SunMoon

COMMITTED TO FRESHNESS

ANNUAL REPORT **2017/18**

VISION

Be a global market leader in the distribution and marketing of branded fruits, vegetables and consumer products

MISSION

Deliver, from farm to fork, quality and nutritious branded fresh fruits, vegetables and consumer products in the most convenient way

PURPOSE

Empower the health-conscious consumer to eat right

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CORPORATE **PROFILE**

SunMoon Food Company Limited ("SunMoon") is a global distributor and marketeer of branded fresh fruits, vegetables, and consumer products, delivered to the health-conscious consumer in the most convenient way.

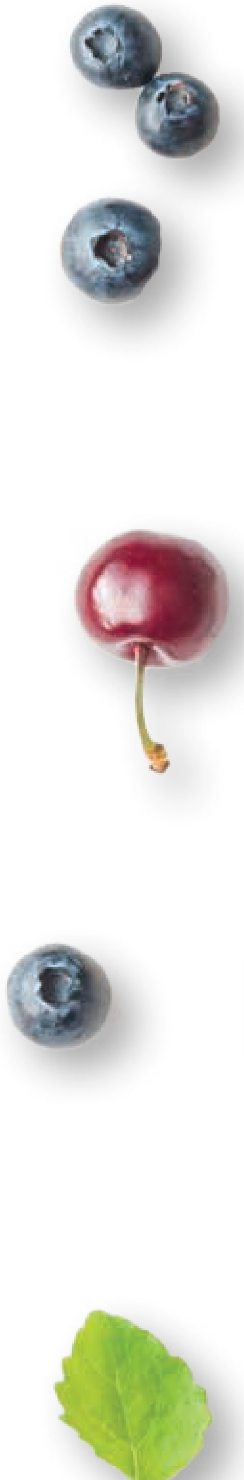
Started in 1983, SunMoon has grown its product offering to over 315 products, including fresh fruits, vegetables, freeze-dried fruit snacks, nuts, fruit cups, fruit sticks, juices, sorbets, and frozen fruits under its own brand.

With an extensive sales network of over 15,000 point of sales globally, SunMoon's offering of quality, premium products are distributed via supermarkets, convenience stores, online and wholesale channels, airlines, food services as well as SunMoon's franchise outlets in Singapore.

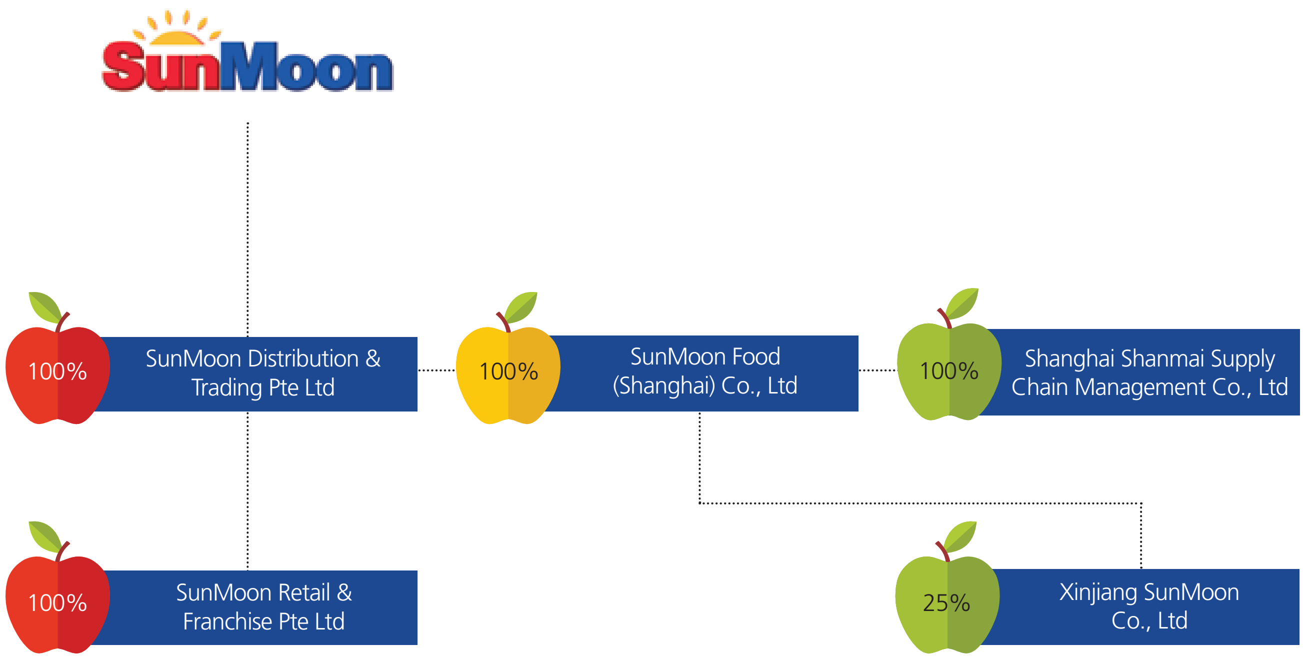
Since 2015, the company has shifted towards an asset-light, consumer-centric and brand-focused business strategy by tapping on its strong brand equity and the Network x Geography x Product business model. Instead of owning farms, SunMoon sources for fruits and vegetables from farmers.

SunMoon's products come with the SunMoon Quality Assurance label, which is backed by internationally recognised accreditations such as HACCP; Good Manufacturing Practice (GMP); AIB (Excellent), ISO 22000, Halal and Kosher Certification.

SunMoon was listed in 1997 on the Mainboard of the Singapore Exchange.



CORPORATE **STRUCTURE**



Tropical Series

CEO'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the Board), I am pleased to present SunMoon Food Company Ltd's (SunMoon) annual report for the 12 months ended 31 March 2018 (FY2017/18).

In FY2017/18, the Group reported a positive set of results, with revenues of S$44.8 million and net profit of S$0.3 million excluding fair value gain of S$1.3 million on financial liabilities arising from contingent issuance of shares (Note 23).

Profitability improved in FY2017/18, from a net loss of S$9.3 million in FY2016/17. This included the gain on disposal of subsidiaries of S$3.5 (Note 13) million in FY2017/18 post restatement, as the Group had previously accounted for the disposals in FY2016/17.

This is testament to our asset-light, consumer-centric strategy; as well as our continued focus on branding and the application of technology to enhance the Network x Geography x Product (N x G x P) business model.

FY2017/18 revenues grew by 123% from S$20.1 million for the 15 months ended 31 March 2017, lifted by an increase in China sales via Shanghai YiGuo E-commerce Co. Ltd (YiGuo). YiGuo is China's largest business-to-consumer (B2C) fresh produce online retailer and also SunMoon's major shareholder since July 2017.

The Group's financial position has strengthened with positive equity of S$14.9 million and cash of S$11.4 million as at 31 March 2018.

In FY2017/18, SunMoon continued to grow the N x G x P model, by expanding its network, geographic footprint and product range. Our first chartered flight of avocados from Mexico to China landed with 30 tonnes of the fruit on 26 April 2018. We have also started the sale of packaged, ready-to-drink whole young Thai coconuts to Singapore and are working on increasing our Thai coconut supply to the US, Australia and Europe.

CEO'S MESSAGE

To date, SunMoon has 315 products in six countries, ranging from fresh fruits such as apples, pears, and seasonal fruits such as cherries, grapes and pomegranates; to consumer products such as fruit cups, juices, snacks and frozen durians. Our network now stands at over 15,000 points of sales globally.

During the year, SunMoon worked closely with Alibaba backed-YiGuo to leverage on their network to expand into China. SunMoon's sales to YiGuo for the period July 2017 to March 2018 made up 64% of our revenue for FY2017/18. SunMoon was recognised as a "Well-Known Brand" and received the Best Partner Award under the TMall Fresh category during the TMall 2018 Chinese Dining Table Celebration. The awards are a recognition of SunMoon's close cooperation with TMall and YiGuo. TMall is China's largest B2C online platform operated by Alibaba.

We remained focused on the use of technology to differentiate us from the rest, and to grow the business. Last year, we deployed the NetSuite Enterprise Resource Planning (ERP) system, a cloud software, which allows us to operate seamlessly across our subsidiaries in Singapore and China. The system enables product traceability and shipment details, which enhances our operational efficiency.

Looking ahead, SunMoon will continue its transformation to become an asset-light, consumer-centric and technology-driven company. We will do this by tapping into new technologies such as blockchain and artificial intelligence to enhance our operational efficiency, spur growth into new areas, and reinvent the way business is done.

On behalf of the Board, I would like to take this opportunity to thank all stakeholders who have contributed to the success of SunMoon over the years.

In line with good corporate governance practice, the Board has undergone a renewal process. I would like to welcome: Mr James Prideaux, who joined us as non-executive Chairman, Ms Liu Yuanyuan and Ms Wang Ai as Non-Independent and Non-Executive directors, Mr Yang Guang and Ms Ng Bie Tjin @Djuniarti Intan as Independent and Non-Executive directors. The five bring with them extensive international business experience that are invaluable to SunMoon, especially for our next phase of growth.

I would also like to express our gratitude to past directors for their contributions – Dr Tan Eng Liang, Mr Chee Wai Pong, Mrs Jessie Peh and Mr Shum Ka Shat. Their foresight and faith in SunMoon helped navigate the Company through some tough times.

Today, SunMoon is on a better footing, having established itself as a global distributor and marketeer of branded fresh fruits, vegetables and consumer products. Together, we will strive to bring the company to greater heights and become the "Dole of Asia".

MR GARY LOH
Chief Executive Officer and
Deputy Chairman

BOARD OF **DIRECTORS**

MR JAMES PRIDEAUX

Chairman and Lead Independent Director

Mr James Prideaux was appointed to the Board as an Independent Director on 4 April 2017 and as Chairman of the Board and Lead Independent Director on 31 August 2017. He is a Chartered Accountant (Institute of Chartered Accountants, England & Wales) and holds a Bachelor of Commerce degree from Birmingham University. He has over 30 years of international executive management experience. He previously worked at MNCs such as KPMG, ICI, Atlantic Richfield Company (ARCO), and Dole Food Company. He currently is Chief Executive Officer of JP APAC Solutions Inc. and a Senior Advisor with Pedersen & Partners.

MR GARY LOH HOCK CHUAN

Deputy Chairman and Non-Independent Director

Mr Loh was appointed to the Board as a Non-Independent Director on 15 April 2007, as Deputy Chairman of the Board on 22 May 2007 and as Executive Director and Chairman of the Executive Committee on 1 July 2007 which was dissolved on 5 November 2013. He was appointed as Executive Chairman of the Board on 7 October 2013. He stepped down as Chairman and was appointed as Deputy Chairman of the Board on 31 August 2017. Mr Loh is the Executive Chairman of First Alverstone Capital Ltd. He was the Director of Sales in UOB Kay Hian Pte Ltd. Mr Loh graduated from the National University of Singapore (NUS) with a Bachelor of Arts (Political Science & Economics) and NUS Business School with a Master in Applied Finance. He has completed Harvard Business School Owner/President Management (OPM) Program.

MS NG BIE TJIN @DJUNIARTI INTAN

Independent Director

Ms Ng Bie Tjin @Djuniarti Intan was appointed to the Board as an Independent Director on 31 August 2017. Ms Ng holds a Masters in Business Administration Degree from the University of Southern California. Ms Ng served as the Executive Director of Finance at Datapulse Technology Ltd from January 1994 until November 2014 and was responsible for the administration and implementation of the Group's corporate finance strategies and policies, corporate governance, internal control policies and procedures and identification and evaluation of new business opportunities. She has been an Independent Director of Aspial Corporation Limited since 20 January 2014.

BOARD OF DIRECTORS

MR YANG GUANG

Independent Director

Mr Yang Guang was appointed to the Board as an Independent Director on 27 October 2017. He currently serves as Vice President and General Counsel at Johnson Controls Asia Pacific (NTSE: JCI) and is responsible for overseeing all legal, compliance, M&A and government affairs matters in the region. He was President of Asia Pacific and Head of Global Off-road Business for Westport Fuel Systems (NASDAQ: WPRT) and also held various general counsel and leadership positions at TRW Automotive (NYSE: TRW) and Siemens (XETRA: SIE). He holds a LL.B. degree from University of International Business and Economics, a Juris Doctor cum laude from St. Thomas University School of Law, a LL.M in Taxation from New York University School of Law, and a MBA degree from Northwestern University Kellogg School of Management and Hong Kong University of Science and Technology.

MS WANG AI

Non-Independent and Non-Executive Director

Ms Wang Ai was appointed to the Board as a Non-Independent and Non-Executive Director on 27 October 2017. She is Senior Vice President of Corporate Development and Investments in Shanghai YiGuo E-Commerce Co. Ltd ("Group") and President of YiGuo Hong Kong. She is responsible for leading YiGuo Group's corporate investment initiatives to accelerate YiGuo's footprint in China's rapidly growing fresh food e-commerce market and cold chain logistic network. Ms Wang was Vice President of Corporate Development and Investments for leading business-to-business media company Global Sources Ltd (NASDAQ listed until its privatization in 2017). She holds an Executive MBA from Northwestern University Kellogg School of Management and Hong Kong University of Science and Technology. She earned a Master of Finance degree with honors from Saint Louis University in the United States and is a CFA charter holder since 2003.

MR WANG YAOBIN

Non-Independent and Non-Executive Director

Mr Wang Yaobin was appointed to the Board as a Non-Independent and Non-Executive Director on 5 July 2017. Currently, he is the Group Finance Controller of YiGuo. He is an American Institute of Certified Public Accountant (Granted by Guam Board of Accountancy) and Chinese Institute of Certified Public Accountant (Granted by Shanghai Institute of Certified Public Accountant) and holds a Bachelor of Economics degree from Shanghai Jiao Tong University. He has about 10 years of experience focused on Finance-related areas and Internet-related industries, such as EY, Baidu and YiGuo.

BOARD OF DIRECTORS

MR YU LIANG

Non-Independent and Executive Director

Mr Yu Liang was appointed to the Board as a Non-Independent and Non-Executive Director on 5 July 2017. He was previously the Group Sourcing Director at YiGuo and as of 1 April 2018, he assume the role of General Manager of Shanghai Shanmai Supply Chain Management Co. Ltd, a subsidiary of SunMoon. He graduated from Nanjing Finance University in 2004, with a Bachelor of Finance. He has over 15 years of experience in Supply Chain and Supplier Relationship management which includes over 10 years of global and domestic sourcing work in YiGuo group and managing relationship with major suppliers as a Supplier Relationship Director. He has expertise managing more than 2000 SKUs for Procurement globally to cater to increasing domestic demands. He has experience in migrating from a sole-SKU to a multiple-SKU based strategy, Business network approach to Procurement, and Sourcing and Supply Chain Management.

MS LIU YUANYUAN

Non-Independent and Non-Executive Director

Ms Liu Yuanyuan was appointed to the Board as a Non-Independent and Non-Executive Director on 22 May 2018. Currently, she is the associate director at Executive office in YiGuo Group. Prior to joining YiGuo Group, she had 7 years of experience in commodity trading. She graduated from Shanghai University with a Bachelor's degree in Finance.

KEY MANAGEMENT

Ms Wang is the Group's Financial Controller and has more than 15 years of experience in auditing and financial management in Singapore and China. As GFC, Ms Wang leads the Group's financial management in the areas of financial strategy, governance, accounting and risk management. Ms Wang holds a Bsc. (Honours) degree in applied accounting from the Oxford Brookers University. She is a Fellow Member of the Association of Chartered Certified Accountants and a Member of the Institute of Singapore Chartered Accountants.

Mr Chong oversees the overall technology platform of various areas within the Company, also looks after the integration of various business processes to internal ERP, working with strategies vendor to improve business process and automation.

Prior to joining the Group, he was working with Oracle and Accenture that handle multiple projects such as SAP and Cloud ERP implementation, within HR and SCM business processes. Jack had experience working with Singapore government and consumer companies.

He holds a Bachelor of Business (Accounting) and Bachelor of Computing from Monash University, Melbourne, Australia, and Project Management Professional Certified (PMP).

Mr Chua is the Managing Director of SunMoon Distribution & Trading Pte Ltd. He first joined the Group as the General Manager (Operations) in 2016, responsible for revamping the Company's sales operations, policies and procedures, as well as redesigning the technology architecture to execute the new business model. He was promoted to Managing Director in 2017, involving in strategic merger & acquisition, human resource planning, overseeing technology implementation and overhaul Company's financial backend system. He served as the director of SunMoon USA and Taian FHTK. Prior to joining the Company, he held several leadership positions in the Singapore Armed Forces, involving in military intelligence, special operations and national security operations. He holds a Bachelor of Science (Computer Science) from University of New South Wales.

Ms Chan is the General Manager of Sales of SunMoon Distribution & Trading Pte Ltd. As head of sales department, she is responsible for overall business development and performance across various key countries and markets. She has a strong background in FMCG and an in-depth understanding of global markets, having worked in Singapore, Malaysia, China and the US over the last 16 years. Her core strength lies in developing and nurturing new emerging markets and creating brand new FMCG platforms.

She holds an Honors Degree in Management and Economics from the University of London.

Mr Ong is the General Manager of Procurement of SunMoon Distribution & Trading Pte Ltd. He oversees the procurement department and is the key personnel for strengthening working relationships with strategic partners.

Prior to joining the Group, he was the Category Manager of fruits with Dairy Farm Group (Cold Storage Singapore) handling all the procurement and category management for Cold Storage, Marketplace and Jasons.

