

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

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

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 announcement dated 24 June 2024 and wishes to announce that it has on 20 August 2024 entered into a conditional note subscription agreement for the Proposed REN Issuance (“**Subscription Agreement**”) with Ikhlas Capital Singapore Pte Ltd (“**Ikhlas Capital**”) via its vehicles, Merit Genesis Pte Ltd and Apex Genesis Pte Ltd (collectively, the “**Investors**” and each, an “**Investor**”).

The strategic partnership allows the Group to work with Ikhlas Capital to expand its business and further accelerate growth in Southeast Asia and South Asia, leveraging on Ikhlas Capital’s local presence, knowledge and network.

2. DETAILS OF THE PROPOSED REN ISSUANCE

As part of the Proposed REN Issuance, FEH will incorporate a wholly-owned special purpose vehicle (the “**Company**”) that will hold or possess the option to hold a portfolio of business operations, including FEH’s Southeast Asian and South Asian business. The Company will issue 5.5% redeemable exchangeable notes to the Investors (“**Noteholders**”) at an aggregate nominal value of US\$40,000,000 (“**RENs**”), that are convertible into new ordinary shares in the capital of the Company (“**Company Shares**”) if mutually agreed by FEH, and/or exchangeable into new ordinary shares in the capital of FEH (“**FEH Shares**”) subject to terms and conditions as set out in the Subscription Agreement.

The RENs will not be listed and/or quoted on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or any other stock exchange.

The salient terms of the Subscription Agreement and the conditions of the RENs (“**Note Conditions**”) are as follows:

Issuer	:	The Company, a wholly-owned subsidiary of FEH.
Issue price	:	In aggregate US\$40,000,000. Each Investor to subscribe equally.

Form	:	Each REN is issued in registered form. A Note certificate will be issued to the holder of the REN in the principal amount of the REN.
Method of issue	:	The RENs will be privately placed to and purchased by the Investors. No offering circular or information memorandum will be issued by the Company.
Closing Date	:	<p>The subscription of REN is dependent on the fulfilment or waiver (as the case may be) of the Conditions Precedent (defined below).</p> <p>Once fulfilled or waived (as the case may be), the Company is obliged to issue, and each Investor is obliged to subscribe for REN on the Closing Date, being such date falling 21 business days from the satisfaction or waiver of the last Conditions Precedent.</p>
Maturity Date	:	The date falling five (5) years from the Closing Date, with a possible extension of up to six (6) months under certain circumstances.
Interest	:	<p>(a) Each REN shall bear 5.5% interest per annum, payable in cash annually in arrears on each anniversary of the [Closing Date] until the Maturity Date.</p> <p>(b) Following the exercise of the Exchange Right (defined below) or the Conversion Right (defined below), the right of a Noteholder to annual cash interest payment with respect of the principal amount under the REN to be converted or exchanged (as the case may be), shall be extinguished.</p>
Default Interest	:	If on or after the due date for payment of any sum in respect of each REN, payment of such sum shall not be made, the Company shall pay additional interest on the amount so unpaid, compounded daily, at the rate of 5.5% per annum. So long as any such amount remains unpaid, any interest accrued which is unpaid as at the end of each such day shall be added to the overdue sum and itself bear 5.5% interest accordingly.
Exchange of REN into FEH Shares	:	<p>Subject to and against compliance of the relevant Note Conditions under the Subscription Agreement:</p> <p>(a) Each Noteholder will have the right to exchange its REN into FEH Shares (the “Exchange Shares”) at a price of S\$1.09 per Exchange Share (the “Exchange Price”). This right is called the “Exchange Right”.</p> <p>(b) The Exchange Right attaching to a REN may be exercised, at the option of a Noteholder, generally at any time after the</p>

