



COMMITTED TO
FRESHNESS

SUMMARY FINANCIAL 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



TABLE OF CONTENTS

01	CORPORATE PROFILE	19	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
02	CORPORATE STRUCTURE	20	BALANCE SHEETS
03	CEO'S MESSAGE	21	STATEMENT OF CHANGES IN EQUITY
05	BOARD OF DIRECTORS	23	CONSOLIDATED CASH FLOW STATEMENT
08	KEY MANAGEMENT	24	NOTES TO THE SUMMARY FINANCIAL STATEMENTS
09	FINANCIAL HIGHLIGHTS	36	STATISTICS OF SHAREHOLDINGS
10	SUMMARY DIRECTORS' STATEMENT	38	NOTICE OF ANNUAL GENERAL MEETING
13	INDEPENDENT AUDITOR'S REPORT		PROXY FORM
18	CONSOLIDATED INCOME STATEMENT		REQUEST FORM

CORPORATE PROFILE

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

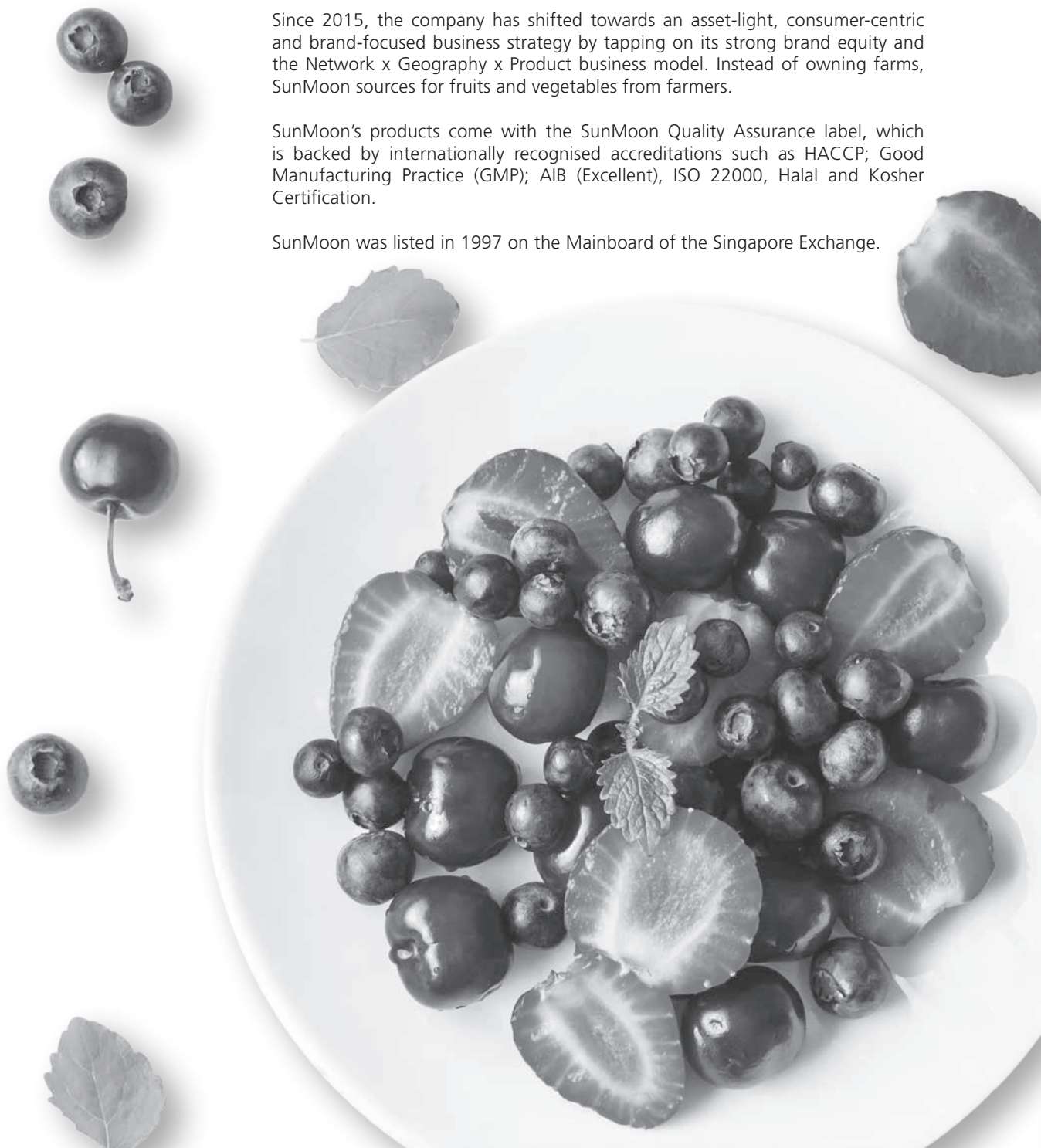
Started in 1983, SunMoon has grown its product offering to over 315 products, including fresh fruits, vegetables, freeze-dried fruit snacks, nuts, fruit cups, fruit sticks, juices, sorbets, and frozen fruits under its own brand.