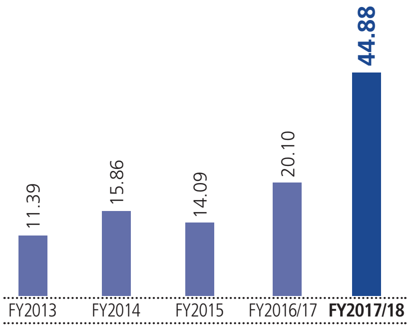
He holds a Bachelor of Commerce (International Business and Marketing) from Murdoch University, Perth,Australia.

FINANCIAL **HIGHLIGHTS**

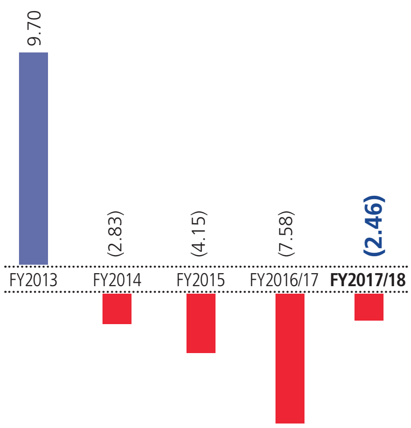
	FY2017/18 (12 months)	FY2016/17 (15 months) Re-stated	FY2015	FY2014	FY2013
Turnover ($ Millions)*	**44.88**	20.10	14.09	15.86	11.39
(Loss)/profit from before Income Tax ($ Millions)*#	**(2.46)**	(7.58)	(4.15)	(2.83)	9.70
Shareholders' funds ($ Millions)	**14.88**	0.68	11.19	12.67	14.33
Net Tangible Assets per Share (Cents)	**2.05**	0.21	3.51	3.98	0.04
Net (Loss)/earning per Share (Cents)*	**(0.40)**	(2.38)	(1.30)	(0.89)	0.03

* Amount attributable to continuing operations
# Amount include fair value gain on financial liabilities arising from contingent issuance of shares

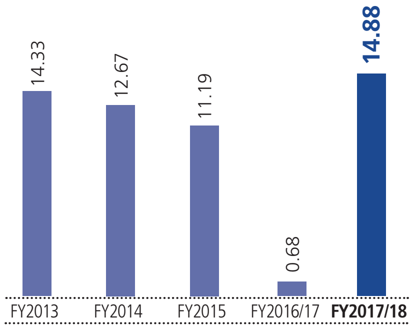
TURNOVER ($ MILLIONS)



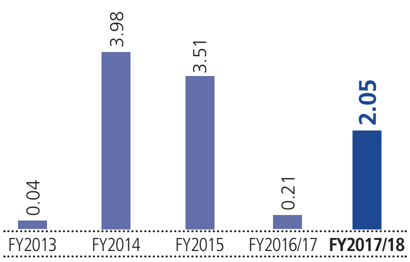
PROFIT/(LOSS) FROM BEFORE INCOME TAX ($ MILLIONS)



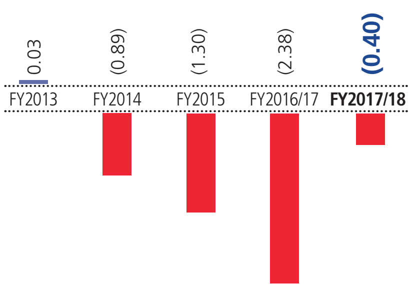
SHAREHOLDERS' FUNDS ($ MILLIONS)



NET TANGIBLE ASSETS PER SHARE (CENTS)



NET EARNING/(LOSS) PER SHARE (CENTS)



FINANCIAL **CONTENTS**

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of SunMoon Food Company Limited (the "**Company**") recognises that sound corporate governance practices are important to the proper functioning of the Company and its subsidiaries (the "**Group**") and enhances the interest of all shareholders. The Board and Management are pleased to report that the Company has in all material aspects, adhered to the principles and guidelines of the Code of Corporate Governance 2012 ("**the Code**").

This report sets out the corporate governance practices that have been adopted by the Company.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

PRINCIPLE 1: EVERY COMPANY SHOULD BE HEADED BY AN EFFECTIVE BOARD TO LEAD AND CONTROL THE COMPANY. THE BOARD IS COLLECTIVELY RESPONSIBLE FOR THE LONG-TERM SUCCESS OF THE COMPANY. THE BOARD WORKS WITH MANAGEMENT TO ACHIEVE THIS OBJECTIVE AND MANAGEMENT REMAINS ACCOUNTABLE TO THE BOARD.

The Board comprises two executive directors and six non-executive directors. Three non-executive directors are independent directors and three non-executive directors are non-independent directors. Together the Board has the relevant core competencies and diversity of experience which enables it to effectively contribute to the Group.

The Board, in addition to its statutory responsibilities, has the responsibility to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises the management of the Company (the "**Management**"). To fulfill this role, the Board is responsible for the overall corporate governance of the Group which includes:

1. Setting and guiding the corporate strategy, directions and financial objectives of the Group, and monitoring the performance of Management towards achieving adequate shareholders' value;
2. The Board provides guidance and leadership to Management and ensures that adequate resources are available to meet its objectives;
3. Assessing Management's performance;
4. Establishing and overseeing the processes and frameworks related to risk management and internal control, financial reporting and compliance, including the release of financial results and announcements of material transactions;
5. Setting Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
6. Approving all Board appointments and appointments of key management staff;
7. Approving annual budgets, major funding proposals, investment and divestment proposals;
8. Advising Management on major policy initiatives and significant issues;
9. Overseeing the proper conduct of the Company's business and assuming responsibility for corporate governance;
10. Identifying the key stakeholder groups and recognising that their perceptions affect the company's reputation; and
11. Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions in the best interest of the Group.

To assist the Board in the execution of its responsibilities, the Board delegates specific authority to three Board Committees which comprise the Audit and Risk Committee, the Nominating Committee, and the Remuneration Committee. These Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored.

REPORT ON CORPORATE GOVERNANCE

The Board will meet on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. Apart from physical meetings, the Board and Board Committees also circulate written resolutions for approval by the relevant members of the Board and Board Committees. The Company's Constitution allows a board meeting to be conducted by way of a tele-conference and video conference, audio visual, or other similar communications equipment. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The approval of the Board is required for any matter which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Company has internal guidelines for matters that require Board's decision and approval, which include the following matters:

1. Major funding proposals, investments, acquisitions and divestments of interest including the Group's commitment in terms of capital and other resources;
2. Corporate and Business plans, the annual budgets and financial plans of the Group;
3. Statutory Reporting including quarterly and full year announcements to SGX, Annual Report, any ad-hoc release to SGX;
4. Internal controls and risk management strategies and execution;
5. Appointment of directors and key management personnel, including review of performance and remuneration packages; and
6. The Group has also in place financial authorization limits for matters such as operating and capital expenditure, credit lines and acquisition and disposal of assets and investments, which require the approval of the Board as per limits and Delegation of Authority set by the Board.

The directors, when first appointed, were given an orientation on the Group's business strategies and operations.

Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices. In the event of appointment of a director, the Company will provide a formal letter to the director, setting out the director's duties and obligations. All directors to be appointed will also receive an orientation on the business strategies and operations of the Group and for those who have no prior experience as directors of a listed company, they will undergo briefing on the roles and responsibilities as directors of a listed company. The Company will also offer opportunities to directors to update and refresh their knowledge in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters, and refresh the directors on matters that may affect or enhance their performance as Board or Board Committee members.

REPORT ON CORPORATE GOVERNANCE

DIRECTORS' MEETINGS HELD FY2017/18

Details of directors' attendance at the Board and Board Committee meetings held for the financial year from 1 April 2017 to 31 March 2018 ("**FY2017/18**") are summarised in the table below.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee
Number of Meetings held	5	5	2	2
Directors during the financial year				
Dr Tan Eng Liang#	1	1	1	2
Mr Chee Wai Pong#	3	3	1	2
Mrs Jessie Peh#	3	3	1	2
Mr James Prideaux	5	3	1	NA
Mr Gary Loh Hock Chuan	5	NA	NA	NA
Ms Ng Bie Tjin @Djuniarti Intan*	2	2	1	NA
Mr Yang Guang**	2	2	1	NA
Ms Wang Ai**	2	2	1	NA
Mr Wang Yaobin	3	2	1	NA
Mr Yu Liang	1	NA	NA	NA
Mr Shum Ka Shat##	3	NA	NA	NA

* Ms Ng Bie Tjin @Djuniarti Intan was appointed as director on 31 August 2017.
** Mr Yang Guang and Ms Wang Ai were appointed as directors on 27 October 2017.
# Dr Tan Eng Liang, Mr Chee Wai Pong and Mrs Jessie Peh have resigned on 31 August 2017.
Mr Shum Ka Shat has resigned on 1 June 2018.

REPORT ON CORPORATE GOVERNANCE

BOARD COMPOSITION AND BALANCE

PRINCIPLE 2: THERE SHOULD BE A STRONG AND INDEPENDENT ELEMENT ON THE BOARD, WHICH IS ABLE TO EXERCISE OBJECTIVE JUDGEMENT ON CORPORATE AFFAIRS INDEPENDENTLY, IN PARTICULAR, FROM MANAGEMENT AND 10% SHAREHOLDERS. NO INDIVIDUAL OR SMALL GROUP OF INDIVIDUALS SHOULD BE ALLOWED TO DOMINATE THE BOARD's DECISION MAKING.

Presently the Board comprises two executive directors, three independent non-executive directors and three non-independent non-executive directors. The present composition of the Board complies with the Code's guidelines that independent directors make up more than one-third of the Board. The participation of the directors in the Board Committees is as follows:

Name of Director	Independence	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee
Mr James Prideaux	Lead Independent Non-Executive	C	M	M	M
Mr Gary Loh Hock Chuan	Non-Independent Executive	M	–	–	–
Ms Ng Bie Tjin @Djuniarti Intan	Independent Non-Executive	M	C	M	M
Mr Yang Guang	Independent Non-Executive	M	M	C	C
Ms Wang Ai	Non-Independent Non-Executive	M	M	M	M
Mr Wang Yaobin	Non-Independent Non-Executive	M	M	M	M
Mr Yu Liang	Non-Independent Executive	M	–	–	–
Ms Liu Yuanyuan*	Non-Independent Non-Executive	M	–	–	–

C: Chairman; M: Member
* Ms Liu Yuanyuan was appointed as director on 22 May 2018.

The Board adopts the Code's definition of what constitutes an independent director in its review. The Board is of the view that the independent non-executive directors of the Company are independent, and further, that no individual or small group of individuals dominate the Board's decision making process. The independence of each director is also reviewed annually by the Nominating Committee, bearing in mind the 2012 Code's definition of an "*independent director*" and guidance as to relationships the existence of which would deem a director not to be independent.

REPORT ON CORPORATE GOVERNANCE

The size and composition of the Board will be reviewed annually by the Nominating Committee. The review will seek to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will also ensure that there is a process of refreshing the Board progressively over time so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointee could bring to the Board's deliberation. Together, the directors as a group provide core competencies such as accounting and finance, business experience, industry knowledge, strategic planning experience and customer-based experience.

Non-executive Directors contribute to the Board process by reviewing Management's performance against goals and objectives, and monitoring the reporting of performance. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

During the year, the non-Executive Directors communicated and met amongst themselves without the presence of Management as and when the need arose. The Company has benefited from the Management's ready access to its directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees meetings.

Key information regarding the directors is set out on pages 05 to 07 of the Annual Report.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3: THERE SHOULD BE A CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE LEADERSHIP OF THE BOARD AND THE EXECUTIVES RESPONSIBLE FOR MANAGING THE COMPANY'S BUSINESS. NO ONE INDIVIDUAL SHOULD REPRESENT A CONSIDERABLE CONCENTRATION OF POWER.

Different individuals assume the roles of the Chairman of the Board and the CEO. The separation of the roles of Chairman and CEO ensures a balance of power and authority such that no one individual represents a considerable concentration of power. The positions of Chairman and CEO are held by Mr James Prideaux and Mr Gary Loh Hock Chuan respectively. Mr Gary Loh Hock Chuan also holds the role of Deputy Chairman.

As the Chairman, Mr James Prideaux bears responsibility for the effective working of the Board. He is responsible for amongst others, ensuring that the directors receive accurate, timely and clear information. He sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. In addition to making sure that each director effectively contributes to the Group, he also encourages constructive relations between the management of the Company and the Board as well as between the executive director and non-executive directors and promotes a culture of openness and debates within the Board.

The Deputy Chairman and CEO, Mr Gary Loh Hock Chuan, is responsible for the day-to-day running of the Group's operation and the execution of the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business. He has played an instrumental role in developing the business, and has also provided the Group with strong leadership and vision. With the assistance of the Company Secretary, he schedules meetings and prepares meeting agenda to provide guidance, advice and leadership to the Board to perform its duties effectively. He is responsible for amongst others, ensuring that the directors receive accurate, timely and clear information. Together with the Chairman, he sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. In addition to making sure that effective communication is achieved with the shareholders, he acts as facilitator to non-executive directors for them to effectively contribute to the Group. He also encourages constructive relations between the Management and the Board as well as between the executive director and non-executive directors and promotes a culture of openness and debate at the Board.

The above is not an exhaustive description of the current or future role of the Deputy Chairman and CEO. The role of the Deputy Chairman and CEO may change in line with developments affecting the Group.

REPORT ON CORPORATE GOVERNANCE

In view that the roles of the Deputy Chairman and CEO in the Company are not separated, and the Deputy Chairman is not an independent director, Mr James Prideaux has been appointed as the Lead Independent Director and non-executive Chairman of the Company for communicating with the shareholders in situations where their concerns are not resolved by the Deputy Chairman and CEO and/or Group Financial Controller.

The Lead Independent Director has the authority to call and lead meetings of the independent directors, when necessary and appropriate. The Independent Directors will meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Deputy Chairman after such meetings as appropriate.

BOARD MEMBERSHIP

PRINCIPLE 4: THERE SHOULD BE A FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS TO THE BOARD.

NOMINATING COMMITTEE ("NC")

The NC, regulated by a set of written terms of reference, comprises five members. The Chairman is Mr Yang Guang, an independent non-executive director, who is not, or who is not directly associated with, a substantial shareholder. The other four members are Mr James Prideaux, Mr Wang Yaobin, Ms Ng Bie Tjin @Djuniarti Intan and Ms Wang Ai. Mr James Prideaux and Ms Ng Bie Tjin @Djuniarti Intan are independent non-executive directors; Mr Wang Yaobin and Ms Wang Ai are non-independent non-executive directors. Based on the NC's assessment of the independence of each individual board director, the Board will review, and reconstitute as appropriate, the membership of the Board Committees.

The NC is responsible for the following:

(a) to make recommendations to the Board on all Board appointments, including re-nominations, having regard to the directors' contribution and performance including, if applicable, as an independent director, and the review of board succession plan for directors and for the CEO;

(b) to determine annually, on a discretionary basis, whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;

(c) to adopt internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. As a guide, the Board determines six (6) as the maximum number of board representations in listed companies which any director may hold subject to any special circumstances that may be applicable to any particular director;

(d) to determine if a director with other listed company board representations and/or principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes into account the effectiveness of the individual director, and the respective director's conduct on the Board, in making this determination. In respect of FY2017/18, the NC was of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director effectively;

(e) to determine the process for selection and appointment of new directors to the Board, including disclosure on the search and nomination process; and

REPORT ON CORPORATE GOVERNANCE

In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on the balance and diversity of skills, experience, gender and knowledge required by the Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to assist in the research process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached. The NC also oversees the re-appointment of directors as and when their tenure of appointment is due. In assessing the directors for reappointment, the NC evaluates several criteria including qualifications, contributions and independence of the directors.

The Directors on the Board have professional expertise and competency in their respective fields in banking, finance, accounting, solicitor and fresh fruit business. The Board is of the view that diversity is important to enhance the Board's effectiveness as it provides unique insights and more effective decision-making. Gender is an important aspect of diversity. As at date of this report, 37.5% of the Board or three out of eight members are female.

(f) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

All the directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Article 102 of the Constitution of the Company requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**").

The Company has no alternate directors on its Board.

BOARD PERFORMANCE

PRINCIPLE 5: THERE SHOULD BE A FORMAL ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD AS A WHOLE AND ITS BOARD COMMITTEES AND THE CONTRIBUTION BY EACH DIRECTOR TO THE EFFECTIVENESS OF THE BOARD.

The Company acknowledges the importance of a formal assessment of Board performance and has adopted a formal system of evaluating Board performance as a whole. An evaluation of Board performance will be conducted annually to identify areas of improvement and as a form of good Board management practice. Based on the assessment, the NC has indicated that the Board has met its performance objectives for the FY2017/18.

The NC had assessed the effectiveness of the Board as a whole and its Board Committees and contribution by each director on each of the following:

- Board composition;
- Information to the board;
- Board procedure;
- Board accountability;
- CEO/Management; and
- Standard of conduct.

The NC will prepare a consolidated report and discuss with Chairman on the results. Thereafter, the Chairman will meet with the Board and the Board Committees, to provide necessary feedback on their performance, with a view to improve performance and shareholders' value. The performances of individual directors are also taken into account for their re-appointment, and the need for new members to be appointed to the Board.

REPORT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

PRINCIPLE 6: IN ORDER TO FULFILL THEIR RESPONSIBILITIES, DIRECTORS SHOULD BE PROVIDED WITH COMPLETE, ADEQUATE AND TIMELY INFORMATION PRIOR TO BOARD MEETINGS AND ON AN ON-GOING BASIS SO AS TO ENABLE THEM TO MAKE INFORMED DECISIONS TO DISCHARGE THEIR DUTIES AND RESPONSIBILITIES.