		<p>Closing Date up to the Maturity Date under certain circumstances including the occurrence of certain liquidity events.</p> <p>(c) The number of Exchange Shares to which a Noteholder is entitled on exchange shall be determined by dividing the aggregate principal amount of the REN to be exchanged by the Exchange Price.</p> <p>(d) The Exchange Shares will be issued using the 2024 General Mandate – see Section 6 for more information.</p>
Adjustments to the Exchange Price	:	<p>The Exchange Price will be adjusted under certain circumstances, particularly if FEH distributes any annual dividend and/or other distribution per FEH Share in excess of 5.5% of the prevailing Exchange Price as at the date of such dividend issuance or distribution (the “Dividend Limit”). If the Dividend Limit is exceeded, the Exchange Price shall be adjusted by subtracting the cumulative aggregate of the annual dividend and/or distribution amount per FEH Share in excess of the Dividend Limit from the prevailing Exchange Price.</p>
Conversion of REN into Company Shares	:	<p>Subject to and against compliance of the relevant Note Conditions under the Subscription Agreement:</p> <p>(a) Under certain circumstances, each Noteholder will have the right to convert its REN into Company Shares (the “Conversion Shares”) at such price per Conversion Share to be mutually agreed between the Company and the Noteholders before conversion of any RENs (“Conversion Price”). This right is called the “Conversion Right”.</p> <p>(b) The number of Conversion Shares to which a Noteholder is entitled on conversion shall be determined by dividing the aggregate principal amount of the REN to be converted by the Conversion Price.</p>
Redemption of outstanding REN on the Maturity Date	:	<p>(a) Unless previously redeemed, converted or exchanged, the Company will redeem each REN at 100% of its principal amount on the Maturity Date.</p> <p>(b) Each Noteholder shall be entitled to elect for the Company to discharge its obligations to pay the Noteholder the principal amount on the redemption of a REN in the following manner:</p>

		<ul style="list-style-type: none"> (i) in cash; (ii) by way of allotment and issue to the Noteholder of Exchange Shares; or (iii) by a combination of the above.
Early Redemption	:	<ul style="list-style-type: none"> (a) A Noteholder shall have the right, but not the obligation, to require the Company to repay the principal amount in cash together with any outstanding accrued interest in cash, or any part thereof, at any time following the fourth (4th) anniversary of the Closing Date to (but excluding) the Maturity Date. (b) The Company shall not be entitled to redeem the RENs at any time before the Maturity Date without the prior consent of the Noteholders.
Conditions Precedent	:	<p>The subscription of the RENs is conditional upon satisfaction or waiver (as the case may be) of the following conditions, or their satisfaction subject only to Closing:</p> <ul style="list-style-type: none"> (a) the approvals necessary for the proposed subscription of the RENs and the transactions contemplated under the Subscription Agreement and/or the RENs having been obtained from appropriate third parties; (b) FEH and/or the Company not being in breach of any of its representations and warranties ("Warranties"); (c) the FEH Shares remaining listed on the Mainboard of the SGX-ST and the trading of the FEH Shares not being suspended (other than a trading halt on a temporary basis requested by FEH); and (d) the obtainment by FEH of the approval of the SGX-ST for the listing, quotation and trading of the Exchange Shares on the Mainboard of the SGX-ST. <p>If the Conditions Precedent are not satisfied or waived by the Investors on or before the date falling one (1) month from the date of the Subscription Agreement, the Investors may determine that the Subscription Agreement shall lapse.</p>
FEH Liquidity Event	:	Means:

		<p>(a) a sale or transfer of any of the assets of the Group to a bona fide third-party purchaser, for a consideration that is not less than the amount equivalent to: the Exchange Price multiplied by two (2) and multiplied by the total number of FEH Shares (excluding treasury FEH Shares) prevailing at the time a bona fide offer in respect of such sale or transfer is received; or</p> <p>(b) a sale or acquisition of all the FEH Shares, at a price per FEH Share which is not less than two (2) times the Exchange Price.</p> <p>For purposes of computing whether the valuation threshold of a FEH Liquidity Event is met, the Exchange Price shall <u>not</u> take into account any adjustments pursuant to any dividend or distribution which is not in respect of or arising from any sale, disposal or transfer of any assets, business or undertaking of the Group.</p>
Company Liquidity Event	:	<p>Means:</p> <p>(a) a sale or transfer of any of the assets of the Company and/or the Relevant Business (defined below); or</p> <p>(b) a sale or acquisition of any of the shares in the capital of the Company and/or certain subsidiaries of FEH which shall not include initial public offerings of any of those subsidiaries of FEH and/or the Company,</p> <p>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 and the Company, which assuming the full conversion of the RENs in accordance with their terms, results in the Investors collectively receiving up to 25% of the consideration from such sale, transfer or acquisition but no less than three times the Investors' investment as proceeds from such sale, transfer or acquisition.</p>
Relevant Business	:	<p>Means a portfolio of business operations, including but not limited to, the assets, undertakings and business of FEH in Southeast Asia and South Asia, including the associated intellectual property and brands.</p>
Restructuring	:	<p>Upon the occurrence of a liquidity event, FEH may undertake a restructuring of the Group and/or Relevant Business resulting in the Relevant Business (or any part thereof) being transferred to the Company.</p>