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.

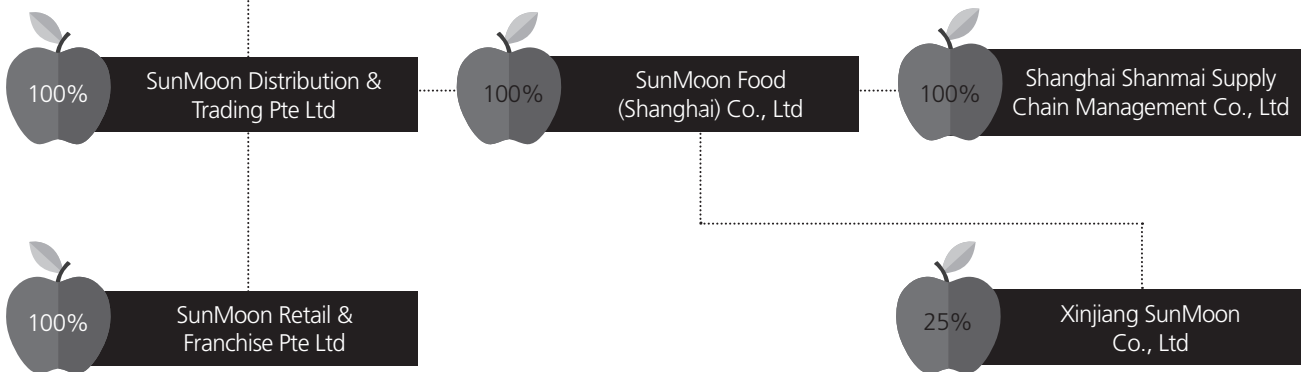
Since 2015, the company has shifted towards an asset-light, consumer-centric and brand-focused business strategy by tapping on its strong brand equity and the Network x Geography x Product business model. Instead of owning farms, SunMoon sources for fruits and vegetables from farmers.

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 of Annual Report 2017/18).

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 of Annual Report 2017/18) 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.

CEO'S MESSAGE

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.

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 marketer 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 HUI ZHEN
Group Financial Controller



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 JACK CHONG CHUN YAO
Head of Technology & System
Integration



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 ROGER CHUA KIANG TAT
Managing Director



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 FLORENCE CHAN PEI SEE
General Manager of Sales



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 KELVIN ONG JUN WEI
General Manager of Procurement



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.

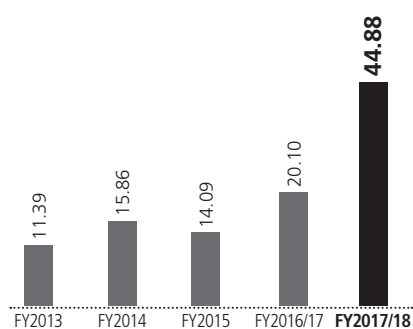
FINANCIAL HIGHLIGHTS

	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
Profit/(loss) 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

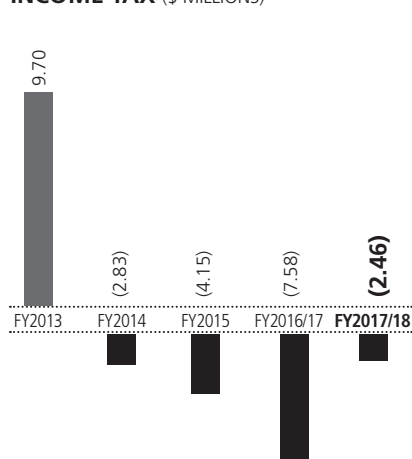
* Amount attributable to continuing operations

Amount include fair value gain on financial liabilities arising from contingent issuance of shares