Management is required to provide complete, adequate and timely information to the Board on the Board's affairs and issues that require the Board's decision from time to time. Information provided included background of explanatory information, copies of disclosure documents, budgets, quarterly financial statements, management accounts and any material variances between the projections and actual results.

The CEO keeps the Board members abreast of key developments affecting the Group as well as material transactions in order so the Board is fully aware of the affairs of the Group.

All directors have separate and independent access to the Management and the Company Secretary at all times. The Company Secretary attends all Board meetings and assists the Board in ensuring that Board procedures and all other rules and regulations applicable to the Company are complied with. The Company Secretary also follows the direction of the Chairman to ensure that good information flows within the Board and its committees and between senior management and non-executive directors, to advise the Board on all governance matters, as well as to facilitate orientation and assist with professional development as required. The appointment and removal of the Company Secretary is subject to approval by the Board.

The Company has in place the procedure to enable the directors, whether as a group or individually, to obtain independent professional advice as and when necessary in furtherance of their duties at the Company's expense.

The appointment of such independent professional advisor is subject to approval by the Board.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 7: THERE SHOULD BE A FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING POLICY ON EXECUTIVE REMUNERATION AND FOR FIXING THE REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS. NO DIRECTOR SHOULD BE INVOLVED IN DECIDING HIS OWN REMUNERATION.

Remuneration Committee ("RC")

The RC ensures the appropriateness, transparency and accountability to shareholders on issues of remuneration of the directors and Management.

The RC, regulated by a set of written terms of reference, comprises five members. The Chairman of the RC is Mr Yang Guang, an independent non-executive director. The members are Mr James Prideaux, Mr Wang Yaobin, Ms Ng Bie Tjin @Djuniarti Intan and Ms Wang Ai. Mr James Prideaux and Ms Ng Bie Tjin @Djuniarti Intan are independent non-executive directors; Ms Wang Ai and Mr Wang Yaobin are non-independent and non-executive directors.

The RC is responsible for the following:

(a) to recommend to the Board for endorsement of a framework of remuneration for the Board and key executives;

(b) to review and recommend specific remuneration packages and terms of employment for each executive director and key management personnel, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind;

(c) to review and recommend the remuneration of the non-executive directors, taking into account factors such as their effort and time spent, and their responsibilities;

(d) in the case of service contracts, to consider what compensation commitments the Directors', CEO's and key management personnel's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;

(e) to review the remuneration of senior management; and

(f) to recommend to the Board long term incentive schemes for Executive Directors and key management personnel which may be set up from time to time.

No director or member of the RC is involved in deciding his own remuneration. If required, the RC will seek expert advice inside and/or outside the Company on remuneration of all Directors. The Company is also required to disclose the name and firm of the expert, and if there is any existing relationship between the Company and the expert. For the FY2017/18, the RC did not seek expert advice as they did not deem it was necessary.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: THE LEVEL AND STRUCTURE OF REMUNERATION SHOULD BE ALIGNED WITH THE LONG-TERM INTERESTS AND RISK POLICIES OF THE COMPANY, AND SHOULD BE APPROPRIATE TO ATTRACT, RETAIN AND MOTIVATE (A) THE DIRECTORS TO PROVIDE GOOD STEWARDSHIP OF THE COMPANY, AND (B) KEY MANAGEMENT PERSONNEL TO SUCCESSFULLY MANAGE THE COMPANY. HOWEVER, COMPANIES SHOULD AVOID PAYING MORE THAN IS NECESSARY FOR THIS PURPOSE.

The remuneration packages are set such that the directors and key management personnel are adequately but not excessively remunerated as compared to other comparable companies in the industry in view of present market conditions. The remuneration policy adopted takes into account the individual's and the Company's performance, and whether it is aligned with the interest of shareholders.

The RC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the RC has taken into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporated risk-adjustments into the compensation structure through several initiatives.

The remuneration of the Deputy Chairman, Mr Gary Loh Hock Chuan, as set out in the renewable 2-year service agreement which commenced on 1 July 2017, consists of a fixed monthly salary and variable component. The service agreement may be terminated during such term either as provided in the service agreement or by either party giving to the other not less than 3 months written notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of Deputy Chairman.

The Company has an employee share option scheme known as SunMoon Share Option Scheme, which provides eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance. However, no share options have been granted or awarded pursuant to the option scheme.

The current remuneration of the non-executive directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. The Company is also aware that over-compensation may result in non-Executive Director's independence being compromised. Except for directors' fees, which have to be approved by Shareholders at every annual general meeting ("AGM"), the non-Executive Directors do not receive any other forms of remuneration, such as shares, from the Company.

REPORT ON CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

PRINCIPLE 9: EACH COMPANY SHOULD PROVIDE CLEAR DISCLOSURE OF ITS REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION, AND THE PROCEDURE FOR SETTING REMUNERATION IN THE COMPANY's ANNUAL REPORT. IT SHOULD PROVIDE DISCLOSURE IN RELATION TO ITS REMUNERATION POLICIES TO ENABLE INVESTORS TO UNDERSTAND THE LINK BETWEEN REMUNERATION PAID TO DIRECTORS AND KEY MANAGEMENT PERSONNEL, AND PERFORMANCE.

Directors

The fees payable and remuneration paid to each of the directors of the Company for the financial period from 1 April 2017 to 31 March 2018 are below $100,000 per annum for independent directors and above $500,000 for one executive director. A breakdown of the level and mix of the remuneration of the directors is as follows:

	Fees[1] %	Salary %	Bonus and Benefits in Kind %	Total (S$'000)
Above S$500,000				
Mr Gary Loh Hock Chuan	–	94.74	5.26	582
Below S$100,000				
Mr James Prideaux (appointed on 4 April 2017)	100	–	–	55
Ms Ng Bie Tjin @ Djuniarti Intan (appointed on 30 August 2017)	100	–	–	25
Mr Yang Guang (appointed on 27 October 2017)	100	–	–	18
Ms Wang Ai (appointed on 27 October 2017	–	–	–	–
Mr Wang Yaobin (appointed on 5 July 2017)	–	–	–	–
Mr Yu Liang (appointed on 5 July 2017)	–	–	–	–
Mr Shum Ka Shat (appointed on 5 July 2017 and resigned on 1 June 2018)	–	–	–	–
Dr Tan Eng Liang (resigned on 31 August 2017)	100	–	–	16
Mr Chee Wai Pong (resigned on 31 August 2017)	100	–	–	16
Mrs Jessie Peh (resigned on 31 August 2017)	100	–	–	18
Mr Michael John Martin (resigned on 28 April 2016)	100	–	–	14

(1) Director fees are subject to shareholders' approval as a lump sum at the Annual General Meeting to be held on 31 July 2018.

REPORT ON CORPORATE GOVERNANCE

During the FY2017/18, there was no termination, retirement and post-employment benefits granted to any director or Key Management Personnel.

Key Executives

The remuneration of the top seven key management personnel (who are not directors or the CEO), for the financial period from 1 April 2017 to 31 March 2018 is tabled with a breakdown of the level and mix of the remuneration as follows:

	Fixed Salary[(1)] %	Variable Bonus %	Benefits in Kind %	Total (S$'000)
Below S$200,000				
Ms Wang Hui Zhen	96.76	–	3.24	562
Mr Chng Say Kiat (resigned on 12 August 2017)	100	–	–	
Ms Rosanne Ong Siew Ling (resigned on 12 May 2017)	100	–	–	
Mr Roger Chua Kiang Tat	93.26	–	6.74	
Ms Chan Pei See (appointed on 17 July 2017)	92.44	–	7.56	
Mr Chong Chun Yao (appointed on 24 July 2017)	100	–	–	
Mr Ong Jun Wei, Kelvin (appointed on 3 August 2017)	100	–	–	

(1) Fixed Salary includes all social contribution paid by employer.

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded $50,000 during the FY2017/18. "*Immediate family member*" means the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

PRINCIPLE 10: THE BOARD SHOULD PRESENT A BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS.

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The Management currently provides the Board with management accounts of the Group's performance and position on a quarterly basis. Such reports provide the Board with the basis to make balanced and understandable assessment of the Group's performance and financial position and enable the Board to evaluate the Group's prospects.

The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements, including requirements under the listing rules.

REPORT ON CORPORATE GOVERNANCE

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK. THE BOARD SHOULD ENSURE THAT MANAGEMENT MAINTAINS A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROLS TO SAFEGUARD THE SHAREHOLDERS' INTERESTS AND THE COMPANY'S ASSETS, AND SHOULD DETERMINE THE NATURE AND EXTENT OF THE SIGNIFICANT RISKS WHICH THE BOARD IS WILLING TO TAKE IN ACHIEVING ITS STRATEGIC OBJECTIVES.

The Board acknowledges that it is responsible for determining the Company's level of risk tolerance and risk policies, the overall internal control framework, the overseeing of the Management in the design, implementation and monitoring of a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Audit and Risk Committee ("**ARC**") reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management.

The ARC conducts a review to ensure the adequacy of the internal audit function at least annually. The system of internal controls currently implemented by the Group provides reasonable assurance against financial misstatements or loss.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board and ARC get assurance based on all works performed as listed below:–

1. Internal controls established and maintained by the Group as documented and reviewed as necessary in the matrix of risk register, group policies, and Standard Operating Procedures;
2. Work performed by the internal auditors;
3. Work performed by the external auditors;
4. ARC discussions and reviews by the ARC and the Board;
5. Reviews performed by the Management;
6. Execution of the Group Whistle Blowing Policy; and
7. Other reviews performed by other committees;

The Board, with the concurrence of the ARC, and based on the work performed by external and internal auditors, and reviews performed by Management and various Board Committees, holds the opinion that the risk management systems and internal controls addressing financial, operational, and compliance risks maintained by the Management throughout the financial period from 1 April 2017 to 31 March 2018, up to the date of this report, are adequate and effective to meet the needs of the Group in its current business environment. The Board has received assurance from the Deputy Chairman/CEO and the Group Financial Controller:

(a) That 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

(b) The company's risk management and internal control systems, in place within the Group are adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group.

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

AUDIT AND RISK COMMITTEE ("ARC")

PRINCIPLE 12: THE BOARD SHOULD ESTABLISH AN AUDIT COMMITTEE ("AC") WITH WRITTEN TERMS OF REFERENCE WHICH CLEARLY SET OUT ITS AUTHORITY AND DUTIES.

The ARC, regulated by a set of written terms of reference, comprises three independent non-executive directors namely, Ms Ng Bie Tjin @Djuniarti Intan, Mr James Prideaux, Mr Yang Guang, and two non-independent and non-executive directors namely Ms Wang Ai and Mr Wang Yaobin. The Chairperson of the ARC is Ms Ng Bie Tjin @Djuniarti Intan.

The Board is of the view that the members of the ARC are appropriately qualified, having the necessary accounting or related management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The external auditor will provide regular updates to the ARC on relevant changes to the accounting standards and the implications on the financial statements.

The ARC meets periodically to discuss and review the following where applicable:

Audit

(a) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

(c) to review the independence and objectivity of the internal and external auditors and to recommend to the Board their appointment or re-appointment;

(d) to review the effectiveness of the company's internal audit function;

(e) to review the scope and results of the external audit, and the independence and objectivity of the external auditors; and review and discuss with the external auditors:–

- the audit plan, their evaluation of the system of internal controls, their audit report, their letter to Management and Management's response;

- the quarterly, half yearly, and annual financial announcements comprising balance sheet, profit and loss accounts before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

- the co-operation between the internal and external auditors and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matter which the auditors may wish to discuss (in the absence of Management where necessary);

REPORT ON CORPORATE GOVERNANCE

(f) to review and discuss with external auditors and internal auditors about any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

(g) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the company, the ARC reviews the nature and extent of such services, seeking to maintain objectivity;

(h) to meet with both external auditors and internal auditors, in each case without the presence of Management, at least once annually;

(i) to review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(j) to conduct an annual review of the whistleblowing arrangements to ensure effective implementation. Where necessary, the arrangements should be amended;

(k) to review transactions falling within the scope of Chapter 9 of the Listing Manual and potential conflicts of interests, if any;

(l) to undertake such other reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising and requiring the attention of ARC; and

(m) to generally undertake such other functions and duties as may be required by statute and the Listing Manual, and by such amendments made thereto from time to time.

Risk

Assist the Board in carrying out responsibilities of overseeing the Company's risk management framework and policies:

(a) to identify, assess, monitor and manage risks associated with the operations of the Group, and examine any other matters relating to risks that are referred to it by the Board;

(b) to build consensus among the Board members and Management on acceptable risk levels (in terms of risk likelihood and its impact) and monitor current risk levels;

(c) to assess whether the risk management framework is appropriate and adequate;

(d) to monitor Management accountability for risk management processes and compliance with risk policies;

(e) to review and make recommendations to the Board in relation to risk management;

(f) to consider, and make recommendations to the Board in connection with, the compliance by the Group with its risk management framework and policies;

(g) to report to the Board on any material changes to the risk profile of the Group;

(h) to monitor and refer to the Board any instances involving material breaches or potential breaches of the Group's risk management policies; and

(i) to engage such independent professional advice as it considers necessary in fulfilling its duties.

REPORT ON CORPORATE GOVERNANCE

The ARC has the explicit powers to conduct or authorise investigations into any of the abovementioned matters. The ARC has full access to and co-operation by Management and also full discretion to invite any director or executive officer to attend its meetings as well as reasonable resources to enable it to discharge its function properly.

The ARC meets with the Group's external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group and review any change of accounting standards and issues which have a direct impact on financial statements. The ARC meets with the external auditors, without the presence of Management, at least once a year. The Company complies with SGX listing Rules 712 and 715 in relation to auditing firm.

None of the members of the ARC were partners or directors of the Company's existing external auditors within the last 12 months and none of the members of the ARC hold any financial interest in the auditing firm.

The ARC has conducted an annual review of the volume of non-audit services, if any, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC had recommended the re-appointment of Ernst & Young LLP ("EY") as external auditors at the forthcoming AGM. The fees for both audit and non-audit services, charged by EY are listed below:

	$'000
Total Audit Fees	100
Total Non-Audit Fees	8
Total	**108**

The Whistle-Blowing Policy is in place within the Group and Code of Business Ethics and Conduct and Conflict of Interests declaration are in practice within the Group. Reports can be lodged by calling the Company at +65 6779 5688 or through their website.

The ARC reviews all whistleblowing complaints (if any) to ensure independent, thorough investigation and appropriate follow-up actions.

INTERNAL AUDIT

PRINCIPLE 13: THE COMPANY SHOULD ESTABLISH AN EFFECTIVE INTERNAL AUDIT FUNCTION THAT IS ADEQUATELY RESOURCED AND INDEPENDENT OF THE ACTIVITIES IT AUDITS.

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests.

The Company had appointed an internationally reputable accounting firm whose staff are qualified and experienced professionals to perform internal audit. The ARC meets with the internal auditors regularly to review the Company's operations and to plan for appropriate internal audit program. Reports are prepared by the internal auditors for review by the ARC and approval by the Board. For the avoidance of doubt, the primary line of reporting of the reports prepared by the internal auditors is to the ARC. The ARC will ensure that the internal auditor has direct and unrestricted access to the Chairman of the Board, the ARC and Company's documents. The appointment, remuneration and resignation of the internal auditor are reviewed by the ARC.

The ARC will assess the adequacy and effectiveness of the internal audit function.

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS, AND CONDUCT OF SHAREHOLDER MEETINGS

PRINCIPLE 14: COMPANIES SHOULD TREAT ALL SHAREHOLDERS FAIRLY AND EQUITABLY, AND SHOULD RECOGNISE, PROTECT AND FACILITATE THE EXERCISE OF SHAREHOLDERS' RIGHTS, AND CONTINUALLY REVIEW AND UPDATE SUCH GOVERNANCE ARRANGEMENTS.

PRINCIPLE 15: COMPANIES SHOULD ACTIVELY ENGAGE THEIR SHAREHOLDERS AND PUT IN PLACE AN INVESTOR RELATIONS POLICY TO PROMOTE REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS.

PRINCIPLE 16: COMPANIES SHOULD ENCOURAGE GREATER SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS OF SHAREHOLDERS, AND ALLOW SHAREHOLDERS THE OPPORTUNITY TO COMMUNICATE THEIR VIEWS ON VARIOUS MATTERS AFFECTING THE COMPANY.

In line with continuous disclosure obligations of the Company and pursuant to the SGX-ST's Listing Manual, the Board's policy is that shareholders are informed of all major developments that impact the Group. An investor relations policy is also in place to regularly convey pertinent information to shareholders. The Company is committed to disclosing to its shareholders as much relevant information in a descriptive, detailed and forthcoming way, and at the same time avoiding boilerplate disclosures.

Information is communicated to shareholders on a timely basis. Communication is made through annual reports that are prepared and issued to all shareholders as well as quarterly announcements, notice of annual general meetings and extraordinary general meetings, other announcements and press releases are issued via SGXNET. The dividend information is stated and disclosed in quarterly announcements.

To ensure a level playing field and provide confidence to shareholders, unpublished price-sensitive information is not selectively disclosed, and on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public via SGXNET. The Company's website is also continually updated with the latest information concerning the Company.

In addition, shareholders are encouraged to attend and vote at the general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Shareholders will be informed of the rules, including voting procedures that govern the general meeting at the respective meetings. They may vote in person or in absentia by way of proxies deposited, in person or by mail, at the registered address of the Company. Currently the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. Pursuant to Article 82(1) of the Constitution of the Company, a shareholder may appoint any number of proxies to attend and vote at the same general meeting. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold shares through a nominee or custodial services company, may attend and vote at each AGM.