<p>Board Appointment Rights</p>	<p>:</p>	<p>(a) Subject to and with effect from and following Closing, the Investors shall be entitled upon the earlier of a vacancy arising on the board of FEH or expansion of the board of FEH and subject to (i) the board appointment rights of Universal Integrated Corporation Consumer Products Pte Ltd, and (ii) the recommendation of FEH's nominating committee, to appoint one (1) director on the board of FEH (the "Investor FEH Director").</p> <p>(b) For so long as the Investor FEH Director has not been appointed, the Investors shall be entitled to appoint an advisor to the board of directors of FEH.</p> <p>(c) Subject to and with effect from and following Closing, the Investors shall be entitled to jointly appoint one (1) director on the board of the Company.</p>
<p>Re-Rating Exercise</p>	<p>:</p>	<p>FEH shall use its best efforts to conduct a fully marketed process intended to enhance the Group's profile amongst investors ("Re-Rating Exercise") within five (5) years from the date of Closing. The Re-Rating Exercise shall be conducted in consultation with the Investors, who shall in good faith assist and provide such support to the Group, including leveraging its network of contacts, providing recommendations and such other professional support.</p>
<p>Covenants</p>	<p>:</p>	<p>FEH covenants with the Investors that, among other customary covenants:</p> <p>(a) FEH shall maintain a minimum unrestricted cash balance of US\$30,000,000 for operational purposes; and</p> <p>(b) FEH guarantees the performance and observance by the Company of all its obligations under or pursuant to the Subscription Agreement.</p>
<p>Events of default</p>	<p>:</p>	<p>The significant events of default (collectively, "Events of Default") under the Subscription Agreement are, <i>inter alia</i>, as follows</p> <p>(a) the Company or FEH does not perform or comply with any of its obligations under the Subscription Agreement or the Note Conditions;</p> <p>(b) any indebtedness of the Company, FEH or the Group in respect of borrowed money is rendered due and payable before its normal maturity by reason of any actual or</p>

		<p>potential default (however described) or is not paid when due or, as a result of any actual or potential default (however described) any facility relating to any such indebtedness is cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled;</p> <p>(c) the Company, FEH or any member of the Group ceases or threatens to cease to carry on or disposes of all or a substantial part of its business;</p> <p>(d) FEH Shares not remaining listed on the Mainboard of SGX-ST or the trading of the FEH Shares being suspended (other than a trading halt on a temporary basis requested by FEH); and</p> <p>(e) any legal proceeding is current or pending (i) to restrain the exercise of any of the rights, performance, enforcement of or compliance with any of the obligations of the Company under the Subscription Agreement or the Note Conditions or (ii) which has or could have a material adverse effect on the Company, FEH or the Group.</p>
Governing Law	:	Singapore laws.

3. INFORMATION ON IKHLAS CAPITAL

The information in this section relating to Ikhlas Capital, its founding partners and investors is based on information provided by and/or representations made by Ikhlas Capital. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below. The sole responsibility of FEH and the Directors in this regard has been limited to ensuring that such information has been properly extracted and reproduced in the context that the information has been disclosed in this Announcement.

Ikhlas Capital is an ASEAN-focused private equity fund manager with a dynamic portfolio of regional investors, which includes sovereign funds and the family offices of some of the biggest F&B conglomerates. The founding partners of Ikhlas Capital are well-known ASEAN professionals who have spent a combined total of more than 100 years of their careers in the region and are highly recognised leaders in their respective professional fields and countries.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Ikhlas Capital, their directors, substantial shareholders and their respective associates are not related to any of the Directors, substantial shareholders of FEH or their respective associates and there is no connection (including any business relationships) between the Directors or substantial shareholders of FEH and Ikhlas Capital.

4. RATIONALE FOR ISSUING THE RENS

The rationale for the strategic partnership is for the Group to work with Ikhlas Capital to develop and expand its business in Southeast Asia and South Asia.

