**Securities Investors Association (Singapore)**
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UEN No: S99SS0111B
GST Reg No: M90367530Y

**Issuer:** Food Empire Holdings Limited

**Stock code:** F03

**Meeting details:**
Date: 23 April 2020
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

## Company Description

The company's history can be traced back to 1982 when Future Enterprises Pte Ltd (FESPL) was incorporated to market and distribute PCs and peripherals in Singapore. Since the early 90's, the Group has been a food and beverage company that manufactures and markets instant beverage products, frozen convenience food and confectionery. It also has a wholesale business that trades in frozen seafood. Its principal activity is that of manufacture instant beverages and food products, such as frozen convenience food and snacks under its proprietary brands MacCoffee, Klassno, FesAroma, OrienBites, MacCandy and Kracks. Its products are exported to more than 50 countries in major markets, such as in Russia, Eastern Europe, Central Asia, Indochina, Southeast Asia, Australia, Middle East and USA. The exports are marketed and distributed through its 18 offices (liaison and representative) in Russia, Ukraine, Kazakhstan, Uzbekistan, Turkey, Iran, Poland, Belgium, Bahrain, Mongolia and others. It has four manufacturing facilities in Asia and Russia.
(Source: https://www.sgx.com/securities/equities/F03)

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**Q1**. As disclosed in the messages from the Executive Chairman and the Group CEO, the group carried out a rationalisation of underperforming markets and ceased its Myanmar operations in FY2019. In 2017, the group started the drive to penetrate deeper into markets such as Vietnam and Myanmar. For FY2019, the Vietnam market generated US$50.5 million in revenue for the group (page 8 of the annual report).

(i) **What are the key success factors that led to the group's growth in Vietnam?**

(ii) **What are the lessons gleaned from the group's experience in Myanmar?**

**Q2.** Following the group's successful diversification, Russia now accounts for 39% of the group's revenue, the lowest since the 2009 financial crisis. Russia had accounted for as much as 58% of the group's revenue in the past 10 years.

In FY2019, the Russian Ruble weakened from an average exchange rate of 62.6 Ruble per US dollar in FY2018 to an average exchange rate of 64.7 Ruble per US dollar. The Ruble has further weakened to as low as 80.9 Ruble per US dollar in March 2020 and now stands at the low 70s level.

(i) **Even though management has decades of experience in dealing with currency fluctuations, how does the big changes in the exchange rate affect the group's operations on the ground in terms of product pricing, marketing budget and capital expenditure?**

(ii) **Has the board set a long-term target for revenue generated outside of the Eastern Europe and CIS markets?**

**Q3.** As noted in the Group CEO's message, the group will continue to seek out accretive and strategic Mergers & Acquisitions ("M&A") targets which will give the group a competitive edge along the value chain and propel the expansion into new markets or territories.

(i) **How does the board/management balance organic growth (for example, Indus Coffee or the Non-Dairy Creamer business) and its M&A efforts?**

(ii) In FY2017, the group recognised an impairment charge of US$7.7 million to the investment into Caffe Bene Co., Ltd. The group still holds a 19.18% equity stake in Caffe Bene Co., Ltd. **What is the oversight by the board/management on the strategic direction and the day-to-day running of Caffe Bene to safeguard the group's investment?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website**

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)