The general meeting of shareholders is the principal forum for dialogue with shareholders. The Board welcomes questions from shareholders who have an opportunity to raise questions either informally or formally before or at the AGM. The Board solicits and understands the views of the shareholders through the dialogue. The notice of the general meetings of shareholders is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting for ordinary resolutions and 21 days before the meeting for special resolutions. There are separate resolutions on each substantially separate issue. All directors attend general meetings of shareholders. The Chairmen of the ARC, NC and RC will normally be available at the shareholders' meetings to answer those questions relating to the work of these committees. The external auditors of the Company will also normally be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

REPORT ON CORPORATE GOVERNANCE

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes of shareholders' meetings are available on shareholders request.

Through the Company's website and hotline, the Company is able to gather views and/or inputs from shareholders. Subsequently, the Company will reply shareholders' concerns through email and/or phone call.

In addition to shareholders' meeting, Management aims to take steps to solicit and understand the views of the shareholders through analyst briefings, investor roadshows and/or briefings. Such meetings provide useful platforms for Management to engage with investors and analyst.

Dealing in Securities

The Company has adopted internal codes pursuant to the SGX-ST Listing Manual's guidelines applicable to all its officers in relation to dealings in the Company's securities. Its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial results for the financial year, and ending on the date of announcement of the relevant results.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested-person transactions.

DIRECTOR'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors present their statement to the members together with the audited consolidated financial statements of SunMoon Food Company Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 March 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet 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 March 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) 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 this statement are:

Mr James Prideaux
Mr Gary Loh Hock Chuan
Ms Ng Bie Tjin @ Djuniarti Intan
Mr Yang Guang
Ms Wang Ai
Mr Wang Yaobin
Mr Yu Liang
Ms Liu Yuanyuan

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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' INTERESTS IN SHARES AND DEBENTURES

The following directors, 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, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year/appointment date	At the end of financial year	At the beginning of financial year/appointment date	At the end of financial year
The Company				
Mr Gary Loh Hock Chuan	–	–	80,712,772	80,712,772
Ms Ng Bie Tjin @ Djuniarti Intan	120,000	120,000	–	–

DIRECTOR'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Gary Loh Hock Chuan is deemed to have an interest in the 80,712,772 shares of the Company held by First Alverstone Capital Limited at the beginning and end of the financial year.

There was no change in any of the above-mentioned interests in the Company between the end of financial year and 21 April 2018.

SHARE OPTIONS

During the financial year, the Company has granted 166,666,667 of free unlisted warrants to Shanghai YiGuo E-Commerce Co., Ltd. that carry the right to subscribe for one share each in the capital of the Company at the exercise price of S$0.054 per share.

SunMoon Share Option Scheme

The Company has implemented an employee share option scheme known as SunMoon Share Option Scheme (the "Option Scheme"). The Option Scheme was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 30 April 2012. No share options have been granted or awarded pursuant to the Option Scheme.

There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or of its subsidiaries under options as at the end of the financial year.

AUDIT AND RISK COMMITTEE

The audit and risk committee (ARC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

AUDITOR

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

On behalf of the board of directors:

Mr Gary Loh Hock Chuan
Chief Executive Officer

Ms Ng Bie Tjin @ Djuniarti Intan
Director

Singapore
5 July 2018

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SunMoon Food Company Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2018, the statement of changes in equity of the Group 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 and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) 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 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the 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.

<u>First year audit</u>

The financial year ended 31 March 2018 is the first year that Ernst & Young LLP audited the financial statements of the Group. As a result, there are additional planning activities and considerations in addition to audit procedures performed for recurring audits necessary to develop an appropriate audit strategy and audit plan. Specific planning activities included, but were not limited, to (i) obtaining an initial understanding of the Group and its business including background information, strategy, business risks, IT landscape and its financial reporting and internal controls framework to assist our risk assessment procedures; and (ii) attending Audit and Risk Committee ("ARC") meetings and reading minutes of past Board meetings and ARC meetings. The information obtained from such activities were used to develop our audit plan. We discussed and agreed our audit plan with the ARC and Executive Board of Directors and have reported status updates and key findings from our audit process on a regular basis.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

First year audit (Continued)

As this is our first year audit, we are also required to obtain sufficient appropriate audit evidence about whether the opening balances as at 1 April 2017 contain misstatements that materially affect the current period's financial statements, including an evaluation of whether the opening balances reflect the application of appropriate accounting policies. As disclosed in Note 30 to financial statements, prior year adjustments have been recorded to restate certain numbers in respect of financial year ended 31 March 2017.

As the audit of the opening balances and obtaining sufficient insight into the Group is an important aspect in our first-year audit, we have identified this as a key audit matter.

Our audit procedures included, amongst others, communicating with the predecessor auditor, obtaining understanding from management and ARC on rationale for significant transactions and assumptions or judgements. We considered the appropriateness of the accounting principle applied to these transactions and the assumptions or judgements applied by management by obtaining an understanding of the business rationale, considering their nature and reviewing the relevant supporting documents. Lastly, we assessed the adequacy of the Group's disclosures on the restatements in Note 30.

Valuation of financial liabilities resulting from adjustment shares

As disclosed in Note 23, the Company is required to make an assessment of the expected losses arising from the loss events as disclosed in Note 20 and the related contingent issuance of shares, and determine their fair value with reference to the share price of the Company at every reporting date. As the determination of expected losses involved the use of discounted cash flows requiring significant management judgment on assumptions such as revenue growth rate, terminal growth rate and pre-tax discount rate, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reading the Placement Agreement and Amended Agreement to obtain an understanding of the key terms. We also sought clarifications from management on the definition of the terms relating to the loss events and method used to estimate or determine the expected loss. We considered the reasonableness of management's assumptions or judgment applied in determining the expected loss by comparing the key assumptions and data used in the cash flow forecasts against historical performance, current business environment and future plans based on market trends and conditions. We performed sensitivity analysis of the computed amounts to changes in certain key assumptions. We re-performed management's computation of the adjustment shares to be issued and the resulting fair value of the financial liability by checking to the share price at each relevant period.

The disclosures relating to the recognition of financial liabilities are included in Note 23 to the financial statements.

Recoverability of trade receivables

The carrying amount of trade receivables as at 31 March 2018 amounted to $10.1 million, net of allowance for doubtful debts of $2.3 million. The collectability of trade receivables is a key element of the Group's working capital management and is monitored on an ongoing basis by the management. Factors that management considers in assessing the recoverability of trade receivables include the age of the outstanding balance, historical payment patterns and other available information concerning the financial ability of customers to pay. Management uses this information to determine whether an impairment charge is required for any amount deemed not recoverable. As this requires significant management judgment, we determined that this is a key audit matter.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Recoverability of trade receivables (Continued)

Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and controls relating to the monitoring and collection of trade receivables, requesting confirmations from selected customers and obtaining evidence of receipts subsequent to year end for significant trade receivables. We also evaluated management's assumptions used to determine the trade receivables impairment amount, through analyses of ageing of receivables, assessment of material overdue individual trade receivables and risks specific to the individual trade debtors. Lastly, we assessed the adequacy of the Group's disclosures on the trade receivables in Note 16 and the related risks such as credit risk in Note 27.

Impairment assessment of investment in subsidiaries

As at 31 March 2018, the Company has investments in subsidiaries, including quasi capital loans amounting to $18,450,000. For subsidiaries with indicators of impairment, management performed impairment assessment on the investments in subsidiaries and determined their recoverable amounts based on value in use calculations. This area was significant to our audit because the impairment assessment involved significant management judgement which required the management to make various assumptions in the underlying cash flow forecasts. Key assumptions and estimates used in the cash flow projections are pre-tax discount rates, budgeted revenue and gross margins, and growth rates. For these reasons, we have identified this as a key audit matter.

Our audit procedures included, amongst others, evaluating the reasonableness of the inputs and data used by management to derive the recoverable amounts by comparing to cash flow projections approved by board of directors and historical performance of the subsidiaries. We discussed with management to obtain an understanding of the business environment and also considered the viability of future plans based on market trends and conditions. We involved our internal specialists to assist us in evaluating the reasonableness of key assumptions such as pre-tax discount rates and long term growth rates. We also performed sensitivity analysis on the computed value in use amount to changes in certain key assumptions.

The disclosures relating to investment in subsidiaries are included in Note 10 to the financial statements.

Other Matter

The financial statements for the period ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 5 July 2017.

Other Information

Management is responsible for the 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 FRSs, 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.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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 Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
5 July 2018

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 $'000	Group Period from 1.1.2016 to 31.3.2017 $'000
			Re-stated
Continuing operations			
Revenue	4	**44,879**	20,104
Cost of sales		**(44,103)**	(19,284)
Gross profit		**776**	820
Other items of income			
Interest income		**22**	–
Other income	5	**823**	815
Other items of expense			
Selling and distribution expenses		**(1,625)**	(2,233)
Administrative expenses		**(3,290)**	(5,250)
Other expenses		**(486)**	(1,733)
Finance costs		**(3)**	(3)
		(3,783)	(7,584)
Fair value change on financial liabilities arising from contingent issuance of shares	23	**1,321**	–
Loss before tax from continuing operations	6	**(2,462)**	(7,584)
Income tax expense	7	**–**	–
Loss from continuing operations for the financial year/period, net of income tax		**(2,462)**	(7,584)
Discontinued operations			
Profit/(loss) from discontinued operations for the financial year/period, net of income tax	13	**4,104**	(1,724)
Profit/(loss) for the financial year/period		**1,642**	(9,308)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Reclassification to profit or loss on disposal of subsidiaries:			
Foreign currency translation reserve		**(1,211)**	–
Exchange differences arising from translation of foreign operations		**87**	(1,202)
Other comprehensive loss for the financial year/period, net of income tax		**(1,124)**	(1,202)
Total comprehensive income/(loss) for the financial year/period		**518**	(10,510)

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 MARCH 2018

	Note	Group 2018 $'000	Group Period from 1.1.2016 to 31.3.2017 $'000
			Re-stated
(Loss)/profit attributable to owners of the Company			
– Continuing operations		**(2,642)**	(7,584)
– Discontinued operations	13	**4,104**	(1,724)
Total profit/(loss) attributable to owners of the Company		**1,642**	(9,308)
Total comprehensive (loss)/income attributable to owners of the Company			
– Continuing operations		**(3,586)**	(8,786)
– Discontinued operations		**4,104**	(1,724)
Total comprehensive income/(loss) attributable to owners of the Company		**518**	(10,510)
(Loss)/earnings per share for continuing and discontinued operations attributable to equity holders of the Company			
Basic (loss)/earnings per share			
From continuing operations	24	**(0.40) cents**	(2.38) cents
From discontinued operations	24	**0.67 cents**	(0.54) cents
Diluted (loss)/earnings per share			
From continuing operations	24	**0.40 cents**	(2.38) cents
From discontinued operations	24	**0.65 cents**	(0.54) cents

BALANCE SHEETS

AS AT 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000 Re-stated	Company 2018 $'000	Company 2017 $'000 Re-stated
Non-current assets					
Property, plant and equipment	8	**113**	167	**–**	–
Intangible assets	9	**99**	–	**99**	–
Investment in subsidiaries	10	**–**	–	**18,450**	10,823
Investment in associate	11	**–**	–	**–**	–
Available-for-sale equity investments	12	**–**	–	**–**	–
		212	167	**18,549**	10,823
Current assets					
Assets of disposal group classified as held for sale	13	**–**	7,993	**–**	2,686
Cash and cash equivalents	14	**11,363**	557	**9,136**	109
Held-for-trading financial asset	15	**–**	–	**–**	–
Trade and other receivables	16	**12,054**	4,109	**49**	30
Inventories	17	**4,453**	177	**–**	–
Total current assets		**27,870**	12,836	**9,185**	2,825
Total assets		**28,082**	13,003	**27,734**	13,648
Equity and Liabilities					
Equity attributable to equity owners of the company					
Share capital	20	**139,508**	124,508	**139,508**	124,508
Other reserves	21	**17,330**	20,153	**17,063**	18,384
Reserves of disposal group classified as held for sale	13	**–**	5,277	**–**	–
Accumulated losses		**(141,958)**	(149,255)	**(129,989)**	(135,542)
Total equity		**14,880**	683	**26,582**	7,350
Non-current liabilities					
Borrowings	18	**51**	65	**–**	–
Financial liabilities arising from contingent issuance of shares	23	**–**	–	**–**	–
Total non-current liabilities		**51**	65	**–**	–
Current liabilities					
Liabilities directly associated with disposal group classified as held for sale	13	**–**	3,368	**–**	–
Borrowings	18	**18**	15	**–**	–
Trade and other payables	19	**13,133**	8,872	**1,152**	6,298
Total current liabilities		**13,151**	12,255	**1,152**	6,298
Total liabilities		**13,202**	12,320	**1,152**	6,298
Total equity and liabilities		**28,082**	13,003	**27,734**	13,648

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 MARCH 2018

Group	Share capital (Note 20)	Capital reserve (Note 21)	Capital reduction reserve (Note 21)	General reserve (Note 21)	Foreign currency translation reserve (Note 21)	Reserve for contingent issuance of shares (Note 21)	Other reserves total	Reserve of disposal group classified as held for sales	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018										
At 1 April 2017, as previously reported	124,508	944	18,384	232	617	–	20,177	–	(137,305)	7,380
Prior period adjustment (Note 30)	–	–	–	–	(24)	–	(24)	5,277	(11,950)	(6,697)
At 1 April 2017, as restated	124,508	944	18,384	232	593	–	20,153	5,277	(149,255)	683
Profit for the period	–	–	–	–	–	–	–	–	1,642	1,642
Other comprehensive income for the period										
Disposal of subsidiaries (Note 10 & 13)	–	(944)	–	(232)	(413)	–	(1,589)	(5,277)	5,655	(1,211)
Exchange differences arising from translation of foreign operations	–	–	–	–	87	–	87	–	–	87
Total comprehensive (loss)/income for the period	–	(944)	–	(232)	(326)	–	(1,502)	(5,277)	7,297	518
Contributions by owners										
Issuance of placements and adjustment shares	15,000	–	–	–	–	–	–	–	–	15,000
Contingent shares to be issued (Note 23)	–	–	–	–	–	(1,321)	(1,321)			(1,321)
Total contributions by owners	15,000	–	–	–	–	(1,321)	(1,321)	–	–	13,679
At 31 March 2018	**139,508**	**–**	**18,384**	**–**	**267**	**(1,321)**	**17,330**	**–**	**(141,958)**	**14,880**

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 MARCH 2018

Group	Share capital (Note 20)	Capital reserve (Note 21)	Capital reduction reserve (Note 21)	Asset revaluation reserve[1] (Note 21)	General reserve (Note 21)	Foreign currency translation reserve (Note 21)	Other reserves total	Reserve of disposal group classified as held for sales	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017 (Re-stated)										
At 1 January 2016	124,508	944	18,384	2,510	2,201	2,593	26,632	–	(139,947)	11,193
Loss for the period	–	–	–	–	–	–	–	–	(9,308)	(9,308)
Other comprehensive income for the period										
Reserve attributable to disposal group held for sale	–	–	–	(2,510)	(1,969)	(798)	(5,277)	5,277	–	–
Exchange differences arising from translation of foreign operations	–	–	–	–	–	(1,202)	(1,202)	–	–	(1,202)
Total comprehensive loss for the period	–	–	–	(2,510)	(1,969)	(2,000)	(6,479)	5,277	(9,308)	(10,510)
At 31 March 2017	**124,508**	**944**	**18,384**	**–**	**232**	**593**	**20,153**	**5,277**	**(149,255)**	**683**

(1) The asset revaluation reserve arises on the revaluation surplus of leasehold properties and plant and machinery and is non-distributable.

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 MARCH 2018

	Note	2018 $'000	2017 $'000 Re-stated
Operating activities			
Loss from continuing operations before tax		**(2,462)**	(7,584)
Profit/(loss) from discontinued operations before tax	7	**3,783**	(1,704)
Profit/(loss) before tax, total		**1,321**	(9,288)
Adjustments for:			
Interest expense		**3**	115
Interest income		**(22)**	(8)
Dividend income	5	**–**	(70)
Reversal of allowance for inventory obsolescence	17	**–**	(252)
Allowance for inventory obsolescence	17	**–**	118
Depreciation of property, plant and equipment	8	**67**	254
Amortisation of intangible assets	9	**50**	–
Write back of long overdue third parties payables		**–**	(1,366)
Write back of accrued registration expenses		**–**	(613)
Fair value loss on held-for-trading financial asset	15	**–**	18
Inventories written off	17	**169**	724
Reversal of impairment loss on third parties trade receivables	16	**(554)**	–
Trade receivables written off	6	**33**	–
Allowance for impairment loss on third parties trade receivables	16	**43**	2,937
Gain on disposal of subsidiaries	10,14	**(3,464)**	–
Fair value change on financial liabilities arising from contingent issuance of shares	23	**(1,321)**	–
Operating cash flows before working capital changes		**(3,675)**	(7,431)
Working capital changes:			
Inventories		**(4,445)**	(331)
Trade and other receivables		**(4,800)**	257
Trade and other payables		**3,615**	2,934
Cash used in operations		**(9,305)**	(4,571)
Income tax refund/(paid)		**321**	(20)
Net cash used in operating activities		**(8,984)**	(4,591)
Investing activities			
Interest received		**22**	8
Dividend received		**–**	70
Purchase of property, plant and equipment		**(15)**	(40)
Disposal of subsidiaries, net cash flow	14	**4,897**	–
Proceeds from disposal of held-for-trading financial asset		**–**	33
Net cash generated from investing activities		**4,904**	71
Financing activities			
Interest paid		**(3)**	(115)
Proceeds from bank borrowings		**–**	2,028
Repayment of finance lease	18	**(11)**	(14)
Repayment of bank borrowings		**–**	(1,443)
Proceeds from issuance of placement shares		**15,000**	–
Net cash generated from financing activities		**14,986**	456
Net change in cash and cash equivalents		**10,906**	(4,064)
Cash and cash equivalents at beginning of financial year/period		**557**	5,290
Exchange difference on cash and cash equivalents		**(100)**	(669)
Cash and cash equivalents at end of financial year/period	14	**11,363**	557

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 MARCH 2018

1. CORPORATE INFORMATION

1.1 The Company

SunMoon Food Company Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Mainboard of the Singapore Exchange. Its immediate holding company is Yiguo General Food Pte Ltd, incorporated in the Republic of Singapore and ultimate holding company is Shanghai Yiguo E-Commence Co., Ltd, incorporated in the People's Republic of China.

