDAN

▶ PAKISTAN

▶ NEPAL

▶ BHUTAN

▶ SOUTH KOREA

▶ SAUDI ARABIA

▶ BAHRAIN

▶ QATAR

▶ DUBAI

▶ OMAN

▶ INDIA

▶ BANGLADESH

▶ SENEGAL

▶ BURKINA FASO

▶ NIGERIA

▶ CAMEROON

▶ GABON

▶ CONGO

▶ KENYA

▶ SRI LANKA

▶ THAILAND

▶ VIETNAM

▶ PHILIPPINES

▶ BRUNEI

▶ MALAYSIA

▶ SINGAPORE

▶ SEYCHELLES

▶ ANGOLA

▶ MAURITIUS

▶ AUSTRALIA

▶ NEW ZEALAND



"WE CONTINUOUSLY SEEK WAYS TO CONTRIBUTE TO THE WELFARE OF THE COMMUNITIES WE SERVE AND SAFEGUARD THE ENVIRONMENT WE OPERATE IN."

### Dear Valued Shareholders,

2022 was a very challenging year for Food Empire Holdings Limited ("Food Empire" or together with its subsidiaries, the "Group"). At the onset of the year, we thought Food Empire could gradually emerge out of the effects of the global pandemic, only to find the world grappling with geopolitical tensions, wheat and grain disruptions, energy crises, supply chain securitisation, freight hikes, sanctions and counter sanctions giving rise to high inflation and the consequential hiking of interest rates to rein in the inflationary trends. On the brighter side, most countries have emerged out of the effects of the pandemic and have lifted major restrictions.

I am delighted to announce that the Group has, once again, proved its resilience by concluding a tough year with record financial performance. On behalf of the Board, it is my pleasure to present our annual report for the financial year ended 31 December 2022 ("FY2022").

### FINANCIAL OVERVIEW

Food Empire reported record revenue and net profit for the full year of 2022. The Group displayed immense growth as it recorded its all-time high revenue of US\$398.4 million in FY2022, an increase of 24.5% as compared to FY2021. Most of the Group's segments contributed positively to this growth on the back of higher consumer demand. In the Group's Russia segment, revenue increased 29.1% year-on-year ("yoy") to US\$148.4 million for FY2022 mainly due to higher consumer demand coupled with the appreciation of the Russian Ruble and higher average selling price. The average exchange rate was 65.8 Ruble per US dollar in FY2022 as compared to 73.6 Ruble per US dollar in FY2021. In the Group's Ukraine, Kazakhstan and CIS segments, the Group experienced high levels of growth with revenue for FY2022 increasing by 28.6% to US\$91.5 million, compared to US\$71.2 million in FY2021. The Group's South-East Asia segment saw a revenue reduction of 4.2% yoy to US\$92.7 million in FY2022. The decrease was driven by post-pandemic normalisation in the Group's Vietnam segment partly offset by higher contribution from the Group's non-dairy creamer and snacks manufacturing facilities in Malaysia. The Group's South Asia segment delivered the highest growth percentage of 127.7% yoy for FY2022. Its revenue for the year increased to US\$39.6 million compared to US\$17.4 million in FY2021 supported by the Group's new freeze dry and spray dry coffee plants in India as they continue to operate at full capacity to meet the strong international demand. Lastly, the revenue in the Group's other segment grew by 32.0% yoy to US\$26.2 million driven by the Group's Europe and Middle East segments.

Successfully navigating through the unprecedented challenges of 2022, the Group achieved a record high net profit after tax of US\$60.1 million in FY2022. This is a 210.6% yoy increase compared to the US\$19.3 million of FY2021. The increase was mainly attributable to higher revenue and better operating profit coupled with one-off gain from the disposal of non-core asset of US\$15.0 million.

### DIVIDENDS

To thank our shareholders for their steadfast belief and support, the Board is recommending a first and final dividend of 4.4 Singapore cents per ordinary share, subject to approval at the upcoming Annual General Meeting on 25 April 2023. Upon approval, the proposed first and final dividend will be paid on 19 May 2023.

### SHARE BUYBACKS

As of 31 December 2022, the company had, pursuant to the Share Buyback Mandate approved by our shareholders at the 2022 EGM, purchased an aggregate of 5,327,900 shares through a series of open market purchases.

The past and ongoing share buyback programme highlight our confidence in the business and its ability to maintain steady growth in the future. We are committed to building a strong operational and financial foundation that have supported us through extraordinarily trying times, especially in the last couple of years.

### BUILDING STRENGTH THROUGH DIVERSIFICATION

Our focus remains on enhancing our product offerings and expanding into new segments. Over the years, the Group has expanded its South-East Asia and South Asia segments. In line with this, the Group is on track to increase the capacity of its non-dairy creamer factory in Malaysia, which is slated to begin commercial production in 4Q2023. The Group is also looking to increase its potato chips production capacity. All these investments are expected to increase Malaysia's contribution to the overall Group revenue in the coming years. Similarly, the Group's CaféPHỞ business in Vietnam has continued to gain prominence in the iced coffee segment and should benefit from promotional activities planned for 2023. In addition to this, the Group's spray dry and new freeze dry coffee plants in India now operate at full capacity and contribute significantly to our strategic product mix.

Developing a strong and adaptable business model is key to maintaining the sustainability of Food Empire's profits and operations. The Group has devoted its resources into becoming more agile to

withstand the difficulties of today's ever-changing economic and political environment. The Group continues to explore organic and inorganic ways to expand its reach far and wide.

### NURTURING OUR BRAND EQUITY

Food Empire's prosperity is built on its robust brand and effective business strategies. Substantial investments in advertising and marketing have enabled us to stay close to our consumers and maintain our status as one of the leaders in the food and beverage landscape. We hope that the track record of our various brands built over the years continues to strengthen and support our expansion efforts into newer segments.

Our hard work and dedication resulted in the Group winning the prestigious "Top 100 Most Valuable Singaporean Brands" awarded by Brand Finance for the 12th consecutive year. The Group's brand value increased to US\$101 million from US\$86 million, a 17% increase despite the challenging operating environment. Our goal is to increase our worldwide customer base while providing exceptional value to our shareholders. In this respect, our efforts are directed towards understanding and meeting customer needs and ensuring continuous engagement between our stakeholders and the brand.

Additionally, in appreciation of our innovative annual reports, the Group won awards in four different categories at the prestigious International ARC Awards 2022, up from three last year. Under the Beverage and Food Manufacturer classification, we clinched Gold for 'Traditional Annual Report', Silver for 'Interior Design', Bronze for 'Printing & Production', and Honours for 'Illustrations'. The awards acknowledge Food Empire's dedication to employing creative yet comprehensive approaches to produce our annual report and ensuring effective and transparent communication with our stakeholders.

### LOOKING OUT FOR OUR COMMUNITY AND THE ENVIRONMENT

We continuously seek ways to contribute to the welfare of the communities we serve and safeguard the environment we operate in. Although our attention has been primarily directed towards the pandemic in the last couple of years, we take a proactive role in looking out for our employees and the underprivileged in our society and doing our part in reducing the negative impact of our operations on the environment. We have started to identify and manage climate-related risks and opportunities, and the qualitative impacts across our value chain. We also continue to uphold our ESG policies and build a sustainability-focused culture, including the rollout of ESG-related training for the staff, and supporting community-oriented programmes across the global operations in FY2022 and beyond.

### OUTLOOK

We remain cautiously optimistic of our ability to remain agile and deliver value. The nature of the food and beverage industry has helped us remain relevant and ensured the longevity of our business. Decades of groundwork has gone into establishing a strong foundation. Relying on this foundation, our skills and our leadership, we are confident that the Group will continue to navigate through any difficult situations going forward.



We will continue to closely monitor the markets for suitable opportunities to further grow our top-line, both organically and through potential M&As. Our brand equity remains the cornerstone of our business and we continue to expand our product range into the South-East Asia and South Asia segments, which demonstrate strong growth potential, and we believe will contribute greatly to the Group's revenue and growth.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our loyal customers, business partners and distributors for their continued support. I would also like to extend this gratitude to our management team for their leadership and all our staff for their constant perseverance. I am confident that the Group's determined efforts will continue to reap substantial benefits in the near future. Most importantly, I would like to thank our shareholders for their unwavering faith in our business and its ability to generate value. It is the support of all our stakeholders that continues to push the Group to strive for greater achievements in these challenging times.

### MR TAN WANG CHEOW

*Executive Chairman*



## "FOOD EMPIRE HOPES TO STAY AHEAD OF THE COMPETITION BY PURSUING DIVERSE MARKETS AND DEVELOPING CONSUMER-CENTRIC PRODUCTS."

### Dear Esteemed Shareholders,

It is not every day that we find ourselves in the middle of a pandemic followed by an armed conflict unfolding in front of our eyes, in just a couple of years' time. While every year comes with its own challenges, the magnitude of it in the recent past has been particularly daunting. But I am proud to say that Food Empire has persevered through it all. We as a Group had to take many strategic decisions in a short period of time to navigate through unprecedented difficulties. The Group rode the wave of resilience and adaptability throughout 2022 and hopes to continue the same trajectory.

In the first half of 2022, the global economy was still reeling from the pandemic. The armed conflict between Russia and Ukraine, first reported in February 2022, only added to the gloomy and uncertain economic and political outlook. However, having stood the test of time, business communities globally have understood the importance of innovating and finding alternatives to manoeuvre persistent bottlenecks.

It is the resilience and adaptability of our operations and business model, coupled with strong leading brands and effective leadership that have helped us convert hurdles into milestones for the Group overall. The Group's record financial performance for 2022 is testimony to that. Our net profit after tax grew from US\$19.3 million in FY2021 to US\$60.1 million in FY2022. Excluding the one-off gain from the disposal of non-core asset of US\$15.0 million, the Group's net profit after tax for FY2022 increased by 133.7% to US\$45.1 million from US\$19.3 million. Considering the exceptional circumstances, this was truly a remarkable group effort. Revenue increased 24.5% year-on-year ("yoy") to US\$398.4 million for FY2022 with most of the segments contributing positively to this growth.

Taking a deeper look at the Group's financial accomplishments, I take this opportunity to highlight the performance of two of the largest segments that the Group operates in. In the Group's Russia segment, revenue increased by 29.1% yoy from US\$114.9 million in FY2021 to US\$148.4 million in FY2022. This was driven by higher consumer demand coupled with the appreciation of the Russian Ruble and higher average selling price. The average exchange rate was 65.8 Ruble per US dollar in FY2022 as compared to 73.6 Ruble per US dollar in FY2021. On similar lines, the Group's Ukraine, Kazakhstan and CIS segments enjoyed a revenue increase of 28.6%

yoy to US\$91.5 million in FY2022, compared to US\$71.2 million in FY2021. However, the Ukrainian Hryvnia and Kazakhstan Tenge depreciated in 2022. The average Ukrainian Hryvnia rate was 32.5 Hryvnia per US dollar in FY2022 as compared to 27.7 Hryvnia per US dollar in FY2021. The average Kazakhstan Tenge rate was 460.6 Tenge per US dollar in FY2022 as compared to 425.5 Tenge per US dollar in FY2021.

The Group has been on a diversification path for a decade and sees great potential in the emerging markets of Asia. Committed to materialising this plan, the Group has invested significant resources into its South-East Asia and South Asia segments. Notably, Malaysia and India have shown steady growth this year. In fact, the Group's South Asia segment saw the highest increase in revenue percentage in FY2022 yoy, a 127.7% increase to US\$39.6 million compared to US\$17.4 million in FY2021 due to strong international demand that is supporting the Group's new freeze dry and spray dry coffee plants in India. However, in the Group's South-East Asia segment, revenue decreased by 4.2% yoy from US\$96.8 million in FY2021 to US\$92.7 million in FY2022. While operations in Malaysia have been giving promising results, Vietnam is experiencing a post-pandemic normalisation, driving down the overall revenue for this segment. However, we expect Vietnam to grow its revenue in the coming year.

The Group recognises the need for sustainability of operations through diversification. Over the course of time, we have developed reputable brands like the CaféPHŌ and MacCoffee and ventured into different parts of the supply chain including vertical integration of our business that includes manufacturing of Non-Dairy Creamer ("NDC") and instant coffee. We expanded into ingredient manufacturing when we introduced our first NDC plant in Malaysia in 2013. I am pleased to highlight that the Group's NDC facility is being expanded and the new capacity is expected to begin commercial production in 4Q2023. In 2022, the Group's spray dry and new freeze dry coffee plants in India completed another year of operations at full capacity. Additionally, we are also on the lookout for other B2B business opportunities, selling our products competitively both within the Group's brands and outside. Overall, we hope to build strong and loyal relationships with our consumers by implementing strategic plans to expand our distribution networks and product offerings each year. The



"WE ARE FOCUSED ON ENHANCING AND STRENGTHENING WHAT WE CAN CONTROL AND THAT IS OUR BRAND NAME, OUR PEOPLE AND OUR BUSINESS WHICH I BELIEVE ARE ROCK SOLID. I AM CONFIDENT THAT WE ARE HEADED IN THE RIGHT DIRECTION."

Group is open to accretive M&A opportunities for growth. Having said this, the Group is mindful of not negatively impacting and neglecting existing major markets and core operations in an attempt to diversify into new territories.

Looking ahead, the Group anticipates high level of uncertainty in the external operating environment. While most countries have adopted an endemic approach to COVID-19 and supply chains have evolved for the better, there are a number of unique challenges yet to be overcome. Inflationary pressures and interest rate hikes are expected to continue into 2023. Geopolitical tensions and trade conflicts across most developed economies are expected to burden established logistical paths further limiting raw material supplies. While these factors remain out of our hands, we are focused on enhancing and strengthening what we can control and that is our brand name, our people and our business which I believe are rock solid. I am confident that we are headed in the right direction.

I often ask myself where Food Empire really stands in the backdrop of all these challenges and volatility. I truly believe that Food Empire is now a stronger and more resilient company compared to three years ago. It is through our actions and results that we hope to continue to deliver value to our stakeholders in the coming years. To demonstrate this, we have embarked on an extensive share buyback programme, and we intend to continue on this path and extract our true value as the Group grows organically.

As we step into yet another eventful year, I would like to thank all my colleagues, board members, partners, and shareholders for their faith and continued support for Food Empire. Our shareholders' investments, guidance and feedback are critical components of our success. I am grateful to the management for leading and grooming highly capable teams and managing our globally diverse interests tactfully. Moreover, the effort and hard work put in by all our staff are praiseworthy. As a responsible company, we will always look out for the safety and health of all our employees. Food Empire hopes to stay ahead of the competition by pursuing diverse markets and developing consumer-centric products. Our stakeholders' commitment to the company's vision and values inspires us to strive for excellence every day.

**MR SUDEEP NAIR**

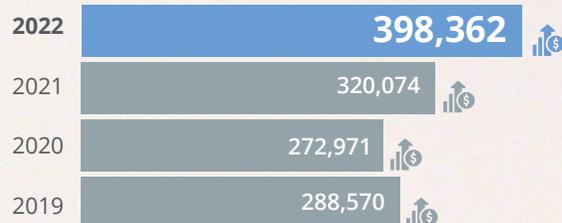
*Group Chief Executive Officer and Executive Director*



# FINANCIAL HIGHLIGHTS

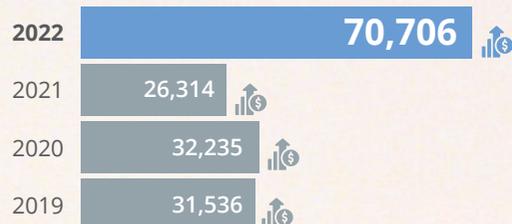
## REVENUE

(US\$'000)



## PROFIT BEFORE TAX

(US\$'000)



## REVENUE BY GEOGRAPHICAL REGIONS

|                                     |           |         |
|-------------------------------------|-----------|---------|
| Russia                              | US\$148.4 | MILLION |
| Ukraine, Kazakhstan and CIS Markets | US\$91.5  | MILLION |
| South-East Asia                     | US\$92.7  | MILLION |
| South Asia                          | US\$39.6  | MILLION |
| Others                              | US\$26.2  | MILLION |

|                        | 2022    | 2021    | 2020    | 2019    |
|------------------------|---------|---------|---------|---------|
| <b>(US\$'000)</b>      |         |         |         |         |
| Revenue                | 398,362 | 320,074 | 272,971 | 288,570 |
| Profit before taxation | 70,706  | 26,314  | 32,235  | 31,536  |
| Profit after taxation  | 60,068  | 19,340  | 26,454  | 25,696  |

## FINANCIAL INDICATORS

|                           |       |       |       |       |
|---------------------------|-------|-------|-------|-------|
| Debt to Equity Ratio      | 16.2% | 23.5% | 26.8% | 27.6% |
| Working Capital Ratio     | 3.4   | 2.4   | 2.9   | 2.6   |
| Quick Ratio               | 2.4   | 1.4   | 2.0   | 1.7   |
| EBITDA Margin             | 20.9% | 12.0% | 15.1% | 14.3% |
| Diluted EPS (USD cents)   | 11.26 | 3.60  | 4.98  | 4.84  |
| NAV per share (USD cents) | 51.84 | 42.39 | 40.63 | 38.57 |

## REVENUE BY GEOGRAPHICAL REGIONS (US\$'000)

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| Russia                              | 148,384 | 114,915 | 99,555  | 112,570 |
| Ukraine, Kazakhstan and CIS markets | 91,480  | 71,161  | 67,833  | 69,374  |
| South-East Asia                     | 92,718  | 96,779  | 81,013  | 78,267  |
| South Asia                          | 39,600  | 17,393  | 7,224   | 8,664   |
| Others                              | 26,180  | 19,826  | 17,346  | 19,695  |
|                                     | 398,362 | 320,074 | 272,971 | 288,570 |

## REVENUE BY PRODUCT GROUP (US\$'000)

|               |         |         |         |         |
|---------------|---------|---------|---------|---------|
| Beverages     | 299,315 | 259,861 | 231,509 | 249,798 |
| Non-Beverages | 35,923  | 26,632  | 20,094  | 17,994  |
| Ingredients   | 63,124  | 33,581  | 21,368  | 20,778  |
|               | 398,362 | 320,074 | 272,971 | 288,570 |



# OPERATIONS AND FINANCIAL REVIEW

## FINANCIAL PERFORMANCE

The Group delivered record financial performance for 2022 exhibiting strength and resilience in its operations. Overall revenue increased 24.5% year-on-year (“yoy”) to US\$398.4 million for FY2022 with most of the segments contributing positively to this growth.

In the Group’s Russia segment, revenue increased by 29.1% yoy from US\$114.9 million in FY2021 to US\$148.4 million in FY2022. This was mainly due to higher consumer demand coupled with the appreciation of the Russian Ruble and higher average selling prices. The average exchange rate was 65.8 Ruble per US dollar in FY2022 as compared to 73.6 Ruble per US dollar in FY2021.

Benefitting from similar reasons, the Group’s Ukraine, Kazakhstan and CIS segments saw a revenue increase of 28.6% yoy to US\$91.5 million, compared to US\$71.2 million in FY2021.

For the Group’s South-East Asia segment, revenue decreased by 4.2% from US\$96.8 million in FY2021 to US\$92.7 million in FY2022. The decrease was driven by post-pandemic normalisation in Vietnam. On the other hand, the Group’s non-dairy creamer and snacks manufacturing facilities in Malaysia have been performing well.

The Group’s South Asia segment ended the year on a good note. In FY2022, revenue for the segment increased by 127.7% to US\$39.6 million, compared to US\$17.4 million in FY2021. This was driven by the contribution from the Group’s new freeze dry and spray dry coffee plants in India as they continue to operate at full capacity to meet the strong international demand.

Revenue in the Group’s other segment increased by 32.0% from US\$19.8 million in FY2021 to US\$26.2 million in FY2022 largely due to higher revenue contributions from the Group’s Europe and Middle East segments.

For FY2022, selling and marketing expenses decreased to US\$28.7 million compared to US\$34.6 million in FY2021, a 17.2% decrease. This was mainly due to lower advertising and promotional expenses, particularly in the Group’s South-East Asia segment. For FY2022, general and administrative expenses increased from US\$33.6 million in FY2021 to US\$37.5 million. The increase was mainly due to higher manpower cost.

Overall, the Group managed to generate higher revenue and better operating profits. In FY2022, the Group’s net profit after tax grew to US\$60.1 million in FY2022 compared to US\$19.3 million in FY2021. Excluding the one-off gain from the disposal of non-core asset of US\$15.0 million, the Group’s net profit after tax for FY2022 increased by 133.7% to US\$45.1 million from US\$19.3 million.



## FINANCIAL POSITION

As at 31 December 2022, the Group's trade receivables decreased by US\$8.5 million year-on-year ("yoy") to US\$31.5 million. This was mainly due to more efficient working capital management.

Interest-bearing loans and borrowings decreased from US\$49.8 million as at 31 December 2021 to US\$38.3 million as at 31 December 2022 mainly due to lower utilisation of the revolving credit coupled with repayment of existing loan.

Investment properties decreased due to a one-off disposal of non-core assets. The Group generated net operating cash flows of US\$72.8 million in FY2022 as compared to US\$14.7 million in FY2021. This was mainly attributed to better profitability and good working capital management by the Group. Together with the sale proceeds from the non-core asset, the Group's cash and cash equivalents stood at US\$125.6 million as at 31 December 2022.

The Group's net assets as at 31 December 2022 were US\$275.6 million compared to US\$226.6 million as at 31 December 2021. The net asset value per ordinary share (excluding non-controlling interests) as at 31 December 2022 was 51.84 US cents as compared to 42.39 US cents as at 31 December 2021.





# Our Travel TREASURES – AWARDS



## MacCoffee Recognised as the Most Popular 3-in-1 Coffee in Uzbekistan

We are pleased to announce that MacCoffee was conferred “The Most Popular 3-in-1 coffee in Uzbekistan” at the 5th annual “Brand of the Year 2021 Award”. The award ceremony took place at the Hyatt Regency Tashkent during the International MAKON Marketing Forum 2022, which is the largest marketing business forum in Uzbekistan.

## Food Empire Received Brands for Good Award

Jointly organised by IPOS Society and International Intellectual Property Commercialization Council Singapore, the Brands for Good award aims to recognise businesses across Asia that bring positive change to the society. Food Empire was honoured to receive the award as an “Honouree” under the “Business for Good” category in 2022. As we continue to expand our presence around the world, it is our commitment to create meaningful impacts locally and globally.



## Ranked 55th for 2022's “Top 100 Most Valuable Singaporean Brands” by Brand Finance

Recognised as one of the “Top 100 Most Valuable Singaporean Brands” by Brand Finance (the leading valuation and strategy consultancy firm in the world), the Group was awarded a brand rating of ‘A’ at the 55th place, with an increased brand value to US\$101 million in 2022 from US\$86 million in 2021 - an astonishing 17% increase.

## Food Empire Awarded Gold for the 2022 Annual Report Competition (ARC) Awards by MerComm Inc.

Food Empire's 2021 Annual Report themed “Building Resilience & Trust” has achieved one Gold award for the category of “Traditional Annual Report”, one Silver award for “Interior Design”, one Bronze award for “Printing & Production”, and one Honours award for “Illustrations”. These awards serve as a recognition of Food Empire's commitment towards ensuring effective and clear communication with its investors and stakeholders by utilising innovation and creative strategies in the annual report.



# Q BOARD OF DIRECTORS

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## MR TAN WANG CHEOW PBM

*Executive Chairman*

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

Mr Tan has been active in the local grassroots community since 1990. He received the Service to Education Award in 2014 and 2020 by the Ministry of Education and was awarded the Public Service Medal in 2014 for his significant contributions to the society and in the field of business. He holds a Bachelor of Accountancy Degree from the National University of Singapore. In 2018, he received the NUS Business School Eminent Business Alumni Award (Senior Alumni Category) for excelling in Singapore and beyond, as well as for having made contributions to serve the community. Mr Tan also served as Chairman of the School Advisory Committee of Woodgrove Secondary School from 2010 to 2020. In 2019, he was awarded as Asia's Top Founder Chairman of the Year by Influential Brands.



## MR SUDEEP NAIR

*Group Chief Executive Officer and Executive Director*

Mr Nair has been serving the Board as an Executive Director since July 2005. Mr Nair has been with the Group since 1993.

Prior to his appointment to the Board, he was primarily responsible for the launch and establishment of the Group's brands and businesses in Eastern Europe and CIS countries from 1994 to 2005.

In October 2012, Mr Nair was appointed as the Group CEO in addition to his continuing role as Executive Director. Since 2012, he is also responsible for the Group's diversification and growth strategy including overall oversight of its day-to-day operations. His role includes geographical expansion of business, as well as identifying new businesses and M&A opportunities for the Group. Mr Nair has over 29 years of experience in building and managing the Group's business.



## MDM TAN GUEK MING

*Non-Executive Director*

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



## MR KOH YEW HIAP

*Non-Executive Director*

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



## MR ONG KIAN MIN

*Non-Executive Director*

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

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



## MR SAW MENG TEE

*Lead Independent Director*

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

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



## MR TAN CHER LIANG PBM

*Independent Director*

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

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

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



## MR ADRIAN CHAN PENG GEE

*Independent Director*

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

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

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



Explore our latest inflight

# HIGHLIGHTS



## 📍 CaféPHỐ Brand Activation Campaign

On a bright sunny day, over 25 CaféPHỐ promoters walked around Orussey Market in Cambodia to give out free samples of CaféPHỐ and to distribute them to market stalls. The demand for CaféPHỐ has grown significantly in South-East Asia, to the point where it has become Food Empire's second biggest market.



## 📍 MacCoffee Introduced the Newly Launched Ly Lón in Vietnam

Food Empire is proud to introduce Ly Lón to the Vietnamese market, an exquisite product under the MacCoffee range that offers a rich, long-lasting coffee taste (best served with ice).



## 📍 ANUFOOD 2022

Food Empire took part in ANUFOOD 2022 in Brazil, an exclusive international fair that focuses on the food and beverage sector, in which over 900 brands participated. CaféPHỐ, CaféRite and Hillway are the three brands that were showcased during the tradeshow. The Food Empire booth not only attracted retailers, importers and distributors from Brazil, but also Latin America.

# Welcome Aboard!

Market and Social Activities



## 📍 Food Empire at SIAL Paris Trade Show 2022

SIAL Paris is known as the world's largest food industry event and has been a fixture in the industry for over 50 years. Food Empire is proud to have participated in this flagship event in October 2022, featuring award-winning products such as MacCoffee, Klassno and Hillway which were showcased to over 265,000 professionals from 200 countries.



## 📍 Tasting Campaign in Kyrgyzstan to Promote MacCoffee Cappuccino Di Torino

Amidst the cold of winter in Kyrgyzstan, Cappuccino Di Torino set up two campaign booths to raise the awareness of Di Torino. In Bishkek – the capital of Kyrgyzstan – over 1,000 people visited our booths and our four promoters made 1,000 drinks for all visitors in just four hours! Another campaign was also done at Karakol Ski Resort, which had 5,500 – 6,000 visitors every week.



## 📍 Klassno Booth at Barrio Fiesta Dubai 2022

As one of our leading coffee brands, Klassno took part in Barrio Fiesta Dubai 2022 – a festival filled with fun activities and entertainment for Filipinos in the UAE. Klassno showcased its products to the Filipino visitors and to this day, remains one of the few actively sold Singaporean brands in the Gulf region.





