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

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**ISSUANCE OF 5.5% REDEEMABLE EXCHANGEABLE NOTES IN AGGREGATE PRINCIPAL AMOUNT OF US$40,000,000 BY A WHOLLY-OWNED SPECIAL PURPOSE VEHICLE INCORPORATED BY FOOD EMPIRE HOLDINGS LIMITED (THE "REN ISSUANCE")**

**- ENTRY INTO SECOND SUPPLEMENTAL AGREEMENT**

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## 1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Food Empire Holdings Limited ("**FEH**", and together with its subsidiaries, the "**Group**") refers to the announcements dated 20 August 2024, 30 October 2024 and 1 November 2024 in relation to the REN Issuance ("**REN Announcements**").

*Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the REN Announcements.*

## 2. ENTRY INTO SECOND SUPPLEMENTAL AGREEMENT

On 30 June 2025, FEH, Empire APAC Pte. Ltd. (the "**Company**") and the Investors entered into a second supplemental agreement ("**Second Supplemental Agreement**") to amend the terms of the Subscription Agreement and the Note Conditions in accordance with the terms of the prevailing Subscription Agreement and the Note Conditions.

The purpose of the Second Supplemental Agreement is to ensure that the Group accounts for the RENs under the *"fixed-for-fixed"* accounting classification, which provides a more accurate reflection of the underlying economic intent of the instrument and eliminates any unintended fair value through profit or loss ("**FVTPL**") accounting requirements which cause earnings volatility to the Group.

The amended terms of the Subscription Agreement and the Note Conditions following the Second Supplemental Agreement are intended to (a) reclassify the RENs from FVTPL to meet the "*fixed-for-fixed*" accounting classification under applicable financial reporting standards; (b) better align accounting treatment with the economic substance of the RENs; and (c) better represent the fundamental operational and financial performance of the Group.

FEH has appointed an independent financial adviser, RHT Capital to render an opinion on whether the amendments to the terms of the Subscription Agreement and Note Conditions pursuant to the Second Supplemental Agreement confer any advantage to the holders of the RENs. The independent financial adviser has opined that the amendments do not confer any advantage to the holders of the RENs.

Pursuant to the Second Supplemental Agreement, the Subscription Agreement and the Note Conditions shall be amended retroactively with effect from 1 November 2024, as follows:

(a) "**Company Liquidity Event**" shall mean:

(i) a sale or transfer of any of the assets of the Company and/or the Relevant Business; or

(ii) a sale or acquisition of any of the shares in the capital of the Company and/or the Relevant Entities which shall not include initial public offerings of any Relevant Entity and/or the Company,

in either case to a bona fide third-party purchaser approved by FEH in its sole discretion, for a consideration that is mutually agreed between the Investors, FEH and the Company. For the avoidance of doubt, a proposed bona fide offer can only be a "**Company Liquidity Event**" if accepted and approved by FEH as such.

(b) in the event of:

(i) any Capital Distribution by FEH to its shareholders where the Capital Distribution Amount is in excess of the Distribution Limit; or

(ii) the issue by FEH of any FEH Shares (other than FEH Shares issued and delivered on the exercise of the Exchange Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, FEH Shares), or the issue or grant of options, warrants or other rights to subscribe for or purchase FEH Shares in each case at a price per FEH Share which is less than the prevailing Exchange Price immediately before such issue,

FEH shall compensate the Noteholders in cash based on the formulas appended to Appendix A of this announcement instead of adjusting the Exchange Price;

(c) subject to the Investors having converted all their RENs and having become shareholders of the Company, on closing of a Company Liquidity Event, the Investors, irrespective of their shareholding in the Company immediately prior to closing of the Company Liquidity Event, shall collectively be entitled to receive an amount equivalent to the higher of (i) up to 25% of the aggregate consideration paid by the bona fide third-party purchaser to all shareholders of the Company pursuant to the Company Liquidity Event as FEH, Company and Investors may mutually agree in writing; or (ii) three times the face value of the RENs subscribed by the Investors ("**Investors' Total Return**"). In the event the consideration paid by the bona fide third-party purchaser to the Investors pursuant to the Company Liquidity Event is less than the Investors' Total Return, FEH agrees and undertakes to pay the Investors any shortfall in cash;