The registered office of the Company is 1 Scotts Road, #21-07/08/09 Shaw Centre, Singapore 228202 and its principal place of business is at 30, Toh Guan Road, #07-07 Singapore 608840.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

For the annual financial period beginning on or after 1 April 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 April 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). The Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the initial year of application.

2.2 Changes in accounting policies

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 that are applicable and effective for annual periods beginning on or after 1 April 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Description	Effective for annual periods beginning on or after
Improvements to FRSs (December 2016)	
– Amendments to FRS 28: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
– Amendments to FRS 101: First Time Adoption of Financial Reporting Standards	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
FRS 116 Leases	1 January 2019
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Improvements to FRSs (March 2018)	
Amendments to FRS 103: Business Combinations	1 January 2019
Amendments to FRS 12: Income Taxes	1 January 2019
Amendments to FRS 23: Borrowing Costs	1 January 2019
Amendments to FRS 110 & FRS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determine

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 April 2018. Upon adoption of SFRS(I) on 1 April 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

On transition to the new financial reporting framework, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that SFRS(I) be applied on a retrospective basis, as if such accounting policies had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from specific transition provisions in individual FRSs currently applied. The Group has performed preliminary assessment and does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements upon adoption of the new framework.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified accordingly to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the SFRS(I) 39 incurred loss model.

The Group has performed a preliminary assessment of adopting SFRS(I) 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 9 in 2018.

(a) Classification and measurement

Debt instruments of the Group and the Company are expected to give rise to cash flows representing solely payments of principal and interest. The carrying amount of the loans and receivables of the Group and the Company is disclosed in Note 16. The Group and the Company intend to hold these loans and receivables to collect contractual cash flows, and accordingly expect to measure these loans and receivables at amortised cost when it applies SFRS(I) 9. The Group and the Company do not expect any significant impact to arise from adoption of SFRS(I) 9.

(b) Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group and the Company do not expect any significant impact to arise from the application of the expected credit loss model.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 established a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed an initial assessment of adopting SFRS(I) 15 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 15 in 2018.

The Group's revenue is largely generated from the sales of fresh and processed fruits. The adoption of SFRS(I) 15 is not expected to have significant impact to the Group.

The Group expects to qualify to continue to recognise revenue from sale of fresh and processed fruits at a point in time when the control of an asset has been transferred to its customer on delivery and acceptance of the goods (Note 2.21a). This is consistent with the Group's current revenue recognition and thus, no adjustment is expected on adoption of the new standard.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group will adopt the new standard on the required effective date. Based on preliminary impact assessment, the Group expects the adoption of SFRS(I) 16 will increase its total assets and total liabilities, EBITDA and gearing ratio.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss; and

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year.

For the purpose of presenting consolidated financial statements, the results and the balance sheet of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing exchange rate at the reporting date;

(b) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2.6 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment other than leasehold properties and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Leasehold properties and plant and equipment are subsequently stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

Leasehold properties and plant and equipment are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the financial year.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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.

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

Plant and machinery	6 – 10 years
Furniture, fixtures and fittings	5 – 10 years
Office equipment	3 – 10 years
Motor vehicles	5 years

Leasehold properties are depreciated over lease period of 10 to 50 years.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

2.7 Land use rights

Land use rights represented up-front payment to long-term interests in the usage of land and were stated at cost less accumulated amortisation and impairment losses, if any. Amortisation was charged so as to write off the cost of the land use rights, using the straight-line method, over the period of the lease term of 50 years.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. 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 profit or loss in the year in which the expenditure is incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Software

Software acquired separately is amortised on a straight-line basis over its finite useful life of 3 years.

2.9 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.

2.10 Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment in associate (Continued)

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investments.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an associate.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.11 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 groups 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 of continuing operations 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process. Loans and receivables are classified within "trade and other receivables" (excluding prepayments, GST/VAT refundable and advances to suppliers) and "cash and cash equivalents" on the balance sheets.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(a) Financial assets *(Continued)*

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (Continued)

(b) Available-for-sale financial assets (Continued)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash with bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "weighted average" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs of completion and costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the an outflow of resources emobodying economic benefits will be required to settle the obligations, 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 resources embodying economic benefits 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Grants

Grants are recognised at the fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

The Group recognises the amounts received at their fair values as other income in the month of receipt of these grants from the government. Grants related to income are presented under "Other income".

2.18 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.

2.19 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.

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiaries.

The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The contributions to these Schemes are charged to profit or loss in the period to which the contributions relate.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled before twelve months after the end of reporting period 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 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

(a) Revenue from sale of goods

Revenue from sale of goods (i.e. sale of fresh and processed fruits) is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income from investment is recognised when the shareholders' right to receive payment has been established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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.

(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 and associates 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, the 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 and associates, 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 the end of 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

Deferred tax assets and deferred tax liabilities are offsetted, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 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.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chairman who makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Assumptions concerning the future and other key sources of estimation uncertainty and accounting judgements made at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(a) Impairment of investments in subsidiaries

As at 31 March 2018, the Company's carrying amount of the investment in subsidiaries and quasi capital loans amounted to $18,450,000. As part of the requirement under FRS 36 Impairment of Assets to perform impairment testing for non-financial assets, management prepared a discounted cash flow model to determine the recoverable amount of the subsidiaries with indicators of impairment using the value in use model. The recoverable amounts are determined based on a number of significant operational and predictive assumptions such as forecasted revenue, growth rate, profit margin and discount rate which involves significant estimates.

Based on the discounted cash flow model prepared by management, as the recoverable amounts of the subsidiaries were higher than the carrying amounts, no impairment loss was recorded.

(b) Determining the fair value of financial liabilities on adjustment shares

As part of the Placement Agreement disclosed in Note 20 to the financial statements, the Group shall, at no cost to Shanghai YiGuo, top-up and issue new shares to Shanghai YiGuo upon the occurrence of certain loss events. This obligation to issue new shares is contingent on occurrence of loss events are derivatives measured at fair value through profit or loss. In determining the fair value of the financial liabilities, management is required to determine the expected losses of the identified loss events which involve the use of the discounted cash flows model. Key assumptions and estimates used in the cash flow projections are revenue growth rate, terminal growth rate and pre-tax discount rate. Further details are disclosed in Note 23 and Note 28(b).

(c) Allowance for impairment of trade and other receivables

The policy for impairment of receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables which requires management to make significant estimation and assumptions. A considerable amount of judgement is also required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(d) Impairment of unquoted available-for-sale equity investments

Management has performed an evaluation of the recoverability of the investment by reviewing the operating results and financial position of the investee based on its management accounts. As the investee continued to report negative operating results with deteriorating working capital and cash positions, management deemed the investment to be non-recoverable. Further information on the investee is as disclosed in Note 12 to the financial statements.

4. REVENUE

	Group 2018 $'000	Group Period from 1.1.2016 to 31.3.2017 $'000 Re-stated
Sale of fresh and processed fruits	**44,879**	20,104

5. OTHER INCOME

	Group 2018 $'000	Group Period from 1.1.2016 to 31.3.2017 $'000 Re-stated
Franchise income	**24**	30
Dividend income	**–**	70
Leasing and licensing income	**24**	30
Reversal of impairment on third parties trade receivables (Note 16)	**554**	–
Write back of long overdue payables	**–**	591
Government Grants		
– Wage Credit Scheme	**7**	17
– IE Singapore Grant	**198**	50
– Special Employment Credit	**–**	4
– Temporary Employment Credit	**4**	4
– Productivity Innovation Credit	**6**	19
Others	**6**	–
	823	815

The IE Singapore grant is given by International Enterprise Singapore to the Company and its subsidiary under the following schemes: 1) Global Company Partnership Grant ("GCP Grant") and 2) Capability Development Grant ("CDG").

(1) The GCP Grant is offered as financial assistance to the Company capped at $185,400 for the eligible costs incurred for the consultancy for global ERP system for the support period from 15 July 2016 to 15 July 2017.

(2) The CDG is offered to one of the Company's subsidiaries with incentive capped at $65,500 for the eligible costs incurred for its development project (ecommerce webstore) on process redesign and business process enhancement for productivity for the qualifying period from 30 June 2017 to 30 August 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The following expense items have been included in arriving at loss before tax from continuing operations:

	Group	
	2018 **$'000**	**Period from 1.1.2016 to 31.3.2017** **$'000** **Re-stated**
Cost of goods sold		
Inventories written off (Note 17)	**169**	707
Selling and distribution expenses		
Transportation and port charges	**57**	104
Advertisement and promotion	**402**	204
Warehouse storage expense	**59**	42
Employee benefits expense:		
– salaries, bonus and other benefits	**957**	1,113
– defined contribution plans	**140**	167
Total employee benefits expense	**1,097**	1,280
Administrative expenses		
Audit fees		
– auditors of the Company	**102**	95
– other auditors	**70**	4
Depreciation of property, plant and equipment (Note 8)	**67**	85
Amortisation of intangible assets (Note 9)	**50**	–
Allowance for impairment loss on third parties trade receivables (Note 16)	**43**	2,937
Trade receivables written off	**33**	–
Operating lease expense	**106**	172
Directors' fees	**162**	149
Director's remuneration	**581**	823
Employee benefits expense:		
– salaries, bonus and other benefits	**534**	351
– defined contribution plans	**52**	48
Total employee benefits expense	**1,329**	1,371
Other expenses		
Other receivables and deposit written off	**94**	62
Loss on foreign exchange	**392**	522

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS (CONTINUED)

The employee benefits expense is recognised in the following line items of the Group's profit or loss:

	Group	
	2018	**Period from 1.1.2016 to 31.3.2017**
	$'000	**$'000 Re-stated**
Selling and distribution expenses	**1,097**	1,280
Administrative expenses	**1,329**	1,371
	2,426	2,651

The employee benefits expenses include the remuneration of Directors and other key management personnel as disclosed in Note 26 to the financial statements.

7. INCOME TAX EXPENSE

(a) Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the financial year/period ended 31 March 2018 and 2017 are:

	Group	
	2018	**Period from 1.1.2016 to 31.3.2017**
	$'000	**$'000 Re-stated**
Consolidated income statement:		
Current income tax		
(Over)/under provision in prior financial years		
– from discontinued operations	**(321)**	20
Tax (credit)/expense attributable to discontinued operations	**(321)**	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INCOME TAX EXPENSE (CONTINUED)

(b) *Relationship between tax (credit)/expense and profit/(loss) before tax*

A reconciliation between tax (credit)/expense and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the year and period ended 31 March 2018 and 2017 respectively as follows:

	Group	
	2018 $'000	Period from 1.1.2016 to 31.3.2017 $'000 Re-stated
Loss before tax from continuing operations	**(2,462)**	(7,584)
Profit/(loss) before tax from discontinued operations	**3,783**	(1,704)
Profit/(loss) before tax	**1,321**	(9,288)
Income tax calculated at Singapore's statutory tax rate of 17%	**225**	(1,579)
Effect of different tax rates in other countries	**(58)**	(379)
Tax effect of income not subject for tax purposes	**(974)**	(620)
Tax effect of expenses not deductible for income tax purposes	**118**	103
(Over)/under provision of current income tax in prior financial years	**(321)**	20
Deferred tax assets not recognised in profit or loss	**709**	2,477
Utilisation of deferred tax assets previously not recognised	**(20)**	(2)
Income tax (credit)/expense recognised in profit or loss relating to discontinued operations (Note 13)	**(321)**	20

As at 31 March 2018, the Group has unutilised tax losses of approximately $25,017,000 (2017: $141,490,000) and unutilised capital allowance of approximately $365,000 (2017: $365,000) available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement by the relevant tax authority and provisions of the tax legislations of the respective countries in which the Group operates.

(c) *Unrecognised temporary differences relating to investments in subsidiaries*

As at the end of the financial year, there is no unrecognised deferred tax liabilities in relation to aggregate amount of temporary differences associated with undistributed earnings of subsidiaries as they are in accumulated losses position.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties and land use rights		Plant and machinery		Furniture, fixtures and fittings	Office equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	At Cost(i)	At Valuation	At Cost(i)	At Valuation	At Cost	At Cost	At Cost	
Cost/valuation:								
At 1 January 2016	6,201	3,523	5,983	2,057	534	426	315	19,039
Additions	–	–	–	–	5	33	97	135
Disposals	–	(4)	–	–	–	–	–	(4)
Attributable to discontinued operations (Note 13)	(6,201)	(2,922)	(5,922)	(1,379)	(316)	(241)	(31)	(17,012)
Currency translation realignment	–	(487)	11	(678)	332	(12)	(30)	(864)
At 31 March 2017 and 1 April 2017	–	110	72	–	555	206	351	1,294
Additions	–	–	–	–	15	–	–	15
Disposal of subsidiaries	–	(114)	(36)	–	(94)	(35)	(207)	(486)
Currency translation realignment	–	4	–	–	3	–	11	18
At 31 March 2018	–	–	36	–	479	171	155	841
Accumulated depreciation:								
At 1 January 2016	6,201	898	5,983	856	284	356	315	14,893
Depreciation charge for the period	–	139	–	27	34	36	18	254
Disposals	–	(4)	–	–	–	–	–	(4)
Attributable to discontinued operations (Note 13)	(6,201)	(627)	(5,922)	(284)	(158)	(201)	(37)	(13,430)
Currency translation realignment	–	(296)	11	(599)	333	(10)	(25)	(586)
At 31 March 2017 and 1 April 2017	–	110	72	–	493	181	271	1,127
Depreciation charge for the year	–	–	–	–	26	21	20	67
Disposal of subsidiaries	–	(114)	(36)	–	(94)	(35)	(207)	(486)
Currency translation realignment	–	4	–	–	13	(2)	5	20
At 31 March 2018	–	–	36	–	438	165	89	728
Net carrying amount:								
At 31 March 2018	–	–	–	–	41	6	66	113
At 31 March 2017	–	–	–	–	62	25	80	167

(i) Leasehold properties and plant and machinery attributable to discontinued operation that were recorded at cost with $Nil carrying amount were under court seizure. Accordingly these leasehold properties and plant and machinery were stated at cost instead of fair value because it is impracticable to revalue these leasehold properties and plant and machinery. Subsequently, during the current financial year, subsidiaries in which these properties, plant and machineries were residing, were disposed off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2018 $'000	Period from 1.1.2016 to 31.3.2017 $'000 Re-stated
Depreciation expenses attributable to		
– from continuing operations	**67**	85
– from discontinued operation	**–**	169
Depreciation for the financial year/period	**67**	254

Finance lease

In 2017, included within additions in the consolidated financial statements are motor vehicles acquired under finance leases amounting to $97,000. The carrying amounts of motor vehicles held under finance leases are $66,000 (2017: $80,000) at the end of the reporting year/period.

9. INTANGIBLE ASSETS

	Group and Company $'000 Re-stated
Cost	
At 1 April 2017	–
Additions	149
At 31 March 2018	149
Accumulated amortisation	
At 1 April 2018	–
Amortisation	50
At 31 March 2018	50
Net carrying amount:	
At 31 March 2018	99

During the financial year, the Group have capitalised the implementation cost of an ERP system of $149,000. The software has remaining useful life of 2 years at the end of the reporting year.

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 $'000	2017 $'000 Re-stated
Unquoted equity shares, at cost	**10,810**	265,213
Allowance for impairment loss	**(910)**	(255,313)
	9,900	9,900
Amount due from subsidiaries (non-trade)	**12,089**	4,445
Allowance for impairment loss on receivables	**(3,539)**	(3,522)
	8,550	923
	18,450	10,823

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Movements in allowance for impairment loss on investment in subsidiaries were as follows:

	Company	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Balance at beginning of financial year/period	**255,313**	255,314
Reversal of allowance of impairment during the year/period	**(254,403)**	–
Currency translation differences	**–**	(1)
Balance at end of financial year/period	**910**	255,313

The amount due from subsidiaries represents part of net investment and balances due from (quasi capital nature) are unsecured and non-interest bearing. Settlement of the amounts due is neither planned or likely to occur in the foreseeable future and they are repayable only when cash flows of the subsidiaries permit.

Movements in allowance for impairment loss on receivables were as follows:

	Company	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Balance at beginning of financial year/period	**3,522**	14,043
Reversal of allowance of impairment during the year/period	**–**	(9,644)
Allowance utilised during the period/year	**–**	(833)
Currency translation differences	**17**	(44)
Balance at end of financial year/period	**3,539**	3,522

In 2017, reversal of allowance for impairment loss on receivables of $9,644,000 was due to the conversion of receivables to cost of investment in one subsidiary. Allowance utilised of $833,000 was due to the cessation of operations of those subsidiaries disposed in 2018.