Explore our latest inflight

# HIGHLIGHTS



## MacCoffee Travelled Far North for the First Time

Together with friends from Pro Travel, the MacCoffee team set off on a journey with the goal of reaching the northernmost continental point of the Sakha (Yakutia) region. As they explored various historical landmarks and took a route that is frequently travelled by Arctic explorers, MacCoffee managed to cross the Arctic Circle! Throughout the whole journey, MacCoffee hot beverage helped to keep the team warm in the Arctic.



## Festive Celebration with MacCoffee in Tashkent City Park

To celebrate the holiday season, MacCoffee set up a 250 square meters entertainment zone in the centre of Tashkent city from 20 December 2021 to 5 January 2022. Thousands of visitors were treated to a cup of delicious, hot MacCoffee Cappuccino Di Torino. Various fun activities were organised including lucky draws where people won unique prizes.



# Welcome Aboard!

## Market and Social Activities



### Supporting 'Tanya Sen & Friends in Concert' by VIVA Foundation for Children with Cancer

As a Silver Donor towards the project, Food Empire was honoured to be invited to the Esplanade Theatres for 'Tanya Sen & Friends in Concert' by VIVA Foundation for Children with Cancer. The concert featured many talented musicians performing to support the cause. Representing Food Empire in attendance was our Executive Chairman Mr Tan Wang Cheow whom himself was a Gold Donor, and Mdm Tan Guek Ming.



### Food Empire Supported Woodgrove Secondary School's 23rd Annual Speech Day

On 27th May 2022, Food Empire and its Executive Chairman, Mr Tan Wang Cheow, took part in Woodgrove Secondary School's 23rd Annual Speech Day. Speech Day is a significant annual school event to celebrate students' and staffs' achievements in various domains of development. Awards were given out in recognition of their achievements and to encourage them to carry on pursuing their goals.



### Supporting NUS Business School Alumni Association Virtual Charity Run 2022

Food Empire was heartened to have supported NUS Business School Alumni Association (BSA) Virtual Charity Run 2022 with "Kracks" Potato Chips and "Klassno" Cappuccino Latte. Race participants received these items as part of their race packs. The run was held where individual participants had to record a distance of 12km cumulatively and 'group of 4' participants had to record a cumulative distance of 112km during the designated period.





# Sustainability Report Summary

## Our Journey Towards Sustainability

Food Empire continues to affirm its commitment to sustainability in FY2022. As a leading global food and beverage company with a mission to provide quality products and services, we are guided by our sustainability ambitions surrounding Planet, Principles and People. Our Sustainability Report 2022 updates our valued stakeholders on our environmental, social and governance (ESG) initiatives and progress. Food Empire is fully committed to conducting our activities with a focus on sustainability to serve our stakeholders' needs and interests the best we can.

Food Empire's Sustainability Report 2022 has been prepared in accordance with the Singapore Exchange Securities Trading Limited's (SGX-ST) Listing Manual and the 2021 Global Reporting Initiatives (GRI) Standards. The Sustainability Report contains information for the financial year ended December 31, 2022, and will be published as a standalone report in 2023. The Sustainability Report 2022 should be read together with the Annual Report for a holistic picture of Food Empire's business and performance.

In this Financial Year, Food Empire conducted a reassessment of material ESG topics to ensure that the material topics remain up to date. Following a review of the market landscape and regulatory requirement, peer benchmarking to sustainability practices and considering both internal and external stakeholder perspectives, we concluded that the existing material topics are still relevant across our operations. Additionally, we have expanded the definitions of the material topics to be more in line with national and global trends to enable Food Empire to keep up with the changing business landscape. The material topic 'Employment Practices' was revised to cover 'Diversity and Inclusion' related topics, while 'Energy Consumption and Greenhouse Gas (GHG) Emission' was renamed to 'Climate Change'.

In line with the new SGX requirements on climate-related disclosures, Food Empire has embarked on a journey to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in a phased approach. In the Sustainability Report 2022, Food Empire has outlined its disclosures according to the key pillars of the TCFD: Governance, Strategy, Risk Management, and Metrics & Targets. As we continue to monitor and report on our scope 1 and 2 emissions, we have also started to identify and manage climate-related risks and opportunities, and the qualitative impacts across our value chain.

Demonstrating Food Empire's commitment to sustainability, we have achieved another year of zero confirmed cases of corruption, zero non-compliance with laws and regulations, and zero work-related fatalities across our global operations. To strengthen our positive impact on society and environment, we continue to uphold our ESG policies and build a sustainability-focused culture, including the rollout of ESG-related training for our staff and by supporting community-oriented programmes across our global operations in FY2022.

**zero**  
confirmed cases of corruption

non-compliance with laws and regulations

work-related fatalities across our global operations

# CORPORATE GOVERNANCE REPORT

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

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

## A. BOARD MATTERS

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

The principal functions of the Board are:

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

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

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

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

There are three Board Committees:

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

The Board met at least 7 times a year (including Annual General Meeting and Extraordinary General Meeting) and the attendance of the Directors at meetings of the Board and Board Committees, and general meetings for the financial year ended 31 December 2022 (“FY2022”) as well as the frequency of these meetings, are disclosed as follows:

| Directors                           | Board Meeting | AC Meeting | NC Meeting | RC Meeting | Annual General Meeting | Extraordinary General Meeting |
|-------------------------------------|---------------|------------|------------|------------|------------------------|-------------------------------|
| Tan Wang Cheow                      | 5             | N/A        | 1          | N/A        | 1                      | 1                             |
| Sudeep Nair                         | 5             | N/A        | N/A        | N/A        | 1                      | 1                             |
| Tan Guek Ming                       | 5             | 4          | N/A        | 2          | 1                      | 1                             |
| Koh Yew Hiap                        | 5             | 4          | N/A        | 2          | 1                      | 1                             |
| Ong Kian Min <sup>(1)</sup>         | 5             | NA         | 1          | NA         | 1                      | 1                             |
| Saw Meng Tee <sup>(2)</sup>         | 5             | 4          | 1          | 2          | 1                      | 1                             |
| Tan Cher Liang <sup>(3)</sup>       | 5             | 4          | 1          | 2          | 1                      | 1                             |
| Adrian Chan Pengee <sup>(4)</sup>   | 5             | 4          | 1          | 2          | 1                      | 1                             |
| <b>No. of Meetings Held in 2022</b> | <b>5</b>      | <b>4</b>   | <b>1</b>   | <b>2</b>   | <b>1</b>               | <b>1</b>                      |

<sup>(1)</sup> Mr Ong Kian Min was redesignated from Lead ID to NED and resigned as Chairman of RC and NC and member of AC on 1 January 2022. Consequent to the redesignation, Mr Ong Kian Min remains as a member of NC.

<sup>(2)</sup> Mr Saw Meng Tee was appointed as Lead ID on 1 January 2022.

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

<sup>(4)</sup> Mr Adrian Chan Pengee was appointed as an INED of the Company, and Chairman of the RC and member of the AC and NC on 1 January 2022.

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

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

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

# CORPORATE GOVERNANCE REPORT

## A. BOARD MATTERS *(cont'd)*

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

The Management monitors changes to regulations and accounting standards. The Directors are briefed on the new updates in the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Companies Act 1967 (the “Act”) or other regulations/statutory requirements from time to time by external professionals such as the auditors, Company Secretary, or at seminars. If required, all Directors will receive further training. The Company is responsible for arranging and funding the training of Directors. In FY2022, all Directors attended a training on sustainability matters organised by SID as prescribed under Rule 720(7) of the SGX-ST Listing Manual.

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

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

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

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

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

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

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

## B. BOARD COMPOSITION AND GUIDANCE

### ***- Principle 2: Independent and diversity elements of the Board***

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

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

# CORPORATE GOVERNANCE REPORT

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

The core competencies of the Board members are as follows:

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

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

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

The Company has a Board Diversity Policy in place, which sets out the approach to achieve diversity in the Company's Board. The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. It is accordingly committed to promoting diversity of the Board. The Board comprises one female Director and Directors with various skills, knowledge and experience, age groups, ethnicity and culture, geography and tenure. The Board, with the concurrence of the NC, is also of the view that the composition of the Board and the Board Committees, as a group, provides an appropriate balance and diversity of skills, experience, ethnicity, gender, age and knowledge of the Group. No individual or group dominates the decision-making process of the Board and Board Committees.

The Board is of the view that it has made good progress in achieving its objectives under the Board Diversity Policy of the Company. As part of the Board renewal process, the NC will review these objectives from time to time and may recommend changes or may recommend additional objectives to achieve greater diversity.

The NC is of the view that the current Board and Board Committees have the necessary competencies, skills and attributes to meet the Group's targets and to respond to the demands facing the Group.

# CORPORATE GOVERNANCE REPORT

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

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

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

## **C. CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER**

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

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

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

The Group CEO, Mr Sudeep Nair, is responsible for the Group's diversification and growth strategy including overall oversight of the day-to-day operations. His roles include geographical expansion of business as well as identifying new businesses and merger and acquisition opportunities for the Group. Mr Nair has over 29 years of experience in building and managing the Group's business.

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## D. BOARD MEMBERSHIP

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

The NC comprises:

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

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

The scope and responsibilities of the NC include:

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

### **Dates of last re-election/re-appointment**

| <b>Directors</b>   | <b>Date of last re-election/re-appointment</b> |
|--------------------|--|
| Tan Wang Cheow     | 22 April 2022                                  |
| Sudeep Nair        | 26 April 2021                                  |
| Tan Guek Ming      | 26 April 2021                                  |
| Koh Yew Hiap       | 22 April 2022                                  |
| Ong Kian Min       | 26 April 2021                                  |
| Tan Cher Liang     | 26 April 2021                                  |
| Saw Meng Tee       | 23 April 2020                                  |
| Adrian Chan Pengee | 22 April 2022                                  |

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

# CORPORATE GOVERNANCE REPORT

## D. BOARD MEMBERSHIP *(cont'd)*

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

The listed company directorships and principal commitments of each Director as at 31 December 2022 are as follows:

| Name of Director   | Directorships in Other Listed Companies  | Other Principal Commitments  |
|--------------------|--|--|
| Tan Wang Cheow     | Nil  | Food Empire Holdings Ltd Group of companies<br>- Executive Chairman  |
| Sudeep Nair        | Nil  | Food Empire Holdings Ltd Group of companies<br>- Group CEO & ED  |
| Tan Guek Ming      | Nil  | Nil  |
| Koh Yew Hiap       | Nil  | Universal Integrated Corporation Consumer Products Pte Ltd Group of companies<br>- Director/Managing Director  |
| Ong Kian Min       | YHI International Limited<br>- INED<br><br>SilverLake Axis Ltd<br>- INED<br><br>OUE Commercial REIT Management Pte Ltd<br>(As Manager of OUE Commercial REIT(listed))<br>- INED  | Nil  |
| Tan Cher Liang     | Vibrant Group Limited<br>- Independent Non-Executive Chairman<br><br>Kingsmen Creatives Limited<br>- INED<br><br>Wilton Resources Corporation Ltd<br>- Lead ID<br><br>Jumbo Group Limited<br>- Independent Non-Executive Chairman<br><br>Ezra Group Ltd<br>- INED<br><br>IPC Corporation Limited<br>- INED                                     | Children's Charities Association<br>- Director<br><br>D S Lee Foundation<br>- Director<br><br>Kwan Im Thong Hood Cho Temple<br>- Trustee<br><br>EtonHouse Community Fund Ltd<br>- Director   |
| Saw Meng Tee       | Nil  | EisnerAmper PAC - Managing Partner   |
| Adrian Chan Pengee | Hong Fok Corporation Limited<br>- Independent Non-Executive Chairman<br><br>First Reit Management Limited<br>(As Manager of First REIT (listed))<br>- Lead ID<br><br>Best World International Limited<br>- INED<br><br>Keppel Infrastructure Fund Management Pte Ltd<br>(As Trustee-Manager of Keppel Infrastructure Trust (listed))<br>- INED | Lee & Lee<br>- Head of Corporate & Senior Partner<br><br>Shared Services For Charities Limited<br>- Director<br><br>Azalea Asset Management Pte Ltd<br>- Director<br><br>Singapore Institute of Directors<br>- Director<br><br>Association of Small & Medium Enterprises<br>- Honorary Secretary<br><br>Legal Service Commission<br>- Member<br><br>The Law Society of Singapore<br>- Council Member<br><br>Singapore Management University's Enterprise Board<br>- Member |

# CORPORATE GOVERNANCE REPORT

## D. BOARD MEMBERSHIP *(cont'd)*

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

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

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

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

## E. BOARD PERFORMANCE

### *– Principle 5: Formal assessment of the effectiveness of the Board, Board Committees and contributions of each Director*

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

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

The Board's evaluation process is performed annually whereby questionnaires were sent by the external company secretarial agent to the Directors and the results of the evaluation were tabled to the NC for deliberation. The results of the performance evaluation showed that the overall performance of the Board, Board Committees and contribution of the individual Directors were in the categories of "consistently good". The Chairman of the NC reported the results of the evaluation and recommended areas for improvement to the Board Chairman. The NC and the Board were satisfied with the overall performance in FY2022.

# CORPORATE GOVERNANCE REPORT

## F. REMUNERATION MATTERS

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

The RC comprises:

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

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

The RC's main responsibility is to review and recommend a framework of remuneration for the Board members and key executives of the Group that is appropriate and proportionate to the sustained performance and value creation. The objective is to motivate and retain executives, link rewards to corporate and individual performance, attract the best talent in order to maximise shareholder value and align with the interest of other key stakeholders of the Company.

The remuneration of the EDs is based on service agreements signed upon their appointments. The service agreements will continue unless otherwise terminated by either party giving not less than three months' notice in writing. Under the service agreements, the EDs are entitled to a share of profits on the Group's profit after tax, on top of the monthly salary and bonus. The remuneration of the EDs are not subject to shareholders' approval.

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.

NEDs with additional duties as members or Chairman of Board Committees are remunerated based on the Directors' Fee Structure. In FY2022, the NEDs were paid a basic yearly retainer fee of S\$50,882 for their appointment as members of the Board.

The Chairman of the AC was paid an annual fee of S\$25,709 while the Chairman of the NC and RC was paid an annual fee of S\$12,854 respectively. The members of the AC were paid annual fees of S\$12,854 each while the members of NC and RC were paid annual fees of S\$6,427 respectively. The additional fee paid to a director who acts as the Lead ID was S\$2,142. Non-Independent Non-Executive Directors were paid an all-in annual fee of S\$12,854 for their appointment as members of the AC, NC and RC respectively. EDs are not entitled to director's fee.

On 22 April 2022, the Company had obtained its shareholders' approval for the adoption of two new share schemes, Food Empire Holdings Limited Employee Share Option Scheme ("**2022 Option Scheme**") and Food Empire Holdings Limited Performance Share Plan ("**2022 Award Plan**").

The 2022 Option Scheme applies to eligible employees and Directors of the Group, other than the Controlling shareholders who are not Directors or employees. The participation of Directors who are Controlling shareholders, associates of Controlling shareholders or nominated by the Controlling shareholders of the Group in the 2022 Option Scheme is subject to independent shareholders' approval. Additional information on the previous and current share option schemes can be found on pages 46 to 50 and 112 to 116 of the annual report.

The 2022 Award Plan applies to eligible employees and Directors of the Group, other than the Group NEDs (including IDs). Controlling Shareholders and their Associates are not eligible to participate in the 2022 Award Plan. Additional information on the 2022 Award Plan can be found on pages 51 and 116 to 117 of the annual report.

# CORPORATE GOVERNANCE REPORT

## F. REMUNERATION MATTERS *(cont'd)*

– **Principle 6: Formal and transparent procedure for fixing remuneration packages of Directors and key management personnel** *(cont'd)*

– **Principle 7: Remuneration of Directors and key management personnel should be appropriate but not excessive** *(cont'd)*

– **Principle 8: Remuneration policy, level and mix of remuneration and procedure for setting remuneration** *(cont'd)*

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

The aggregate total remuneration paid to the top five key management personnel (who are not the Directors or the Group CEO) was S\$4,851,000 in FY2022.

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 Company engages external remuneration consultant to advise the Board on remuneration matters from time to time. In FY2022, an independent external consultant, Asia Rem LLP has provided professional advice related to the performance share plan for the Company. The consultant is not related to the Company or any of its Directors. In its deliberations, the RC also took into consideration industry practices and norms in compensation.

The breakdown of the remuneration of the INEDs and NEDs for FY2022 is set out in the table below:

| Name of Director      | Base/Fixed Salary | Variable/<br>Performance-<br>related Income/<br>Bonuses | Directors' Fees | Benefits in Kind |
|-----------------------|-------------------|---|-----------------|------------------|
|                       | (S\$)             | (S\$)   | (S\$)           | (S\$)            |
| Mr Saw Meng Tee       | -                 | -   | \$91,588        | -                |
| Mr Tan Cher Liang     | -                 | -   | \$83,018        | -                |
| Mr Adrian Chan Pengee | -                 | -   | \$83,018        | -                |
| Mdm Tan Guek Ming     | -                 | -   | \$63,736        | -                |
| Mr Koh Yew Hiap       | -                 | -   | \$63,736        | -                |
| Mr Ong Kian Min       | -                 | -   | \$63,736        | -                |

The remuneration of the Directors for FY2022 is shown below:-

| Remuneration Bands           | No. of Directors in Remuneration Bands |
|------------------------------|--|
| S\$4,250,000 to S\$4,499,999 | 1                                      |
| S\$3,250,000 to S\$3,499,999 | 1                                      |
| Below S\$250,000             | 6                                      |

Note: There were 8 directors in FY2022.

# CORPORATE GOVERNANCE REPORT

## F. REMUNERATION MATTERS *(cont'd)*

- **Principle 6: Formal and transparent procedure for fixing remuneration packages of Directors and key management personnel** *(cont'd)*

- **Principle 7: Remuneration of Directors and key management personnel should be appropriate but not excessive** *(cont'd)*

- **Principle 8: Remuneration policy, level and mix of remuneration and procedure for setting remuneration** *(cont'd)*

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

To maintain confidentiality of remuneration, the names, amounts and breakdown of remuneration of the EDs and the top five key executives are not stated. However, the Company will disclose the exact amounts and breakdown of remuneration paid to each ED and the CEO by the Company and its subsidiaries for its annual report in respect of the financial year ending 31 December 2024 onwards.

There are no employees who are substantial shareholders of the Company or immediate family members of a Director or the Group CEO or a substantial shareholder whose remuneration exceeds S\$100,000 during FY2022.

The RC and the Board are of the view that the level and structure of remuneration of the Directors and key management personnel are aligned with the long-term interests and risk management policies of the Company.

The Board believes that the remuneration information disclosed is sufficient for shareholders to have an adequate appreciation of the remuneration of the Directors, Group CEO and top five key management personnel.

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

## G. ACCOUNTABILITY AND AUDIT

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

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

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

Based on the risk management framework and internal controls established and maintained by the Group, works performed by the internal, external auditors and external certification firms and annual reviews performed by Management, various Board Committees and the Board, the Board (with the concurrence of the AC) is satisfied that the Group’s risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2022.

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

# CORPORATE GOVERNANCE REPORT

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

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

The Group has in place adequate and effective internal controls to monitor, address and mitigate sanction related risks. The Company will continue to monitor all markets and update shareholders on any material impact of such risk on the financials and operations of the Group, if any, and also the cessation of sanctions-related risk via announcement to SGXNet.

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

## H. AUDIT COMMITTEE

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

The AC comprises:

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

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

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

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

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

- (a) the audit plan of the External Auditors of the Group, the results of their examination and evaluation of the Group's systems of internal accounting controls, their independence and the non-audit services provided by them;
- (b) risk or exposure that exists and the steps Management has taken to minimise these risks to the Group;
- (c) the Group's financial results for submission to the Board;
- (d) the assistance given by the Group's officers to the External Auditors;
- (e) the remuneration and terms of engagement of the External Auditors;
- (f) the re-appointment or removal of the External Auditors and recommend it to the Board for obtaining approval from the shareholders;
- (g) the Group's interested person transactions in accordance with the requirements of the SGX-ST Listing Manual;
- (h) the assurance from the Executive Chairman, Group CEO and Group CFO on the financial records and financial statements;

# CORPORATE GOVERNANCE REPORT

## H. AUDIT COMMITTEE *(cont'd)*

### *– Principle 10: Establishment of AC with written terms of reference (cont'd)*

- (i) the significant financial reporting issues and judgements so as to ensure integrity of the financial statements and financial results announcements relating to the financial performance of the Company;
- (j) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the External Auditors' report on those financial statements;
- (k) the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls as well as sanction-related risk controls and risk management systems via reviews carried out by the internal auditors;
- (l) the audit plans of the internal auditors;
- (m) the results of their internal audit; and
- (n) the independence, adequacy and effectiveness of the external audit results and internal audit function of the Group.

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

In performing its functions, the AC has:

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

During FY2022, 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 to ensure they are fair and reasonable and on arm's length basis, and with the assistance of the Management, reviewed interested person transactions. The AC is of the opinion that the internal procedures have been complied with.

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

The total fees paid to EY (including overseas EY entities) for FY2022 are as disclosed in the table below:

|                 | <b>US\$'000</b> | <b>% of total audit fees</b> |
|-----------------|-----------------|------------------------------|
| Audit Fees      | 297             | 74.4                         |
| Non-Audit Fees  | 102             | 25.6                         |
| Total Fees Paid | 399             | 100.0                        |

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

### Significant financial statement reporting matters

In the review of the Company's financial statements for FY2022, the AC considered a number of significant matters and has discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements.

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

#### Significant matters    How the AC reviewed these matters

---

|   |   |
|---|---|
| 1. Revenue recognition                        | <p>The AC reviewed Management's approach and assessment of the internal controls over the recognition of revenue. The AC was satisfied that Management's approach and assessment of internal controls over revenue recognition were appropriate.</p> <p>Please refer to page 53 of the External Auditors' report and Note 2.22 (Summary of significant accounting policies) and Note 4 (Notes on Revenue) of the financial statements for further details.</p>  |
| 2. Recoverability of trade receivables        | <p>The AC considered Management's approach and methodology used in the evaluation of the Group's trade receivables for impairment. The Group determines expected credit losses for trade receivables by making debtor-specific assessment for credit-impaired debtors and using provision matrix method for outstanding trade receivables. The AC was satisfied that the approach and methodology used by Management in the process was appropriate.</p> <p>Please refer to page 54 of the External Auditors' report and Note 2.14 (Summary of significant accounting policies), Note 3.2b (Significant accounting estimates and judgements), and Note 23 (Notes on Trade Receivables) of the financial statements for further details.</p> |
| 3. Impairment assessment of intangible assets | <p>The AC considered Management's approach and methodology applied to the valuation model in impairment assessment of the Group's intangible assets, including the key assumptions for growth rates, cash-flow expectations and the discount rates used. The AC was satisfied that the approach and methodology in the impairment assessment used by Management were appropriate.</p> <p>Please refer to page 55 of the External Auditors' report and Note 2.13 (Summary of significant accounting policies), Note 3.2a (Significant accounting estimates and judgements), and Note 17 (Notes on Intangible Assets) of the financial statements for further details.</p>  |

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# CORPORATE GOVERNANCE REPORT

## H. AUDIT COMMITTEE *(cont'd)*

### ***– Principle 10.4: Internal audit function***

The Group outsources its internal audit function to a professional service firm, Yang Lee & Associates (“**YLA**” or “**Internal Auditor**”). YLA is a professional services firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies in distribution, manufacturing, services, food & beverage and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. The Internal Auditor is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. The Engagement Team is staffed with professionals with knowledge and experience in internal audit, risk management and other relevant disciplines.

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

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

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

The Internal Auditor completed two reviews during FY2022 in accordance with the internal control testing plan developed and approved by the Board under the Group’s Risk Management Framework. The findings and recommendations of the Internal Auditor, Management’s responses, and Management’s implementation of the recommendations have been reviewed and discussed with the AC.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the internal audit function for FY2022.

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

## I. SHAREHOLDER RIGHTS AND ENGAGEMENT

### ***– Principle 11: Shareholder rights and conduct of general meetings***

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

The Company has an internal guide in determining the quantum of any dividend payable. The declaration of dividend is subject to various factors such as the Group's profitability, free cash flow and capital commitment. If the Company declares a final dividend at an annual general meeting and the dividend is approved by shareholders, it usually be paid to the shareholders within 30 days after the date of the annual general meeting.

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

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

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

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

### **2023 AGM and EGM**

The Company will hold its upcoming AGM and EGM physically to engage with its shareholders.

### ***- Principle 12: Engagement with shareholders***

The Company's substantial shareholders including the institutional shareholder whose shareholding exceeds 5% other than the Controlling shareholders are shown in the Statistics of Shareholding on page 139 of the annual report.

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

# CORPORATE GOVERNANCE REPORT

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

The Company's key stakeholders are listed in its Sustainability Report. They are the Company's shareholders, its employees and workers, its consumers, its suppliers and business partners, communities, government and regulators, and its financiers.

The Company recognises the importance of developing and growing our employees and is committed to ensure that all learning, training and development activities and programmes are made available to all our full-time employees. The Company encourages our employees to pursue relevant training programs to build up their competencies and for career development opportunities.

The type of training and development programmes extended to our employees include new employee induction programme, On-the-job training, in-house training, external training, management/leadership development, seminar & conferences, technical skill training, workplace health and safety training and etc. In addition, the company provides professional memberships to employees for their self-development and to stay abreast with the latest development in their professional fields.

The Sustainability Report also outlines how relationships with these key stakeholders are managed.

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

The Group's other policies including the Board Diversity Policy, the IR Policy and Whistle-blowing Policy facilitate the Group's engagement with its key stakeholders. The Sustainability Report outlines the Group's policies, practices, performance and targets in relation to its Economic and Environmental, Social and Governance activities. Developed in accordance with the Global Reporting Initiative Standards 2016 (Core option), the Group endeavours to communicate how sustainability is embedded in its business practices and value chain across its operations in the report. To this end, the Group has appointed two board members, Executive Chairman, CFO and COO. The newly formed committee will set direction and targets and, lead and co-ordinate the annual reporting effort by the Sustainability Report Working Committee.

The Group has commenced an internal review process for its sustainability reporting and prioritised the gaps identified for the sustainability working team to close all gaps over the next couple of years. At the same time, relevant TCFD factors were identified for qualitative analysis this year to be followed by quantitative analysis in 2023.

The Sustainability Report also covers amongst others:

- (a) the Company's working emphasis to ensure consumers' health and safety
- (b) the Safety, health and environment policy for the Group's employees
- (c) the training and development plan for employees
- (d) the Company's initiatives and effort to employ eco-friendly and sustainable value chain process
- (e) the Company's outreach and interaction with the relevant communities
- (f) the Company's zero tolerance policy towards fraud, bribery and corruption.

Detailed information on the Group's efforts on sustainability management in FY2022 will be disclosed in the Sustainability Report for FY2022. The Company will comply with Rule 711A of the SGX-ST Listing Manual and targets to issue its Sustainability Report for FY2022 on a standalone basis within the timeline stipulated by the SGX-ST and will also be published on the Company's corporate website and made available on the SGXNet.

# CORPORATE GOVERNANCE REPORT

## SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (SGX-ST LISTING MANUAL REQUIREMENTS)

### (i) Dealing in Securities

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

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

During FY2022, the Company has complied with the best practices on dealing in securities in accordance with Rule 1207(19) of the SGX-ST Listing Manual.