(d) if FEH accepts and approves a bona fide offer as a Company Liquidity Event, and such Company Liquidity Event and/or the cash payment by FEH to the Investors pursuant to sub-paragraph (c) above require the approval of the shareholders of FEH under the Listing

Manual, FEH shall convene a general meeting to seek the approval of the shareholders of FEH in respect of such Company Liquidity Event and/or the cash payment by FEH to the Investors pursuant to sub-paragraph (c) above, as applicable;

(e) "**Conversion Price**" means, subject to FEH having accepted and approved a proposed bona fide offer as a Company Liquidity Event, US$2,222,223, which assuming the full conversion of all the RENs will result in an aggregate of 18 Conversion Shares issued to Investors, amounting to ~15% of the capital of the Company comprising 118 shares on a fully diluted basis immediately after conversion of all the RENs.

## 3. EXPECTED NON-CASH FAIR VALUE LOSS

FEH is in the process of obtaining an independent valuation to remeasure the financial liability and the fair value changes from the beginning of the financial year (1 January 2025) up to the date of signing of the Second Supplemental Agreement (30 June 2025).

Pending the valuer's report and the final review by the management and the Board, there remains a possibility that a FVTPL loss, arising from a significant increase in FEH Share Price above the Exchange Price, from 1 January 2025 to the date of signing of the Second Supplemental Agreement may need to be recognised in the Group's financial results for the first half year of 2025.

The Board wishes to emphasise that any FVTPL loss arising from the accounting treatment of the RENs will be non-cash in nature due to accounting requirements under Financial Reporting Standard (FRS) 32 – Financial Instruments: Presentation. Any FVTPL loss will be booked through the profit or loss statement and will remain in retained earnings going forward. Following the change in classification of the REN resulting from the Second Supplemental Agreement, the fair value of the compound instrument is split into two components, a financial liability at amortised cost component and an equity component. The financial liability at amortised cost component will be accreted back to the nominal principal amount up to the date of maturity, while the equity component will remain in equity. In the event of redemption of REN at maturity date, the liability will be extinguished upon repayment of REN. In the event of an exchange into shares of FEH, the carrying amount of the liability at the point of exchange, will be reclassified into equity. There will not be any profit or loss impact at the point of redemption or exchange into shares. With the Second Supplemental Agreement in place, the Group will be able to achieve its intention of eliminating earnings volatility caused by FVTPL accounting requirements going forward.

Notwithstanding that, for the six months ended 30 June 2025, the Group may record a one-off, non-cash fair value accounting loss arising from a significant increase in FEH Share Price above the Exchange Price, subject to valuer's valuation and final assessment by the Management and the Board. This may have a substantial impact on the Group's profit or loss statement. **The Board wishes to reiterate that such non-cash fair value accounting loss does not reflect the Group's underlying operational performance, financial health, or long-term value.** The potential FVTPL loss is a non-cash and one-off adjustment, and it will not fundamentally affect cash flow, business operations or economic performance of the Group and FEH's shareholders value. On the contrary, the Group's recording of a potential FVTPL loss, resulting from the increase in the FEH Share price above the Exchange Price, ironically demonstrates the market's confidence in the business operations and economic performance of the Group.

The Group remains committed to upholding the highest standards of financial reporting and transparency, while also advocating for an accounting treatment that more accurately reflects the true economic and financial position of FEH.

**4. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Second Supplemental Agreement will be available for inspection at FEH's registered office at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 during normal business hours for a period of 3 months commencing from the date of this announcement.