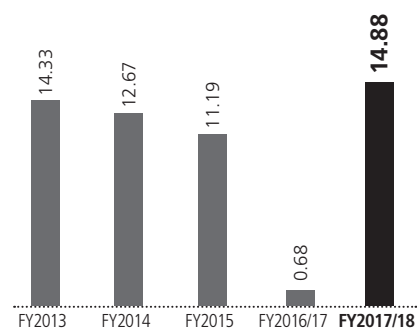
TURNOVER (\$ MILLIONS)



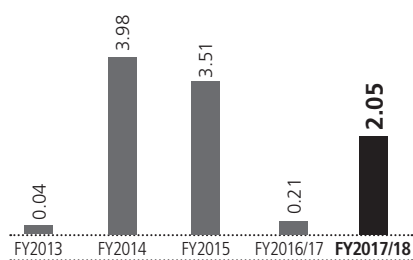
**PROFIT/(LOSS) FROM BEFORE
INCOME TAX** (\$ MILLIONS)



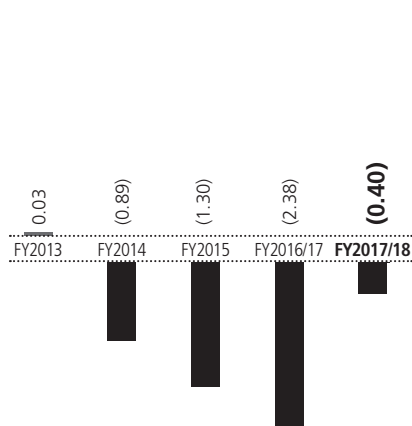
SHAREHOLDERS' FUNDS
(\$ MILLIONS)



**NET TANGIBLE ASSETS
PER SHARE** (CENTS)



**NET EARNING/(LOSS)
PER SHARE** (CENTS)



SUMMARY DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

IMPORTANT NOTES

The Summary Financial Statements as set out on pages 10 to 35 contains only a summary of the information in the directors' statement, the independent auditor's report and a summary of the full financial statements. It also includes the information provided in compliance with the requirements of Section 203A of the Singapore Companies Act, Chapter 50 and regulations made thereunder, applicable to the Summary Financial Statements. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Group and the Company.

For further information, the full financial statements, the independent auditor's report on those financial statements and the directors' statement in the Annual Report should be consulted. Shareholders may request for a copy of the Annual Report at no cost.

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the significant subsidiaries are as follows:

- Investment holding,
- Importer, exporter, wholesaler, retailer and commission agent of fruits,
- To own, operate and manage as principal, franchisor and/or agent of all kinds of fruits, and
- Headquarter for China operations, sales and other marketing and distribution.

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 object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUMMARY
DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

DIRECTORS' INTERESTS IN SHARES OR 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	–	–

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 period.

SUMMARY DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 as set out in the Annual Report 2017/18.

INDEPENDENT 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

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Important Notes

The independent auditor's report should be consulted in conjunctions with the full financial statements in the Annual Report.

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.

First year audit

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

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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.

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.

INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Key Audit Matters (Continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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.
- 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.

**INDEPENDENT
AUDITOR'S REPORT**
TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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	Period from 1.1.2016 to 31.3.2017 \$'000
			Re-stated
Continuing operations			
Revenue		44,879	20,104
Cost of sales		(44,103)	(19,284)
Gross profit		776	820
Other items of income			
Interest income		22	–
Other income		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	4	1,321	–
Loss before tax from continuing operations		(2,462)	(7,584)
Income tax expense		–	–
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		4,104	(1,724)
Profit/(loss) for the financial year/period		1,642	(9,308)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group	
		2018 \$'000	Period from 1.1.2016 to 31.3.2017 \$'000
			Re-stated
(Loss)/profit attributable to owners of the Company			
– Continuing operations		(2,462)	(7,584)
– Discontinued operations		4,104	(1,724)
Total profit/(loss) attributable to owners of the Company		<u>1,642</u>	<u>(9,308)</u>
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		<u>518</u>	<u>(10,510)</u>
(Loss)/earnings per share for continuing and discontinued operations attributable to equity holders of the Company			
Basic (loss)/earnings per share			
From continuing operations	6	(0.40) cents	(2.38) cents
From discontinued operations	6	<u>0.67 cents</u>	<u>(0.54) cents</u>
Diluted (loss)/earnings per share			
From continuing operations	6	(0.40) cents	(2.38) cents
From discontinued operations	6	<u>0.65 cents</u>	<u>(0.54) cents</u>