### (ii) Material Contracts

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

### (iii) Risk Management Policies and Processes

#### Operating in Emerging Markets

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

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

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

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

#### Foreign Exchange Exposure

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

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

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

# CORPORATE GOVERNANCE REPORT

## SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 *(cont'd)* (SGX-ST LISTING MANUAL REQUIREMENTS) *(cont'd)*

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

#### **Credit Risk of Customers**

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

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

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

#### **Dependence on Key Personnel**

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

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

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

#### **Investment Risk**

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

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

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

#### **Information Technology Risk**

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

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

# CORPORATE GOVERNANCE REPORT

## SUPPLEMENTARY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd) (SGX-ST LISTING MANUAL REQUIREMENTS) (cont'd)

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

#### Sanctions-related Risk

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

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

### (iv) Interested Person Transactions

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

| Name of interested person  | Nature of relationship   | Aggregate value of all IPT during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920) |                  | Aggregate value of all IPT conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |                  |
|--|--|--|------------------|--|------------------|
|  |  | 2022<br>US\$'000   | 2021<br>US\$'000 | 2022<br>US\$'000   | 2021<br>US\$'000 |
| <b>a) Triple Ace Ventures Limited and its subsidiaries and Simonelo Limited and its subsidiaries</b> | Companies associated to Mr Sudeep Nair (Group CEO and ED)  |  |                  |  |                  |
| - Payment of lease liabilities   |  | 2,047  | 1,788            | -  | -                |
| - Transfer of 50% shareholding in Simonelo Limited*  |  | -  | 2,145            | -  | -                |
| <b>b) UDI Marketing Sdn Bhd</b>  | Company associated to Universal Integrated Corporation Consumer Products Pte Ltd (Controlling Shareholder) |  |                  |  |                  |
| - Sales of goods   |  | 952  | 685              | -  | -                |
| <b>C) PT Indokemika Jayatama</b>   | Company associated to Universal Integrated Corporation Consumer Products Pte Ltd (Controlling Shareholder) |  |                  |  |                  |
| - Sales of goods   |  | 784  | -                | -  | -                |

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

# CORPORATE GOVERNANCE REPORT

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

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

| Name  | Mr Sudeep Nair<br>(Group CEO and ED)   | Mdm Tan Guek Ming (NED)  | Mr Saw Meng Tee (Lead ID)  |
|---|--|--|--|
| Date of appointment   | 1 July 2005  | 8 April 2000   | 25 April 2019  |
| Date of last re-appointment   | 26 April 2021  | 26 April 2021  | 23 April 2020  |
| Age   | 53   | 63   | 51   |
| Country of principal residence  | Singapore  | Singapore  | Singapore  |
| The Board's comments on the re-appointment  | Based on the recommendation of the NC, the Board (save for Mr Sudeep Nair who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Sudeep as a Director of the Company. | Based on the recommendation of the NC, the Board (save for Mdm Tan Guek Ming who abstained from deliberating her own re-election) propose to the Company's shareholders to approve the re-election of Mdm Tan as a Director. Mdm Tan will remain members of the AC and RC. | Based on the recommendation of the NC, the Board (save for Mr Saw Meng Tee who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Saw as a Director. Mr Saw will remain as Chairman of AC and members of NC and RC. |
| Whether the appointment is executive, and if so, the area of responsibility   | Executive  | Non-Executive  | Non-Executive  |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.)   | Group CEO and ED   | NED and members of the AC and RC   | Lead ID, Chairman of AC and members of NC and RC   |
| Professional qualifications   | Bachelor of Science, University of Delhi   | Bachelor of Accountancy (Second Class Honours), National University of Singapore   | Fellow of Chartered Accountant Singapore Chartered Accountant (ICAEW) and Fellow of the Insolvency Practitioners Association of Singapore  |
| Working experience and occupation(s) in the past 10 years   | Group CEO and ED of Food Empire Holdings Limited   | NED of Food Empire Holdings Limited  | Managing Partner, EisnerAmper PAC (Singapore)  |
| Shareholding interest in the listed issuer and its subsidiaries   | 5,700,000 (direct interest)<br>60,076,399 (deemed interest)  | 27,547,400 (direct interest) and 40,827,200 (deemed interest), and 52,440,000 (deemed interest) is held by her spouse, Mr Tan Wang Cheow via United Overseas Bank Nominees Pte Ltd   | Nil  |
| Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | None.  | Spouse of Executive Chairman, Mr Tan Wang Cheow  | None.  |
| Conflict of interest (including any competing business)   | No   | No   | No   |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company   | Yes  | Yes  | Yes  |

# CORPORATE GOVERNANCE REPORT

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

### Other principal commitments including directorships

| Name                               | Mr Sudeep Nair<br>(Group CEO and ED)   | Mdm Tan Guek Ming (NED)  | Mr Saw Meng Tee (INED)   |
|------------------------------------|--|--|--|
| <b>Past (for the last 5 years)</b> | Caffebene Co Ltd<br>Navas Services Limited<br>Naturant Systems Inc.<br>Sunmark Ventures Limited<br>SWP Investments Pte Ltd<br>FER (HK) Limited | None.  | EisnerAmper Global Limited   |
| <b>Present</b>                     | Bestgate Investments Limited<br>FES International FZE<br>FE Global DMCC<br>FES Products LLC (Non-Executive<br>Chairman & Board member)         | Future Enterprises Pte. Ltd.<br>Nisedaj Investments Pte. Ltd.<br>Future Engineering and<br>Communication Pte. Ltd.<br>Jodasen Ventures Limited | EisnerAmper PAC<br>Latitude 33 Pte Ltd<br>Nouveau Urban Technologies Pte Ltd<br>EA Corporate Advisory Pte Ltd<br>Custom Food Ingredients Sdn Bhd<br>MKC Holdings (Pte) Ltd<br>LHC Pte Ltd<br>LCM Pte Ltd |

### Information required pursuant to Listing Rule 704(7)

| Name  | Mr Sudeep Nair<br>(Group CEO and ED) | Mdm Tan Guek Ming<br>(NED) | Mr Saw Meng Tee<br>(INED) |
|---|--------------------------------------|----------------------------|---------------------------|
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?   | No                                   | No                         | No                        |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No                                   | No                         | No                        |
| (c) Whether there is any unsatisfied judgement against him?   | No                                   | No                         | No                        |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?  | No                                   | No                         | No                        |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?  | No                                   | No                         | No                        |

# CORPORATE GOVERNANCE REPORT

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

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

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

# Financial Statements

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# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Food Empire Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

## 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 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

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

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except for the Food Empire Holdings Limited Share Option Scheme (the "2012 Option Scheme" and "2022 Option Scheme") and the Food Empire Holdings Limited Performance Share Plan (the "2022 Award Plan"), 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

For the financial year ended 31 December 2022

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

| Name of Director       | Shares held in the name of the Directors |                        | Shareholdings in which Directors are deemed to have an interest |                        | Shares held in the name of the Directors | Shareholdings in which Directors are deemed to have an interest |
|------------------------|--|------------------------|---|------------------------|--|---|
|                        | At the beginning of the year             | At the end of the year | At the beginning of the year                                    | At the end of the year | As at 21 January 2023                    | As at 21 January 2023   |
| <b>The Company</b>     |  |                        |   |                        |  |   |
| <b>Ordinary shares</b> |  |                        |   |                        |  |   |
| Tan Wang Cheow         | -  | -                      | 120,814,600   | 120,814,600            | -  | 120,814,600   |
| Sudeep Nair            | 4,200,000                                | 5,700,000              | 60,076,399  | 60,076,399             | 5,700,000                                | 60,076,399  |
| Tan Guek Ming          | 27,547,400                               | 27,547,400             | 93,267,200  | 93,267,200             | 27,547,400                               | 93,267,200  |
| Ong Kian Min           | 100,000                                  | 820,000                | 720,000   | -                      | 820,000                                  | -   |

| Name of Director   | Share options held in the name of the Directors |                        | Share options held in the name of the Directors |
|--|---|------------------------|---|
|  | At the beginning of the year                    | At the end of the year | As at 21 January 2023                           |
| <b>The Company</b>   |   |                        |   |
| <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                                       |
| <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                                       | -                      | -   |
| <b>Options to subscribe for ordinary shares exercisable between 16 March 2019 to 15 March 2028 at S\$0.679 per share</b> |   |                        |   |
| Sudeep Nair  | 1,500,000                                       | 1,500,000              | 1,500,000                                       |
| Ong Kian Min <sup>(1)</sup>  | 100,000   | 100,000                | 100,000   |
| <b>Options to subscribe for ordinary shares exercisable between 15 March 2020 to 14 March 2029 at S\$0.556 per share</b> |   |                        |   |
| Sudeep Nair  | 1,500,000                                       | 1,500,000              | 1,500,000                                       |
| Ong Kian Min <sup>(2)</sup>  | 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 2023                           |

### *The Company*

#### Options to subscribe for ordinary shares exercisable between 6 March 2021 to 5 March 2030 at S\$0.667 per share

|                             |           |           |           |
|-----------------------------|-----------|-----------|-----------|
| Sudeep Nair                 | 1,500,000 | 1,500,000 | 1,500,000 |
| Ong Kian Min <sup>(3)</sup> | 100,000   | 100,000   | 100,000   |
| Saw Meng Tee <sup>(3)</sup> | 100,000   | 100,000   | 100,000   |

#### Options to subscribe for ordinary shares exercisable between 1 June 2023 to 31 May 2032 at S\$0.536 per share

|                                   |   |        |        |
|-----------------------------------|---|--------|--------|
| Adrian Chan Pengee <sup>(4)</sup> | – | 50,000 | 50,000 |
| Ong Kian Min <sup>(4)</sup>       | – | 50,000 | 50,000 |
| Saw Meng Tee <sup>(4)</sup>       | – | 50,000 | 50,000 |
| Tan Cher Liang <sup>(4)</sup>     | – | 50,000 | 50,000 |

<sup>(1)</sup> Options to subscribe for ordinary shares expire on 15 March 2023.

<sup>(2)</sup> Options to subscribe for ordinary shares expire on 14 March 2024.

<sup>(3)</sup> Options to subscribe for ordinary shares expire on 5 March 2025.

<sup>(4)</sup> Options to subscribe for ordinary shares expire on 31 May 2027.

| Name of Director | Share awards held in the name of the Directors |                        | Share awards held in the name of the Directors |
|------------------|--|------------------------|--|
|                  | At the beginning of the year                   | At the end of the year | As at 21 January 2023                          |

### *The Company*

#### Share awards granted based on the performance conditions between 1 June 2022 and 31 December 2024

|             |   |         |         |
|-------------|---|---------|---------|
| Sudeep Nair | – | 657,211 | 657,211 |
|-------------|---|---------|---------|

#### Share awards granted based on the performance conditions between 3 January 2023 and 31 December 2025

|             |   |   |         |
|-------------|---|---|---------|
| Sudeep Nair | – | – | 632,771 |
|-------------|---|---|---------|

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

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

# DIRECTORS' STATEMENT

## SHARE OPTIONS

The Food Empire Holdings Limited Share Option Scheme (the "2012 Option Scheme") was approved and adopted at an Extraordinary General Meeting of the Company held on 27 April 2012, which has since expired on 22 April 2022.

The Food Empire Holdings Limited Share Option Scheme (the "2022 Option Scheme") was approved and adopted at an Extraordinary General Meeting of the Company held on 22 April 2022.

The 2012 Option Scheme and 2022 Option Scheme are administered by the Remuneration Committee ("RC").

The aggregate number of shares which may be issued or transferred pursuant to 2012 Options Scheme and 2022 Option Scheme, when aggregated with the aggregate number of shares that are granted under any other share option schemes or share plans of the Company, shall not exceed fifteen per cent (15%) of the total number of all issued shares (excluding Shares held by the Company as treasury shares and subsidiary holdings, if any) on the day preceding that date.

### *Unissued shares under 2012 Option Scheme and 2022 Option Scheme*

Unissued shares of the Company under the 2012 Option Scheme and 2022 Option Scheme at the end of the financial year were as follows:

|                           | Number of holders at year end | Number of options outstanding at 1.1.2022 | 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 31.12.2022 | Exercise price per share S\$ | Exercise period                |
|---------------------------|-------------------------------|---|---|--|---|---|------------------------------|--------------------------------|
| <b>2012 Option Scheme</b> |                               |   |   |  |   |   |                              |                                |
| 2013 Options              | 12                            | 3,430,000                                 | -   | (300,000)  | (200,000)   | 2,930,000                                   | 0.669                        | 8 March 2014 to 7 March 2023   |
| 2016 Options              | 10                            | 3,085,000                                 | -   | (300,000)  | (2,105,000)   | 680,000                                     | 0.308                        | 4 July 2017 to 3 July 2026     |
| 2017 Options              | 6                             | 550,000                                   | -   | -  | -   | 550,000                                     | 0.693                        | 23 May 2018 to 22 May 2027     |
| 2018 Options              | 10                            | 3,950,000                                 | -   | (300,000)  | -   | 3,650,000                                   | 0.679                        | 16 March 2019 to 15 March 2028 |
| 2019 Options              | 18                            | 4,590,000                                 | -   | (500,000)  | -   | 4,090,000                                   | 0.556                        | 15 March 2020 to 14 March 2029 |
| 2020 Options              | 19                            | 5,140,000                                 | -   | (500,000)  | -   | 4,640,000                                   | 0.667                        | 6 March 2021 to 5 March 2030   |
|                           |                               | <u>20,745,000</u>                         | <u>-</u>  | <u>(1,900,000)</u>                                 | <u>(2,305,000)</u>                                    | <u>16,540,000</u>                           |                              |                                |
| <b>2022 Option Scheme</b> |                               |   |   |  |   |   |                              |                                |
| 2022 Options              | 19                            | -   | 3,450,000   | -  | -   | 3,450,000                                   | 0.536                        | 1 June 2023 to 31 May 2032     |
|                           |                               | <u>-</u>                                  | <u>3,450,000</u>                                    | <u>-</u>   | <u>-</u>  | <u>3,450,000</u>                            |                              |                                |
|                           |                               | <u>20,745,000</u>                         | <u>3,450,000</u>                                    | <u>(1,900,000)</u>                                 | <u>(2,305,000)</u>                                    | <u>19,990,000</u>                           |                              |                                |

# DIRECTORS' STATEMENT

## SHARE OPTIONS *(cont'd)*

### *Unissued shares under 2012 Option Scheme and 2022 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 2012 Option Scheme and 2022 Option Scheme are as follows:

| Name of Director          | Aggregate options granted since commencement of 2012 Option Scheme and 2022 Option Scheme to end of financial year | Aggregate options exercised since commencement of 2012 Option Scheme and 2022 Option Scheme to end of financial year | Aggregate options lapsed/cancelled since commencement of 2012 Option Scheme and 2022 Option Scheme to end of financial year | Aggregate options outstanding as at end of financial year |
|---------------------------|--|--|---|---|
| <b>2012 Option Scheme</b> |  |  |   |   |
| Saw Meng Tee              | 100,000  | -  | -   | 100,000   |
| Ong Kian Min              | 400,000  | (100,000)  | -   | 300,000   |
| Sudeep Nair               | 7,500,000  | (1,500,000)  | -   | 6,000,000   |
| <b>2022 Option Scheme</b> |  |  |   |   |
| Adrian Chan Pengee        | 50,000   | -  | -   | 50,000  |
| Ong Kian Min              | 50,000   | -  | -   | 50,000  |
| Saw Meng Tee              | 50,000   | -  | -   | 50,000  |
| Tan Cher Liang            | 50,000   | -  | -   | 50,000  |

Since the commencement of the 2012 Option Scheme and 2022 Option Scheme till the end of the financial year:

- 26,350,000 options were granted for 2012 Option Scheme
- 3,450,000 options were granted for 2022 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 2012 Option Scheme

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

# DIRECTORS' STATEMENT

## PERFORMANCE SHARE PLAN

The Food Empire Holdings Limited Performance Share Plan (the "2022 Award Plan") was approved and adopted at an Extraordinary General Meeting of the Company held on 22 April 2022.

The 2022 Award Plan is administered by the Remuneration Committee ("RC").

The total number of shares over which the RC may grant new awards on any date, when aggregated with:

- (a) the total number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the Plan;
- (b) the total number of shares subject to any other share option schemes or share plans of the Company

shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding shares held by the Company as treasury shares and subsidiary holdings, if any) on the date preceding the date of the relevant new Award.

### Unvested shares under 2022 Award Plan

Unvested shares of the Company under the 2022 Award Plan at the end of the financial year were as follows:

|                        | Number of share awards holders at year end | Balance as at 1.1.2022 | Number of shares awards granted during the financial year | Number of shares awards vested during the financial year | Number of shares awards not cancelled during the financial year | Balance as at 31.12.2022 | Performance condition period     |
|------------------------|--|------------------------|---|--|---|--------------------------|----------------------------------|
| <b>2022 Award Plan</b> |  |                        |   |  |   |                          |                                  |
| 2022 Share Awards      | 1  | -                      | 657,211   | -  | -   | 657,211                  | 1 June 2022 and 31 December 2024 |
|                        |  | -                      | 657,211   | -  | -   | 657,211                  |                                  |

The share awards granted to Directors of the Company under the 2022 Award Plan are as follows:

| Name of Director       | Aggregate number of share awards granted since commencement of 2022 Award Plan to end of the financial year | Aggregate number of share awards vested since commencement of 2022 Award Plan to end of the financial year | Aggregate number of shares awards cancelled since commencement of 2022 Award Plan to end of financial year |
|------------------------|---|--|--|
| <b>2022 Award Plan</b> |   |  |  |
| Sudeep Nair            | 657,211   | -  | -  |

Since the commencement of the 2022 Award Plan till the end of the financial year:

- 657,211 share awards were granted for 2022 Award Plan

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

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

## AUDITOR

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

On behalf of the Board of Directors,

Tan Wang Cheow

Director

Sudeep Nair

Director

Singapore  
24 March 2023

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

## 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 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 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 2.22 (Summary of significant accounting policies) and Note 4 (Notes on Revenue).

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

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

#### Key audit matters *(cont'd)*

##### 1. Revenue recognition *(cont'd)*

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

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

##### 2. Recoverability of trade receivables

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

Trade receivable balances of US\$31,477,000 are significant to the Group as they represented 11.4% of the Group's net assets as at 31 December 2022. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group determines expected credit losses for trade receivables by making debtor-specific assessment for credit-impaired debtors and using provision matrix method for the remaining group of debtors. In determining the estimated credit loss allowance for the Group's trade receivables as at year end, management had considered various factors such as the age of the outstanding balances, historical payment and credit loss patterns over an appropriate period, facts and circumstances specific to the countries and economic environments where the Group operates, correlation between economic conditions and historical credit losses, as well as the forecast of future macro-economic conditions over the expected life of the Group's trade receivables, which require significant management judgement. This estimation is further affected by the economic uncertainty brought on by the ongoing conflict between Russia and Ukraine. Accordingly, we determined that this is a key audit matter.

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

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

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

#### Key audit matters *(cont'd)*

#### 3. Impairment assessment of intangible assets

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

As at 31 December 2022, intangible assets comprise goodwill of US\$6,684,000 and brand of US\$1,618,000, representing 2.4% and 0.6% of the Group's net assets respectively. The Group annually carries out an impairment assessment using a value-in-use model which is based on discounted cash flows of the cash generating units ("CGU"). Management estimated the recoverable value using assumptions in respect of future market and economic conditions to estimate expected revenue and margin, inflation rate, discount rates and economic growth. As disclosed in Note 17, the Group's goodwill is allocated to each of the Group's CGU or group of CGUs. As intangible assets impairment assessment requires management to apply significant judgement in determining the key assumptions, especially in the current economic uncertainty, we determined this a key audit matter.

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

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

#### Other information

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

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

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

#### Responsibilities of management and directors for the financial statements

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

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

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

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

#### 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.

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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

### 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 Lim Tze Yuen.

Ernst & Young LLP

Public Accountants  
and Chartered Accountants

Singapore  
24 March 2023

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

|  | Note | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------|------------------|------------------|
| Revenue  | 4    | 398,362          | 320,074          |
| Cost of sales                                    |      | (279,519)        | (226,415)        |
| <b>Gross profit</b>                              |      | <b>118,843</b>   | <b>93,659</b>    |
| Selling and marketing expenses                   |      | (28,668)         | (34,618)         |
| General and administrative expenses              |      | (37,458)         | (33,617)         |
| <b>Results from operating activities</b>         |      | <b>52,717</b>    | <b>25,424</b>    |
| Other income                                     | 5    | 19,604           | 1,072            |
| Other expenses                                   | 6    | (3,041)          | (334)            |
| Net finance costs                                | 7    | (1,226)          | (1,186)          |
| Share of profits of associates and joint venture |      | 2,652            | 1,338            |
| <b>Profit before taxation</b>                    | 8    | <b>70,706</b>    | <b>26,314</b>    |
| Income tax expense                               | 9    | (10,638)         | (6,974)          |
| <b>Profit for the year</b>                       |      | <b>60,068</b>    | <b>19,340</b>    |
| <b>Profit/(loss) attributable to:</b>            |      |                  |                  |
| Equity shareholders of the Company               |      | 60,097           | 19,501           |
| Non-controlling interest                         |      | (29)             | (161)            |
|  |      | <b>60,068</b>    | <b>19,340</b>    |
| <b>Earnings per share</b>                        |      |                  |                  |
| Basic earnings per share (in cents)              | 11   | 11.28            | 3.64             |
| Diluted earnings per share (in cents)            | 11   | 11.26            | 3.60             |

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 2022

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Profit for the year   | 60,068           | 19,340           |
| <b>Other comprehensive income:</b>                                    |                  |                  |
| <u>Items that may be reclassified subsequently to profit or loss:</u> |                  |                  |
| Foreign currency translation loss                                     | (101)            | (36)             |
| Share of other comprehensive loss of associates and joint venture     | (1,253)          | (384)            |
| Exchange differences realised on liquidation of subsidiaries          | 326              | -                |
| <b>Other comprehensive loss for the year, net of tax</b>              | <b>(1,028)</b>   | <b>(420)</b>     |
| <b>Total comprehensive income for the year</b>                        | <b>59,040</b>    | <b>18,920</b>    |
| <b>Total comprehensive income attributable to:</b>                    |                  |                  |
| Equity shareholders of the Company                                    | 59,073           | 19,071           |
| Non-controlling interest  | (33)             | (151)            |
|   | <b>59,040</b>    | <b>18,920</b>    |

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

# BALANCE SHEETS

As at 31 December 2022

|  | Note | Group            |                  | Company          |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Non-Current Assets</b>                                    |      |                  |                  |                  |                  |
| Property, plant and equipment                                | 12   | 101,251          | 103,944          | -                | -                |
| Right-of-use assets  | 13   | 13,094           | 9,514            | 284              | 357              |
| Investment properties  | 14   | -                | 14,026           | -                | -                |
| Investments in subsidiaries                                  | 15   | -                | -                | 44,485           | 44,485           |
| Investments in associates and joint venture                  | 16   | 11,830           | 9,046            | -                | -                |
| Intangible assets  | 17   | 8,302            | 10,343           | -                | -                |
| Amounts due from an associates and joint venture (non-trade) | 21   | 1,000            | 1,545            | -                | -                |
| Deferred tax assets  | 18   | 3,675            | 3,110            | -                | -                |
|  |      | <u>139,152</u>   | <u>151,528</u>   | <u>44,769</u>    | <u>44,842</u>    |
| <b>Current Assets</b>  |      |                  |                  |                  |                  |
| Inventories  | 19   | 74,030           | 73,521           | -                | -                |
| Prepaid operating expenses                                   |      | 5,605            | 8,074            | 17               | 16               |
| Deposits   |      | 480              | 793              | -                | -                |
| Amounts due from subsidiaries (non-trade)                    | 20   | -                | -                | 31,433           | 15,213           |
| Amounts due from associates and joint venture (non-trade)    | 21   | 1,713            | 683              | -                | -                |
| Amount due from a related party (trade)                      | 22   | 274              | 69               | -                | -                |
| Trade receivables  | 23   | 31,477           | 39,965           | -                | -                |
| Other receivables  | 24   | 3,168            | 4,852            | -                | -                |
| Cash and cash equivalents                                    | 25   | 125,596          | 60,557           | 1,070            | 760              |
|  |      | <u>242,343</u>   | <u>188,514</u>   | <u>32,520</u>    | <u>15,989</u>    |