The Board believes that, beyond capital injection, Ikhlas Capital's local presence, knowledge, and network in Southeast Asia will help the Group further accelerate growth and scale in Southeast Asia and internationally.

5. NET PROCEEDS AND ALLOCATION

FEH intends to raise US\$40,000,000 gross proceeds from the Proposed REN Issuance. The net proceeds, after deducting estimated fees and expenses, is approximately US\$38,600,000 (the "**Net Proceeds**"). FEH intends to use the Net Proceeds in the following manner:

Use of Net Proceeds	Allocation
Future expansion plans and investments	US\$38,600,000

FEH will make periodic announcements on the use of the Net Proceeds as and when they are materially disbursed, and provide a status report on the use of the Net Proceeds in its interim and full-year financial statements issued under the Mainboard Rules and FEH's annual report. Where the Net Proceeds have been used for general working capital purposes, FEH will also provide a breakdown with specific details on the use of the Net Proceeds for general working capital in the announcements and status reports. Where there is any material deviation from the stated use of proceeds, FEH shall announce the reasons for such deviation when such funds are materially disbursed.

Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as FEH may, in its absolute discretion, deem fit from time to time.

6. APPLICATION TO THE SGX-ST

FEH will be submitting an application to the SGX-ST for the listing of and quotation for the Exchange Shares on the Mainboard.

The issue and allotment of the Exchange Shares by FEH will be pursuant to the authority granted to the Directors by the shareholders of FEH at the annual general meeting held on 19 April 2024 (the "**2024 General Mandate**"). The number of FEH Shares that can be issued on a non-pro rate basis pursuant to the 2024 General Mandate is 105,893,959 FEH Shares.

For illustration purposes, using the prevailing exchange rate of US\$1: S\$1.31, the aggregate number of Exchange Shares that may be allotted and issued to the Investors upon full exchange of the RENS is 48,073,394.

FEH will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for any Exchange Shares on the Mainboard.

7. FINANCIAL EFFECTS

The financial effects pursuant to the Proposed REN Issuance on the Group's net tangible assets ("NTA") per Share and earnings per Share ("EPS") are prepared solely for illustrative purposes only, and are based on the following assumptions:

- (a) the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2023;
- (b) the full exchange of the RENs (and no cash redemption by the Company) amounting to an aggregate principal amount of US\$40,000,000 into 48,073,394 Exchange Shares;
- (c) the financial effects exclude any accrued interest arising from the RENs; and
- (d) the financial effects exclude the scenario of full conversion of the RENs into Conversion Shares because the Conversion Price has not been crystallised as at the date of this Announcement.

Audited Financial Statement as at 31 December 2023	Before Proposed REN Issuance	After Proposed REN Issuance	After full conversion of the RENs into FEH Shares
Group			
NAV ⁽¹⁾ (US\$'000)	295,642	295,642	335,642
Total number of issued shares (excluding treasury shares)	526,054,399	526,054,399	574,127,793
NAV per Share (US cents)	56.20	56.20	58.46
Basic EPS (US cents)	10.75	10.75	9.85
Diluted EPS (US cents)	10.59	10.59	9.72

Note:

(1) NAV means the net asset value excluding non-controlling interest of the Group.

For the avoidance of doubt, shareholders of FEH should note that nothing in this Announcement may be treated as a representation by FEH as to the trading price of the FEH Shares on the SGX-ST during the term of the RENs or for any other period of time.

8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

There will not be any prospectus or offer information statement issued in connection with the Proposed REN Issuance undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act 2001.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, other than in their respective capacity as Directors or shareholders of FEH, and controlling shareholders of FEH, has any interest, direct or indirect, in the Proposed REN Issuance, other than through their respective shareholdings (if any) in FEH.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure, through reasonable enquiries

11. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement will be made available for inspection during normal business hours at the registered office of FEH at 31 Harrison Road, #08-01, Food Empire Building, Singapore 369649 for a period of three (3) months from the date of this Announcement.

12. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution in trading the FEH Shares as there is no certainty or assurance as at the date of this Announcement, the Proposed REN Issuance will be completed.

Shareholders are advised to read this Announcement and any further announcements by FEH carefully. Shareholders should consult their stock brokers, 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**

20 August 2024