The currency profiles of amount due from subsidiaries as at end of the reporting period are as follows:

	Company	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Singapore Dollar	**5,794**	392
United States Dollar	**2,756**	531
	8,550	923

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The particulars of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held 2018 %	2017 %
Held by the Company			
Fook Huat Tong Kee Pte Ltd[(4)] (Singapore)	Dormant	–	100
United Fruit Company Limited[(3)] (Hong Kong)	Dormant	–	100
Weifang Xinan FHTK Fruits Co., Ltd[(3)] (People's Republic of China)	Dormant	–	100
UGC 2003, Inc.[(5)] (USA)	Dormant	**100**	100
Agrifood Investments Pte Ltd[(3)] (Singapore)	Dormant	–	100
Fook Yong Pte Ltd[(4)] (Singapore)	Dormant	–	100
SunMoon Retail & Franchise Pte Ltd[(1)] (Singapore)	To own, operate and manage as principal franchisor and/or agent of all kinds of fruits	**100**	100
SunMoon Distribution & Trading Pte Ltd[(1)] (Singapore)	Importer, exporter, wholesaler, retailer and commission agent of fruits	**100**	100
United Agro Produce Pte Ltd[(4)] (Singapore)	Distributor of dehydrated garlic and onion	–	100
Taian FHTK Foodstuffs Co., Ltd[(4)] (People's Republic of China)	Importer, exporter, wholesaler, retailer and commission agent of fruits	–	100
Held by Fook Huat Tong Kee Pte Ltd			
Fook Huat Tong Kee (Xiamen) Foodstuffs Co., Ltd[(4)] (People's Republic of China)	Dormant	–	100
Shanghai Fook Huat Tong Kee Cold Storage Co., Ltd[(4)] (People's Republic of China)	Dormant	–	100

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held 2018 %	2017 %
Held by Fook Yong Pte Ltd			
Taian Fook Huat Tong Kee Foodstuffs Co., Ltd[(4)] (People's Republic of China)	Dormant	–	100
Held by SunMoon Distribution & Trading Pte Ltd			
SunMoon Food (Shanghai) Co., Ltd (People's Republic of China)	Headquarter for China operations, sales and other marketing and distribution	**100**	100
Held by SunMoon (Shanghai) Co., Ltd Trading Pte Ltd			
Shanghai Shanmai Supply Chain Management Co., Ltd[(2)] (People's Republic of China)	Wholesaling, online retailing, import, export and commission-based distribution of edible agricultural products, office supplies, costumes, articles of daily use, hardware and home appliances; provision of related supporting services; business information consulting; freight forwarding within the territory of China; business services; warehousing services.	**100**	100
Held by UGC 2003, Inc.			
SunMoon USA, LLC[(5)] (USA)	Dormant	**100**	100

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by member firm of EY Global in China, Singapore for consolidation purposes.
(3) Struck off during the financial year.
(4) Disposed during the financial year.
(5) Struck off after the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

During the financial year, the Group has disposed and struck-off the following wholly-owned dormant subsidiaries, a) Foo Huat Tong Kee Pte Ltd and its wholly-owned subsidiaries, Fook Huat Tong Kee (Xiamen) Foodstuffs Co., Ltd and Shanghai Fook Huat Tong Kee Cold Storage Co.,Ltd, b) United Fruit Company Limited, c) Weifang Xinan FHTK Fruits Co., Ltd and d) Agrifood Investments Pte Ltd, in addition to the disposed subsidiaries disclosed in Note 13. All the receivables and payables had been written off/back before the struck-off and no cash was received. A total gain on struck-off/disposal of subsidiaries of $414,000 is recognised.

The Group	**2018 $'000**
Carrying amount of assets and liabilities of subsidiaries struck-off/disposed	–
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on struck-off	414
Consideration received	**–**
Gain on struck-off/disposal of subsidiaries	**414**

11. INVESTMENT IN ASSOCIATE

	Group	
	2018 $'000	**2017 $'000 Re-stated**
Unquoted equity investment		
Balance at beginning of financial year/period	**101**	101
Allowance for impairment loss	**(101)**	(101)
Balance at end of financial year/period	**–**	–

There was no movement in allowance for impairment loss of investment in associate during the financial year. The allowance for impairment loss was made in previous years due to the adverse financial conditions of the associate.

The particulars of the associate are as follows:

Name of subsidiaries (Country of incorporation)	**Principal activities**	**Effective equity interest held 2018 %**	**Effective equity interest held 2017 %**
Held by SunMoon Food (Shanghai) Co Ltd			
Xin Jiang SunMoon Co. Ltd* (People's Republic of China)	Dormant	**25**	25

* The Company's business license has not been renewed and remained dormant as at 31 March 2018.

12. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Unquoted equity investment		
Balance at beginning of financial year/period, cost	**–**	–
Addition during the financial year/period	**752**	–
Allowance for impairment loss	**(752)**	–
Balance at end of financial year/period	**–**	–

On 12 June 2017, the Group has completed the acquisition of 633 ordinary shares which represent 6.33% of the entire issued and paid-up share capital of Harvest Season Pte Ltd ("Harvest Season"), a company incorporated in Singapore. The consideration for the transaction is the discharge of payment obligations from Shanghai Chibin International Trading Co., Ltd ("Chibin") trade receivables amounting to $752,000 owing to the Group.

As at 31 March 2017, the trade receivables from Chibin was impaired in full. Accordingly, following the conversion of the receivable from Chibin into Harvest Season's equity shares, the impairment loss in the receivables was reclassified to impairment loss of available-for-sale equity investments.

13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The proposed disposals of the following wholly-owned subsidiaries; a) Fook Yong Pte Ltd and its wholly owned subsidiary, Taian Fook Huat Tong Kee Foodstuffs Co., Ltd, b) United Agro Produce Pte Ltd and its wholly owned subsidiary, Taian FHTK Foodstuffs Co., Ltd were approved by shareholders via the Extraordinary General Meeting ("EGM") convened on 31 May 2017. The disposals were successfully completed on 19 June 2017 and 22 June 2017, respectively for a total consideration of $6,900,000.

As at 31 March 2017, the assets and liabilities related to the disposed subsidiaries have been presented in the balance sheets as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and their results are separately presented on profit or loss as "Loss from discontinued operation, net of tax".

Balance sheet disclosures

The major classes of assets and liabilities of the disposed subsidiaries classified as held for sale and related reserves as at 31 March 2017 are as follows:

	Group
	2017
	$'000
	Re-stated
Assets	
Property, plant and equipment (Note 8)	3,582
Cash and bank and cash in hand	139
Inventories	228
Trade and other receivables	4,044
Assets of disposal group classified as held for sale	7,993

NOTES TO THE FINANCIAL STATEMENTS

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13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Balance sheet disclosures (Continued)

	Group 2017 $'000 Re-stated
Liability	
Trade and other payables	(3,368)
Liabilities directly associated with disposal group classified as held for sale	(3,368)
Net assets directly associated with disposal group classified as held for sale	4,625
Reserves	
Asset revaluation reserve	2,510
General reserve	1,969
Foreign currency translation reserve	798
Reserve of disposal group classified as held for sale	5,277

	Company 2017 $'000 Re-stated
Investment in subsidiary classified as held for sale	2,686

Income statement disclosures

The results of discontinued operations for the financial year/period are as follows:

	Group	
	Year ended 31/3/2018 $'000	Period ended 31/3/2017 $'000 Re-stated
Revenue	**–**	763
Other income	**3,876**	1,050
Expenses	**(93)**	(3,517)
Profit/(loss) before tax from discontinued operation	**3,783**	(1,704)
Tax refund/(expense)	**321**	(20)
Profit/(loss) after tax from discontinued operation	**4,104**	(1,724)

Other income for the current financial year consist of gain on disposal of subsidiaries of $3,464,000.

13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Cash flow statement disclosures

The cash flows attributable to disposed subsidiaries for the financial year/period are as follows:

	Group	
	Year ended 31/3/2018 $'000	Period ended 31/3/2017 $'000 Re-stated
Operating activities	**(139)**	(3,266)
Investing activities	**–**	41
Financing activities	**–**	466
Net cash outflows	**(139)**	(2,759)

Earnings per share disclosures

The basic and diluted earnings per share from discontinued operation are calculated by dividing the profit/(loss) from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit/(loss) and share data are presented in the tables in Note 24.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 $'000	2017 $'000 Re-stated	2018 $'000	2017 $'000 Re-stated
Cash at bank	**11,363**	557	**9,136**	109

Cash at banks earn interest at floating rates based on daily bank deposits rates.

Cash and cash equivalents denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2018 $'000	2017 $'000 Re-stated	2018 $'000	2017 $'000 Re-stated
United States Dollar	**1,115**	152	**23**	24
Australia Dollar	**458**	3	**–**	–
	1,573	155	**23**	24

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

14. CASH AND CASH EQUIVALENTS (CONTINUED)

Disposal of subsidiaries

The Company disposed of its entire interest in Fook Yong Pte Ltd and its wholly owned subsidiary, Taian Fook Huat Tong Kee Foodstuffs Co., Ltd for a consideration of $2 and United Agro Produce Pte Ltd and its wholly owned subsidiary, Taian FHTK Foodstuffs Co., Ltd for a consideration of $6,900,000. Gain on disposal resulting therein was $3,050,000.

The effect of the disposal on the cash flow of the Group is as follows:

The Group		**2018 $'000**
Total contractual consideration from disposal		**6,900**
Exchange losses arising from purchase consideration being denominated in United States Dollar		**(23)**
	(A)	**6,877**
Carrying amount of total assets disposed (Note13)		**7,993**
Carrying amount of total liabilities disposed (Note 13)		**(3,368)**
Net assets de-recognised and disposed of	(B)	**4,625**
Reclassification of foreign currency translation reserve (Note 13)	(C)	**798**
Gain on disposal of subsidiaries	A–B+C	**3,050**
The aggregate cash inflows arising from the disposal were:		
Consideration from disposal		**6,900**
Less: Cash and cash equivalent in subsidiaries disposed of		**(139)**
Less: Transaction expenses paid on behalf in the prior period		**(52)**
Less: Repayment of bank loan in the prior period deemed as part of consideration		**(1,226)**
Less: Advance payment received in the prior financial period		**(450)**
Less: Exchange losses arising from purchase consideration being denominated in United States Dollars		**(136)**
Net cash inflow on disposal		**4,897**

15. HELD-FOR-TRADING FINANCIAL ASSET

	Group	
	2018 $'000	**2017 $'000 Re-stated**
Balance at beginning of financial year/period	**–**	52
Disposal during the year/period	**–**	(33)
Fair value loss during the year/period	**–**	(18)
Currency translation realignment	**–**	(1)
Balance at end of financial year/period	**–**	–

In 2017, the Group recognised a realised fair value loss of $18,000 when the Group disposed of the quoted equity security.

The quoted equity security disposed is denominated in United States Dollar.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
		Re-stated		**Re-stated**
Trade receivables – third parties	**8,096**	8,962	**–**	–
Allowance for impairment loss on third parties trade receivables	**(2,268)**	(5,529)	**–**	–
Trade receivables – related party	**4,274**	–	**–**	–
	10,102	3,433	**–**	–
Other receivables	**3,364**	2,064	**1,971**	1,961
Allowance for impairment loss on other receivables	**(2,036)**	(2,036)	**(1,961)**	(1,961)
	11,430	3,461	**10**	–
GST/VAT refundable	**320**	73	**8**	11
Advances to suppliers	**34**	34	**–**	–
Refundable deposits	**50**	137	**2**	2
Prepayments	**220**	404	**29**	17
Total trade and other receivables	**12,054**	4,109	**49**	30
Less:				
– GST/VAT refundable	**(320)**	(73)	**(8)**	(11)
– Advances to suppliers	**(34)**	(34)	**–**	–
– Prepayments	**(220)**	(404)	**(29)**	(17)
Total loans and receivables	**11,480**	3,598	**12**	2
Add:				
– Cash and cash equivalents (Note 14)	**11,363**	557	**9,136**	109
Total financial assets carried at amortised cost	**22,843**	4,155	**9,148**	111

Trade receivables are unsecured, non-interest bearing and generally on 15 to 60 days (2017: 15 to 60) days' terms.

Other receivables mainly comprised amounts due from third parties which are unsecured, interest free and repayable on demand.

Movements in allowance for impairment loss on third parties trade receivables are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Balance at beginning of financial year/period	**5,529**	4,347
Allowance for impairment loss made during the financial year/period (Note 6)	**43**	2,937
Allowance attributable to discontinued operations written off	**–**	(1,645)
Allowance attributable to subsidiaries disposed/struck off/amount utilised during the financial year	**(1,711)**	–
Reversal of impairment loss during the financial year/period (Note 5)	**(554)**	–
Reclassification of allowance for impairment loss (Note 12)	**(752)**	–
Currency translation realignment	**(287)**	(110)
Balance at end of financial year/period	**2,268**	5,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's allowance for impairment loss on third parties trade receivables of approximately $43,000 (2017: $2,937,000) were recognised pursuant to assessment by management during the financial year. Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience. Impairment loss on third parties trade receivables of $554,000 (2017: $Nil) were reversed as it was subsequently recovered.

Movements in allowance for impairment loss on other receivables are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
		Re-stated		**Re-stated**
Balance at beginning of financial year/period	**2,036**	17,774	**1,961**	1,960
Attributable to discontinued operations disposed off/struck off	**–**	(15,048)	**–**	–
Currency translation realignment	**–**	(690)	**–**	1
Balance at end of financial year/period	**2,036**	2,036	**1,961**	1,961

The currency profiles of trade and other receivables as at end of the reporting year are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
		Re-stated		**Re-stated**
United States Dollar	**3,050**	3,196	**–**	–
Australian Dollar	**1,422**	–	**–**	–
	4,472	3,196	**–**	–

17. INVENTORIES

	Group	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Fruits and consumer products	**4,453**	177

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

17. INVENTORIES (CONTINUED)

	Group 2018 $'000	Period ended 31/3/2017 $'000 Re-stated
Profit or loss:		
Inventories recognised as an expense in cost of sales	**43,719**	18,570
Inclusive of the following charge/(credit):		
Continuing operations		
– Write-off of inventories	**169**	707
– Reversal of allowance for inventory obsolescence	**–**	(252)
Discontinuing operations		
– Write-off of inventories	**–**	17
– Allowance for inventory obsolescence	**–**	118

18. BORROWINGS

	Group 2018 $'000	2017 $'000 Re-stated
Current		
Financial lease liabilities	**18**	15
	18	15
Non-current		
Financial lease liabilities	**51**	65
	69	80

	Group 2018 %	2017 %
Effective interest rates per annum		
Finance lease liabilities	**2.99**	2.99

Finance lease liabilities of the Group are effectively secured over the motor vehicles (Note 8), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

The borrowings are denoted in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

18. BORROWINGS (CONTINUED)

The Group leases motor vehicle from non-related parties under finance leases. The lease agreement does not have renewal clauses but provides the Group with options to purchase the leased assets at nominal values at the end of the lease term:

	Group	
	2018 $'000	2017 $'000
Minimum lease payments due:		
Not later than one year	**25**	19
Later than one year but not later than five years	**60**	80
Less: Future finance charges	**(16)**	(19)
Present value of finance lease liabilities	**69**	80

A reconciliation of liabilities arising from financing activities is as follows:

	2017 $'000	Cash flows $'000	2018 $'000
Finance lease			
– current	15	3	**18**
– non-current	65	(14)	**51**
Total	80	(11)	**69**

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 $'000	2017 $'000 Re-stated	2018 $'000	2017 $'000 Re-stated
Trade payables – third parties	**10,969**	1,908	**–**	–
Other payables				
– third parties	**197**	4,737	**7**	1,734
– subsidiaries	**–**	–	**–**	2,760
	197	4,737	**7**	4,494
Accrued operating expenses	**1,531**	2,209	**1,145**	1,804
Advances from a related party	**402**	–	**–**	–
Advances from customers	**34**	18	**–**	–
Total trade and other payables	**13,133**	8,872	**1,152**	6,298
Add/(Less):				
– Borrowings (Note 18)	**69**	80	**–**	–
– Advances from a related party	**(402)**	–	**–**	–
– Advances from customers	**(34)**	(19)	**–**	–
Total financial liabilities carried at amortised cost	**12,766**	8,933	**1,152**	6,298

Trade payables are unsecured, non-interest bearing and normally settled between 7 to 60 (2017: 7 to 60) days' terms.

19. TRADE AND OTHER PAYABLES (CONTINUED)

The currency profiles of trade and other payables as at end of the reporting period are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
		Re-stated		**Re-stated**
United States Dollar	**5,734**	1,957	**–**	2,760
Australian Dollar	**52**	–	**–**	–
Hong Kong Dollar	**–**	5	**–**	–
Euro Dollars	**122**	–	**–**	–
Indonesian Rupiah	**9**	–	**–**	–
	5,917	1,962	**–**	2,760

20. SHARE CAPITAL

	Group and Company			
	2018	**2017**	**2018**	**2017**
	'000	**'000**	**$'000**	**$'000**
	Number of ordinary shares			
Issued and fully paid:				
Balance at beginning of financial year/period	**318,784**	318,784	**124,508**	124,508
Issue of placement shares	**333,333**	–	**15,000**	–
Issue of adjustment shares	**67,607**	–	**–**	–
Balance at end of financial year/period	**719,724**	318,784	**139,508**	124,508

The Company and Shanghai YiGuo E-Commerce Co., Ltd (Shanghai Yiguo) had entered into a placement agreement (Placement Agreement) dated 31 December 2016, pursuant to which Shanghai Yiguo had agreed to subscribe for an aggregate of 333,333,333 new ordinary shares in the capital of the Company at $0.045 per share, aggregating gross proceeds of $15 million, and the Company had agreed to constitute 166,666,667 of warrants to Shanghai YiGuo.

On 13 May 2017, the Company and Shanghai YiGuo had entered into an agreement to supplement the Placement Agreement (collectively, the "Agreement").