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

# BALANCE SHEETS

As at 31 December 2022

|   | Note | Group            |                  | Company          |                  |
|---|------|------------------|------------------|------------------|------------------|
|   |      | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Current Liabilities</b>                |      |                  |                  |                  |                  |
| Trade payables and accruals               | 26   | 48,358           | 48,078           | 5,901            | 1,917            |
| Other payables                            | 29   | 4,412            | 4,886            | -                | -                |
| Lease liabilities                         | 13   | 1,710            | 1,989            | 37               | 37               |
| Interest-bearing loans and borrowings     | 28   | 13,478           | 22,421           | -                | -                |
| Amounts due to subsidiaries (non-trade)   | 20   | -                | -                | 53               | 20               |
| Amount due to an associate (non-trade)    | 21   | -                | 297              | -                | -                |
| Amount due to an associate (trade)        | 27   | 213              | 131              | -                | -                |
| Amount due to a related party (non-trade) | 22   | 754              | 697              | -                | -                |
| Income tax payable                        |      | 2,368            | 1,502            | 50               | 13               |
|   |      | <b>71,293</b>    | <b>80,001</b>    | <b>6,041</b>     | <b>1,987</b>     |
| <b>Net Current Assets</b>                 |      | <b>171,050</b>   | <b>108,513</b>   | <b>26,479</b>    | <b>14,002</b>    |
| <b>Non-Current Liabilities</b>            |      |                  |                  |                  |                  |
| Lease liabilities                         | 13   | 4,652            | 1,525            | 113              | 150              |
| Interest-bearing loans and borrowings     | 28   | 24,776           | 27,385           | -                | -                |
| Deferred tax liabilities                  | 18   | 5,175            | 4,572            | -                | -                |
|   |      | <b>34,603</b>    | <b>33,482</b>    | <b>113</b>       | <b>150</b>       |
| <b>Net Assets</b>                         |      | <b>275,599</b>   | <b>226,559</b>   | <b>71,135</b>    | <b>58,694</b>    |
| <b>Equity</b>                             |      |                  |                  |                  |                  |
| Share capital                             | 30   | 46,168           | 45,420           | 46,168           | 45,420           |
| Treasury shares                           | 30   | (6,569)          | (4,242)          | (6,569)          | (4,242)          |
| Reserves                                  | 31   | 237,105          | 186,538          | 31,536           | 17,516           |
|   |      | <b>276,704</b>   | <b>227,716</b>   | <b>71,135</b>    | <b>58,694</b>    |
| Non-controlling interest                  |      | (1,105)          | (1,157)          | -                | -                |
| <b>Total Equity</b>                       |      | <b>275,599</b>   | <b>226,559</b>   | <b>71,135</b>    | <b>58,694</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 2022

| Group<br>2022   | Attributable to equity shareholders of the Company |                 |                                      |                             |                     |                 |                          |                 |
|---|--|-----------------|--------------------------------------|-----------------------------|---------------------|-----------------|--------------------------|-----------------|
|   | Share capital                                      | Treasury shares | Foreign currency translation reserve | Share-based payment reserve | Accumulated profits | Total           | Non-controlling interest | Total equity    |
|   | US\$'000   | US\$'000        | US\$'000                             | US\$'000                    | US\$'000            | US\$'000        | US\$'000                 | US\$'000        |
| Balance as at 1 January 2022  | 45,420   | (4,242)         | (11,380)                             | 3,769                       | 194,149             | 227,716         | (1,157)                  | 226,559         |
| <b>Profit/(loss) for the year</b>   | -  | -               | -                                    | -                           | <b>60,097</b>       | <b>60,097</b>   | <b>(29)</b>              | <b>60,068</b>   |
| <u>Other comprehensive income</u>   |  |                 |                                      |                             |                     |                 |                          |                 |
| Foreign currency translation loss   | -  | -               | (97)                                 | -                           | -                   | (97)            | (4)                      | (101)           |
| Share of other comprehensive loss of associates and joint venture                       | -  | -               | (1,253)                              | -                           | -                   | (1,253)         | -                        | (1,253)         |
| Exchange differences realised on liquidation of subsidiaries                            | -  | -               | 326                                  | -                           | -                   | 326             | -                        | 326             |
| <b>Total comprehensive income for the year</b>  | -  | -               | <b>(1,024)</b>                       | -                           | <b>60,097</b>       | <b>59,073</b>   | <b>(33)</b>              | <b>59,040</b>   |
| <u>Contributions by and distributions to owners</u>                                     |  |                 |                                      |                             |                     |                 |                          |                 |
| Value of employee services received from the issuance of share options and share awards | -  | -               | -                                    | 326                         | -                   | 326             | -                        | 326             |
| Dividends paid to shareholders of the Company   | -  | -               | -                                    | -                           | (8,648)             | (8,648)         | -                        | (8,648)         |
| Exercise of share options (Note 30)   | 748  | -               | -                                    | (184)                       | -                   | 564             | -                        | 564             |
| Purchase of treasury shares (Note 30)   | -  | (2,327)         | -                                    | -                           | -                   | (2,327)         | -                        | (2,327)         |
| Expiry of share options   | -  | -               | -                                    | (244)                       | 244                 | -               | -                        | -               |
| <b>Total contributions by and distributions to owners</b>                               | <b>748</b>   | <b>(2,327)</b>  | -                                    | <b>(102)</b>                | <b>(8,404)</b>      | <b>(10,085)</b> | -                        | <b>(10,085)</b> |
| <u>Changes in ownership interest in subsidiaries</u>                                    |  |                 |                                      |                             |                     |                 |                          |                 |
| Capitalisation of loan from non-controlling interest of a subsidiary                    | -  | -               | -                                    | -                           | -                   | -               | 197                      | 197             |
| Disposal of subsidiaries  | -  | -               | -                                    | -                           | -                   | -               | (112)                    | (112)           |
| <b>Total changes in ownership interests in subsidiaries</b>                             | -  | -               | -                                    | -                           | -                   | -               | <b>85</b>                | <b>85</b>       |
| <b>Total transactions with owners in their capacity as owners</b>                       | <b>748</b>   | <b>(2,327)</b>  | -                                    | <b>(102)</b>                | <b>(8,404)</b>      | <b>(10,085)</b> | <b>85</b>                | <b>(10,000)</b> |
| <b>Balance as at 31 December 2022</b>   | <b>46,168</b>                                      | <b>(6,569)</b>  | <b>(12,404)</b>                      | <b>3,667</b>                | <b>245,842</b>      | <b>276,704</b>  | <b>(1,105)</b>           | <b>275,599</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 2022

| Group<br>2021   | Attributable to equity shareholders of the Company |                             |  |   |                                 |                   |                                      |                          |
|---|--|-----------------------------|--|---|---------------------------------|-------------------|--------------------------------------|--------------------------|
|   | Share capital<br>US\$'000                          | Treasury shares<br>US\$'000 | Foreign currency translation reserve<br>US\$'000 | Share-based payment reserve<br>US\$'000 | Accumulated profits<br>US\$'000 | Total<br>US\$'000 | Non-controlling interest<br>US\$'000 | Total equity<br>US\$'000 |
| Balance as at 1 January 2021  | 43,267   | (1,742)                     | (10,950)   | 3,865                                   | 183,584                         | 218,024           | (1,056)                              | 216,968                  |
| <b>Profit/(loss) for the year</b>   | -  | -                           | -  | -                                       | <b>19,501</b>                   | <b>19,501</b>     | <b>(161)</b>                         | <b>19,340</b>            |
| <u>Other comprehensive income</u>   |  |                             |  |   |                                 |                   |                                      |                          |
| Foreign currency translation (loss)/gain  | -  | -                           | (46)   | -                                       | -                               | (46)              | 10                                   | (36)                     |
| Share of other comprehensive loss of associates   | -  | -                           | (384)  | -                                       | -                               | (384)             | -                                    | (384)                    |
| <b>Total comprehensive income for the year</b>  | -  | -                           | <b>(430)</b>                                     | -                                       | <b>19,501</b>                   | <b>19,071</b>     | <b>(151)</b>                         | <b>18,920</b>            |
| <u>Contributions by and distributions to owners</u>   |  |                             |  |   |                                 |                   |                                      |                          |
| Value of employee services received from the issuance of share options  | -  | -                           | -  | 429                                     | -                               | 429               | -                                    | 429                      |
| Dividends paid to shareholders of the Company   | -  | -                           | -  | -                                       | (8,946)                         | (8,946)           | -                                    | (8,946)                  |
| Exercise of share options (Note 30)   | 2,153  | -                           | -  | (515)                                   | -                               | 1,638             | -                                    | 1,638                    |
| Purchase of treasury shares (Note 30)   | -  | (2,500)                     | -  | -                                       | -                               | (2,500)           | -                                    | (2,500)                  |
| Expiry of share options   | -  | -                           | -  | (10)                                    | 10                              | -                 | -                                    | -                        |
| <b>Total contributions by and distributions to owners</b>   | <b>2,153</b>                                       | <b>(2,500)</b>              | -  | <b>(96)</b>                             | <b>(8,936)</b>                  | <b>(9,379)</b>    | -                                    | <b>(9,379)</b>           |
| <u>Changes in ownership interest in subsidiaries</u>  |  |                             |  |   |                                 |                   |                                      |                          |
| Capital injection from non-controlling interest of a subsidiary, representing total changes in ownership interest in subsidiaries | -  | -                           | -  | -                                       | -                               | -                 | 50                                   | 50                       |
| <b>Total transactions with owners in their capacity as owners</b>   | <b>2,153</b>                                       | <b>(2,500)</b>              | -  | <b>(96)</b>                             | <b>(8,936)</b>                  | <b>(9,379)</b>    | <b>50</b>                            | <b>(9,329)</b>           |
| <b>Balance as at 31 December 2021</b>   | <b>45,420</b>                                      | <b>(4,242)</b>              | <b>(11,380)</b>                                  | <b>3,769</b>                            | <b>194,149</b>                  | <b>227,716</b>    | <b>(1,157)</b>                       | <b>226,559</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 2022

| Company<br>2022  | Share<br>capital<br>US\$'000 | Treasury<br>shares<br>US\$'000 | Foreign<br>currency<br>translation<br>reserve<br>US\$'000 | Share-based<br>payment<br>reserve<br>US\$'000 | Accumulated<br>profits<br>US\$'000 | Total<br>equity<br>US\$'000 |
|--|------------------------------|--------------------------------|---|---|------------------------------------|-----------------------------|
| Balance as at 1 January 2022   | 45,420                       | (4,242)                        | (151)   | 3,769   | 13,898                             | 58,694                      |
| <b>Profit for the year</b>   | -                            | -                              | -   | -   | <b>21,462</b>                      | <b>21,462</b>               |
| Other comprehensive income   |                              |                                |   |   |                                    |                             |
| Foreign currency translation gain  | -                            | -                              | 1,064   | -   | -                                  | 1,064                       |
| <b>Total comprehensive income<br/>for the year</b>   | -                            | -                              | <b>1,064</b>  | -   | <b>21,462</b>                      | <b>22,526</b>               |
| Contributions by and distributions<br>to owners  |                              |                                |   |   |                                    |                             |
| Value of employee services received<br>from the issuance of share options<br>and share awards  | -                            | -                              | -   | 326   | -                                  | 326                         |
| Dividends paid to shareholders of<br>the Company   | -                            | -                              | -   | -   | (8,648)                            | (8,648)                     |
| Exercise of share options  | 748                          | -                              | -   | (184)   | -                                  | 564                         |
| Purchase of treasury shares  | -                            | (2,327)                        | -   | -   | -                                  | (2,327)                     |
| Expiry of share options  | -                            | -                              | -   | (244)   | 244                                | -                           |
| <b>Total contributions by and<br/>distributions to owners,<br/>representing total transactions<br/>with owners in their capacity<br/>as owners</b> | <b>748</b>                   | <b>(2,327)</b>                 | <b>-</b>  | <b>(102)</b>                                  | <b>(8,404)</b>                     | <b>(10,085)</b>             |
| <b>Balance as at 31 December 2022</b>  | <b>46,168</b>                | <b>(6,569)</b>                 | <b>913</b>  | <b>3,667</b>                                  | <b>26,956</b>                      | <b>71,135</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 2022

| Company<br>2021  | Share<br>capital<br>US\$'000 | Treasury<br>shares<br>US\$'000 | Foreign<br>currency<br>translation<br>reserve<br>US\$'000 | Share-based<br>payment<br>reserve<br>US\$'000 | Accumulated<br>profits<br>US\$'000 | Total<br>equity<br>US\$'000 |
|--|------------------------------|--------------------------------|---|---|------------------------------------|-----------------------------|
| Balance as at 1 January 2021   | 43,267                       | (1,742)                        | (36)  | 3,865   | 17,139                             | 62,493                      |
| <b>Profit for the year</b>   | -                            | -                              | -   | -   | <b>5,695</b>                       | <b>5,695</b>                |
| Other comprehensive income   |                              |                                |   |   |                                    |                             |
| Foreign currency translation loss  | -                            | -                              | (115)   | -   | -                                  | (115)                       |
| <b>Total comprehensive income<br/>for the year</b>   | -                            | -                              | <b>(115)</b>  | -   | <b>5,695</b>                       | <b>5,580</b>                |
| Contributions by and distributions<br>to owners  |                              |                                |   |   |                                    |                             |
| Value of employee services received<br>from the issuance of share options  | -                            | -                              | -   | 429   | -                                  | 429                         |
| Dividends paid to shareholders of<br>the Company   | -                            | -                              | -   | -   | (8,946)                            | (8,946)                     |
| Exercise of share options  | 2,153                        | -                              | -   | (515)   | -                                  | 1,638                       |
| Purchase of treasury shares  | -                            | (2,500)                        | -   | -   | -                                  | (2,500)                     |
| Expiry of share options  | -                            | -                              | -   | (10)  | 10                                 | -                           |
| <b>Total contributions by and<br/>distributions to owners,<br/>representing total transactions<br/>with owners in their capacity<br/>as owners</b> | <b>2,153</b>                 | <b>(2,500)</b>                 | -   | <b>(96)</b>                                   | <b>(8,936)</b>                     | <b>(9,379)</b>              |
| <b>Balance as at 31 December 2021</b>  | <b>45,420</b>                | <b>(4,242)</b>                 | <b>(151)</b>  | <b>3,769</b>                                  | <b>13,898</b>                      | <b>58,694</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 2022

|   | Note | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |      |                  |                  |
| Profit before taxation  |      | 70,706           | 26,314           |
| <u>Adjustments for:</u>   |      |                  |                  |
| Depreciation of property, plant and equipment   | 12   | 8,549            | 8,427            |
| Depreciation of investment properties   | 14   | 74               | 151              |
| Depreciation of right-of-use assets   | 13   | 1,886            | 1,985            |
| Gain on disposal of property, plant and equipment                                       | 5    | (10)             | (8)              |
| Gain on disposal of subsidiaries  | 15   | (15,287)         | -                |
| Interest income   | 7    | (933)            | (259)            |
| Interest expenses   | 7    | 2,159            | 1,445            |
| (Write-back of impairment loss)/impairment loss on trade receivables                    | 23   | (119)            | 342              |
| (Write-back of impairment loss)/impairment loss on other receivables                    | 24   | (7)              | 35               |
| Inventories (written-back)/written-down   | 19   | (178)            | 587              |
| Share of profits of associates and joint venture  |      | (2,652)          | (1,338)          |
| Impairment loss on brand  | 17   | 2,041            | -                |
| Impairment loss on investment in an associate   | 16   | 1,000            | -                |
| Value of employee services received from the issuance of share options and share awards |      | 326              | 429              |
| Exchange realignment  |      | 3,326            | 751              |
|   |      | <b>70,881</b>    | <b>38,861</b>    |
| <b>Operating cash flows before changes in working capital</b>                           |      |                  |                  |
| <u>Changes in working capital</u>   |      |                  |                  |
| Decrease/(increase) in trade and other receivables                                      |      | 10,788           | (15,702)         |
| Increase in inventories   |      | (1,910)          | (24,068)         |
| Increase in trade and other payables  |      | 2,126            | 20,921           |
|   |      | <b>81,885</b>    | <b>20,012</b>    |
| <b>Cash flows from operations</b>   |      |                  |                  |
| Income taxes paid   |      | (9,060)          | (5,340)          |
| <b>Net cash flows from operating activities</b>   |      |                  |                  |
|   |      | <b>72,825</b>    | <b>14,672</b>    |
| <b>Cash flows from investing activities</b>   |      |                  |                  |
| Interest received   |      | 933              | 222              |
| Purchase of property, plant and equipment   |      | (13,797)         | (6,552)          |
| Proceeds from disposal of property, plant and equipment                                 |      | 85               | 71               |
| Prepayment of right-of-use assets   |      | (386)            | (96)             |
| Net cash inflow on disposal of subsidiaries   | 15   | 20,232           | -                |
| Dividends received from associates  |      | 65               | 558              |
| Loan to joint venture   |      | (1,000)          | -                |
| Proceeds from third-party loan  |      | 14,800           | -                |
| Proceeds from disposal of an associate  |      | 500              | -                |
| Investment in joint venture   |      | (2,450)          | -                |
|   |      | <b>18,982</b>    | <b>(5,797)</b>   |
| <b>Net cash flows from/(used in) investing activities</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 2022

|   | Note | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------|------------------|------------------|
| <b>Cash flows from financing activities</b>                             |      |                  |                  |
| Interest paid   |      | (2,259)          | (1,674)          |
| Proceeds from issuance of shares  |      | 564              | 1,638            |
| Dividends paid to shareholders of the Company                           |      | (8,648)          | (8,946)          |
| Payment of principal portion of lease liabilities                       |      | (2,204)          | (1,760)          |
| Repayment of principal portion of interest-bearing loans and borrowings |      | (76,914)         | (77,673)         |
| Proceeds from interest-bearing loans and borrowings                     |      | 65,568           | 73,889           |
| Purchase of treasury shares   |      | (2,327)          | (2,500)          |
| Capital injection from non-controlling interest of a subsidiary         |      | -                | 20               |
|   |      | <b>(26,220)</b>  | <b>(17,006)</b>  |
| Net increase/(decrease) in cash and cash equivalents                    |      | 65,587           | (8,131)          |
| Effect of exchange rate changes on cash and cash equivalents            |      | (548)            | (349)            |
| Cash and cash equivalents at beginning of year                          |      | 60,557           | 69,037           |
| <b>Cash and cash equivalents at end of year</b>                         | 25   | <b>125,596</b>   | <b>60,557</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 2022

## 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 2022 were authorised for issue in accordance with a resolution of the Directors on 24 March 2023.

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

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

### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

### 2.3 Standards issued but not yet effective

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

| <i>Description</i>  | <i>Effective for annual periods beginning on or after</i> |
|---|---|
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>                                    | 1 January 2023  |
| Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>  | 1 January 2023  |
| Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>                     | 1 January 2023  |
| Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>   | 1 January 2024  |
| Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>  | 1 January 2024  |
| Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>  | 1 January 2024  |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Date to be determined                                     |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.4 Basis of consolidation and business combination

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

#### (b) Business combinations and goodwill

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

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

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

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

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

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

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

### 2.5 Transactions with non-controlling interest

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.6 Foreign currency

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

#### (a) Transactions and balances

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

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

#### (b) Consolidated financial statements

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

### 2.7 Investment in subsidiaries

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

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

### 2.8 Investment in associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.8 Investment in associates and joint ventures *(cont'd)*

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.9 Property, plant and equipment

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

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

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

### 2.10 Investment properties

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

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

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

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

### 2.11 Intangible assets

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

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

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

#### *Brand*

The brand, Petrovskaya Sloboda was acquired in a business combination in 2007. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.12 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

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

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

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

##### Subsequent measurement

###### Investments in debt instruments

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

###### *Amortised cost*

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

##### Derecognition

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

#### (b) Financial liabilities

##### Initial recognition and measurement

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

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

##### Subsequent measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

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

##### Derecognition

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

### 2.13 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

### 2.14 Impairment of financial assets

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.15 Cash and cash equivalents

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

### 2.16 Inventories

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

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

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

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

### 2.17 Provisions

#### *General*

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

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

### 2.18 Government grants

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

### 2.19 Financial guarantee

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.20 Borrowing costs

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

### 2.21 Leases

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

#### (a) As lessee

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

#### Right-of-use assets

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

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

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

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.13. The Group's right-of-use assets are presented within Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

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

##### Lease liabilities

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

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

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

##### Short-term leases and leases of low-value assets

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

#### (b) As lessor

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.22 Revenue

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

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

#### (a) Sale of goods

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

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

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

#### (b) Rental income

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

#### (c) Other trade-related revenue

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

### 2.23 Employee benefits

#### (a) Defined contribution plans

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

#### (b) Employee leave entitlement

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.23 Employee benefits *(cont'd)*

#### (c) Termination benefits

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

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

#### (d) Employee equity compensation benefits

##### *Employee share option plans*

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

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

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

### 2.24 Taxes

#### (a) Current income tax

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.24 Taxes *(cont'd)*

#### (b) Deferred tax

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

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

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

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

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

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

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

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

#### (c) Sales tax

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.25 Segment reporting

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

### 2.26 Share capital and share issuance expenses

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

### 2.27 Treasury shares

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

### 2.28 Contingencies

A contingent liability is:

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

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

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

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 3.1 Judgements made in applying accounting policies

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 3.2 Key sources of estimation uncertainty

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

#### (a) Impairment of intangible assets

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

The carrying amount of the intangible assets as at 31 December 2022 is US\$8,302,000 (2021: US\$10,343,000).

#### (b) Provision for expected credit losses of trade receivables

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

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

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

The carrying amount of trade receivables as at 31 December 2022 is US\$31,477,000 (2021: US\$39,965,000).

#### (c) Variable consideration arising from discounts and rebates

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

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

For the financial year ended 31 December 2022, the Group recognised revenue amounting to US\$398,362,000 (2021: US\$320,074,000).

#### (d) Uncertainty arising from on-going conflict between Russia and Ukraine

As at the date of the financial statements, the armed conflict between Russia and Ukraine is still ongoing. As the situation remains volatile and may evolve, the Group is closely monitoring the financial impact to its Russia and Ukraine 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 reasonable.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 4. REVENUE

### Disaggregation of revenue

| Segments                            | Sale of goods  |                | Rental income |            | Other trade-related revenue |            | Total revenue  |                |
|-------------------------------------|----------------|----------------|---------------|------------|-----------------------------|------------|----------------|----------------|
|                                     | 2022           | 2021           | 2022          | 2021       | 2022                        | 2021       | 2022           | 2021           |
|                                     | US\$'000       | US\$'000       | US\$'000      | US\$'000   | US\$'000                    | US\$'000   | US\$'000       | US\$'000       |
| <b>Primary geographical markets</b> |                |                |               |            |                             |            |                |                |
| Russia                              | 148,384        | 114,889        | -             | -          | -                           | 26         | 148,384        | 114,915        |
| Ukraine, Kazakhstan and CIS markets | 91,476         | 71,156         | 4             | 5          | -                           | -          | 91,480         | 71,161         |
| South-East Asia                     | 92,225         | 96,144         | 455           | 590        | 38                          | 45         | 92,718         | 96,779         |
| South Asia                          | 39,599         | 17,375         | -             | -          | 1                           | 18         | 39,600         | 17,393         |
| Others                              | 25,824         | 19,499         | -             | -          | 356                         | 327        | 26,180         | 19,826         |
| <b>Total</b>                        | <b>397,508</b> | <b>319,063</b> | <b>459</b>    | <b>595</b> | <b>395</b>                  | <b>416</b> | <b>398,362</b> | <b>320,074</b> |

### Timing of transfer of goods or services

|                    |         |         |   |   |     |     |
|--------------------|---------|---------|---|---|-----|-----|
| At a point in time | 397,508 | 319,063 | - | - | 395 | 416 |
|--------------------|---------|---------|---|---|-----|-----|

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

## 5. OTHER INCOME

|   | Group            |                  |
|---|------------------|------------------|
|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Foreign exchange gain                             | 3,163            | -                |
| Government grants <sup>(1)</sup>                  | 122              | 634              |
| Gain on disposal of property, plant and equipment | 10               | 8                |
| Gain on disposal of subsidiaries                  | 15,287           | -                |
| Miscellaneous income                              | 1,022            | 430              |
|   | <b>19,604</b>    | <b>1,072</b>     |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 6. OTHER EXPENSES

|   | Group            |                  |
|---|------------------|------------------|
|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Foreign exchange loss                         | -                | 334              |
| Impairment loss on investment in an associate | 1,000            | -                |
| Impairment loss on brand                      | 2,041            | -                |
|   | <u>3,041</u>     | <u>334</u>       |

## 7. NET FINANCE COSTS

|                       | Group            |                  |
|-----------------------|------------------|------------------|
|                       | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Interest income from: |                  |                  |
| - Bank deposits       | 933              | 259              |
| Interest expenses on: |                  |                  |
| - Bank loans          | (1,725)          | (1,063)          |
| - Lease liabilities   | (209)            | (372)            |
| - Others              | (225)            | (10)             |
|                       | <u>(1,226)</u>   | <u>(1,186)</u>   |

## 8. PROFIT BEFORE TAXATION

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

|  | Group            |                  |
|--|------------------|------------------|
|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Audit fees paid to:  |                  |                  |
| - Auditors of the Company  | 179              | 175              |
| - Other auditors   | 213              | 228              |
| Non-audit fees paid to:  |                  |                  |
| - Auditors of the Company  | 80               | 84               |
| - Other auditors   | 91               | 86               |
| Directors' fee:  |                  |                  |
| - Directors of the Group   | 315              | 277              |
| Depreciation of property, plant and equipment                        | 8,549            | 8,427            |
| Depreciation of investment properties                                | 74               | 151              |
| Depreciation of right-of-use assets                                  | 1,886            | 1,985            |
| (Write-back of impairment loss)/impairment loss on trade receivables | (119)            | 342              |
| (Write-back of impairment loss)/impairment loss on other receivables | (7)              | 35               |
| Inventories (written-back)/written-down                              | (178)            | 587              |
| Advertising and promotion expenses                                   | 8,446            | 14,592           |
| Legal and professional fees  | 2,033            | 1,363            |
| Office upkeep and administrative expenses                            | 2,412            | 2,217            |
| Employee benefits expense (Note 32)                                  | <u>56,915</u>    | <u>51,863</u>    |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 9. INCOME TAX EXPENSE

### Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2022 and 2021 are:

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2022</b>  | <b>2021</b> |
|   | US\$'000     | US\$'000    |
| <b>Consolidated income statement</b>                |              |             |
| Current income tax                                  |              |             |
| - Current income taxation                           | 10,778       | 5,229       |
| - Over provision in respect of prior years          | (109)        | (444)       |
|   | 10,669       | 4,785       |
| Deferred income tax                                 |              |             |
| - Origination and reversal of temporary differences | (271)        | 926         |
| - Under provision in respect of prior years         | 240          | 1,263       |
|   | (31)         | 2,189       |
| Income tax expense recognised in profit or loss     | 10,638       | 6,974       |

### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 is as follows:

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2022</b>  | <b>2021</b> |
|   | US\$'000     | US\$'000    |
| Accounting profit before tax  | 70,706       | 26,314      |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | 14,632       | 5,891       |
| Adjustments:  |              |             |
| Non-deductible expenses   | 1,903        | 1,862       |
| Income not subject to taxation  | (4,800)      | (1,100)     |
| Effect of partial tax exemption and tax relief  | (650)        | (648)       |
| Deferred tax assets not recognised  | 206          | 170         |
| Over provision of current taxation in respect of prior years                              | (109)        | (444)       |
| Under provision of deferred taxation in respect of prior years                            | 240          | 1,263       |
| Utilisation of previously unrecognised tax losses and capital allowances                  | (766)        | (152)       |
| Others  | (18)         | 132         |
| Income tax expense recognised in profit or loss   | 10,638       | 6,974       |

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 2022

## 10. DIVIDENDS

|   | Group and Company |                  |
|---|-------------------|------------------|
|   | 2022<br>US\$'000  | 2021<br>US\$'000 |
| <b>Declared and paid during the financial year:</b>   |                   |                  |
| <i>Dividends on ordinary shares:</i>  |                   |                  |
| - Final exempt (one-tier) dividend for 2021: S\$0.0162 (2020: S\$0.022) per share                   | 6,368             | 8,946            |
| - Special exempt (one-tier) dividend for 2021: S\$0.0058 (2020: S\$Nil) per share                   | 2,280             | -                |
| <b>Proposed but not recognised as a liability as at 31 December:</b>                                |                   |                  |
| <i>Dividends on ordinary shares, subject to shareholder approval at the Annual General Meeting:</i> |                   |                  |
| - Final exempt (one-tier) dividend for 2022: S\$0.0440 (2021: S\$0.0162) per share                  | 17,739            | 6,368            |
| - Special exempt (one-tier) dividend for 2022: S\$Nil (2021: S\$0.0058) per share                   | -                 | 2,280            |

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

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

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              |                  |
|--|--------------------|------------------|
|  | 2022<br>US\$'000   | 2021<br>US\$'000 |
| Net profit for the year used in computing basic earnings per share                       | 60,097             | 19,501           |
|  | No. of shares '000 |                  |
| Weighted average number of ordinary shares used in basic earnings per share computation* | 532,604            | 535,094          |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### (b) Diluted earnings per share

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

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

|  | Group              |                  |
|--|--------------------|------------------|
|  | 2022<br>US\$'000   | 2021<br>US\$'000 |
| Net profit for the year used in computing diluted earnings per share                       | 60,097             | 19,501           |
|  | No. of shares '000 |                  |
| Weighted average number of shares issued, used in basic earnings per share computation*    | 532,604            | 535,094          |
| Dilutive effect of share options   | 1,128              | 6,385            |
| Weighted average number of ordinary shares used in diluted earnings per share computation* | 533,732            | 541,479          |

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

11,864,000 (2021: Nil) 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 1,580,000 (2021: 200,000) ordinary shares. There were no significant transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 12. PROPERTY, PLANT AND EQUIPMENT

| Group   | Land and buildings<br>US\$'000 | Plant and machinery, furniture and other equipment<br>US\$'000 | Factory and office equipment and computers<br>US\$'000 | Forklifts and motor vehicles<br>US\$'000 | Leasehold improvements<br>US\$'000 | Capital work-in-progress<br>US\$'000 | Total<br>US\$'000 |
|---|--------------------------------|--|--|--|------------------------------------|--------------------------------------|-------------------|
| <b>Cost</b>   |                                |  |  |  |                                    |                                      |                   |
| At 1 January 2021                                   | 40,223                         | 43,014   | 7,200  | 3,041                                    | 5,915                              | 45,809                               | 145,202           |
| Additions   | 103                            | 362  | 97   | 130                                      | 135                                | 7,458                                | 8,285             |
| Disposals   | -                              | (100)  | (154)  | (451)                                    | (1,205)                            | (2)                                  | (1,912)           |
| Reclassifications                                   | 8,713                          | 40,092   | 415  | 157                                      | 1,993                              | (51,370)                             | -                 |
| Exchange realignment                                | (90)                           | 17   | (25)   | 1  | (26)                               | (1)                                  | (124)             |
| At 31 December 2021                                 | 48,949                         | 83,385   | 7,533  | 2,878                                    | 6,812                              | 1,894                                | 151,451           |
| Additions   | 35                             | 173  | 162  | 7  | 259                                | 13,448                               | 14,084            |
| Disposals   | (23)                           | (316)  | (247)  | (117)                                    | (62)                               | (1)                                  | (766)             |
| Disposal of subsidiaries                            | (7,613)                        | (143)  | (320)  | (16)                                     | (239)                              | (1)                                  | (8,332)           |
| Reclassifications                                   | 824                            | 2,070  | 142  | 148                                      | 556                                | (3,740)                              | -                 |
| Exchange realignment                                | (849)                          | (204)  | (57)   | (68)                                     | (85)                               | 7                                    | (1,256)           |
| At 31 December 2022                                 | 41,323                         | 84,965   | 7,213  | 2,832                                    | 7,241                              | 11,607                               | 155,181           |
| <b>Accumulated depreciation and impairment loss</b> |                                |  |  |  |                                    |                                      |                   |
| At 1 January 2021                                   | 4,823                          | 24,405   | 5,332  | 2,220                                    | 4,138                              | -                                    | 40,918            |
| Charge for the year                                 | 850                            | 5,873  | 650  | 294                                      | 760                                | -                                    | 8,427             |
| Disposals   | -                              | (84)   | (143)  | (427)                                    | (1,114)                            | -                                    | (1,768)           |
| Exchange realignment                                | (23)                           | (2)  | (20)   | (5)                                      | (20)                               | -                                    | (70)              |
| At 31 December 2021                                 | 5,650                          | 30,192   | 5,819  | 2,082                                    | 3,764                              | -                                    | 47,507            |
| Charge for the year                                 | 847                            | 6,308  | 479  | 199                                      | 716                                | -                                    | 8,549             |
| Disposals   | -                              | (295)  | (242)  | (107)                                    | (47)                               | -                                    | (691)             |
| Disposal of subsidiaries                            | (691)                          | (112)  | (243)  | (16)                                     | (107)                              | -                                    | (1,169)           |
| Exchange realignment                                | (92)                           | (106)  | (41)   | (24)                                     | (3)                                | -                                    | (266)             |
| At 31 December 2022                                 | 5,714                          | 35,987   | 5,772  | 2,134                                    | 4,323                              | -                                    | 53,930            |
| <b>Net carrying amount</b>                          |                                |  |  |  |                                    |                                      |                   |
| At 31 December 2021                                 | 35,609                         | 48,978   | 1,441  | 698                                      | 2,918                              | 11,607                               | 101,251           |
| At 31 December 2022                                 | 43,299                         | 53,193   | 1,714  | 796                                      | 3,048                              | 1,894                                | 103,944           |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

| <b>Company</b>                           | <b>Motor<br/>vehicle</b><br>US\$'000 |
|--|--------------------------------------|
| <b>Cost</b>                              |                                      |
| At 1 January 2021                        | 225                                  |
| Disposals                                | (217)                                |
| Exchange realignment                     | (8)                                  |
| At 31 December 2021 and 31 December 2022 | <u>-</u>                             |
| <b>Accumulated depreciation</b>          |                                      |
| At 1 January 2021                        | 225                                  |
| Disposals                                | (217)                                |
| Exchange realignment                     | (8)                                  |
| At 31 December 2021 and 31 December 2022 | <u>-</u>                             |
| <b>Net carrying amount</b>               |                                      |
| At 31 December 2021 and 31 December 2022 | <u>-</u>                             |

### Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank loans made specifically for the purpose of the construction of an item of property, plant and equipment. During the financial year, the borrowing costs capitalised and included in capital work-in-progress amounted to US\$99,000 (2021: US\$224,000).

