



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: 22 April 2022

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.

Q1. In the message to shareholders, the chairman noted that the armed conflict between Russia and Ukraine has disrupted the group's operations as the group has significant presence in both countries. Collectively, the two markets contributed approximately 45% of the group's revenue.

The chairman disclosed that there has been no reported injury to the group's staff nor damage to the group's equipment and properties. The group is providing all necessary support to staff on the ground. While it is expected that the group's food & beverages products are unlikely to face demand destruction, management will monitor and assess the situation. The group remains optimistic about the long-term prospects.

Based on Note 33 (page 120 – Segment information), the group's Russian segment performed strongly, registering a revenue growth of 15.4% to US\$114.9 million in FY2021. This accounted for 35.9% of the group's revenue in FY2021. In fact, the group made good progress in growing its market share in Russia and reached the highest level in 2021.

Revenue from Ukraine is estimated at 9%.

The company has also provided an update in Note 39 (page 139 – Events occurring after the reporting period).

- (i) **What is the staff strength in both countries?**
- (ii) **What is the current situation on the ground? Are the major customers in Russia (and Ukraine) still maintaining their operations? How affected is the supply chain for the movement of food and beverage products into Russia?**
- (iii) **Has the group suspended all operations in Ukraine given that martial law has been declared?**
- (iv) By geography, the group has segment assets of US\$64.5 million or 19% of total assets, including US\$12.9 million in fixed assets in Russia. **What are the major properties and equipment in Ukraine and in Russia?**
- (v) **Can the audit committee/management help shareholders understand the potential impact of a severe Ruble devaluation? How do the ongoing sanctions on Russia impact the company?**

Q2. As highlighted by the chairman, the group has been working relentlessly to build up a resilient business model while embarking on diversification plans with strong synergies to the core business.

In Vietnam, the group has established Café PHO and the country now contributes 19.5% of the group's total revenue. The group has also developed capabilities in non-dairy creamer and freeze dry coffee. Even as countries transition towards an endemic living approach, the challenges of high sea freight prices, inflationary commodity prices and supply chain strain continue to persist.

- (i) Within the group, management has shifted to a Just-In-Case framework from a Just-In-Time approach. **With this change, how much more working capital will the group require to run its business?**
- (ii) **Will management be accelerating its growth in the other key markets given the disruption to the Russian and Ukrainian markets? If so, which are the key markets?**
- (iii) **How is the group mitigating/managing the challenges of increasingly high raw material costs?**
- (iv) **With several years of experience in snacks, does management see the group scaling up to grow the snacks segment into a significant contributor of revenue and profit?**

Q3. The company announced the appointment of Mr Adrian Chan Pengee with effect from 1 January 2022.

Date Of Appointment 01/01/2022
Name Of Person Adrian Chan Pengee
Age 57
Country Of Principal Residence Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) The Board, taking into consideration the credentials, skills, experience and qualifications of Mr. Adrian Chan Pengee, and at the recommendation of the Nominating Committee, is satisfied that Mr. Adrian Chan Pengee possesses the requisite competencies and experience to assume the responsibilities as an Independent Director and Chairman of Remuneration Committee and members of the Audit Committee, the Nominating Committee.
Whether appointment is executive, and if so, the area of responsibility Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) Independent Director, Chairman of Remuneration Committee and members of the Audit Committee and the Nominating Committee.

- (i) **Can the board/nominating committee (NC) help shareholders understand the search and nomination process that led to the NC's recommendation of Mr. Adrian Chan Pengee?**
- (ii) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (iii) **Can the NC help shareholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in FMCG, F&B, manufacturing, business experience in Russia/CIS/Vietnam/ India, to engage in effective and constructive debate with the executive directors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation

(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)