**5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of FEH collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the REN Issuance, FEH and its subsidiaries, and FEH's Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

**6. TRADING CAUTION**

Shareholders and potential investors are advised to exercise caution in trading the FEH Shares. Shareholders are advised to read this announcement and any further announcements by FEH carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

**BY ORDER OF THE BOARD**
**FOOD EMPIRE HOLDINGS LIMITED**

**TAN WANG CHEOW**
**EXECUTIVE CHAIRMAN**

**30 June 2025**

## Appendix A

The Note Conditions shall be amended, *inter alia*, as follows:

**1.** Condition 4.3.3 shall be deleted in its entirety and replaced by the following:

"**4.3.3 Capital Distribution above Distribution Limit**

The payment or making of any Capital Distribution (as defined below) by FEH to the Shareholders where the Capital Distribution Amount (as defined below) is in excess of 5.5 per cent. of the prevailing Exchange Price immediately before the Capital Distribution is paid or made (the "**Distribution Limit**") (except where the Exchange Price falls to be adjusted under Condition 4.3.2 or Condition 4.3.5).

In such an event, if and whenever FEH shall pay or make any Capital Distribution to the Shareholders, FEH shall pay the Noteholder, in respect of each Capital Distribution made, the following in cash by way of telegraphic transmission (or such other mode of payment as FEH and the Noteholder may agree in writing) within three (3) Business Days from the Exchange Date:

(i) where the Capital Distribution is paid or made other than in cash only, the following amount:

$$(A - B) \times C$$

Where:

A is the Fair Market Value (as defined below) on the date of such announcement, as determined in good faith by an Independent Investment Bank (as defined below), of the portion of the Capital Distribution attributable to one FEH Share.

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "**Fair Market Value**") be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

B is the Distribution Limit.

C is the number of FEH Shares the Noteholder is entitled to receive upon exercise of its Exchange Right at the prevailing Exchange Price.

(ii) where the Capital Distribution is paid or made in cash only, the following amount:

$$(A - B) \times C$$

Where:

A is the amount of cash so distributed to one FEH Share (the "**Capital Distribution Amount**").

B is the Distribution Limit.

C is the number of FEH Shares the Noteholder is entitled to receive upon exercise of its Exchange Right at the prevailing Exchange Price."

**2.** Condition 4.3.4 shall be deleted in its entirety and replaced by the following:

"**4.3.4 Issues at less than Exchange Price**

The issue by FEH, for consideration in cash and/or in kind, of any FEH Shares (other than FEH Shares issued and delivered on the exercise of the Exchange Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, FEH Shares), or the issue or grant of options, warrants or other rights to subscribe for or purchase FEH Shares in each case at a price per FEH Share which is less than the prevailing Exchange Price immediately before such issue.

In such an event, FEH shall pay the Noteholder, in respect of each issue of FEH Shares at a price per FEH Share which is less than the prevailing Exchange Price immediately before such issue, the following in cash by way of telegraphic transmission (or such other mode of payment as FEH and the Noteholder may agree in writing) within three (3) Business Days of the Exchange Date:

$$FV \times (\frac{EP - AEP}{EP})$$

where:

FV is the face value of the relevant Note(s).

EP is the prevailing Exchange Price.

AEP is the prevailing adjusted Exchange Price, calculated as the prevailing Exchange Price multiplied by the following ratio:

$$\frac{A + B}{A + C}$$

A is the aggregate number of FEH Shares in issue immediately before the issue of such additional FEH Shares or the grant of such options, warrants or other rights to subscribe for or purchase any FEH Shares;

B is the number of FEH Shares which the aggregate consideration receivable for the issue of the maximum number of FEH Shares to be issued or the exercise of such options, warrants or other rights to subscribe for or purchase FEH Shares would purchase at the prevailing Exchange Price immediately before such issue; and

C is the number of additional FEH Shares issued, or, as the case may be, the maximum number of FEH Shares to be issued upon the exercise of such options, warrants or other rights to subscribe for or purchase FEH Shares.

References to additional FEH Shares in the above formula shall, in the case of an issue by FEH of options, warrants or other rights to subscribe for, purchase or otherwise acquire FEH Shares, mean such FEH Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights

Such adjustment shall become effective on the date of issue of such additional FEH Shares or, as the case may be, the issue of such options, warrants or other rights."