As at 31 December 2022, land and buildings consist of freehold properties of US\$16,058,000 (2021: US\$23,561,000) and leasehold properties of US\$19,551,000 (2021: US\$19,738,000).

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

|                          | <b>Group</b>            |                         |
|--------------------------|-------------------------|-------------------------|
|                          | <b>2022</b><br>US\$'000 | <b>2021</b><br>US\$'000 |
| Land and buildings       | 24,848                  | 26,308                  |
| Plant and machinery      | 43,852                  | 47,863                  |
| Other equipment          | 2,588                   | 2,606                   |
| Capital work-in-progress | 739                     | 1,287                   |
|                          | <u>72,027</u>           | <u>78,064</u>           |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13. LEASES

### Group as a lessee

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

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

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

| Group                          | Leasehold land | Office and factory premises | Motor vehicles | Total    |
|--------------------------------|----------------|-----------------------------|----------------|----------|
|                                | US\$'000       | US\$'000                    | US\$'000       | US\$'000 |
| At 1 January 2021              | 7,271          | 3,144                       | 72             | 10,487   |
| Additions                      | -              | 888                         | 400            | 1,288    |
| Depreciation                   | (148)          | (1,798)                     | (39)           | (1,985)  |
| Disposals                      | -              | (16)                        | (34)           | (50)     |
| Effects of lease modifications | -              | (186)                       | (21)           | (207)    |
| Exchange realignment           | (11)           | (10)                        | 2              | (19)     |
| At 31 December 2021            | 7,112          | 2,022                       | 380            | 9,514    |
| Additions                      | 566            | 5,539                       | -              | 6,105    |
| Depreciation                   | (168)          | (1,641)                     | (77)           | (1,886)  |
| Disposals                      | -              | (4)                         | -              | (4)      |
| Disposal of subsidiaries       | -              | (350)                       | (18)           | (368)    |
| Effects of lease modifications | -              | (6)                         | -              | (6)      |
| Exchange realignment           | (17)           | (243)                       | (1)            | (261)    |
| At 31 December 2022            | 7,493          | 5,317                       | 284            | 13,094   |

| Company              | Motor vehicles |
|----------------------|----------------|
|                      | US\$'000       |
| At 1 January 2021    | -              |
| Additions            | 365            |
| Depreciation         | (12)           |
| Exchange realignment | 4              |
| At 31 December 2021  | 357            |
| Depreciation         | (72)           |
| Exchange realignment | (1)            |
| At 31 December 2022  | 284            |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13. LEASES (cont'd)

Group as a lessee (cont'd)

### (b) Lease liabilities

|                                | Group            |                  | Company          |                  |
|--------------------------------|------------------|------------------|------------------|------------------|
|                                | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| At 1 January                   | 3,514            | 4,402            | 187              | -                |
| Additions                      | 5,719            | 1,110            | -                | 187              |
| Accretion of interest          | 209              | 372              | 3                | 1                |
| Payments                       | (2,413)          | (2,133)          | (40)             | (3)              |
| Disposal of subsidiaries       | (390)            | -                | -                | -                |
| Effects of lease modifications | (6)              | (207)            | -                | -                |
| Exchange realignment           | (271)            | (30)             | -                | 2                |
| At 31 December                 | 6,362            | 3,514            | 150              | 187              |
| Current                        | 1,710            | 1,989            | 37               | 37               |
| Non-current                    | 4,652            | 1,525            | 113              | 150              |

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

### (c) Amounts recognised in profit or loss

|   | Group            |                  |
|---|------------------|------------------|
|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Depreciation expense of right-of-use assets   | 1,886            | 1,985            |
| Interest expense on lease liabilities (Note 7)  | 209              | 372              |
| Lease expense not capitalised in lease liabilities and included in general and administrative expenses: |                  |                  |
| - Expense relating to short-term leases   | 1,297            | 571              |
| - Expense relating to low-value assets  | 28               | 23               |
| <b>Total amount recognised in profit or loss</b>  | <b>3,420</b>     | <b>2,951</b>     |

### (d) Total cash outflow

The Group had total cash outflows for leases, including short-term leases and low-value assets, amounting to US\$4,124,000 (2021: US\$2,905,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of US\$5,719,000 (2021: US\$1,110,000) in 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13. LEASES (cont'd)

Group as a lessee (cont'd)

### (e) Extension options

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

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

|  | <b>Within<br/>five years</b> | <b>Group<br/>More than<br/>five years</b> | <b>Total</b> |
|--|------------------------------|---|--------------|
|  | US\$'000                     | US\$'000                                  | US\$'000     |
| <b>2022</b>                                    |                              |   |              |
| Extension options expected not to be exercised | -                            | 3,181                                     | 3,181        |
| <b>2021</b>                                    |                              |   |              |
| Extension options expected not to be exercised | -                            | 3,542                                     | 3,542        |

## 14. INVESTMENT PROPERTIES

|   | <b>Group<br/>2022</b> | <b>Group<br/>2021</b> |
|---|-----------------------|-----------------------|
|   | US\$'000              | US\$'000              |
| <b>Cost</b>   |                       |                       |
| At 1 January  | 15,197                | 15,557                |
| Disposal of subsidiaries  | (14,737)              | -                     |
| Exchange realignment  | (460)                 | (360)                 |
| At 31 December  | -                     | 15,197                |
| <b>Accumulated depreciation</b>   |                       |                       |
| At 1 January  | 1,171                 | 1,028                 |
| Charge for the year   | 74                    | 151                   |
| Disposal of subsidiaries  | (1,192)               | -                     |
| Exchange realignment  | (53)                  | (8)                   |
| At 31 December  | -                     | 1,171                 |
| <b>Net carrying amount</b>  |                       |                       |
| At 31 December  | -                     | 14,026                |
| <b>Income statement:</b>  |                       |                       |
| Rental income from investment properties:                                   |                       |                       |
| - Minimum lease payments  | 455                   | 590                   |
| Direct operating expenses (including repairs and maintenance) arising from: |                       |                       |
| - Rental generating properties  | 157                   | 170                   |
| - Non-rental generating properties  | 13                    | 55                    |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INVESTMENT PROPERTIES (cont'd)

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

### Disposal of investment properties

During the year ended 31 December 2022, the Group disposed of its investment properties via the sale of its wholly-owned Singapore subsidiary, Food Empire Real Estates Pte Ltd, as disclosed in Note 15 to the financial statements.

### Valuation of investment properties

Based on valuations performed by independent appraiser, Allied Appraisal Consultants Pte Ltd, as at 31 December 2021, there was no impairment to the carrying amounts of investment properties as at 31 December 2021.

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

No valuations were performed on the Group's investment properties as these were disposed of during the year ended 31 December 2022.

### Details of investment properties

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

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

## 15. INVESTMENTS IN SUBSIDIARIES

|                          | Company          |                  |
|--------------------------|------------------|------------------|
|                          | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Unquoted shares, at cost | 44,485           | 44,485           |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### Composition of the Group

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

| Name of company<br>(Country of incorporation)                                     | Principal activities  | Percentage of equity held by the Group |           |
|---|---|--|-----------|
|   |   | 2022<br>%                              | 2021<br>% |
| <b><i>Held by the Company</i></b>   |   |  |           |
| Future Enterprises Pte Ltd <sup>(1)</sup><br>(Singapore)                          | Sales and marketing of instant food and beverages   | 100                                    | 100       |
| EPIQ Food Services Pte Ltd <sup>(1)</sup><br>(Singapore)                          | Investment holding  | 100                                    | 100       |
| Future Investment Holdings Pte Ltd <sup>(1)</sup><br>(Singapore)                  | Investment holding  | 100                                    | 100       |
| <b><i>Held by Future Enterprises Pte Ltd</i></b>                                  |   |  |           |
| Food Empire Real Estates Pte Ltd <sup>(1)</sup><br>(Singapore)                    | Property investment holding   | -**                                    | 100       |
| FER (HK) Limited <sup>(3)</sup><br>(Hong Kong)                                    | Investment holding  | 100                                    | 100       |
| WELLDIS LLP <sup>****(5)</sup><br>(Kazakhstan)                                    | Distribution, procurement, wholesale and trade of beverage products   | 100                                    | 100       |
| Empire Manufacturing Sdn Bhd <sup>(2)</sup><br>(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><br>(Malaysia)                   | Manufacturing food and beverages  | 100                                    | 100       |
| Mei Ka Fei (Hohhot) Trade Co., Ltd <sup>(9)</sup><br>(People's Republic of China) | Trading (import and export) of Group's products   | 100                                    | 100       |
| Empire Food Trading Co Ltd <sup>(8)</sup><br>(Mongolia)                           | General trading   | 100                                    | 100       |
| Empire International Sdn Bhd <sup>(2)</sup><br>(Malaysia)                         | International procurement centre, procuring and selling of raw materials, processed and non-processed food and finished goods | 100                                    | 100       |
| FES Products LLC <sup>(11)</sup><br>(Russia)                                      | Manufacturing and distribution of instant food and beverages  | 100                                    | 100       |
| FES (Vietnam) Co., Ltd <sup>(2)</sup><br>(Vietnam)                                | Manufacturing and distribution of instant food and beverages  | 100                                    | 100       |
| FES UKR LLC <sup>(2)</sup><br>(Ukraine)   | Production, preparation, packaging and distribution of instant beverages  | 100                                    | 100       |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### Composition of the Group *(cont'd)*

| Name of company<br>(Country of incorporation)                              | Principal activities   | Percentage of equity held by the Group |           |
|--|--|--|-----------|
|  |  | 2022<br>%                              | 2021<br>% |
| <b><i>Held by Future Enterprises Pte Ltd <i>(cont'd)</i></i></b>           |  |  |           |
| Ukragroinvest-2005 LLC <sup>(5)</sup><br>(Ukraine)                         | Ownership and leasing of factory space and equipment   | 100                                    | 100       |
| FE Foods Philippines Inc. <sup>(4)</sup><br>(Philippines)                  | Importing and distribution of food and beverages   | 100                                    | 100       |
| FE Global DMCC <sup>(10)</sup><br>(United Arab Emirates - Dubai)           | Marketing management, foodstuff & beverages, snack food, tea, coffee, confectionary and chocolate trading                              | 100                                    | 100       |
| Food Land Manufacturing Co., Ltd <sup>(5)</sup><br>(Myanmar)               | Dormant  | –*                                     | 100       |
| <b><i>Held by FER (HK) Limited</i></b>                                     |  |  |           |
| FES International FZE <sup>***(10)</sup><br>(United Arab Emirates - Dafza) | Trading and marketing in food and beverages  | 100                                    | 100       |
| <b><i>Held by EPIQ Food Services Pte Ltd</i></b>                           |  |  |           |
| BVBA Food Expert <sup>(6)</sup><br>(Belgium)                               | Wholesale of food products   | –**                                    | 100       |
| <b><i>Held by Ukragroinvest-2005 LLC</i></b>                               |  |  |           |
| FE Production Ltd <sup>(5)</sup><br>(Ukraine)                              | Manufacturing of food products   | 100                                    | 100       |
| <b><i>Held by Future Investment Holdings Pte Ltd</i></b>                   |  |  |           |
| Food Land Investment Holding Pte Ltd <sup>(5)</sup><br>(Singapore)         | Dormant  | –*                                     | 100       |
| Coffee One Coffee System Pte Ltd <sup>(1)</sup><br>(Singapore)             | Wholesale trade of a variety of goods without dominant products and selling rights to use intellectual property against royalty rights | 51                                     | 51        |
| Hallyu Ventures Pte Ltd <sup>(1)</sup><br>(Singapore)                      | Investment holding company   | 51                                     | 51        |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### Composition of the Group *(cont'd)*

| Name of company<br>(Country of incorporation)   | Principal activities  | Percentage of equity held by the Group |           |
|---|---|--|-----------|
|   |   | 2022<br>%                              | 2021<br>% |
| <b><i>Jointly held by EPIQ Food Services Pte Ltd and Future Investment Holdings Pte Ltd</i></b> |   |  |           |
| Global Food Excellence Ltd <sup>(7)</sup><br>(Nigeria)  | Marketing support of Group's products                         | 100                                    | 100       |
| Indus Coffee Private Limited <sup>(2)</sup><br>(India)  | Manufacturing and packaging of instant coffee                 | 100                                    | 100       |
| <b><i>Jointly held by Future Investment Holdings Pte Ltd and Empire Teas (PVT) Ltd</i></b>      |   |  |           |
| Tea Avenue Pte Ltd <sup>(1)</sup><br>(Singapore)  | Investment holding company and office administrative services | -**                                    | 72        |
| <b><i>Held by Tea Avenue Pte Ltd</i></b>  |   |  |           |
| Tea Avenue (Private) Limited <sup>(2)</sup><br>(Sri Lanka)                                      | To carry out restaurant and cafe service                      | -**                                    | 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 Chow & Ng CPA Limited, Hong Kong.

<sup>(4)</sup> Audited by Ayson Accounting and Business Center.

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

<sup>(6)</sup> Audited by BDO Belgium.

<sup>(7)</sup> Audited by UHY Maaji and Co. (Nigeria).

<sup>(8)</sup> Empire Food Trading Co Ltd has changed their auditor from New Balance Audit LLC in 2021 to Peace and Perfect Audit LLC in 2022.

<sup>(9)</sup> Mei Ka Fei (Hohhot) Trade Co., Ltd has changed their auditor from Hohhot Zhi Xin Lian He Accounting Firm to Hohhot Jing Xiang Lian He Accounting Firm in 2022.

<sup>(10)</sup> Audited by Rao & Ross Chartered Accountants.

<sup>(11)</sup> FES Products LLC has changed their auditor from associated firms of Ernst & Young LLP in 2021 to TSATR – Audit Services LLC in 2022.

\* Entities liquidated in 2022/2021.

\*\* Entities disposed of in 2022.

\*\*\* FES International FZE is audited by Ernst & Young LLP, Singapore for the purposes of group reporting.

\*\*\*\* WELLDIS LLP is audited by Grant Thornton LLP, Kazakhstan for the purposes of group reporting.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### Disposal of subsidiaries

During the year ended 31 December 2022, the interests in the following subsidiaries were disposed of:

| <b>Name of subsidiaries disposed</b> | <b>Equity interest<br/>disposed by the Group</b> |
|--------------------------------------|--|
|                                      | %  |
| BVBA Food Expert                     | 100  |
| Food Empire Real Estates Pte Ltd     | 100  |
| Tea Avenue (Private) Limited         | 72   |
| Tea Avenue Pte Ltd                   | 72   |

The value of assets and liabilities of the subsidiaries at the date of disposal were as follows:

|                              | <b>2022</b>     |
|------------------------------|-----------------|
|                              | US\$'000        |
| <b>Current</b>               |                 |
| Assets                       | 2,550           |
| Liabilities                  | (17,228)        |
| Net current liabilities      | <u>(14,678)</u> |
| <b>Non-current</b>           |                 |
| Assets                       | 21,040          |
| Liabilities                  | (600)           |
| Net non-current assets       | <u>20,440</u>   |
| Carrying value of net assets | <u>5,762</u>    |

The cash flow effect of the disposal was as follows:

|   | <b>2022</b>   |
|---|---------------|
|   | US\$'000      |
| Cash consideration  | 20,937        |
| Net assets derecognised                                   | (5,762)       |
| Derecognition of non-controlling interest                 | 112           |
| Gain on disposal of subsidiaries                          | <u>15,287</u> |
| <b><u>Net cash inflow on disposal of subsidiaries</u></b> |               |
| Cash consideration  | 20,937        |
| Less: Cash and cash equivalents of subsidiaries           | (705)         |
| Net cash inflow from disposal of subsidiaries             | <u>20,232</u> |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The Group's investments in associates and joint venture are summarised below:

|  | Group    |          |
|--|----------|----------|
|  | 2022     | 2021     |
|  | US\$'000 | US\$'000 |
| <b>Investments in associates</b>       |          |          |
| Caffe Bene Co., Ltd.                   | -        | -        |
| Triple Ace Ventures Limited            | 4,472    | 3,634    |
| Empire Teas (PVT) Ltd                  | 4,748    | 3,679    |
| 101 Caffe S.r.l.                       | 311      | 1,733    |
| Positive Food Ventures Private Limited | -        | -        |
|  | 9,531    | 9,046    |
| <b>Investment in joint venture</b>     |          |          |
| Tea House LLP                          | 2,299    | -        |
|  | 11,830   | 9,046    |

| Name of company<br>(Country of incorporation)                          | Principal activities   | Percentage of equity<br>held by the Group |       |
|--|--|---|-------|
|  |  | 2022                                      | 2021  |
|  |  | %   | %     |
| <b>Held by subsidiaries</b>  |  |   |       |
| Caffe Bene Co., Ltd. <sup>(1)</sup><br>(South Korea)                   | Coffee house chain   | 19.18                                     | 19.18 |
| Triple Ace Ventures Limited <sup>(2)</sup><br>(British Virgin Islands) | Investment holding   | 50.00                                     | 50.00 |
| Empire Teas (PVT) Ltd <sup>(3)</sup><br>(Sri Lanka)                    | Exporter of bulk, packet and bagged tea  | 30.00                                     | 30.00 |
| 101 Caffe S.r.l. <sup>(4)</sup><br>(The Republic of Italy)             | Distribution of coffee paraphernalia<br>including pods, pads and capsules through<br>its franchise network | 22.48                                     | 22.48 |
| Positive Food Ventures Private Limited <sup>(5)</sup><br>(India)       | Manufacturing and marketing ready-to-<br>drink beverages   | 33.13                                     | 33.13 |
| Tea House LLP <sup>(6)</sup><br>(Kazakhstan)                           | Production and sale of tea and infusions   | 50.50                                     | -     |

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

<sup>(2)</sup> Audited by N.D.S & Co, Chartered Accountants, India.

<sup>(3)</sup> Audited by Ernst & Young, Sri Lanka.

<sup>(4)</sup> Audited by BDO, Italy.

<sup>(5)</sup> Audited by M. P. & Associates, India.

<sup>(6)</sup> Not required to be audited by the law of its country of incorporation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE *(cont'd)*

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

### Summarised balance sheet

|   | Caffe Bene Co., Ltd. |          | Triple Ace Ventures Limited |          | Empire Teas (PVT) Ltd |          | 101 Caffe S.r.l. |          | Positive Food Ventures Private Limited |          | Tea House LLP |          |
|---|----------------------|----------|-----------------------------|----------|-----------------------|----------|------------------|----------|--|----------|---------------|----------|
|   | 2022                 | 2021     | 2022                        | 2021     | 2022                  | 2021     | 2022             | 2021     | 2022                                   | 2021     | 2022          | 2021     |
|   | US\$'000             | US\$'000 | US\$'000                    | US\$'000 | US\$'000              | US\$'000 | US\$'000         | US\$'000 | US\$'000                               | US\$'000 | US\$'000      | US\$'000 |
| Current assets                            | 3,064                | 3,097    | 1,967                       | 1,949    | 41,104                | 49,786   | 7,581            | 7,147    | 106                                    | 397      | 4,054         | 4,054    |
| Non-current assets                        | 7,002                | 7,756    | 11,143                      | 10,933   | 5,806                 | 7,285    | 4,024            | 3,982    | 15                                     | 36       | 2,033         | 2,033    |
| Total assets                              | 10,066               | 10,853   | 13,110                      | 12,882   | 46,910                | 57,071   | 11,605           | 11,129   | 121                                    | 433      | 6,087         | 6,087    |
| Current liabilities                       | (12,123)             | (9,143)  | (4,116)                     | (5,565)  | (27,154)              | (41,061) | (8,766)          | (7,541)  | (1,242)                                | (1,091)  | (2,242)       | (2,242)  |
| Non-current liabilities                   | (14,586)             | (18,603) | (50)                        | (50)     | (3,931)               | (4,025)  | (4,420)          | (3,914)  | (2,063)                                | (2,050)  | (1,223)       | (1,223)  |
| Total liabilities                         | (26,709)             | (27,746) | (4,166)                     | (5,615)  | (31,085)              | (45,086) | (13,186)         | (11,455) | (3,305)                                | (3,141)  | (3,465)       | (3,465)  |
| Net (liabilities)/assets                  | (16,643)             | (16,893) | 8,944                       | 7,267    | 15,825                | 11,985   | (1,581)          | (326)    | (3,184)                                | (2,708)  | 2,622         | 2,622    |
| Proportion of the Group's ownership       | 19.18%               | 19.18%   | 50.00%                      | 50.00%   | 30.00%                | 30.00%   | 22.48%           | 22.48%   | 33.13%                                 | 33.13%   | 50.50%        | 50.50%   |
| Group's share of net (liabilities)/assets | (3,192)              | (3,240)  | 4,472                       | 3,634    | 4,748                 | 3,596    | (355)            | (73)     | (1,055)                                | (897)    | 1,324         | 1,324    |
| Goodwill on acquisition                   | 8,440                | 8,440    | -                           | -        | -                     | -        | 1,626            | 1,626    | -                                      | -        | 962           | 962      |
| Remeasurement of retained interest        | -                    | -        | -                           | -        | -                     | -        | -                | -        | 773                                    | 773      | -             | -        |
| Fair value adjustment on acquisition      | 2,123                | 2,123    | -                           | -        | -                     | -        | 395              | 395      | -                                      | -        | -             | -        |
| Impairment loss                           | (4,281)              | (4,281)  | -                           | -        | -                     | -        | (1,000)          | -        | -                                      | -        | -             | -        |
| Accumulated share of unrecognised losses  | 579                  | 627      | -                           | -        | -                     | -        | -                | -        | 282                                    | 124      | -             | -        |
| Others                                    | (3,669)              | (3,669)  | -                           | -        | -                     | 83       | (355)            | (215)    | -                                      | -        | 13            | 13       |
| Carrying amount of the investments        | -                    | -        | 4,472                       | 3,634    | 4,748                 | 3,679    | 311              | 1,733    | -                                      | -        | 2,299         | 2,299    |

### Summarised statement of comprehensive income

|                            | Caffe Bene Co., Ltd. |          | Triple Ace Ventures Limited |          | Empire Teas (PVT) Ltd |          | 101 Caffe S.r.l. |          | Positive Food Ventures Private Limited |          | Tea House LLP |          |
|----------------------------|----------------------|----------|-----------------------------|----------|-----------------------|----------|------------------|----------|--|----------|---------------|----------|
|                            | 2022                 | 2021     | 2022                        | 2021     | 2022                  | 2021     | 2022             | 2021     | 2022                                   | 2021     | 2022          | 2021     |
|                            | US\$'000             | US\$'000 | US\$'000                    | US\$'000 | US\$'000              | US\$'000 | US\$'000         | US\$'000 | US\$'000                               | US\$'000 | US\$'000      | US\$'000 |
| Revenue                    | 13,047               | 14,938   | 3,528                       | 1,772    | 56,016                | 79,684   | 18,512           | 19,063   | 175                                    | 591      | 11,032        | 11,032   |
| (Loss)/profit after tax    | (468)                | (2,557)  | 1,240                       | 481      | 8,445                 | 3,041    | (1,410)          | (301)    | (752)                                  | (564)    | (366)         | (366)    |
| Other comprehensive income | 718                  | 1,667    | 437                         | (95)     | (4,389)               | (700)    | 155              | (155)    | 276                                    | 38       | 41            | 41       |
| Total comprehensive income | 250                  | (890)    | 1,677                       | 386      | 4,056                 | 2,341    | (1,255)          | (456)    | (476)                                  | (526)    | (325)         | (325)    |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE *(cont'd)*

During the year ended 31 December 2022, the Group received dividend income from Empire Teas (PVT) Ltd and Triple Ace Ventures Limited of US\$65,000 (2021: US\$45,000) and US\$Nil (2021: US\$513,000) respectively.