Under the Agreement, it states that upon the occurrence of certain loss events, the Company shall, at no cost to Shanghai Yiguo, top-up the number of new Shares (each fully paid) to be issued to Shanghai Yiguo ("Adjustment Shares"). The Company and Shanghai Yiguo have agreed that these loss events to which adjustment shares are issuable include:

(i) Net Asset value (NAV) of the Group as at 31 December 2016 (on the basis of the audited accounts of the Group) falls 10% or more below S$10 million;

(ii) losses and/or costs from its transactions with Harvest Season Pte. Ltd., Shanghai Chibin International Trading Co. Ltd., East China Marine Equipment Co. Ltd., Zhang Jian Quan Tony, Ong Yaw Teh Patrick and/or such other businesses or companies as may be owned or controlled by the aforementioned (collectively, "HS Affiliates"), including the writing off of any receivables due from the HS Affiliates, and/or the acquisition of equity interest in Harvest Season Pte. Ltd;

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20. SHARE CAPITAL (CONTINUED)

(iii) losses and/or costs arising from its transaction with PT Fresh Foods Synergy ("PT Fresh"), an Indonesian customer, including non-recoverability of trade receivables as well as the acquisition of equity interest in PT Fresh; and

(iv) losses and/or costs arising from the Dehydrated Produce Business.

For event (i), the Company has issued 67,607,078 adjustment shares due to shortfall in the NAV of the Group as at 31 December 2016 on 5 July 2017 upon the issuance of placement shares.

For events (ii) to (iv), it was agreed between both parties that Shanghai Yiguo will assess the results of the loss events at every balance sheet date and at the end of the year 3 (5 July 2020), top-up shares will be issued, if required. Both parties have further clarified the methods of computation of the expected loss events and in certain scenarios, discounted cash flow model is used.

The placement was completed on 5 July 2017 and in accordance with instructions from Shanghai Yiguo, all placement and adjustment shares and warrants were issued to Yiguo General Food Pte Ltd. Consequently, the total number of issued shares in the capital of the Company has increased from 318,784,382 to 719,724,793.

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

21. OTHER RESERVES

Other reserves comprise the following:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
		Re-stated		**Re-stated**
Capital reserve	**–**	944	**–**	–
Capital reduction reserve	**18,384**	18,384	**18,384**	18,384
General reserve	**–**	232	**–**	–
Foreign currency translation reserve	**267**	593	**–**	–
Reserve for contingent issuance of shares	**(1,321)**	–	**(1,321)**	–
	17,330	20,153	**17,063**	18,384

Capital reserves

The capital reserve arose on consolidation of foreign operations since 1997. The capital reserve is a non-distributable reserve and is attributable to a subsidiary disposed of during the current financial year.

21. OTHER RESERVES (CONTINUED)

Capital reduction reserve

A capital reduction reserve application was made and completed on 13 June 2005 to reduce the par value of each ordinary share in the capital of the Company from $0.05 to $0.005. The effect of the capital reduction exercise was that an aggregate amount of $55,393,000 of the issued and paid-up share capital of the Company was cancelled, of which $37,009,000 represented issued and paid-up share capital which had been lost or was unrepresented by available assets as at 31 December 2004 and was applied towards the writing off of the accumulated losses of the Company, and the balance amount of $18,384,000 was credited to a capital reduction reserve.

General reserve

The general reserve relates to those transferred from accumulated losses since 1997. The general reserve is a non-distributable reserve and is attributable to a subsidiary disposed of during the current financial year.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign 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 and is non-distributable.

Reserve for contingent issuance of shares

This reserve relates to the contingent issuance of top-up adjustment shares to be issued as a result of the occurrence of the loss events disclosed in Note 20 to the financial statements.

22. OPERATING LEASE COMMITMENTS

As lessee

As at the end of the reporting period, operating lease commitments for office rental payable in subsequent financial periods are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	**92**	104
Later than one year but not later than five years	**19**	20
	111	124

The above operating lease commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in the future. The leases have varying terms, escalation clauses and renewal rights. These leases have any average tenure of between one and three years with no contingent rent provision included in the contracts. These leases have terms of renewal and renewals at the option of entities that holds the lease.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2018 amounted to $106,000 (2017: $172,000).

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23. FINANCIAL LIABILITIES ARISING FROM CONTINGENT ISSUANCE OF SHARES

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Fair value on initial recognition	**1,321**	–
Fair value changes during the year	**(1,321)**	–
Fair value at the end of the year	**–**	–

The financial liabilities are recognised as a result of the adjustment shares arising from loss events disclosed in Note 20 to the financial statements.

As the top-up shares constitute a contract that will be settled in a variable number of the Company's own equity instruments and is a contingent issuance of shares at a fixed price, they are derivatives measured at fair value through profit or loss.

At every reporting date, the Company makes an assessment of the expected losses arising from the loss events and determined their fair value with reference to the share price of the Company on that date.

24. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing loss from continuing and discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit/(loss) from continuing and discontinued operations, net of tax, attributable to owners 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 tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial year/period ended 31 March:

	Group	
	2018	**2017**
	$'000	**S$'000**
		Re-stated
Profit/(loss) for the year		
Loss from continuing operation, net of tax, attributable to owners of the Company	**(2,462)**	(7,584)
Profit/(loss) from discontinued operation, net of tax, attributable to owners of the Company	**4,104**	(1,724)

24. EARNINGS PER SHARE (CONTINUED)

	No of shares	
	'000	'000
Share data		
Weighted average number of ordinary shares for basic earnings per share computation	**615,370**	318,784
Effects of dilution:		
Warrants[(a)]	**16,667**	–
Contingent shares to be issued (Note 23)[(b)]	**4,175**	–
Weighted average number of ordinary shares for diluted earnings per share computation	**636,212**	318,784

(a) As at 31 March 2018, 166,666,667 unlisted warrants at an exercise price of $0.054, totaling $9 million were issued to Shanghai YiGuo E-Commerce Co., Ltd ("Yiguo") which could be converted into 166,666,667 shares of the Company

(b) The number of contingent shares included in the diluted earnings per share calculation is based on the number of shares issuable assuming the occurrence of loss events on 31 March 2018.

	Group	
	2018 $'000	2017 S$'000 Re-stated
Basic (loss)/earnings per shares (cents)		
From continuing operations	**(0.40) cents**	(2.38) cents
From discontinued operations	**0.67 cents**	(0.54) cents
Diluted (loss)/earnings earnings per shares (cents)		
From continuing operations	**(0.40)^ cents**	(2.38) cents
From discontinued operations	**0.65 cents**	(0.54) cents

^ As at 31 March 2018, both the warrants and contingent shares to be issued were not included in the computation of diluted earnings as they are anti-dilutive.

25. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has the following reportable segments namely:

(a) The agricultural products division manufactures and sell dehydrated garlic and onion products. The production facilities are located in the People's Republic of China ("PRC") while the products are distributed globally. The segment is discontinued and disposed along with the subsidiaries during the financial year.

(b) The fruits division procures and distributes fresh fruits and processed fruits globally. It also includes the sale of fresh fruits via e-commerce platform of the ultimate holding company in the PRC.

(c) Others pertain to the corporate/investment holding activities and acting as principal franchisor.

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25. SEGMENT INFORMATION (CONTINUED)

The agricultural products division was discontinued and accounted for as that of discontinued operations since FY2015. During the financial year, the Group has disposed its subsidiaries under agricultural products division. Accordingly, the results of the disposed/struck-off subsidiaries are accounted for as discontinued operations in accordance with FRS 105 Non-current assets held for sales and Discontinued Operations.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, prepayments, held-for-trading financial asset and cash and bank balances. Segment liabilities comprise operating liabilities and exclude tax liabilities. Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

	Agricultural products (Discontinued operation) $'000	Fruits (Continuing operation) $'000	Others $'000	Elimination $'000	Adjustment S'000	Continuing Operations $'000
2018						
Revenue						
External revenue	–	44,879	–	–	–	44,879
Inter-segment revenue	–	13,437	–	(13,437)	–	–
	–	58,316	–	(13,437)	–	44,879
Results						
Segment results	3,783	(1,190)	(1,291)	–	(3,783)	(2,481)
Interest income	–	22	–	–	–	22
Finance cost	–	(3)	–	–	–	(3)
Reportable segment profit/(loss) before tax	3,783	(1,171)	(1,291)	–	(3,783)	(2,462)
Income tax refund	321	–	–	–	(321)	–
Loss from continuing operations	4,104	(1,171)	(1,291)	–	(4,104)	(2,462)
Non-cash items						
Depreciation of property, plant and equipment	–	(67)	–	–	–	(67)
Amortisation of intangible assets	–	–	(50)	–	–	(50)
Impairment loss on trade receivables	–	(43)	–	–	–	(43)
Reversal of impairment on trade receivables	–	554	–	–	–	554
Gain on disposal of subsidiaries	3,464	–	–	–	–	3,464
Trade receivables written off	–	(33)	–	–	–	(33)
Fair value change on financial liabilities	–	–	1,321	–	–	1,321
Write-off of inventories	–	(169)	–	–	–	(169)

25. SEGMENT INFORMATION (CONTINUED)

	Agricultural products (Discontinued operation) $'000	Fruits (Continuing operation) $'000	Others $'000	Elimination $'000	Adjustment S'000	Continuing Operations $'000
2017 (Re-stated)						
Revenue						
External revenue	763	20,104	–	–	(763)	20,104
Inter-segment Revenue	1,878	590	–	(590)	(1,878)	–
	2,641	20,694	–	(590)	(2,641)	20,104
Results						
Segment results	(1,599)	(5,323)	(2,258)	–	1,599	(7,581)
Interest income	8	–	–	–	(8)	–
Finance cost	(113)	(3)	–	–	113	(3)
Reportable segment profit/(loss) before tax	(1,704)	(5,326)	(2,258)	–	1,704	(7,584)
Income tax refund	(20)	–	–	–	20	–
Loss from continued operations	(1,724)	(5,326)	(2,258)	–	1,724	(7,584)
Non-cash items						
Depreciation of property, plant and equipment	(169)	(79)	(6)	–	–	(254)
Reversal of allowance for inventories obsolescence	252	–	–	–	–	252
Allowance for inventories obsolescence	(118)	–	–	–	–	(118)
Write-off of inventories	(17)	(707)	–	–	–	(724)
Allowance for impairment loss on trade receivables	–	(2,937)	–	–	–	(2,937)
Fair value loss on held-for-trading financial asset	(18)	–	–	–	–	(18)
Write back of accrued registration expenses	613	–	–	–	–	613
Write back of long overdue payables	775	–	591	–	–	1,366

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25. SEGMENT INFORMATION (CONTINUED)

	Agricultural products (Discontinued operation) $'000	Fruits (continuing operation) $'000	Others $'000	Elimination $'000	Total $'000
2018					
Capital expenditure					
Property, plant and equipment	**–**	**15**	**–**	**–**	**15**
Assets and liabilities					
Segment assets	**1,250**	**25,772**	**27,795**	**(26,735)**	**28,082**
Segment liabilities	**226**	**29,180**	**5,447**	**(20,282)**	**14,571**
2017 (Re-stated)					
Capital expenditure					
Property, plant and equipment	1	134	–	–	135
Assets and liabilities					
Segment assets	19,326	6,755	13,891	(26,969)	13,003
Segment liabilities	11,070	9,545	9,423	(17,718)	12,320

Geographical information

The Group's business segments operate in several geographical areas, namely, Association of Southeast Asian Nations ("ASEAN"), the People Republic of China ("PRC"), America & Europe and others. Revenue is based on the region in which the customers are located. Non-current assets comprise primarily property, plant and equipment and investment in associate as presented in the balance sheet of the Group. Non-current assets are shown by the geographical area in which the assets are located.

Revenue and non-current assets from continuing operations information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
ASEAN	**7,921**	13,961	**205**	161
PRC	**36,592**	3,131	**7**	6
Others	**366**	3,012	**–**	–
	44,879	20,104	**212**	167

Revenue of approximately $33,860,000 (2017: $11,555,000) are derived from two (2017: nine) customers attributable solely to the fruits segment. Revenue of each of these each of these 2 customers individually constitutes more than 10% of the total fruits segment revenue for the financial year ended 31 March 2018. Out of which, sales to ultimate holding company accounted for 64% of the Group's sales.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial period, in addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the parties during the financial period:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Related party				
Sales	**28,720**	7	**–**	–
Licence fee income	**24**	30	**–**	–
Licence fee expense	**(24)**	(30)	**–**	–
Advances received	**(402)**	–	**–**	–
Subsidiaries				
Management fee income	**–**	–	**–**	1,150
Advances to subsidiaries	**–**	–	**5,751**	–
Payment received on behalf of subsidiaries	**–**	–	**(2,258)**	–
Payment on behalf by subsidiaries	**–**	–	**312**	–
Recovery of intercompany balance previously written off	**–**	–	**–**	6,644

Compensation of key management personnel

The remuneration of Directors and other key management personnel of the Group during the financial period are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Directors' fees	**162**	**149**
Short-term benefits	**1,072**	**1,667**
Post-employment benefits	**72**	**97**
	1,306	**1,913**

The above includes the following remuneration to the Directors of the Company:

	Group	
	2018	**2017**
	$'000	**$'000**
Directors of the Company		
Directors' fees	**162**	149
Short-term benefits	**570**	802
Post-employment benefits	**12**	21
	744	972

Other key management comprises the Chief Executive Officer, Financial Controller and General Managers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose them to credit risks, foreign currency risks and liquidity risks. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. Management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

(a) *Credit risks*

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group has significant concentration of credit risk. The top 5 customers accounted for approximately 83% (2017: 31%) of the total trade receivables as at 31 March 2018. In particular, the Company has significant concentration of credit risk in terms of trade balance due from its ultimate holding company constituting 42% of the net trade receivables as at 31 March 2018.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's and Company's maximum exposure to credit risks. The Group and Company do not hold any collateral.

The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables. The Company's major class of financial assets is cash and cash equivalents.

Cash and cash equivalents are placed with banks and financial institutions which are regulated.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

The age analysis of trade receivables as at the end of the reporting period that are past due but not impaired is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Past due 0 to 30 days	**3,058**	532
Past due 31 to 60 days	**606**	225
Past due 61 to 90 days	**243**	102
Past due over 90 days	**3,827**	1,698

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) ***Foreign currency risks***

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from United States dollar ("USD") and Australian Dollar ("AUD").

As at the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entity's functional currency are as follows:

	Group			
	Assets		Liabilities	
	2018 $'000	2017 $'000 Re-stated	2018 $'000	2017 $'000 Re-stated
United States Dollar	**4,165**	3,348	**5,734**	1,957
Australian Dollar	**1,880**	3	**52**	–
Euro Dollar	**–**	–	**122**	–
Indonesian Rupiah	**–**	–	**9**	–

The Company has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2% (2017: 5%) change in Singapore dollar ("SGD") against the USD and AUD respectively. The sensitivity analysis assumes an instantaneous 2% (2017: 5%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD and AUD are included in the analysis.

	Profit/(loss) before tax Increase/(decrease)	
	2018 $'000	Period from 1.1.2016 to 31.3.2017 $'000
Group		
USD/SGD		
– Strengthened 2% (2017: 5%)	**(32)**	70
– Weakened 2% (2017: 5%)	**32**	(70)
AUD/SGD		
– Strengthened 2% (2017: 5%)	**37**	–
– Weakened 2% (2017: 5%)	**(37)**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Liquidity risks*

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycles.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

All financial assets are due within one year.

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Within one financial year $'000	**More than one financial year $'000**
Group		
As at 31 March 2018		
Financial liabilities		
Trade and other payables	**12,697**	**–**
Finance Lease	**25**	**60**
As at 31 March 2018	**12,722**	**60**
As at 31 March 2017		
Financial liabilities		
Trade and other payables	8,853	–
Finance Lease	19	80
As at 31 March 2017	8,872	80
Company		
As at 31 March 2018		
Financial liability		
Trade and other payables	**1,152**	**–**
As at 31 March 2018	**1,152**	**–**
As at 31 March 2017		
Financial liability		
Trade and other payables	6,298	–
As at 31 March 2017	6,298	–

28. FAIR VALUE OF ASSETS AND LIABILITIES

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of 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.

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of liabilities measured at fair value at the end of the reporting period:

	2018 $'000 Quoted prices in active markets (Level 3)	Total
Liability		
Financial liability arising from contingent issuance	–	–

In determining the fair value of the financial liabilities arising from contingent issuance of adjustment shares, the management determined the expected losses arising from the loss events disclosed in Note 20 to the financial statements. This involved the use of discounted cash flow model in certain scenarios and the Company's share price at end of each reporting period.

In determining the expected losses, management exercised its judgement to estimate the potential loss amounts and the probability of occurrence. Where discounted cash flow model ("DCF") is involved, the calculation is most sensitive to the revenue growth rate, terminal growth rate, and pre-tax discount rate. Such key assumptions are agreed to by Shanghai Yiguo.

The revenue growth rate, terminal growth rate and pre-tax discount rate used in the DCF related to events (iii) and (iv) in Note 20 forecast, years 1 to 5, are 25% and 1%; 1% and 2% and 14% and 9% respectively.

At inception date, financial liabilities of $1,321,000 were recognised on the balance sheet. At 31 March 2018, no financial liabilities were recognised and a corresponding fair value gain of $1,321,000 during the financial year has been recognised in the consolidated income statement for the financial year. Had the pre-tax discount rate used in the discounted cash flow increased by 1% point and 2% points for event (iii) and (iv) respectively, the expected losses as at inception date and 31 March 2018 would have increased by $37,000 and $85,000 respectively. Consequentially, the carrying value of financial liability as at inception date and 31 March 3018 will increase by $82,000 and $113,000 respectively. Correspondingly, the fair value gain recognised during the financial year will decrease by $31,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) ***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 the Group's and the Company's current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

29. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder's value.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2017.