BALANCE SHEETS

AS AT 31 MARCH 2018

	Note	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
			Re-stated		Re-stated
Non-current assets					
Property, plant and equipment		113	167	-	-
Intangible assets		99	-	99	-
Investment in subsidiaries		-	-	18,450	10,823
Investment in associate		-	-	-	-
Available-for-sale equity investments		-	-	-	-
		212	167	18,549	10,823
Current assets					
Assets of disposal group classified as held for sale		-	7,993	-	2,686
Cash and cash equivalents		11,363	557	9,136	109
Held-for-trading financial asset		-	-	-	-
Trade and other receivables		12,054	4,109	49	30
Inventories		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	3	139,508	124,508	139,508	124,508
Other reserves	5	17,330	20,153	17,063	18,384
Reserves of disposal group classified as held for sale		-	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		51	65	-	-
Financial liabilities arising from contingent issuance of shares	4	-	-	-	-
Total non-current liabilities		51	65	-	-
Current liabilities					
Liabilities directly associated with disposal group classified as held for sale		-	3,368	-	-
Borrowings		18	15	-	-
Trade and other payables		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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Group	Share capital \$'000	Capital reserve \$'000	Capital reduction reserve \$'000	General reserve \$'000	Foreign currency translation reserve \$'000	Reserve for contingent issuance of shares \$'000	Other reserves total \$'000	Reserve of disposal group classified as held for sales \$'000	Accumulated losses \$'000	Total equity \$'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 8)	-	-	-	-	(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	-	(944)	-	(232)	(413)	-	(1,589)	(5,277)	5,655	(1,211)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-
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 (Note 3)	15,000	-	-	-	-	-	-	-	-	15,000
Contingent shares to be issued (Note 4)	-	-	-	-	-	(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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Group	Share Capital \$'000	Capital Reserve \$'000	Capital reduction reserve \$'000	Asset revaluation reserve \$'000	General reserve \$'000	Foreign currency translation Reserve \$'000	Other reserves total \$'000	Reserve of disposal group classified as held for sales \$'000	Accumulated losses \$'000	Total equity \$'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)
<u>Other comprehensive income for the period</u>	-	-	-	-	-	-	-	-	-	-
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

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	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	–	(70)
Reversal of allowance for inventory obsolescence	–	(252)
Allowance for inventory obsolescence	–	118
Depreciation of property, plant and equipment	67	254
Amortisation of intangible assets	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	–	18
Inventories written off	169	724
Reversal of impairment loss on third parties trade receivables	(554)	–
Trade receivables written off	33	–
Allowance for impairment loss on third parties trade receivables	43	2,937
Gain on disposal of subsidiaries	(3,464)	–
Fair value change on financial liabilities arising from contingent issuance of shares	4 (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	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	(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	11,363	557

NOTES TO THE SUMMARY 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 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 page 66-67 (Note 10) of the Annual Report 2017/18.

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 set out in Annual Report 2017/18.

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 SUMMARY 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.

NOTES TO THE SUMMARY 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) 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. 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 SUMMARY 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.

3. SHARE CAPITAL

	Group and Company			
	2018 ‘000	2017 ‘000	2018 \$’000	2017 \$’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;

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

3. SHARE CAPITAL (CONTINUED)

- (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;
- (iii) losses and/or costs arising from its transactions 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 had 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.

4. 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	–	–

Financial liabilities are recognised as a result of the contingent issuance of top-up adjustment shares arising from loss events disclosed in Note 3 to the summary 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.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. OTHER RESERVES

Other reserves comprise the following:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'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.

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 3 to the financial statements.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. 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 \$'000	2017 \$'000
		Re-stated
(Loss)/profit 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)
	No of shares	
	'000	'000
<u>Share data</u>		
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 4) ^(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 the loss events on 31 March 2018.

	Group	
	2018 \$'000	2017 \$'000
		Re-stated
<u>Basic (loss)/earnings per shares (cents)</u>		
From continuing operations	(0.40) cents	(2.38) cents
From discontinued operations	0.67 cents	(0.54) cents
<u>Diluted (loss)/earnings per shares (cents)</u>		
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.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. 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 '000	2017 '000	2018 \$'000	2017 \$'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 \$'000	2017 \$'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 \$'000	2017 \$'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 Executive Chairman, Financial Controller and General Managers.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8. 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.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8. PRIOR-PERIOD ADJUSTMENTS (CONTINUED)

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 subject to approval.