### Acquisition of a joint venture

During the year ended 31 December 2022, the Group's wholly owned subsidiary, Future Enterprises Pte Ltd ("FEPL") entered into a sale and purchase agreement on 18 October 2022 to acquire a total of 50.50% equity interest in Tea House LLP ("Tea House") (the "Acquisition") for a cash consideration of US\$2,450,000. The implicit goodwill arising from this transaction amounted to US\$962,000. The Group classified Tea House as a joint venture as the Group has joint control of Tea House.

### Disposal/dilution of interest in an associate

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

### Impairment loss

During the financial year ended 31 December 2022, the Group recognised an impairment loss on investment in 101 Caffe S.r.l of US\$1,000,000 (2021: Nil) to reduce the net carrying amount of the investment to its recoverable amount. The recoverable amount is determined based on the associate's value-in-use. The pre-tax discount rate and long-term growth rate used in the value-in-use calculations are 19.74% and 1.0% respectively.

## 17. INTANGIBLE ASSETS

|  | <b>Goodwill</b> | <b>Group Brand</b> | <b>Total</b> |
|--|-----------------|--------------------|--------------|
|  | US\$'000        | US\$'000           | US\$'000     |
| <b>Cost</b>  |                 |                    |              |
| At 1 January 2021, 31 December 2021 and 31 December 2022 | 7,489           | 8,361              | 15,850       |
| <b>Accumulated impairment</b>                            |                 |                    |              |
| At 1 January 2021 and 31 December 2021                   | 805             | 4,702              | 5,507        |
| Impairment loss  | -               | 2,041              | 2,041        |
| At 31 December 2022                                      | 805             | 6,743              | 7,548        |
| <b>Net carrying amount</b>                               |                 |                    |              |
| At 31 December 2022                                      | 6,684           | 1,618              | 8,302        |
| At 31 December 2021                                      | 6,684           | 3,659              | 10,343       |

### Impairment testing of goodwill and brand

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

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

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2022</b>  | <b>2021</b> |
|   | US\$'000     | US\$'000    |
| Goodwill  |              |             |
| - Procurement business for the Group's Russia operating segment | 4,797        | 4,797       |
| - Manufacturing and trading businesses in Malaysia              | 1,887        | 1,887       |
|   | 6,684        | 6,684       |
| Brand   | 1,618        | 3,659       |
|   | 8,302        | 10,343      |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 17. INTANGIBLE ASSETS (cont'd)

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

|                        | Goodwill  |        |  |        | Brand  |        |
|------------------------|---|--------|--|--------|--------|--------|
|                        | Procurement business<br>for the Group's Russia<br>operating segment |        | Manufacturing and<br>trading businesses in<br>Malaysia |        | 2022   | 2021   |
|                        | 2022  | 2021   | 2022   | 2021   |        |        |
| Terminal growth rates  | 1.00%   | 1.00%  | 1.00%  | 1.00%  | 1.00%  | 1.00%  |
| Pre-tax discount rates | 22.84%  | 15.32% | 23.65%   | 14.71% | 29.71% | 18.50% |

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

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

*Forecasted sales growth* – For the first five years of forecasted sales growth, sales are based on actual values achieved in the years preceding the start of the budget period. These are adjusted over the budget period of the next five years. An average sales growth of 5% (2021: 8%) and 5% (2021: 5%) per annum were applied for brand and goodwill respectively for the next five years.

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

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

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

### Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for the Group's CGUs or group of CGUs, management believes that an increase of more than 2 percentage points in the pre-tax discount rates would cause the recoverable amount of the Procurement business for the Group's Russia operating segment CGU to fall below its carrying amount.

Management believes that no reasonably possible change in any of the other key assumptions would cause the recoverable amounts of the units to materially fall below its carrying amount.

### Impairment loss

During the year, the Group recognised an impairment loss of US\$2,041,000 (2021: US\$Nil) on its brand - Petrovskaya Sloboda (acquired in 2007), reducing the carrying amount of the brand to its recoverable amount of US\$1,618,000 (2021: US\$3,659,000). The impairment loss is recognised in the profit or loss under the line item "Other expenses".

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

|  | Group    |          |
|--|----------|----------|
|  | 2022     | 2021     |
|  | US\$'000 | US\$'000 |
| Deferred tax assets/(liabilities):                   |          |          |
| Provisions   | 2,178    | 1,541    |
| Unutilised tax losses                                | 2,700    | 3,747    |
| Excess of net book value over tax written down value | (7,703)  | (7,832)  |
| Unrealised profits on inventories                    | 1,176    | 991      |
| Others   | 399      | 80       |
| Exchange realignment                                 | (250)    | 11       |
|  | (1,500)  | (1,462)  |
| Presented as:  |          |          |
| Deferred tax assets                                  | 3,675    | 3,110    |
| Deferred tax liabilities                             | (5,175)  | (4,572)  |

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

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

### Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US\$6,002,000 (2021: US\$6,747,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. The tax losses have no expiry date except for amounts of US\$5,303,000 (2021: US\$5,051,000) which have expiry periods ranging from 1 to 10 years from the date that the losses were incurred.

### Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2021: US\$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised amounted to US\$57,194,000 (2021: US\$28,914,000).

### Tax consequences of proposed dividends

There are no income tax consequences (2021: US\$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 10).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19. INVENTORIES

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2022</b>   | <b>2021</b>   |
|   | US\$'000      | US\$'000      |
| <b>Balance sheet:</b>                                       |               |               |
| Raw materials   | 35,699        | 34,446        |
| Packaging materials   | 10,979        | 10,615        |
| Finished products/trading goods                             | 27,352        | 28,460        |
| Total inventories at lower of cost and net realisable value | <u>74,030</u> | <u>73,521</u> |
| <b>Income statement:</b>                                    |               |               |
| Inventories recognised as an expense in cost of sales       | 223,301       | 174,553       |
| Inclusive of the following charge:                          |               |               |
| – Inventories (written-back)/written-down                   | <u>(178)</u>  | <u>587</u>    |

The write-back of inventories was made when the related inventories were sold above their carrying amounts in 2022.

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

|                               | <b>Company</b> |               |
|-------------------------------|----------------|---------------|
|                               | <b>2022</b>    | <b>2021</b>   |
|                               | US\$'000       | US\$'000      |
| Amounts due from subsidiaries | <u>31,433</u>  | <u>15,213</u> |
| Amounts due to subsidiaries   | <u>(53)</u>    | <u>(20)</u>   |

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

## 21. AMOUNTS DUE FROM/(TO) ASSOCIATES AND JOINT VENTURE (NON-TRADE)

|                               | <b>Group</b> |              |
|-------------------------------|--------------|--------------|
|                               | <b>2022</b>  | <b>2021</b>  |
|                               | US\$'000     | US\$'000     |
| <b>Non-current</b>            |              |              |
| Loan to joint venture         | <u>1,000</u> | <u>-</u>     |
| Amount due from an associate  | <u>-</u>     | <u>1,545</u> |
| <b>Current</b>                |              |              |
| Amounts due from associates   | <u>1,711</u> | <u>683</u>   |
| Amount due from joint venture | <u>2</u>     | <u>-</u>     |
| Amount due to an associate    | <u>-</u>     | <u>(297)</u> |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

|                                 | <b>Group</b>                 |              |
|---------------------------------|------------------------------|--------------|
|                                 | <b>2022</b>                  | <b>2021</b>  |
|                                 | US\$'000                     | US\$'000     |
| Loans to associates             | 5,359                        | 5,295        |
| Allowance for impairment        | (5,359)                      | (5,295)      |
|                                 | <u>-</u>                     | <u>-</u>     |
|                                 | <b>Group</b>                 |              |
|                                 | <i>Individually impaired</i> |              |
|                                 | <b>2022</b>                  | <b>2021</b>  |
|                                 | US\$'000                     | US\$'000     |
| Movement in allowance accounts: |                              |              |
| At 1 January                    | 5,295                        | 5,516        |
| Addition                        | 64                           | -            |
| Exchange realignment            | -                            | (221)        |
| At 31 December                  | <u>5,359</u>                 | <u>5,295</u> |

### Amounts due from/(to) associates and joint venture (non-trade)

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

The current amount due from joint venture relates to the interest charged on the loan arrangement with the Group's joint venture, Tea House LLP (Note 16). The amount is unsecured, interest bearing, expected to be settled in cash and is repayable on demand.

### Loans to associates and joint venture

During the year ended 31 December 2022, the Group entered into a loan facility agreement amounting to US\$4,040,000 with its joint venture, Tea House LLP (Note 16). In 2022, US\$1,000,000 was disbursed. The remaining balance is expected to be disbursed in 2023. This loan is unsecured, bears interest at 4.0% per annum, and expected to be settled in cash and is repayable in instalments from 2026 to 2029.

Loans to associates are unsecured, of which US\$2,237,000 (2021: US\$2,173,000) is repayable by 2023 and US\$3,122,000 (2021: US\$3,122,000) is repayable on demand. The loans are repayable either by cash or by issuance of common shares by the associates. The loans bear interest rates ranging from 1% to 3% and LIBOR + 2% per annum. As the loans had been fully impaired, no interest on these credit-impaired loans was recognised for the financial years ended 31 December 2022 and 2021 as there is uncertainty on the collectability of any interest.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 22. AMOUNTS DUE FROM/(TO) RELATED PARTIES

|   | Group            |                  |
|---|------------------|------------------|
|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Amount due from a related party (trade)   | 274              | 69               |
| Amount due to a related party (non-trade) | (754)            | (697)            |

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

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

## 23. TRADE RECEIVABLES

|                                      | Group            |                  | Company          |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Trade receivables                    | 33,143           | 41,695           | -                | -                |
| Allowance for expected credit losses | (1,666)          | (1,730)          | -                | -                |
|                                      | 31,477           | 39,965           | -                | -                |

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

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

|                      | Group            |                  | Company          |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| United States Dollar | 4,319            | 3,676            | -                | -                |
| Euro                 | 270              | 17               | -                | -                |
| Malaysia Ringgit     | 2,355            | 1,061            | -                | -                |

### Expected credit losses

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

|                                 | Group            |                  |
|---------------------------------|------------------|------------------|
|                                 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Movement in allowance accounts: |                  |                  |
| At 1 January                    | 1,730            | 1,812            |
| Charge for the year             | 571              | 342              |
| Written off                     | -                | (427)            |
| Written back                    | (690)            | -                |
| Exchange realignment            | 55               | 3                |
| At 31 December                  | 1,666            | 1,730            |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 24. OTHER RECEIVABLES

|                                    | Group        |              |
|------------------------------------|--------------|--------------|
|                                    | 2022         | 2021         |
|                                    | US\$'000     | US\$'000     |
| Staff advances                     | 100          | 108          |
| Tax recoverable                    | 1,227        | 1,721        |
| Sundry receivables                 | 1,878        | 3,060        |
| Allowance for doubtful receivables | (37)         | (37)         |
|                                    | <u>3,168</u> | <u>4,852</u> |

|                                 | Group                        |           |
|---------------------------------|------------------------------|-----------|
|                                 | <i>Individually impaired</i> |           |
|                                 | 2022                         | 2021      |
|                                 | US\$'000                     | US\$'000  |
| Movement in allowance accounts: |                              |           |
| At 1 January                    | 37                           | 20        |
| Charge for the year             | 21                           | 35        |
| Written off                     | -                            | (18)      |
| Written back                    | (28)                         | -         |
| Exchange realignment            | 7                            | -         |
| At 31 December                  | <u>37</u>                    | <u>37</u> |

Staff advances are unsecured and non-interest bearing.

## 25. CASH AND CASH EQUIVALENTS

|                              | Group          |               | Company      |            |
|------------------------------|----------------|---------------|--------------|------------|
|                              | 2022           | 2021          | 2022         | 2021       |
|                              | US\$'000       | US\$'000      | US\$'000     | US\$'000   |
| Cash at banks and on hand    | 61,350         | 40,425        | 1,070        | 760        |
| Short-term deposits          | 64,246         | 20,132        | -            | -          |
| Cash and short-term deposits | <u>125,596</u> | <u>60,557</u> | <u>1,070</u> | <u>760</u> |

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

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

|                      | Group    |          | Company  |          |
|----------------------|----------|----------|----------|----------|
|                      | 2022     | 2021     | 2022     | 2021     |
|                      | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| United States Dollar | 1,684    | 1,593    | 817      | 188      |
| Singapore Dollar     | 5,718    | 736      | -        | -        |
| Euro                 | 352      | 1,811    | -        | -        |
| Malaysia Ringgit     | 1,244    | 2,223    | -        | -        |
| Russian Ruble        | 4        | 1,851    | -        | -        |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 26. TRADE PAYABLES AND ACCRUALS

|                                   | Group    |          | Company  |          |
|-----------------------------------|----------|----------|----------|----------|
|                                   | 2022     | 2021     | 2022     | 2021     |
|                                   | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Trade payables                    | 26,818   | 31,975   | 68       | 30       |
| Accruals                          | 21,540   | 16,103   | 5,833    | 1,887    |
| Total trade payables and accruals | 48,358   | 48,078   | 5,901    | 1,917    |

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

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

|                      | Group    |          | Company  |          |
|----------------------|----------|----------|----------|----------|
|                      | 2022     | 2021     | 2022     | 2021     |
|                      | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| United States Dollar | 6,783    | 2,167    | 4,741    | 1,199    |
| Singapore Dollar     | 1,443    | 855      | -        | -        |
| Euro                 | 1,588    | 1,126    | -        | -        |
| Malaysia Ringgit     | 6,479    | 5,803    | -        | -        |

## 27. AMOUNT DUE TO AN ASSOCIATE (TRADE)

|                                    | Group    |          |
|------------------------------------|----------|----------|
|                                    | 2022     | 2021     |
|                                    | US\$'000 | US\$'000 |
| Amount due to an associate (trade) | 213      | 131      |

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

## 28. INTEREST-BEARING LOANS AND BORROWINGS

|                            | Group    |          |
|----------------------------|----------|----------|
|                            | 2022     | 2021     |
|                            | US\$'000 | US\$'000 |
| <b>Current</b>             |          |          |
| Revolving credit loans     | 4,239    | 12,471   |
| Term loans                 | 9,239    | 9,950    |
|                            | 13,478   | 22,421   |
| <b>Non-current</b>         |          |          |
| Term loans                 | 24,776   | 27,385   |
| Total loans and borrowings | 38,254   | 49,806   |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

|                                   | Denomination | Interest (p.a)          | Maturity  | Group            |                  |
|-----------------------------------|--------------|-------------------------|-----------|------------------|------------------|
|                                   |              |                         |           | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Current Revolving Credit</b>   |              |                         |           |                  |                  |
| Loan 1                            | USD          | COF + 1.50% to 2.20%    | 2022      | -                | 3,684            |
| Loan 2                            | USD          | SOFRLIBOR + 2.00%       | 2023/2022 | 4,239            | 8,045            |
| Loan 3                            | USD          | COF + 2.31% to 2.34%    | 2022      | -                | 742              |
|                                   |              |                         |           | 4,239            | 12,471           |
| <b>Current Term Loans</b>         |              |                         |           |                  |                  |
| Loan 4                            | USD          | COF + 1.75%             | 2023      | 210              | -                |
| Loan 5                            | USD          | COF + 2.20%             | 2022      | -                | 76               |
| Loan 6                            | SGD          | COF + 1.15%             | 2022      | -*               | 642              |
| Loan 7                            | USD          | SOFRLIBOR + 2.45%       | 2023/2022 | 7,800            | 7,984            |
| Loan 8                            | SGD          | 1.75%                   | 2023/2022 | 1,229            | 1,199            |
| Loan 9                            | LKR          | LIBOR + 4.00% to 10.65% | 2022      | -**              | 49               |
|                                   |              |                         |           | 9,239            | 9,950            |
| <b>Non-Current Term Loans</b>     |              |                         |           |                  |                  |
| Loan 4                            | USD          | COF + 1.75%             | 2028      | 1,652            | 1,862            |
| Loan 6                            | SGD          | COF + 1.15%             | 2024      | -*               | 802              |
| Loan 7                            | USD          | SOFRLIBOR + 2.45%       | 2026      | 21,963           | 22,205           |
| Loan 8                            | SGD          | 1.75%                   | 2024      | 1,161            | 2,395            |
| Loan 9                            | LKR          | LIBOR + 4.00% to 10.65% | 2026      | -**              | 121              |
|                                   |              |                         |           | 24,776           | 27,385           |
| <b>Total loans and borrowings</b> |              |                         |           | 38,254           | 49,806           |

\* Loan 6 was fully repaid upon the disposal of subsidiary, Food Empire Real Estates Pte Ltd as disclosed in Note 15 to the financial statements.

\*\* Loan 9 was de-recognised from the Group upon the disposal of subsidiary, Tea Avenue (Private) Limited as disclosed in Note 15 to the financial statements.

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

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

SOFRL – The Secured Overnight Financing Rate is a benchmark interest rate for dollar-denominated derivatives and loans that will replace LIBOR in 2023.

|                            | Group            |                  |
|----------------------------|------------------|------------------|
|                            | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Secured <sup>(1)</sup>     | 35,864           | 41,616           |
| Unsecured <sup>(2)</sup>   | 2,390            | 8,190            |
| Total loans and borrowings | 38,254           | 49,806           |

<sup>(1)</sup> The loans are secured by mortgages on the borrowing subsidiaries' leasehold and freehold properties, plant, equipment and machineries, inventories, trade and other receivables and corporate guarantees issued by the ultimate holding company.

<sup>(2)</sup> The loans are unsecured and are covered by corporate guarantees issued by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

|  | 1<br>January<br>2022<br>US\$'000 | Cash<br>flows<br>US\$'000 | Non-cash changes                            |   |  | 31<br>December<br>2022<br>US\$'000 |
|--|----------------------------------|---------------------------|---|---|--|------------------------------------|
|  |                                  |                           | Foreign<br>exchange<br>movement<br>US\$'000 | Accretion<br>of<br>interest<br>US\$'000 | Disposal<br>of<br>subsidiaries<br>US\$'000 |                                    |
|  |                                  |                           | Loans and borrowings                        | 49,806                                  | (13,071)                                   |                                    |

|  | 1<br>January<br>2021<br>US\$'000 | Cash<br>flows<br>US\$'000 | Non-cash changes                            |   |  | 31<br>December<br>2021<br>US\$'000 |
|--|----------------------------------|---------------------------|---|---|--|------------------------------------|
|  |                                  |                           | Foreign<br>exchange<br>movement<br>US\$'000 | Accretion<br>of<br>interest<br>US\$'000 | Disposal<br>of<br>subsidiaries<br>US\$'000 |                                    |
|  |                                  |                           | Loans and borrowings                        | 53,733                                  | (4,847)                                    |                                    |

## 29. OTHER PAYABLES

|  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Rental and other deposits                              | 172              | 394              | -                | -                |
| Advance payments received from customers               | 665              | 1,066            | -                | -                |
| Payables for purchase of property, plant and equipment | 852              | 783              | -                | -                |
| Sundry payables  | 2,723            | 2,643            | -                | -                |
| Total other payables                                   | 4,412            | 4,886            | -                | -                |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

|  | <b>Group and Company</b> |               |
|--|--------------------------|---------------|
|  | <b>2022</b>              | <b>2021</b>   |
|  | US\$'000                 | US\$'000      |
| <b>Issued and fully paid:</b>  |                          |               |
| At beginning of the year   |                          |               |
| 545,767,999 (2021: 540,917,999) ordinary shares including treasury shares      | 45,420                   | 43,267        |
| Issued under employee share option   |                          |               |
| Nil (2021: 2,060,000) ordinary shares issued at exercise price of S\$0.315     | –                        | 631           |
| 2,105,000 (2021: 250,000) ordinary shares issued at exercise price of S\$0.308 | 618                      | 76            |
| Nil (2021: 990,000) ordinary shares issued at exercise price of S\$0.505       | –                        | 494           |
| 200,000 (2021: 380,000) ordinary shares issued at exercise price of S\$0.669   | 130                      | 249           |
| Nil (2021: 610,000) ordinary shares issued at exercise price of S\$0.556       | –                        | 334           |
| Nil (2021: 400,000) ordinary shares issued at exercise price of S\$0.679       | –                        | 265           |
| Nil (2021: 160,000) ordinary shares issued at exercise price of S\$0.667       | –                        | 104           |
| At end of the year   |                          |               |
| 548,072,999 (2021: 545,767,999) ordinary shares including treasury shares      | <u>46,168</u>            | <u>45,420</u> |

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

As at the end of the year, the total number of unissued ordinary shares of the Company under options granted to eligible employees and Directors under the 2012 Option Scheme and 2022 Option Scheme amounted to 16,540,000 (2021: 20,745,000) and 3,450,000 (2021: Nil) shares respectively. Details of outstanding options are set out in Note 32.

### (b) Treasury shares

|   | <b>Group and Company</b> |              |
|---|--------------------------|--------------|
|   | <b>2022</b>              | <b>2021</b>  |
|   | US\$'000                 | US\$'000     |
| At beginning of the year                                |                          |              |
| 8,569,400 (2021: 4,338,300) treasury shares             | 4,242                    | 1,742        |
| Purchase of 5,727,900 (2021: 4,231,100) treasury shares | <u>2,327</u>             | <u>2,500</u> |
| At end of the year                                      |                          |              |
| 14,297,300 (2021: 8,569,400) treasury shares            | <u>6,569</u>             | <u>4,242</u> |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. RESERVES

|                                      | Group    |          | Company  |          |
|--------------------------------------|----------|----------|----------|----------|
|                                      | 2022     | 2021     | 2022     | 2021     |
|                                      | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Foreign currency translation reserve | (12,404) | (11,380) | 913      | (151)    |
| Share-based payment reserve          | 3,667    | 3,769    | 3,667    | 3,769    |
| Accumulated profits                  | 245,842  | 194,149  | 26,956   | 13,898   |
|                                      | 237,105  | 186,538  | 31,536   | 17,516   |

### (a) Foreign currency translation reserve

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

### (b) Share-based payment reserve

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

## 32. EMPLOYEE BENEFITS

|   | Group    |          |
|---|----------|----------|
|   | 2022     | 2021     |
|   | US\$'000 | US\$'000 |
| Salaries, wages and other staff benefits  | 51,262   | 46,481   |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 5,327    | 4,953    |
| Value of employee services received from the issuance of share options                  | 326      | 429      |
|   | 56,915   | 51,863   |

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 which has since expired on 22 April 2022.

The Food Empire Holdings Limited Share Option Scheme (the "2022 Option Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 22 April 2022.

The 2012 Option Scheme and 2022 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 (excluding Shares held by the Company as treasury shares and subsidiary holdings, if any) 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 2012 Option Scheme and 2022 Option Scheme are administered by the RC.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. EMPLOYEE BENEFITS (cont'd)

Movements in the number of share options outstanding under the 2012 Option Scheme and 2022 Option Scheme as at 31 December 2022 and the details of the 2012 Option Scheme and 2022 Option Scheme are as follows:

|  | Number of holders of options at end of year | Number of options outstanding at 1.1.2022 | 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 31.12.2022 | Exercise price per share \$ | Exercise period                | Remaining contractual life (years) |
|--|---|---|---|--|---|---|-----------------------------|--------------------------------|------------------------------------|
| <b>2012 Option Scheme</b>                      |   |   |   |  |   |   |                             |                                |                                    |
| 2013 Options                                   | 12  | 3,430,000                                 | -   | (300,000)  | (200,000)   | 2,930,000                                   | 0.669                       | 8 March 2014 to 7 March 2023   | 0.2                                |
| 2016 Options                                   | 10  | 3,085,000                                 | -   | (300,000)  | (2,105,000)   | 680,000                                     | 0.308                       | 4 July 2017 to 3 July 2026     | 3.5                                |
| 2017 Options                                   | 6   | 550,000                                   | -   | -  | -   | 550,000                                     | 0.693                       | 23 May 2018 to 22 May 2027     | 4.4                                |
| 2018 Options                                   | 10  | 3,950,000                                 | -   | (300,000)  | -   | 3,650,000 <sup>(1)</sup>                    | 0.679                       | 16 March 2019 to 15 March 2028 | 5.3                                |
| 2019 Options                                   | 18  | 4,590,000                                 | -   | (500,000)  | -   | 4,090,000 <sup>(2)</sup>                    | 0.556                       | 15 March 2020 to 14 March 2029 | 6.3                                |
| 2020 Options                                   | 19  | 5,140,000                                 | -   | (500,000)  | -   | 4,640,000 <sup>(3)</sup>                    | 0.667                       | 6 March 2021 to 5 March 2030   | 7.3                                |
|  |   | 20,745,000                                | -   | (1,900,000)  | (2,305,000)   | 16,540,000                                  |                             |                                |                                    |
| <b>2022 Option Scheme</b>                      |   |   |   |  |   |   |                             |                                |                                    |
| 2022 Options                                   | 19  | -   | 3,450,000   | -  | -   | 3,450,000 <sup>(4)</sup>                    | 0.536                       | 1 June 2023 to 31 May 2032     | 9.4                                |
| Weighted average exercise price per share (\$) |   | 0.592                                     | 0.536   | 0.583  | 0.339   | 0.613                                       |                             |                                |                                    |

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

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

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

<sup>(4)</sup> Includes 200,000 outstanding options which are exercisable between 1 June 2023 to 31 May 2027.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. EMPLOYEE BENEFITS (cont'd)

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. EMPLOYEE BENEFITS (cont'd)

Out of the 19,990,000 (2021: 20,745,000) outstanding options on 31 December 2022, 15,100,000 (2021: 16,005,000) share options are exercisable as at 31 December 2022.

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

### (a) 2013 Options

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

### (b) 2016 Options

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

### (c) 2017 Options

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

### (d) 2018 Options

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. EMPLOYEE BENEFITS *(cont'd)*

### (e) 2019 Options

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

### (f) 2020 Options

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

### (g) 2022 Options

|                                    | <b>Group</b>            |
|------------------------------------|-------------------------|
|                                    | <u>Grant - 10 years</u> |
| Average dividend per share (S\$)   | 0.00816                 |
| Expected volatility (%)            | 43.530                  |
| Risk-free rate (%)                 | 2.630                   |
| Expected life of option (years)    | 6.88                    |
| Weighted average share price (S\$) | <u>0.536</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.

The Food Empire Holdings Limited Performance Share Plan (the "2022 Award Plan") was approved and adopted at the Company's Extraordinary General Meeting held on 22 April 2022.

The 2022 Award Plan applies to eligible employees and Directors of the Group, other than the Group Non-Executive Directors (including independent Directors). Controlling Shareholders and their Associates are not eligible to participate in the 2022 Award Plan.

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 (excluding Shares held by the Company as treasury shares and subsidiary holdings, if any) on the day immediately preceding the offer date.