Management monitors capital based on gearing ratio.The gearing ratio is calculated as net debt divided by total equity plus debt. Net debt is calculated as bank borrowings plus trade and other payables at amortised cost less cash and bank balances and further adjusted for financial liabilities arising from contingent issuance of shares. Equity consists of total equity attributable to the owners of the Company, adjusted for reserve for contingent issuance of shares.

	Group	
	2018	**2017**
	$'000	**$'000**
		Re-stated
Total financial liabilities at amortised cost	**12,766**	8,933
Less: Cash and cash equivalents	**(11,363)**	(557)
Net debt	**1,403**	8,376
Equity attributable to owners of the company	**12,300**	683
Adjustment: Reserve for contingent issuance of shares	**1,321**	–
Total capital	**15,024**	9,059
Gearing ratio	**9%**	92%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year/period ended 31 March 2018 and 2017.

30. PRIOR-PERIOD ADJUSTMENTS

The Group and Company have restated the balance sheets as at 31 March 2017 and consolidated profit or loss for the financial period ended 31 March 2017 due to the following:

1. *Disposal of subsidiaries for the financial year ended 31 March 2017*

   The Group recognised a gain on disposal of subsidiaries of $5,019,000 in the profit or loss for the financial year ended 31 March 2017. However, shareholders' approval for the disposal of the Fook Yong Pte Ltd, Taian Fook Huat Tong Kee Foodstuffs Co., Ltd, United Agro Produce Pte Ltd ("UAP") and Taian FHTK Foodstuffs Co., Ltd ("TFFC") ("subsidiaries") was obtained on 31 May 2017. Therefore, the Group has reversed the gain from disposal of subsidiaries of $5,019,000 in the statement of comprehensive income for the period ended 31 March 2017 and recognised the subsidiaries as asset held-for-sale in the balance sheet as at 31 March 2017.

   The gain on disposal of subsidiaries of $5,019,000 previously recognised include general reserve arising from TFFC of $1,969,000 and foreign currency translation reserve of $774,000. Asset revaluation reserve of $2,510,000 which were previously reclassified to retained earnings have been restated accordingly. Receivables from disposal of subsidiaries of $5,230,000 were accordingly excluded from Trade and other receivables balance. Advances received from buyer of $1,671,000 were included under Trade and other payables balance.

2. *Acquisition of intangible assets – the Garlic, Onion and Ginger ("GOG") business*

   On 17 March 2017, the Company, its fully owned subsidiary, SunMoon Distribution & Trading Pte Ltd ("SMDT"), and TFFC entered into a tripartite asset transfer agreement ("ATA") in which TFFC agreed to transfer the whole operations of its fresh garlic, onion and ginger business to SMDT for $3.0 million payable by the Company to TFFC. The purchase price of $3.0 million is based on the development costs incurred by TFFC in establishing the food agriculture business according to the ATA. The Group then recognised an intangible asset of $3,000,000 for the financial period ended 31 March 2017.

   On 31 March 2017, the ATA is supported by supplement agreement with UAP in which the purchase consideration of $3,000,000 was to be offset by the amount of $2,686,000 payable to UAP. Accordingly, a net amount of $314,000 was waived off and recognised as other income for the financial period ended 31 March 2017.

   As disclosed above, the disposal of subsidiaries were completed on 31 May 2017, and the acquisition of the GOG business thus represents intragroup transaction which should be eliminated in the consolidated financial statements as at 31 March 2017.

3. *Impairment of trade receivables*

   Due to recoverability issues that existed as at 31 March 2017, the Group has determined that certain trade receivables amounting to $1,599,000 owing by two customers were impaired as at 31 March 2017. The Group has recognised the impairment losses in the statement of comprehensive income for the period ended 31 March 2017 and in the balance sheet as at 31 March 2017.

4. *Over-provision of bonus for financial period ended 31 March 2017*

   The Group and Company had made provisions for bonuses amounting to $178,000 and $130,000 respectively for the financial period ended 31 March 2017. The Group and Company had determined that there was no obligation to pay these bonuses as at 31 March 2017 as these were still not approved.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

30. PRIOR-PERIOD ADJUSTMENTS (CONTINUED)

The effects of the prior-year adjustments on the balance sheets and consolidated statement of comprehensive income are as follows:

	As previously reported $'000	Prior-year Adjustment $'000	As re-stated $'000
Group			
Balance Sheets as at 31 March 2017			
Non-current assets			
Intangible assets	3,000	(3,000)[(2)]	–
Current assets			
Trade and other receivables	10,938	(6,829)[(1),(3)]	4,109
Assets of disposal group classified as held for sale	–	7,993	7,993
Current Liabilities			
Trade and other payable	7,379	1,493[(1),(4)]	8,872
Liabilities directly associated with disposal group classified as held for sale	–	3,368	3,368
Equity attributable to equity owners of the company			
Other reserves	20,177	5,253[(1a)]	25,430
Accumulated losses	(137,305)	(11,950)[(1),(2),(3),(4)]	(149,255)
Reserve of disposal group classified as held for sale	–	5,277	5,277
Consolidated Income Statement for the financial period ended 31 March 2017			
Other items of expense			
Selling and distribution expenses	(2,281)	48[(4)]	(2,233)
Administrative expenses	(3,781)	(1,469)[(3),(4)]	(5,250)
Other expenses	(1,419)	(314)[(2)]	(1,733)
Profit/(loss) from discontinued operations for the financial period, net of income tax	5,981	(7,705)[(5)]	(1,724)
Other comprehensive(loss)/income			
Reclassification to profit or loss on disposal of subsidiaries:			
General reserve	(1,969)	1,969[(1a)]	–
Foreign currency translation reserve	(774)	774[(1a)]	–
Total comprehensive loss for the financial period	(3,813)	(6,697)	(10,510)
Basic/diluted (loss)/earnings per share			
From continuing operations	(1.83) cents	(0.55) cents	(2.38) cents
From discontinued operations	1.87 cents	(2.41) cents	(0.54) cents

30. PRIOR-PERIOD ADJUSTMENTS (CONTINUED)

	As previously reported $'000	Adjustment $'000	As re-stated $'000
Company			
Balance Sheets as at 31 March 2017			
Non-current assets			
Investment in subsidiaries	13,823	(3,000)[(1b)(2)]	10,823
Current assets			
Trade and other receivable	5,260	(5,230)[(1)]	30
Assets of disposal group classified as held for sale	–	2,686[(1b)]	2,686
Current Liabilities			
Trade and other payable	4,757	1,541[(1),(4)]	6,298
Equity attributable to equity owners of the company			
Accumulated losses	(128,457)	(7,085)[(1),(2),(4)]	(135,542)

(1) Include effects of accounting for disposal of subsidiaries in financial year ended 31 March 2018 instead of 2017
   (a) Relate to adjustments for general reserve, foreign currency translation reserve and asset revaluation reserve of $1,969,000, $774,000 and $2,510,000 respectively
   (b) Relate to cost of investment of disposed subsidiaries reclassified to asset held for sale

(2) Include effects of elimination of acquisition of GOG business as at 31 March 2017

(3) Include impairment of trade receivables accounted as at 31 March 2017

(4) Effects of reversal of provision for bonus as at 31 March 2017

(5) Include reversal on gain on disposal of subsidiaries of $5,019,000 and net impact on other income of $2,686,000 arising from elimination of acquisition of GOG business

31. COMPARATIVE FIGURES

Prior period's comparative figures, related to the period from 1 January 2016 to 31 March 2017 and were audited by a firm of Chartered Public Accountants other than Ernst & Young LLP.

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Struck off of subsidiaries

Subsidiaries of the Group, UGC 2003 Inc and SunMoon USA LLC, have been struck off after the financial year ended 31 March 2018.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 5 July 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 29 JUNE 2018

ISSUED AND FULLY PAID-UP CAPITAL	:	$139,508,483
NO. OF SHARES ISSUED	:	719,724,793
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID WITH EQUAL VOTING RIGHTS EACH
NUMBER OF TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4,725	35.86	125,256	0.02
100 – 1000	4,020	30.51	1,919,593	0.27
1,001 – 10000	3,117	23.66	12,633,629	1.75
10,001 – 1,000,000	1,284	9.75	123,585,762	17.17
1,000,001 & ABOVE	29	0.22	581,460,553	80.79
TOTAL	**13,175**	**100.00**	**719,724,793**	**100.00**

	TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
1	YIGUO GENERAL FOOD PTE. LTD.	400,940,411	55.71
2	HSBC (SINGAPORE) NOMINEES PTE LTD	41,457,000	5.76
3	UOB KAY HIAN PTE LTD	27,213,482	3.78
4	STF INVESTMENTS LTD	23,198,500	3.22
5	MAYBANK KIM ENG SECURITIES PTE LTD	12,269,484	1.70
6	PRIMA PORTFOLIO PTE LTD	11,221,900	1.56
7	DBS NOMINEES PTE LTD	8,927,723	1.24
8	PHILLIP SECURITIES PTE LTD	6,598,251	0.92
9	RAFFLES NOMINEES (PTE) LTD	6,248,935	0.87
10	OCBC SECURITIES PRIVATE LTD	5,140,240	0.71
11	AW BOON LEONG	2,751,100	0.38
12	YEW MONG HENG	2,650,000	0.37
13	CHUA KENG LOY	2,580,000	0.36
14	OCBC NOMINEES SINGAPORE PTE LTD	2,532,900	0.35
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,516,077	0.35
16	TAN TIAT HUANG	2,500,000	0.35
17	TTH CAPITAL PTE LTD	2,500,000	0.35
18	LOW SIEW YAM	2,142,300	0.30
19	TAN KOK SIANG GARY	2,000,000	0.28
20	LEE YONG CHOI	1,875,000	0.26
		567,263,303	**78.82**

On the basis of the information available to the Company, approximately 33.08% of the equity securities of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.

STATISTICS OF SHAREHOLDINGS

AS AT 29 JUNE 2018

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	
	DIRECT INTEREST	DEEMED INTEREST
FIRST ALVERSTONE CAPITAL LTD	80,712,772	–
GARY LOH HOCK CHUAN	–	80,712,772
SELENA CHENG KOH MIN	–	80,712,772
YIGUO GENERAL FOOD PTE LTD	400,940,411	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SUNMOON FOOD COMPANY LIMITED will be held at 137 Cecil Street, #03-01 Hengda Building, Singapore 069537 (Room Tokyo 2) on 31 July 2018 at 2.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2018 together with the Auditor's Report.

2. To approve the payment of Directors' Fees of S$161,917.00 for the financial year ended 31 March 2018.

3. To re-elect Mr Gary Loh Hock Chuan, a Director who is retiring by rotation in accordance with Article 102 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

4. To re-elect Ms Ng Bie Tjin @Djuniarti Intan, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offers herself for re-election as a Director of the Company.

5. To re-elect Mr Yang Guang, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

6. To re-elect Ms Wang Ai, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offers herself for re-election as a Director of the Company.

7. To re-elect Ms Liu Yuanyuan, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offers herself for re-election as a Director of the Company.

8. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.

Special Business

9. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9.1 That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or 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) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company;

NOTICE OF ANNUAL GENERAL MEETING

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (iv)]

9.2 That approval be and is hereby given to the Directors to grant awards in accordance with the provision of the SunMoon Share Option Scheme and/or SunMoon Share Plan and to allot and 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 vesting of awards under the SunMoon Share Option Scheme and/or SunMoon Share Plan, provided that:

(a) the aggregate number of new ordinary shares which may be issued pursuant to the SunMoon Share Option Scheme and SunMoon Share Plan on any date, shall not exceed 15% or such other per centum as may be determined by the committee and permitted under the Listing Manual, of the total number of issued shares of the Company, excluding Treasury Shares, on the day immediately preceding the relevant date of grant; and

(b) such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

By Order of the Board

Chia Lay Beng
Secretary

Date: 14th day of July 2018

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes

(i) Ms Ng Bie Tjin @Djuniarti Intan will, upon re-election, continue to serve as the Chairman of Audit and Risk Committee and a member of Nominating Committee and Remuneration Committee. Ms Ng is considered an Independent Director.

(ii) Mr Yang Guang will, upon re-election, continue to serve as the Chairman of Nominating Committee and Remuneration Committee and a member of Audit and Risk Committee. Mr Yang is considered an Independent Director.

(iii) Ms Wang Ai will, upon re-election, continue to serve as a member of Audit and Risk Committee, Nominating Committee and Remuneration Committee. Ms Wang is considered a Non-Independent Director.

(iv) (a) The Ordinary Resolution 9.1 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.

(b) For the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary shareholdings) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Shareholder entitled to attend and vote at the AGM is entitled to appoint any number of proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder.

2. Where a Shareholder appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second/other named proxy/proxies shall be deemed to be an alternate to the first named.

3. A corporation which is a Shareholder 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.

4. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a copy thereof), duly executed, must be deposited at the registered office of the Company at 1 Scotts Road, #21-07/08 Shaw Centre Singapore 228208, not less than 48 hours before the time appointed for holding the AGM or any postponement or adjournment thereof.

5. The instrument appointing a proxy or proxies must be signed by the appointor or his/her attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

6. A Depositor's name must appear on the Depository Register maintained by the CDP at least 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

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 of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor'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 or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor 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 or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.

SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198304656K)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of SunMoon Food Company Limited, this PROXY FORM is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ NRIC/Passport/Company Registration No. ____________

of ____

being *a member/members of **SUNMOON FOOD COMPANY LIMITED** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing him/her, the Chairman of the Annual General Meeting (the "**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the AGM of the Company to be held at 137 Cecil Street, #03-01 Hengda Building, Singapore 069537 (Room Tokyo 2) on 31 July 2018 at 2.00 p.m. and at any adjournment thereof.

I/we have indicated against the resolution set out in the Notice of AGM and summarised below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

	Resolutions	For	Against
1	**Ordinary Business** Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 March 2018 and the Auditor's Report		
2	Approval of Directors' Fees of S$161,917.00		
3	Re-election of Mr Gary Loh Hock Chuan as Director retiring under Article 102		
4	Re-election of Ms Ng Bie Tjin @Djuniarti Intan as Director retiring under Article 106		
5	Re-election of Mr Yang Guang as Director retiring under Article 106		
6	Re-election of Ms Wang Ai as Director retiring under Article 106		
7	Re-election of Ms Liu Yuanyuan as Director retiring under Article 106		
8	Re-appointment of Ernst & Young LLP as Auditor		
9.1	***Special Business*** Approval to issue Shares pursuant to Section 161 of the Companies Act, Cap. 50		
9.2	Approval to grant awards in accordance with the provision of the SunMoon Share Option Scheme and/or SunMoon Share Plan		

* Each share shall have one vote only. If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ______________ 2018

Total Number of Shares Held

____

Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have Shares registered in your name in the register of members of the Company (the "**Register of Members**"), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A Shareholder entitled to attend and vote at the AGM is entitled to appoint any number of proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder.

3. Where a Shareholder appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second/other named proxy/proxies shall be deemed to be an alternate to the first named.

4. A corporation which is a Shareholder 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, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The submission of an instrument or form appointing a proxy by a Shareholder does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register maintained by the CDP at least 72 hours before the time appointed for holding the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder and/or Depositor(s) (as defined in Section 130A of the Companies Act, Cap. 50) accept(s) and agree(s) to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 July 2018.

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Mr James Prideaux – Executive Chairman/Lead Independent Director
Mr Gary Loh Hock Chuan – Deputy Chairman
Ms Ng Bie Tjin @Djuniarti Intan
Mr Yang Guang
Ms Wang Ai
Mr Wang Yaobin
Mr Yu Liang
Ms Liu Yuanyuan

AUDIT AND RISK COMITTEE
Ms Ng Bie Tjin @Djuniarti Intan – Chairperson
Mr James Prideaux
Mr Yang Guang
Ms Wang Ai
Mr Wang Yaobin

REMUNERATION COMMITTEE
Mr Yang Guang – Chairman
Mr James Prideaux
Ms Ng Bie Tjin @Djuniarti Intan
Ms Wang Ai
Mr Wang Yaobin

NOMINATING COMMITTEE
Mr Yang Guang – Chairman
Mr James Prideaux
Ms Ng Bie Tjin @Djuniarti Intan
Ms Wang Ai
Mr Wang Yaobin

COMPANY SECRETARY
Ms Chia Lay Beng

REGISTERED OFFICE
1 Scotts Road
#21-07/08/09 Shaw Centre
Singapore 228208
Tel: 6500 7800
Website: www.sunmoonfood.com

COMPANY REGISTRATION NO.
198304656K

SHARE REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

EXTERNAL AUDITOR
Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Ms Tan Peck Yen
(Appointed since financial year ended 31 March 2018)

PRINCIPAL BANKER
DBS Bank Ltd, Singapore
Cathay Bank, City of industry Office, U.S.A.
Bank of China, Shanghai, China
Shanghai Pudong Development Bank, Shanghai, China

SUNMOON FOOD COMPANY LIMITED
Company Registration No. 198304656K
Tel: (65) 6779 5688 • Fax: (65) 6777 3960
Web: www.sunmoonfood.com • E-mail: enquiry@sunmoonfood.com

SINGAPORE HEADQUARTERS
SUNMOON FOOD COMPANY LIMITED
30 Toh Guan Road • #07-07 • Singapore 608840
Tel: (65) 6779 5688 • Fax: (65) 6777 3960

CHINA – SHANGHAI OFFICE
SUNMOON FOOD (SHANGHAI) CO., LTD
Room 618 • Building C • Jin Zhong Road • Changning District • China
Shanghai 200335
Tel: (86) 21 5118 7610

SHANGHAI SHANMAI SUPPLY CHAIN MANAGEMENT CO., LTD
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