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

	<u>As previously reported \$'000</u>	<u>Prior-year Adjustment \$'000</u>	<u>As re-stated \$'000</u>
Group			
Balance Sheets as at 31 March 2017			
<i>Non-current assets</i>			
Intangible assets	3,000	(3,000) ⁽²⁾	–
<i>Current assets</i>			
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
<i>Current Liabilities</i>			
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
<i>Equity attributable to equity owners of the company</i>			
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

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8. PRIOR-PERIOD ADJUSTMENTS (CONTINUED)

	<u>As previously reported \$'000</u>	<u>Prior-year Adjustment \$'000</u>	<u>As re-stated \$'000</u>
Consolidated Income Statement for the financial period ended 31 March 2017			
<i>Other items of expense</i>			
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)
<i>Other comprehensive(loss)/income</i>			
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
	<u>As previously reported \$'000</u>	<u>Adjustment \$'000</u>	<u>As re-stated \$'000</u>
Company			
Balance Sheets as at 31 March 2017			
<i>Non-current assets</i>			
Investment in subsidiaries	13,823	(3,000) ^{(1b),(2)}	10,823
<i>Current assets</i>			
Assets of disposal group classified as held for sale	–	2,686 ^(1b)	2,686
Trade and other receivable	5,260	(5,230) ⁽¹⁾	30
<i>Current Liabilities</i>			
Trade and other payable	4,757	1,541 ^{(1),(4)}	6,298
<i>Equity attributable to equity owners of the company</i>			
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 for 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

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

9. 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.

10. 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.

11. 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		
	Special Business		
9.1	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.

REQUEST FORM

SUNMOON FOOD COMPANY LIMITED
(Incorporated in Singapore)
Company Registration No. 198304656K

14 July 2018

Dear Shareholder,

This is a copy of the Summary Financial Statement ("SFS") of SUNMOON FOOD COMPANY LIMITED ("Company") for the financial year ended 31 March 2018. The SFS contains a review of the Company for the financial year ended 31 March 2018. It also contains a summary of the information in the Directors' Report and financial statements of the Company's Annual Report ("AR") 2017/18. We will be sending you a copy of the SFS for so long as you are the Company's shareholder unless you indicate otherwise.

The full financial statements for the financial year ended 31 March 2018 are set out in a separate report called the AR for 2017/18. This report is available to all registered shareholders of the Company at no cost upon request.

For shareholders receiving this SFS for the first time, if you wish to receive a copy of the AR for 2017/18 or for so long as you are a shareholder of the Company, please complete the request form below by ticking the first or third box respectively and return it to us by 23 July 2018. If we do not receive your request form, it would indicate that you do not wish to receive copies of the AR for 2017/18 and for future financial years.

For the convenience of the shareholders, a copy of the AR for 2017/18 will be posted at SGX website from 14 July 2018. Shareholders may request for physical copies of the AR for 2017/18 as indicated above.

Yours faithfully,

Ms Chia Lay Beng
Secretary

REQUEST FORM

To: SUNMOON FOOD COMPANY LIMITED

N.B. Please tick only one box. Incomplete or improperly completed forms will not be processed.

- Please send me/us the Annual Report in addition to the Summary Financial Statement for financial year ended 31 March 2018.
- Please do not send me/us the *Summary Financial Statement or the Annual Report/Annual Report for so long as I/we am/are a shareholder(s) of SunMoon Food Company Limited.
- Please send me/us the Annual Report in addition to the Summary Financial Statement for financial year ended 31 March 2018 and for so long as I/we am/are a shareholder(s) of SunMoon Food Company Limited.

Name(s) of shareholder(s): _____

*NRIC/Passport Number(s): _____ CDP Securities Account No: _____

Address: _____

_____ Singapore _____

Signature(s): _____ Date: _____

* delete where inapplicable



Fold along this line (2)



Postage will be
paid by addressee.
For posting in
Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 08431



SunMoon Food Company Limited

30 Toh Guan Road
#07-07
Singapore 608840

Fold along this line (1)

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 COMMITTEE

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

5 Floor • Room 576 • Building 2 • No. 115 Futexiyi Road
Shanghai Free Trade Zone • China Shanghai 200120

Tel: (86) 21 5118 7665