The participants of the 2022 Award Plan will receive shares provided that certain prescribed performance targets or vesting conditions are met within a prescribed performance period. The performance period for the awards granted is three years. The number of shares that will vest for each participant will be determined at the end of the performance period based on the level of attainment of the performance targets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. EMPLOYEE BENEFITS (cont'd)

The 2022 Award Plan is administered by the RC.

|                        | Number of holders at end of year | Number of share awards outstanding at 1.1.2022 | Number of share awards granted during the financial year | Number of share awards lapsed during the financial year | Number of share awards outstanding at 31.12.2022 | Performance condition period     |
|------------------------|----------------------------------|--|--|---|--|----------------------------------|
| <b>2022 Award Plan</b> |                                  |  |  |   |  |                                  |
| 2022 Share Awards      | 1                                | -  | 657,211  | -   | 657,211  | 1 June 2022 and 31 December 2024 |
|                        |                                  | -  | 657,211  | -   | 657,211  |                                  |

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

### (a) 2022 Performance Award Plan

|                                    | Group Grant |
|------------------------------------|-------------|
| Average dividend per share (S\$)   | 0.01075     |
| Expected volatility (%)            | 39.4        |
| Risk-free rate (%)                 | 2.32        |
| Weighted average share price (S\$) | 0.54        |

## 33. SEGMENT INFORMATION

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. SEGMENT INFORMATION (cont'd)

|  | Russia   |          |          |          | Ukraine, Kazakhstan and CIS markets |           |          |          | South-East Asia |          |          |          | South Asia |          |          |           | Others    |          |          |          | Per consolidated financial statements |          |          |   |
|--|----------|----------|----------|----------|-------------------------------------|-----------|----------|----------|-----------------|----------|----------|----------|------------|----------|----------|-----------|-----------|----------|----------|----------|---------------------------------------|----------|----------|---|
|  | 2022     |          | 2021     |          | 2022                                |           | 2021     |          | 2022            |          | 2021     |          | 2022       |          | 2021     |           | 2022      |          | 2021     |          | 2022                                  |          | 2021     |   |
|  | 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 | US\$'000 | US\$'000  | US\$'000  | US\$'000 | US\$'000 | US\$'000 | US\$'000                              | US\$'000 | US\$'000 |   |
| <b>Revenue</b>   |          |          |          |          |                                     |           |          |          |                 |          |          |          |            |          |          |           |           |          |          |          |                                       |          |          |   |
| Total segment sales  | 159,932  | 124,288  | 91,480   | 71,161   | 199,291                             | 209,457   | 55,944   | 32,887   | 26,180          | 19,826   | 19,826   | 398,362  | 320,074    | 532,827  | 457,619  | (134,465) | (137,545) |          |          |          |                                       |          |          |   |
| Inter-segment sales <sup>(a)</sup>                               | (11,548) | (9,373)  | -        | -        | (106,573)                           | (112,678) | (16,344) | (15,494) | -               | -        | -        | -        | -          | -        | -        | -         | -         | -        | -        | -        | -                                     | -        | -        | - |
| Segment sales to external customers                              | 148,384  | 114,915  | 91,480   | 71,161   | 92,718                              | 96,779    | 39,600   | 17,393   | 26,180          | 19,826   | 19,826   | 398,362  | 320,074    | 532,827  | 457,619  | (134,465) | (137,545) |          |          |          |                                       |          |          |   |
| <b>Results</b>   |          |          |          |          |                                     |           |          |          |                 |          |          |          |            |          |          |           |           |          |          |          |                                       |          |          |   |
| Segment results  | 34,348   | 7,371    | 12,946   | 9,734    | 12,638                              | 17,551    | 7,051    | 5,594    | 584             | (2,087)  | (2,087)  | 67,567   | 38,163     | 67,567   | 38,163   | (2,159)   | (1,445)   |          |          |          |                                       |          |          |   |
| Interest income  | 409      | 107      | 193      | 27       | 167                                 | 66        | 115      | 56       | 49              | 3        | 3        | 933      | 259        | 933      | 259      | (2,159)   | (1,445)   |          |          |          |                                       |          |          |   |
| Interest expenses  | (380)    | (290)    | (41)     | (75)     | (177)                               | (185)     | (1,552)  | (879)    | (9)             | (16)     | (16)     | (2,159)  | (1,445)    | (2,159)  | (1,445)  |           |           |          |          |          |                                       |          |          |   |
| Share of profits/(losses) of associates and joint venture        | 620      | 494      | (185)    | -        | -                                   | -         | -        | -        | 2,217           | 844      | 844      | 2,652    | 1,338      | 2,652    | 1,338    |           |           |          |          |          |                                       |          |          |   |
| Income tax (expense)/credit                                      | (4,968)  | (807)    | (1,449)  | (381)    | (4,046)                             | (5,417)   | (229)    | (347)    | 54              | (22)     | (22)     | (10,638) | (6,974)    | (10,638) | (6,974)  |           |           |          |          |          |                                       |          |          |   |
| Non-controlling interest   | 4        | 1        | -        | -        | -                                   | -         | (2)      | 96       | 27              | 64       | 64       | 29       | 161        | 29       | 161      |           |           |          |          |          |                                       |          |          |   |
| Depreciation of property, plant and equipment                    | (569)    | (994)    | (473)    | (497)    | (2,943)                             | (3,012)   | (4,526)  | (3,853)  | (38)            | (71)     | (71)     | (8,549)  | (8,427)    | (8,549)  | (8,427)  |           |           |          |          |          |                                       |          |          |   |
| Depreciation of investment properties                            | -        | -        | -        | -        | (74)                                | (151)     | -        | -        | -               | -        | -        | (74)     | (151)      | (74)     | (151)    |           |           |          |          |          |                                       |          |          |   |
| Depreciation of right-of-use assets                              | (1,323)  | (1,423)  | (141)    | (133)    | (268)                               | (257)     | (74)     | (97)     | (80)            | (75)     | (75)     | (1,886)  | (1,985)    | (1,886)  | (1,985)  |           |           |          |          |          |                                       |          |          |   |
| Gain/(loss) on disposal of subsidiaries                          | -        | -        | -        | -        | 15,013                              | -         | 284      | -        | (10)            | -        | -        | 15,287   | -          | 15,287   | -        |           |           |          |          |          |                                       |          |          |   |
| Impairment loss on investment in an associate                    | -        | -        | -        | -        | -                                   | -         | -        | -        | (1,000)         | -        | -        | (1,000)  | (43)       | (1,000)  | (43)     |           |           |          |          |          |                                       |          |          |   |
| Impairment loss on brand   | (1,275)  | -        | (766)    | -        | -                                   | -         | -        | -        | -               | -        | -        | (2,041)  | -          | (2,041)  | -        |           |           |          |          |          |                                       |          |          |   |
| Other non-cash expenses <sup>(b)</sup>                           | 321      | (673)    | (194)    | (75)     | (35)                                | (639)     | (53)     | (50)     | (63)            | 42       | 42       | (24)     | (1,395)    | (24)     | (1,395)  |           |           |          |          |          |                                       |          |          |   |
| Profit/(loss) attributable to equity shareholders of the Company | 27,187   | 3,786    | 9,890    | 8,600    | 20,275                              | 7,956     | 1,014    | 477      | 1,731           | (1,318)  | (1,318)  | 60,097   | 19,501     | 60,097   | 19,501   |           |           |          |          |          |                                       |          |          |   |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. SEGMENT INFORMATION (cont'd)

|   | Russia   |          | Ukraine, Kazakhstan and CIS markets |          | South-East Asia |          | South Asia |          | Others   |          | Per consolidated financial statements |           |
|---|----------|----------|-------------------------------------|----------|-----------------|----------|------------|----------|----------|----------|---------------------------------------|-----------|
|   | 2022     | 2021     | 2022                                | 2021     | 2022            | 2021     | 2022       | 2021     | 2022     | 2021     | 2022                                  | 2021      |
|   | 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                              | 62,453   | 64,471   | 25,808                              | 26,012   | 210,615         | 163,346  | 76,301     | 76,878   | 6,318    | 9,335    | 381,495                               | 340,042   |
| <b>Liabilities</b>                          |          |          |                                     |          |                 |          |            |          |          |          |                                       |           |
| Segment liabilities                         | (18,275) | (8,793)  | (4,295)                             | (4,189)  | (41,210)        | (54,106) | (41,300)   | (45,313) | (816)    | (1,082)  | (105,896)                             | (113,483) |
| <b>Other Information</b>                    |          |          |                                     |          |                 |          |            |          |          |          |                                       |           |
| Investments in associates and joint venture | 4,472    | 3,634    | 2,299                               | -        | -               | -        | -          | -        | 5,059    | 5,412    | 11,830                                | 9,046     |
| Additions to non-current assets             | 6,138    | 777      | 569                                 | 273      | 11,310          | 1,644    | 2,164      | 6,826    | 8        | 52       | 20,189                                | 9,572     |

<sup>(a)</sup> Inter-segment revenues are eliminated on consolidation.

<sup>(b)</sup> Other non-cash expenses consist of allowance for doubtful debts, bad debts written off, inventories written down and value of employee services received from the issuance of share options and share awards as presented in the respective notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. SEGMENT INFORMATION *(cont'd)*

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

|             | Group            |                  |
|-------------|------------------|------------------|
|             | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Beverages   | 299,315          | 259,861          |
| Ingredients | 63,124           | 33,581           |
| Others      | 35,923           | 26,632           |
|             | <u>398,362</u>   | <u>320,074</u>   |

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

|                                     | Group            |                  |
|-------------------------------------|------------------|------------------|
|                                     | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Russia                              | 14,965           | 12,867           |
| Ukraine, Kazakhstan and CIS markets | 1,586            | 2,314            |
| South-East Asia                     | 43,657           | 57,151           |
| South Asia                          | 62,428           | 65,447           |
| Others                              | 11               | 48               |
|                                     | <u>122,647</u>   | <u>137,827</u>   |

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

### ***Information about major customers***

Revenue from six major customers amounted to US\$80,203,000 (2021: US\$63,142,000), arising from sale of goods in the Russia, Ukraine, Kazakhstan and CIS markets segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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>2022</b>  | <b>2021</b> |
|   | US\$'000     | US\$'000    |
| Capital commitments in respect of property, plant and equipment | 9,321        | 6,753       |

### *Operating lease commitments as lessor*

As at 31 December 2021, the Group entered into commercial property leases on its investment properties. These non-cancellable leases had remaining terms of between one and ten years as at 31 December 2021.

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

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2022</b>  | <b>2021</b> |
|   | US\$'000     | US\$'000    |
| Not later than one year                           | –            | 624         |
| Later than one year but not later than five years | –            | 571         |
| Later than five years                             | –            | 89          |
|   | –            | 1,284       |

### *Guarantees*

The Company has given corporate guarantees to banks amounting to US\$142,658,000 (2021: US\$162,711,000) to secure banking facilities granted to its subsidiaries.

### *Financial support*

The Company has agreed to provide financial support to certain subsidiaries to meet their liabilities as and when they fall due and to subordinate the amounts due from them subject to the settlement of other liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 35. RELATED PARTY TRANSACTIONS

### (a) Sale and purchase of goods and services and other transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| <b>Group</b>  |                  |                  |
| - Divestment of 50% shareholding in Simonelo Limited (Note 16) <sup>(a)</sup>                                       | -                | 2,145            |
| - Lease payments made to Triple Ace Ventures Limited and its subsidiaries and Simonelo Limited and its subsidiaries | 2,047            | 1,788            |
| <br><u>UDI Marketing Sdn Bhd</u> <sup>(b)</sup>   |                  |                  |
| - Sale of goods   | 952              | 685              |
| <br><u>PT Indokemika Jayatama</u> <sup>(b)</sup>  |                  |                  |
| - Sale of goods   | 784              | -                |
| <br><b>Company</b>  |                  |                  |
| <u>Subsidiaries</u>   |                  |                  |
| - Management fees received  | 2,287            | 1,127            |

<sup>(a)</sup> Triple Ace Ventures Limited also acquired 50% shareholding in Simonelo Limited from Euro Asia Dynamic Ventures Limited, which is associated to one of the directors and substantial shareholder, Mr Sudeep Nair, for a consideration of US\$2,145,000.

<sup>(b)</sup> Company associated to Universal Integrated Corporation Consumer Products Pte Ltd., a substantial shareholder of the Group.

### (b) Compensation of key management personnel

|  | Group            |                  |
|--|------------------|------------------|
|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Salaries, wages and other staff benefits   | 8,910            | 4,635            |
| Central Provident Fund contributions   | 35               | 48               |
| Value of employee services received from the issuance of share options and share award | 220              | 275              |
| Total compensation paid to key management personnel                                    | 9,165            | 4,958            |

|   | Group            |                  |
|---|------------------|------------------|
|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <i>Comprise amounts paid to:</i>                    |                  |                  |
| Directors of the Group                              | 5,633            | 2,455            |
| Other key management personnel                      | 3,532            | 2,503            |
| Total compensation paid to key management personnel | 9,165            | 4,958            |

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

In addition to their salaries, certain Directors also participate in the 2012 Option Scheme, 2022 Option Scheme and 2022 Award Plan granted under the Food Empire Holdings Limited Share Option Scheme and Food Empire Holdings Limited Performance Share Plan. 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 2022

## 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 |               |
|--------------------------|---------------------------|---------------|
|                          | 2022                      | 2021          |
|                          | '000                      | '000          |
| Directors                | 6,600                     | 7,900         |
| Key management personnel | 5,270                     | 7,250         |
|                          | <u>11,870</u>             | <u>15,150</u> |

## 36. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation input used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs at different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 2022 and 2021.

### (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 amounts of trade and other receivables, cash and cash equivalents, amounts due from subsidiaries (non-trade), current amounts due from associates and joint venture (non-trade), amount due from a related party (trade), trade and other payables, current lease liabilities, and current interest-bearing loans and borrowings, amount due to a subsidiary (non-trade), amount due to a related party (non-trade) and amounts due to associates (trade and non-trade) are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of non-current lease liabilities and interest-bearing loans and borrowings are reasonable approximation of fair values as their interest rate approximate the market lending rate.

The carrying amount of non-current amount due from an associate and loan to joint venture reasonably approximates fair value as the effect of discounting these cash flows based on the expected receipt dates is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (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 was investment properties. Generally, the fair values of investment properties were determined annually by independent professional valuers. The carrying amount of the investment properties is disclosed in Note 14.

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

#### Recurring fair value measurement

| Description                                | Fair value as at<br>31 December 2022<br>US\$'000 | Valuation techniques | Key unobservable inputs |
|--|--|----------------------|-------------------------|
| <b>Investment properties<sup>(1)</sup></b> |  |                      |                         |
| - Singapore                                | -  | -                    | -                       |

| Description                  | Fair value as at<br>31 December 2021<br>US\$'000 | Valuation techniques     | Key unobservable inputs                                  |
|------------------------------|--|--------------------------|--|
| <b>Investment properties</b> |  |                          |  |
| - Singapore                  | 24,823   | Market comparison method | Transacted price of comparable properties <sup>(2)</sup> |

<sup>(1)</sup> No valuation was performed as the investment properties were disposed of via the disposal of the Group's wholly-owned Singapore subsidiary, Food Empire Real Estates Pte Ltd.

<sup>(2)</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 SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

### (d) Classification of assets and liabilities

| Group<br>2022   | Financial<br>assets at<br>amortised<br>cost<br>US\$'000 | Financial<br>liabilities at<br>amortised<br>cost<br>US\$'000 | Non-<br>financial<br>assets/<br>liabilities<br>US\$'000 | Total<br>US\$'000 |
|---|---|--|---|-------------------|
| <b>Assets</b>   |   |  |   |                   |
| Property, plant and equipment                             | -   | -  | 101,251   | 101,251           |
| Right-of-use assets                                       | -   | -  | 13,094  | 13,094            |
| Investments in associates and joint venture               | -   | -  | 11,830  | 11,830            |
| Intangible assets   | -   | -  | 8,302   | 8,302             |
| Deferred tax assets                                       | -   | -  | 3,675   | 3,675             |
| Inventories   | -   | -  | 74,030  | 74,030            |
| Prepaid operating expenses                                | -   | -  | 5,605   | 5,605             |
| Deposits  | 480   | -  | -   | 480               |
| Amounts due from associates and joint venture (non-trade) | 2,713   | -  | -   | 2,713             |
| Amount due from a related party (trade)                   | 274   | -  | -   | 274               |
| Trade receivables   | 31,477  | -  | -   | 31,477            |
| Other receivables   | 1,841   | -  | 1,327   | 3,168             |
| Cash and cash equivalents                                 | 125,596   | -  | -   | 125,596           |
|   | <u>162,381</u>  | <u>-</u>   | <u>219,114</u>  | <u>381,495</u>    |
| <b>Liabilities</b>  |   |  |   |                   |
| Trade payables and accruals                               | -   | (48,358)   | -   | (48,358)          |
| Other payables  | -   | (3,747)  | (665)   | (4,412)           |
| Lease liabilities   | -   | (6,362)  | -   | (6,362)           |
| Interest-bearing loans and borrowings                     | -   | (38,254)   | -   | (38,254)          |
| Amount due to an associate (trade)                        | -   | (213)  | -   | (213)             |
| Amount due to a related party (non-trade)                 | -   | (754)  | -   | (754)             |
| Income tax payable  | -   | -  | (2,368)   | (2,368)           |
| Deferred tax liabilities                                  | -   | -  | (5,175)   | (5,175)           |
|   | <u>-</u>  | <u>(97,688)</u>  | <u>(8,208)</u>  | <u>(105,896)</u>  |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

### (d) Classification of assets and liabilities (cont'd)

| Group<br>2021                             | Financial<br>assets at<br>amortised<br>cost<br>US\$'000 | Financial<br>liabilities at<br>amortised<br>cost<br>US\$'000 | Non-<br>financial<br>assets/<br>liabilities<br>US\$'000 | Total<br>US\$'000 |
|---|---|--|---|-------------------|
| <b>Assets</b>                             |   |  |   |                   |
| Property, plant and equipment             | -   | -  | 103,944   | 103,944           |
| Right-of-use assets                       | -   | -  | 9,514   | 9,514             |
| Investment properties                     | -   | -  | 14,026  | 14,026            |
| Investments in associates                 | -   | -  | 9,046   | 9,046             |
| Intangible assets                         | -   | -  | 10,343  | 10,343            |
| Deferred tax assets                       | -   | -  | 3,110   | 3,110             |
| Inventories                               | -   | -  | 73,521  | 73,521            |
| Prepaid operating expenses                | -   | -  | 8,074   | 8,074             |
| Deposits                                  | 793   | -  | -   | 793               |
| Amounts due from associates (non-trade)   | 2,228   | -  | -   | 2,228             |
| Amount due from a related party (trade)   | 69  | -  | -   | 69                |
| Trade receivables                         | 39,965  | -  | -   | 39,965            |
| Other receivables                         | 3,023   | -  | 1,829   | 4,852             |
| Cash and cash equivalents                 | 60,557  | -  | -   | 60,557            |
|   | <u>106,635</u>  | <u>-</u>   | <u>233,407</u>  | <u>340,042</u>    |
| <b>Liabilities</b>                        |   |  |   |                   |
| Trade payables and accruals               | -   | (48,078)   | -   | (48,078)          |
| Other payables                            | -   | (3,820)  | (1,066)   | (4,886)           |
| Lease liabilities                         | -   | (3,514)  | -   | (3,514)           |
| Interest-bearing loans and borrowings     | -   | (49,806)   | -   | (49,806)          |
| Amount due to an associate (trade)        | -   | (131)  | -   | (131)             |
| Amount due to an associate (non-trade)    | -   | (297)  | -   | (297)             |
| Amount due to a related party (non-trade) | -   | (697)  | -   | (697)             |
| Income tax payable                        | -   | -  | (1,502)   | (1,502)           |
| Deferred tax liabilities                  | -   | -  | (4,572)   | (4,572)           |
|   | <u>-</u>  | <u>(106,343)</u>   | <u>(7,140)</u>  | <u>(113,483)</u>  |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 36. FAIR VALUE OF ASSETS AND LIABILITIES *(cont'd)*

### (d) Classification of assets and liabilities *(cont'd)*

| Company<br>2022                           | Financial<br>assets at<br>amortised<br>cost<br>US\$'000 | Financial<br>liabilities at<br>amortised<br>cost<br>US\$'000 | Non-<br>financial<br>assets/<br>liabilities<br>US\$'000 | Total<br>US\$'000 |
|---|---|--|---|-------------------|
| <b>Assets</b>                             |   |  |   |                   |
| Right-of-use assets                       | -   | -  | 284   | 284               |
| Investments in subsidiaries               | -   | -  | 44,485  | 44,485            |
| Prepaid operating expenses                | -   | -  | 17  | 17                |
| Amounts due from subsidiaries (non-trade) | 31,433  | -  | -   | 31,433            |
| Cash and cash equivalents                 | 1,070   | -  | -   | 1,070             |
|   | <u>32,503</u>   | <u>-</u>   | <u>44,786</u>   | <u>77,289</u>     |
| <b>Liabilities</b>                        |   |  |   |                   |
| Trade payables and accruals               | -   | (5,901)  | -   | (5,901)           |
| Lease liabilities                         | -   | (150)  | -   | (150)             |
| Amounts due to subsidiaries (non-trade)   | -   | (53)   | -   | (53)              |
| Income tax payable                        | -   | -  | (50)  | (50)              |
|   | <u>-</u>  | <u>(6,104)</u>   | <u>(50)</u>   | <u>(6,154)</u>    |
| <b>Company<br/>2021</b>                   |   |  |   |                   |
| <b>Assets</b>                             |   |  |   |                   |
| Right-of-use assets                       | -   | -  | 357   | 357               |
| Investments in subsidiaries               | -   | -  | 44,485  | 44,485            |
| Prepaid operating expenses                | -   | -  | 16  | 16                |
| Amounts due from subsidiaries (non-trade) | 15,213  | -  | -   | 15,213            |
| Cash and cash equivalents                 | 760   | -  | -   | 760               |
|   | <u>15,973</u>   | <u>-</u>   | <u>44,858</u>   | <u>60,831</u>     |
| <b>Liabilities</b>                        |   |  |   |                   |
| Trade payables and accruals               | -   | (1,917)  | -   | (1,917)           |
| Lease liabilities                         | -   | (187)  | -   | (187)             |
| Amount due to a subsidiary (non-trade)    | -   | (20)   | -   | (20)              |
| Income tax payable                        | -   | -  | (13)  | (13)              |
|   | <u>-</u>  | <u>(2,124)</u>   | <u>(13)</u>   | <u>(2,137)</u>    |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

The Group and the Company does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group sells mainly to Russia, South-East Asia, Ukraine, Kazakhstan and CIS markets. Hence, risk is concentrated on the trade receivables in these countries.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 150 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

#### Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2022 and 31 December 2021 incorporates forward looking information such as forecast of economic conditions where the gross domestic product may change significantly over the next year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

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

#### Trade receivables *(cont'd)*

Summarised below is the information about the credit risk exposure on the Group's trade receivables using the provision matrix:

|                          | <b>Current</b> | <b>1-30<br/>days<br/>past due</b> | <b>31-60<br/>days<br/>past due</b> | <b>61-90<br/>days<br/>past due</b> | <b>91-120<br/>days<br/>past due</b> | <b>121-150<br/>days<br/>past due</b> | <b>More<br/>than<br/>150 days</b> | <b>Total</b>  |
|--------------------------|----------------|-----------------------------------|------------------------------------|------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|---------------|
|                          | US\$'000       | US\$'000                          | US\$'000                           | US\$'000                           | US\$'000                            | US\$'000                             | US\$'000                          | US\$'000      |
| <b>2022</b>              |                |                                   |                                    |                                    |                                     |                                      |                                   |               |
| Gross carrying amount    | 27,694         | 3,251                             | 501                                | -                                  | 22                                  | 21                                   | 1,654                             | 33,143        |
| Loss allowance provision | (6)            | (4)                               | (2)                                | -                                  | -                                   | -                                    | (1,654)                           | (1,666)       |
|                          | <u>27,688</u>  | <u>3,247</u>                      | <u>499</u>                         | <u>-</u>                           | <u>22</u>                           | <u>21</u>                            | <u>-</u>                          | <u>31,477</u> |
|                          |                |                                   |                                    |                                    |                                     |                                      |                                   |               |
|                          | <b>Current</b> | <b>1-30<br/>days<br/>past due</b> | <b>31-60<br/>days<br/>past due</b> | <b>61-90<br/>days<br/>past due</b> | <b>91-120<br/>days<br/>past due</b> | <b>121-150<br/>days<br/>past due</b> | <b>More<br/>than<br/>150 days</b> | <b>Total</b>  |
|                          | US\$'000       | US\$'000                          | US\$'000                           | US\$'000                           | US\$'000                            | US\$'000                             | US\$'000                          | US\$'000      |
| <b>2021</b>              |                |                                   |                                    |                                    |                                     |                                      |                                   |               |
| Gross carrying amount    | 29,318         | 6,659                             | 2,923                              | 777                                | 316                                 | 125                                  | 1,577                             | 41,695        |
| Loss allowance provision | (16)           | (27)                              | (32)                               | (25)                               | (24)                                | (29)                                 | (1,577)                           | (1,730)       |
|                          | <u>29,302</u>  | <u>6,632</u>                      | <u>2,891</u>                       | <u>752</u>                         | <u>292</u>                          | <u>96</u>                            | <u>-</u>                          | <u>39,965</u> |

Information regarding loss allowance movement of trade receivables are disclosed in Note 23.

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

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each financial assets in the balance sheets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

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

Trade receivables *(cont'd)*

#### ***Credit risk concentration profile***

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

|                                     | Group            |                  |
|-------------------------------------|------------------|------------------|
|                                     | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Russia                              | 7,048            | 17,536           |
| Ukraine, Kazakhstan and CIS markets | 8,505            | 8,891            |
| South-East Asia                     | 9,816            | 7,650            |
| South Asia                          | 4,176            | 3,575            |
| Others                              | 1,932            | 2,313            |
|                                     | <u>31,477</u>    | <u>39,965</u>    |

#### ***Financial assets that are neither past due nor impaired***

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### ***Financial assets that are either past due or impaired***

Information regarding financial assets that are either past due or impaired is disclosed in Notes 21, 23 and 24.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

At the end of reporting period, approximately 35% (2021: 45%) 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 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| <b>Group</b>  | <b>Within</b> | <b>Within</b>       | <b>More than</b> | <b>Total</b> |
|---|---------------|---------------------|------------------|--------------|
| <b>2022</b>   | <b>1 year</b> | <b>1 to 5 years</b> | <b>5 years</b>   | <b>Total</b> |
|   | US\$'000      | US\$'000            | US\$'000         | US\$'000     |
| <b>Financial assets:</b>                                  |               |                     |                  |              |
| Trade and other receivables                               | 33,318        | -                   | -                | 33,318       |
| Deposits  | 480           | -                   | -                | 480          |
| Amounts due from associates and joint venture (non-trade) | 1,713         | 1,000               | -                | 2,713        |
| Amount due from a related party (trade)                   | 274           | -                   | -                | 274          |
| Cash and cash equivalents                                 | 125,596       | -                   | -                | 125,596      |
| Total undiscounted financial assets                       | 161,381       | 1,000               | -                | 162,381      |
| <b>Financial liabilities:</b>                             |               |                     |                  |              |
| Amount due to an associate (trade)                        | (213)         | -                   | -                | (213)        |
| Amount due to a related party (non-trade)                 | (754)         | -                   | -                | (754)        |
| Interest-bearing loans and borrowings                     | (13,826)      | (24,890)            | (535)            | (39,251)     |
| Lease liabilities   | (2,181)       | (4,648)             | (1,980)          | (8,809)      |
| Trade and other payables                                  | (52,105)      | -                   | -                | (52,105)     |
| Total undiscounted financial liabilities                  | (69,079)      | (29,538)            | (2,515)          | (101,132)    |
| Total net undiscounted financial assets/(liabilities)     | 92,302        | (28,538)            | (2,515)          | 61,249       |
| <b>Group</b>  |               |                     |                  |              |
| <b>2021</b>   |               |                     |                  |              |
|   | <b>Within</b> | <b>Within</b>       | <b>More than</b> | <b>Total</b> |
|   | US\$'000      | US\$'000            | US\$'000         | US\$'000     |
| <b>Financial assets:</b>                                  |               |                     |                  |              |
| Trade and other receivables                               | 42,988        | -                   | -                | 42,988       |
| Deposits  | 793           | -                   | -                | 793          |
| Amounts due from associates (non-trade)                   | 683           | 1,545               | -                | 2,228        |
| Amount due from a related party (trade)                   | 69            | -                   | -                | 69           |
| Cash and cash equivalents                                 | 60,557        | -                   | -                | 60,557       |
| Total undiscounted financial assets                       | 105,090       | 1,545               | -                | 106,635      |
| <b>Financial liabilities:</b>                             |               |                     |                  |              |
| Amount due to an associate (trade)                        | (131)         | -                   | -                | (131)        |
| Amount due to an associate (non-trade)                    | (297)         | -                   | -                | (297)        |
| Amount due to a related party (non-trade)                 | (697)         | -                   | -                | (697)        |
| Interest-bearing loans and borrowings                     | (22,926)      | (27,034)            | (1,110)          | (51,070)     |
| Lease liabilities   | (2,213)       | (1,213)             | (1,935)          | (5,361)      |
| Trade and other payables                                  | (51,896)      | -                   | -                | (51,896)     |
| Total undiscounted financial liabilities                  | (78,160)      | (28,247)            | (3,045)          | (109,452)    |
| Total net undiscounted financial assets/(liabilities)     | 26,930        | (26,702)            | (3,045)          | (2,817)      |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

| Company<br>2022                                       | Within<br>1 year<br>US\$'000          | Within<br>1 to 5 years<br>US\$'000          | More than<br>5 years<br>US\$'000          | Total<br>US\$'000         |
|---|---------------------------------------|---|---|---------------------------|
| <b>Financial assets:</b>                              |                                       |   |   |                           |
| Amounts due from subsidiaries (non-trade)             | 31,433                                | -   | -   | 31,433                    |
| Cash and cash equivalents                             | 1,070                                 | -   | -   | 1,070                     |
| Total undiscounted financial assets                   | 32,503                                | -   | -   | 32,503                    |
| <b>Financial liabilities:</b>                         |                                       |   |   |                           |
| Trade payables and accruals                           | (5,901)                               | -   | -   | (5,901)                   |
| Lease liabilities                                     | (39)                                  | (116)                                       | -   | (155)                     |
| Amounts due to subsidiaries (non-trade)               | (53)                                  | -   | -   | (53)                      |
| Total undiscounted financial liabilities              | (5,993)                               | (116)                                       | -   | (6,109)                   |
| Total net undiscounted financial assets/(liabilities) | 26,510                                | (116)                                       | -   | 26,394                    |
| <b>Company<br/>2021</b>                               |                                       |   |   |                           |
|   | <b>Within<br/>1 year<br/>US\$'000</b> | <b>Within<br/>1 to 5 years<br/>US\$'000</b> | <b>More than<br/>5 years<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
| <b>Financial assets:</b>                              |                                       |   |   |                           |
| Amounts due from subsidiaries (non-trade)             | 15,213                                | -   | -   | 15,213                    |
| Cash and cash equivalents                             | 760                                   | -   | -   | 760                       |
| Total undiscounted financial assets                   | 15,973                                | -   | -   | 15,973                    |
| <b>Financial liabilities:</b>                         |                                       |   |   |                           |
| Trade payables and accruals                           | (1,917)                               | -   | -   | (1,917)                   |
| Lease liabilities                                     | (40)                                  | (156)                                       | -   | (196)                     |
| Amount due to a subsidiary (non-trade)                | (20)                                  | -   | -   | (20)                      |
| Total undiscounted financial liabilities              | (1,977)                               | (156)                                       | -   | (2,133)                   |
| Total net undiscounted financial assets/(liabilities) | 13,996                                | (156)                                       | -   | 13,840                    |

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Financial guarantee contracts are recorded in the contractual maturity analysis based on the maximum amount guaranteed. They are allocated to the earliest date they can be drawn.

| Company              | 1 year<br>or less<br>US\$'000 | 2022<br>Over<br>1 year<br>US\$'000 | Total<br>US\$'000 | 1 year<br>or less<br>US\$'000 | 2021<br>Over<br>1 year<br>US\$'000 | Total<br>US\$'000 |
|----------------------|-------------------------------|------------------------------------|-------------------|-------------------------------|------------------------------------|-------------------|
| Financial guarantees | 142,658                       | -                                  | 142,658           | 162,711                       | -                                  | 162,711           |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from interest-bearing loans and borrowings with floating interest rates. The Group monitors the interest rate on loans and borrowings closely to ensure that the loans and borrowings are maintained at favourable rates. At the end of the reporting period, the Group manages its interest risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in interest rate, with all other variables held constant.

|                                       | <b>Group</b>                                      |  |
|---------------------------------------|---|--|
|                                       | <b>Increase/<br/>decrease in<br/>basis points</b> | <b>Effect on<br/>profit,<br/>net of tax<br/>US\$'000</b> |
| <b>2022</b>                           |   |  |
| Cash and cash equivalents             | +10   | 126  |
| Interest-bearing loans and borrowings | +100  | (272)  |
| <b>2021</b>                           |   |  |
| Cash and cash equivalents             | +10   | 61   |
| Interest-bearing loans and borrowings | +100  | (361)  |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

Sensitivity analysis for interest rate risk (cont'd)

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:

| Group                                    | Within<br>1 year<br>US\$'000 | 1-2<br>years<br>US\$'000 | 2-3<br>years<br>US\$'000 | 3-4<br>years<br>US\$'000 | 4-5<br>years<br>US\$'000 | More than<br>5 years<br>US\$'000 | Total<br>US\$'000 |
|--|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|-------------------|
| <b>2022</b>                              |                              |                          |                          |                          |                          |                                  |                   |
| <i>Floating rate</i>                     |                              |                          |                          |                          |                          |                                  |                   |
| Cash and cash equivalents                | 125,596                      | -                        | -                        | -                        | -                        | -                                | 125,596           |
| Interest-bearing loans<br>and borrowings | 13,478                       | 10,141                   | 11,530                   | 2,292                    | 280                      | 533                              | 38,254            |
| <b>2021</b>                              |                              |                          |                          |                          |                          |                                  |                   |
| <i>Floating rate</i>                     |                              |                          |                          |                          |                          |                                  |                   |
| Cash and cash equivalents                | 60,557                       | -                        | -                        | -                        | -                        | -                                | 60,557            |
| Interest-bearing loans<br>and borrowings | 22,421                       | 10,112                   | 15,574                   | 315                      | 292                      | 1,092                            | 49,806            |
| <b>Company</b>                           |                              |                          |                          |                          |                          |                                  |                   |
| <b>2022</b>                              |                              |                          |                          |                          |                          |                                  |                   |
| <i>Floating rate</i>                     |                              |                          |                          |                          |                          |                                  |                   |
| Cash and cash equivalents                | 1,070                        | -                        | -                        | -                        | -                        | -                                | 1,070             |
| <b>2021</b>                              |                              |                          |                          |                          |                          |                                  |                   |
| <i>Floating rate</i>                     |                              |                          |                          |                          |                          |                                  |                   |
| Cash and cash equivalents                | 760                          | -                        | -                        | -                        | -                        | -                                | 760               |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

### (d) Foreign currency risk

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

The Management ensures that the net exposure is maintained at an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term fluctuations.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the EURO, Malaysia Ringgit (RM), Ukrainian Hryvnia (UAH), Russian Ruble (RUB), Indian Rupee (INR), Singapore Dollar (SGD) and Kazakhstan Tenge (KZT) against the respective functional currencies of the Group entities, with all variables held constant.

|          |                                | <b>Group</b>             |             |
|----------|--------------------------------|--------------------------|-------------|
|          |                                | <b>Profit before tax</b> |             |
|          |                                | <b>2022</b>              | <b>2021</b> |
|          |                                | US\$'000                 | US\$'000    |
| EURO/USD | - strengthened 5% (2021: 5%)   | (24)                     | 154         |
|          | - weakened 5% (2021: 5%)       | 24                       | (154)       |
| RM/USD   | - strengthened 5% (2021: 5%)   | (209)                    | (392)       |
|          | - weakened 5% (2021: 5%)       | 209                      | 392         |
| UAH/USD  | - strengthened 5% (2021: 5%)   | 99                       | 120         |
|          | - weakened 5% (2021: 5%)       | (99)                     | (120)       |
| RUB/USD  | - strengthened 10% (2021: 10%) | (1,603)                  | 1,758       |
|          | - weakened 10% (2021: 10%)     | 1,603                    | (1,758)     |
| INR/USD  | - strengthened 5% (2021: 5%)   | 1,722                    | 1,830       |
|          | - weakened 5% (2021: 5%)       | (1,722)                  | (1,830)     |
| SGD/USD  | - strengthened 5% (2021: 5%)   | (1,268)                  | (191)       |
|          | - weakened 5% (2021: 5%)       | 1,268                    | 191         |
| KZT/USD  | - strengthened 5% (2021: 5%)   | 6                        | 221         |
|          | - weakened 5% (2021: 5%)       | (6)                      | (221)       |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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 2022 and 2021.

A gearing ratio with a specific measurement basis has been disclosed as this is the measure used to monitor capital. The Group considers both capital and net debt as relevant components of funding, hence part of its capital management.

The Group monitors its capital structure as follows:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Interest-bearing loans and borrowings (Note 28)               | 38,254           | 49,806           |
| Lease liabilities (Note 13)                                   | 6,362            | 3,514            |
| Trade payables and accruals (Note 26)                         | 48,358           | 48,078           |
| Other payables (Note 29)                                      | 4,412            | 4,886            |
| Less: Cash and cash equivalents (Note 25)                     | (125,596)        | (60,557)         |
| Net (cash)/debt   | (28,210)         | 45,727           |
| Equity attributable to the equity shareholders of the Company | 276,704          | 227,716          |
| <b>Capital and net debt</b>                                   | <b>248,494</b>   | <b>273,443</b>   |
| <b>Gearing Ratio</b>  | <b>-11%</b>      | <b>17%</b>       |

## 39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 24 March 2023.

# SHAREHOLDERS' INFORMATION

As at 13 March 2023

|   |   |                    |
|---|---|--------------------|
| Class of equity securities                              | : | Ordinary share     |
| No. of equity securities<br>(excluding treasury shares) | : | 533,682,699        |
| Voting rights   | : | One vote per share |

As at 13 March 2023, the total number of treasury shares held is 15,820,300. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 2.96%.

## DIRECTORS' SHAREHOLDINGS AS AT 13 MARCH 2023

(As recorded in the Register of Directors' Shareholdings)

|                | Direct Interest | %    | Deemed Interest | %     |
|----------------|-----------------|------|-----------------|-------|
| Tan Wang Cheow | -               | -    | 120,814,600     | 22.64 |
| Tan Guek Ming  | 27,547,400      | 5.16 | 93,267,200      | 17.48 |
| Sudeep Nair    | 5,700,000       | 1.07 | 60,076,399      | 11.26 |
| Ong Kian Min   | 820,000         | 0.15 | -               | -     |

## SUBSTANTIAL SHAREHOLDERS AS AT 13 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

|  | Direct Interest | %     | Deemed Interest | %     |
|--|-----------------|-------|-----------------|-------|
| Tan Wang Cheow <sup>(1)</sup>  | -               | -     | 120,814,600     | 22.64 |
| Tan Guek Ming <sup>(2)</sup>   | 27,547,400      | 5.16  | 93,267,200      | 17.48 |
| Sudeep Nair <sup>(3)</sup>   | 5,700,000       | 1.07  | 60,076,399      | 11.26 |
| Anthoni Salim <sup>(4)</sup>   | -               | -     | 132,079,200     | 24.75 |
| Universal Integrated Corporation<br>Consumer Products Pte. Ltd.  | 132,079,200     | 24.75 | -               | -     |
| FMR LLC on behalf of the managed<br>accounts of its direct and indirect<br>subsidiaries & FIL Ltd. on behalf of<br>the managed accounts of its direct<br>and indirect subsidiaries | -               | -     | 42,525,000      | 7.97  |

### Notes:

- <sup>(1)</sup> Mr Tan Wang Cheow is deemed to have an interest in the 52,440,000 shares held by United Overseas Bank Nominees (Private) Limited. Mr Tan Wang Cheow is the husband of Mdm Tan Guek Ming and he is deemed to have an interest in the 68,374,600 shares held by Mdm Tan Guek Ming.
- <sup>(2)</sup> Mdm Tan Guek Ming has a direct interest of 27,547,400 shares and she is deemed to have an interest in the 40,827,200 shares held by DB Nominees (Singapore) Pte Ltd. Mdm Tan Guek Ming is the wife of Mr Tan Wang Cheow, she is deemed to have an interest in the 52,440,000 shares held by Mr Tan Wang Cheow.
- <sup>(3)</sup> Mr Sudeep Nair has a direct interest of 5,700,000 shares and he is deemed to have an interest in the 60,076,399 shares held by Raffles Nominees (Pte.) Ltd, DBSN Services Pte Ltd and DBS Nominees (Private) Limited.
- <sup>(4)</sup> Mr Anthoni Salim is the controlling shareholder of Trevoze International Pte Ltd, which is the sole shareholder of Universal Integrated Corporation Consumer Products Pte Ltd. Mr Anthoni Salim is deemed to have an interest in the shares held by Universal Integrated Corporation Consumer Products Pte Ltd.

## PUBLIC FLOAT

As at 13 March 2023, 31.93% 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 13 March 2023

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | %             | No. of Shares      | %             |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 - 99                | 8                   | 0.41          | 241                | 0.00          |
| 100 - 1,000           | 139                 | 7.22          | 77,800             | 0.01          |
| 1,001 - 10,000        | 1,008               | 52.34         | 5,225,702          | 0.98          |
| 10,001 - 1,000,000    | 743                 | 38.58         | 50,119,742         | 9.38          |
| 1,000,001 and above   | 28                  | 1.45          | 478,759,214        | 89.63         |
| <b>Total</b>          | <b>1,926</b>        | <b>100.00</b> | <b>534,182,699</b> | <b>100.00</b> |

## TWENTY LARGEST SHAREHOLDERS

| No. | Name  | No. of Shares      | %            |
|-----|---|--------------------|--------------|
| 1   | DBS NOMINEES (PRIVATE) LIMITED                  | 144,826,835        | 27.11        |
| 2   | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 56,134,900         | 10.51        |
| 3   | RAFFLES NOMINEES (PTE.) LIMITED                 | 53,802,648         | 10.07        |
| 4   | DBSN SERVICES PTE. LTD.                         | 45,696,926         | 8.55         |
| 5   | DB NOMINEES (SINGAPORE) PTE LTD                 | 40,827,200         | 7.64         |
| 6   | TAN GUEK MING                                   | 27,547,400         | 5.16         |
| 7   | MAYBANK SECURITIES PTE. LTD.                    | 20,661,600         | 3.87         |
| 8   | OON PENG HENG                                   | 10,033,600         | 1.88         |
| 9   | CITIBANK NOMINEES SINGAPORE PTE LTD             | 8,372,895          | 1.57         |
| 10  | BNP PARIBAS NOMINEES SINGAPORE PTE LTD          | 8,061,800          | 1.51         |
| 11  | ESTATE OF TAN BIAN CHYE, DECEASED               | 7,580,800          | 1.42         |
| 12  | KOH PUAY LING                                   | 7,564,400          | 1.42         |
| 13  | PHILLIP SECURITIES PTE LTD                      | 7,006,110          | 1.31         |
| 14  | SUDEEP NAIR                                     | 5,700,000          | 1.07         |
| 15  | OON PENG LIM                                    | 5,399,300          | 1.01         |
| 16  | OON PENG LAM                                    | 4,900,000          | 0.92         |
| 17  | LIM SIEW KHENG                                  | 4,260,000          | 0.80         |
| 18  | TAN SIOK CHER                                   | 2,810,000          | 0.53         |
| 19  | ESTATE OF TAN SEOK WAH, DECEASED                | 2,580,000          | 0.48         |
| 20  | OON PENG WAH                                    | 2,333,500          | 0.44         |
|     | <b>Total</b>                                    | <b>466,099,914</b> | <b>87.27</b> |

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of Food Empire Holdings Limited (the “**Company**”) will be convened and held at Four Points by Sheraton Singapore, Riverview, Jubilee Ballroom, 4<sup>th</sup> Storey, 382 Havelock Road, Singapore 169629 on Tuesday, 25 April 2023 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions:

### **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 2022 together with the Auditor’s Report thereon.

**(Resolution 1)**
2. To declare a first and final dividend of S\$0.044 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2022.

**(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Article 115 of the Constitution of the Company:

Mdm. Tan Guek Ming **(Resolution 3)**  
Mr. Sudeep Nair **(Resolution 4)**  
Mr. Saw Meng Tee **(Resolution 5)**

*Mdm. Tan Guek Ming will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee and will be considered non-independent.*

*Mr. Saw Meng Tee will, upon re-election as the Lead Independent Director of the Company, remain as Chairman of Audit Committee and members of Nominating Committee and Remuneration Committee and will be considered independent pursuant to Rule 704(8) of the Main Board Listing Rules of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).*
4. To approve the payment of Directors’ fees of S\$448,832.00 for the year ended 31 December 2022 (2021: S\$370,285.00).

**(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 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Main Board Listing Rules of 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 and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from the exercise of share options or vesting of share awards; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;

provided that adjustments in accordance with (2)(a) or (2)(b) above is only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

**(Resolution 8)**

# NOTICE OF ANNUAL GENERAL MEETING

8. **Authority 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, the Directors of the Company be authorised and empowered under the 2012 Option Scheme 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 2012 Option Scheme approved by shareholders on 27 April 2012, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2012 Option Scheme and all other share-based incentive schemes of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

**(Resolution 9)**

9. **Authority to grant options and to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme 2022 ("2022 Option Scheme")**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the 2022 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 2022 Option Scheme approved by shareholders on 22 April 2022, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2022 Option Scheme and all other share-based incentive schemes of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iii)]

**(Resolution 10)**

10. **Authority to grant awards and to issue shares under the Food Empire Holdings Limited Performance Share Plan ("2022 Award Plan")**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards under the 2022 Award Plan 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 vesting of awards under the 2022 Award Plan approved by shareholders on 22 April 2022, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2022 Award Plan and all other share-based incentive schemes of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iv)]

**(Resolution 11)**

By Order of the Board

Kevin Cho  
Company Secretary

Singapore  
6 April 2023

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) Although the 2012 Option Scheme expired on 22 April 2022, outstanding options granted prior to that date subsist and remain exercisable in accordance with the rules of the 2012 Option Scheme.

The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the 2012 Option Scheme and all other share-based incentive schemes of the Company up to a number not exceeding in aggregate (for the entire duration of the 2012 Option Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

- (iii) The Ordinary Resolution 10 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 2022 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 2022 Option Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

- (iv) The Ordinary Resolution 11 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 awards granted or to be granted under the 2022 Award Plan and all other share-based incentive schemes of the Company up to a number not exceeding in aggregate (for the entire duration of the 2022 Award Plan) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

### General

1. This AGM will be held in a wholly physical format. **There will be no option for the members to participate virtually.**
2. Arrangements relating to the conduct of the AGM, including:
  - (a) attendance at the AGM by the members, including the CPF/SRS investors;
  - (b) asking questions at the AGM; and
  - (c) voting at the AGM (i) by the members, including the CPF/SRS investors, themselves; or (ii) through their duly appointed proxy/proxies,

are set out in the Company's announcement dated 6 April 2023 titled "General Meetings to be held on 25 April 2023" which has been uploaded together with this Notice of AGM, the Annual Report and the attached Proxy Form on SGXNet on the same day. The same may also be accessed at the Company's website ([www.foodempire.com](http://www.foodempire.com)).

### 3. Voting by proxy

- 3.1. A member who is not a Relevant Intermediary (as defined below), is entitled to appoint one or two proxies to attend, speak and vote at the AGM. Where such member appoints two proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding concerned to be represented by each proxy in the Proxy Form.

A member who is a Relevant Intermediary (as defined below), is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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 in the Proxy Form.

- 3.2. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for the AGM.

The Proxy Form may be accessed at SGXNet and will also be made available on the Company's website at ([www.foodempire.com](http://www.foodempire.com)).

- 3.3. A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.
- 3.4. A proxy need not be a member of the Company.
- 3.5. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company), if the Proxy Form is submitted by post or sent personally, be lodged with the Proxy Form or, if the Proxy Form is submitted electronically by email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.

# NOTICE OF ANNUAL GENERAL MEETING

- 3.6. The Company shall be entitled to reject the Proxy Form 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 Proxy Form (including any related attachment).
- 3.7. In the case of a member whose Shares are entered against his/her/its name in the Depository Register, the Company may reject any Proxy Form lodged if such member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
- 3.8. Completion and return of the Proxy Form does not preclude a member from attending, speaking and voting at the AGM. The appointment of a proxy/proxies shall be deemed to be revoked if a member attends the AGM 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 AGM.
4. 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 AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
5. A Relevant Intermediary is:
  - (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## Personal data privacy:

By 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 (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.

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

## Annual General Meeting (“AGM”)

(Please see notes overleaf before completing this Form)

**IMPORTANT:**

1. This AGM will be held in a wholly physical format. **There will be no option for the members to participate virtually.** Printed copies of the Notice of AGM, the Annual Report and this Proxy Form will be sent by post to members. These documents will also be published on the Company's website at (www.foodempire.com) and will also be made available on SGXNet.
2. Arrangements relating to the conduct of the AGM, including (a) attendance at the AGM in person; (b) asking questions at the AGM; and (c) voting at the AGM by (i) the member; or (ii) his/her/its duly appointed proxy/proxies, are set out in the Company's announcement dated 6 April 2023 titled “General Meetings to be held on 25 April 2023”. The announcement may be accessed on the SGXNet and at the Company's website at the URL above.
3. Members who wish to exercise their voting rights at the AGM may: (a) vote at the AGM themselves; or (b) appoint a proxy/proxies to vote at the AGM on their behalf.
4. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

NRIC/Passport/Company Registration No. \_\_\_\_\_

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

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

or if no person is named in the above boxes, the Chairman of the AGM, as my/our\* proxy to attend, speak and vote for me/us\* on my/our\* behalf at the AGM of the Company to be convened and held at Four Points by Sheraton Singapore, Riverview, Jubilee Ballroom, 4<sup>th</sup> Storey, 382 Havelock Road, Singapore 169629 on Tuesday, 25 April 2023 at 3.00 p.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against, or to abstain from voting on the resolution to be proposed at the AGM as indicated hereunder.

| No. | Resolutions  | Number of Votes For <sup>(1)</sup> | Number of Votes Against <sup>(1)</sup> | Number of Votes Abstain <sup>(1)</sup> |
|-----|--|------------------------------------|--|--|
| 1   | Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2022  |                                    |  |  |
| 2   | Proposed first and final dividend  |                                    |  |  |
| 3   | Re-election of Mdm Tan Guek Ming as a Director   |                                    |  |  |
| 4   | Re-election of Mr Sudeep Nair as a Director  |                                    |  |  |
| 5   | Re-election of Mr Saw Meng Tee as a Director   |                                    |  |  |
| 6   | Approval of Directors' fees amounting to S\$448,832.00   |                                    |  |  |
| 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 (“2012 Option Scheme”)                           |                                    |  |  |
| 10  | Authority to grant options and to issue shares under the Food Empire Holdings Limited Employees' Share Option Scheme 2022 (“2022 Option Scheme”) |                                    |  |  |
| 11  | Authority to grant awards and to issue shares under the Food Empire Holdings Limited Performance Share Plan (“2022 Award Plan”)                  |                                    |  |  |

<sup>(1)</sup> Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes “For” or “Against” or “Abstain” on the resolution to be proposed at the AGM, please tick “I” within the box provided. Alternatively, please indicate the number of Shares “For” or “Against” or “Abstain” in the “For” or “Against” or “Abstain” box. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem fit on the resolution to be proposed at the AGM if no voting instruction is specified, and on any other matter arising at the AGM and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature (s) of Member(s) or Common Seal of Corporate Member

\* To delete as appropriate

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

**Notes to the Proxy Form:**

1. A member should insert the total number of Shares. If a member has Shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of Shares. If a member has Shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of Shares. If a member has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by the member.
2. This Proxy Form may be accessed at the SGXNet and will also be made available on the Company's website ([www.foodempire.com](http://www.foodempire.com)).
3. A member who is not a Relevant Intermediary (as defined below), is entitled to appoint one or two proxies to attend, speak and vote at the AGM. Where such member appoints two proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding concerned to be represented by each proxy in the Proxy Form.
4. A member who is a Relevant Intermediary (as defined below), is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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 in the Proxy Form.
5. A Relevant Intermediary is:
  - (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. A member may appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.
7. A proxy need not be a member of the Company.
8. This Proxy Form must be deposited at the registered office of the Company at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for holding the AGM.
9. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company), if this Proxy Form is submitted by post or sent personally, be lodged with this Proxy Form or, if this Proxy Form is submitted electronically by email, be emailed with this Proxy Form, failing which this Proxy Form may be treated as invalid.
10. 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 AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
11. Completion and return of this Proxy Form does not preclude a member from attending, speaking and voting at the AGM. The appointment of a proxy/proxies shall be deemed to be revoked if a member attends the AGM 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 AGM.

**Personal Data Privacy:**

By submitting the instrument appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2023.

**General:**

The Company shall be entitled to reject this Proxy Form 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 Proxy Form (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive

Tan Wang Cheow (*Executive Chairman*)  
Sudeep Nair (*Group CEO and Executive Director*)

### Non-Executive

Tan Guek Ming (*Non-Independent*)  
Koh Yew Hiap (*Non-Independent*)  
Ong Kian Min (*Non-Independent*)  
Saw Meng Tee (*Lead Independent*)  
Tan Cher Liang (*Independent*)  
Adrian Chan Pengee (*Independent*)

## AUDIT COMMITTEE

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

## NOMINATING COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Kevin Cho

## REGISTERED OFFICE

1 Harbourfront Avenue, #14-07  
Keppel Bay Tower  
Singapore 098632  
Telephone number : (65) 6536 5355  
Fax number : (65) 6536 1360

## BUSINESS OFFICE

31 Harrison Road, #08-01  
Food Empire Building  
Singapore 369649  
Telephone number : (65) 6622 6900  
Fax number : (65) 6744 8977

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue, #14-07  
Keppel Bay Tower  
Singapore 098632  
Telephone number : (65) 6536 5355  
Fax number : (65) 6536 1360

## AUDITORS

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

## AUDIT PARTNER-IN-CHARGE

Lim Tze Yuen  
(*w.e.f. the financial year ended 31 December 2022*)

## PRINCIPAL BANKERS

DBS Bank Limited  
Overseas-Chinese Banking Corporation Limited  
United Overseas Bank Limited



FLIGHT NO.  
**FE 023**



**FE**  
**BAGGAGE**



AR 2022 / 2023



*Food Empire*

**FOOD EMPIRE HOLDINGS LIMITED**

31 Harrison Road, #08-01  
Food Empire Building, Singapore 369649  
T (65) 6622 6900 F (65) 6744 8977  
[www.foodempire.com](http://www.foodempire.com)