SunMoon

ANNUAL REPORT 2018/19

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CORPORATE PROFILE

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

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

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

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

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

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

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

CORPORATE **STRUCTURE**

SunMoon

- 100% SunMoon Distribution & Trading Pte Ltd
  - 100% SunMoon Food (Shanghai) Co., Ltd
    - 100% Shanghai Shanmai Supply Chain Management Co., Ltd
    - 25% Xinjiang SunMoon Co., Ltd
- 100% SunMoon Retail & Franchise Pte Ltd

CEO'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the Board), I am pleased to present SunMoon Food Company's (SunMoon) annual report for the 12 months ended 31 March, 2019 (FY2018/19).

In FY2018/19, the Group reported significantly increased revenues of S$73 million, the highest since FY2006, and losses of S$4.3 million including a S$2.1 million loss from fair value change on financial liabilities arising from contingent issuance of shares.

FY2018/19 revenues grew by 62% from S$45 million for the year ended 31 March, 2018, lifted by an increase in sales to China via Shanghai YIGUO E-commerce Co. Ltd (Yiguo).

The Group's financial position stands at positive equity of S$8.4 million and cash of S$8.3 million as of 31 March, 2019.

Looking back to the past development of the Group, and based on future trends of the industry, I support and will continue to build on the strategic framework already put in place by the former CEO, i.e. network x geography x product (N x G x P). Therefore, in the new fiscal year, my management team and I will make and execute relevant action plans under this framework.

There are two key words in my work plan for the SunMoon Group this year: Simplicity, and Focus. SunMoon is not a company that has unlimited resources. We have to constantly strategise how best to leverage our limited resources to increase our market share, and drive the transformation of SunMoon from a traditional supply chain company to a value-adding supply chain company. Therefore, the word "Focus" is extremely important at this moment. We will focus on China market this year, refine the SunMoon brand, and simultaneously continue to develop and expand the distribution network in the Southeast Asian market for Fuji apples.

CEO'S MESSAGE

From the operating efficiency and cost perspective, I will simplify and streamline the operations, cut all unnecessary costs, utilise our comparative advantages, and encourage our teams to achieve the highest level of efficiency at the lowest cost.

In the first quarter of the new financial year, I have spent considerable time to observe and analyse SunMoon's team and businesses from all aspects. At the same time, I have reflected about SunMoon's past, present and future. I believe there are many great opportunities in enhancing the business team and strategies for SunMoon. Therefore, I will do my utmost to rebuild the team and upgrade the strategies, helping SunMoon to rejuvenise its brand, and enhance its market influence, and further improve the overall situation of the company.

Our new business model will feature two core strategies:

(1) Focusing on the China market, and enhancing the SunMoon brand value in China.

We will further build the SunMoon brand by setting up an independent and professional team to operate the business in China. We will further leverage on the foundation of the strong SunMoon product branding to build SunMoon into a brand for its distribution channel.

(2) Expanding the markets outside China, and building the distributor network into the SunMoon's brand ecosystem.

We will concentrate our efforts on the Southeast Asian market and establish a better distribution system in the initial stage. We will distribute the products in Southeast Asian market leveraging on Yiguo's commanding fresh food sourcing capability in China and strong bargaining power on prices with suppliers worldwide. At the same time, we aim to strengthen SunMoon both as the product and channel brand through continuous strengthening and expansion of the distribution network.

I believe SunMoon can achieve even more than the above. I hope SunMoon will gradually return to its business roots, with its businesses becoming simpler, more focused, and better executed.

I believe that with the determined efforts of our new team, SunMoon will execute its new business strategies effectively and achieve its goals. I have full confidence in the performance of the Group in the coming year. We look forward to that!

MR ZHANG YE
Chief Executive Officer

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. Currently, he is Chief Executive Officer of JP APAC Solutions Inc. and a Senior Advisor with Pedersen & Partners.

MR GARY LOH HOCK CHUAN
Deputy Chairman,
Non-Independent
and Non-Executive 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. He was re-designated as Non-Executive Director on 1 April 2019.

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 also completed Harvard Business School Owner/President Management (OPM) Program.

MR ZHANG YE
Non-independent and
Executive Director

Mr Zhang Ye was appointed as a Non-Independent and Executive Director and as a Member of Nominating Committee on 31 December 2018. He also appointed as Chief Executive Officer of the Company on 31 December 2018. Mr Zhang is a founder of Yiguo, the first fresh food e-commerce retailer in China and now one of the largest in China with annual GMV of RMB10 billion. In year 2014, Mr Zhang assumed the position of Chief Executive Officer in Yiguo, he has led the business with tremendous growth and evolution. Mr Zhang founded his first successful venture, Enmore Group, at the age of 28. Enmore Group is the leading B2B media player in China's chemical related bulk commodity industry, offering specialized industry research and information. He graduated from Shanghai JiaoTong University in 1993 with Bachelor's Degree in International Trade and Computer Science. He gained an executive MBA degree at Cheung Kong Graduate School of Business in 2009.

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 Business Unit Head 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.

MR JIN GUANGLEI
Non-independent and
Non-Executive Director

Mr Jin Guanglei was appointed to the Board as a Non-Independent and Non-Executive Director and as a Member of Nominating Committee, Remuneration Committee and Audit and Risk Committee on 8 August 2018. He is a co-founder of Yiguo, the first fresh food e-commerce retailer in China and joined Yiguo as Co-Chairman in year 2010. Mr Jin co-founded Chemease, the predecessor of Enmore Group in year 1999. Chemease was later became Enmore Group, which is the leading B2B media player in China's chemical related bulk commodity industry, offering specialized industry research and information. He graduated from Shanghai University of Technology in 1990 with Bachelor's Degree with honors.

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 or related businesses. She is graduated from Shanghai University with a Bachelor's degree in Finance.

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 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 30, 2014 and is 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 January 20, 2014.

KEY MANAGEMENT

MS WANG HUI ZHEN
Group Financial Controller

Ms Wang was appointed as the Group's Financial Controller on 1 July 2015. She joined the Group on 26 September 2011 as Group Financial Manager and had been acting as "CFO" during the absent of former CFOs. She leads the Group's financial management in the areas of financial strategies, policies, governance, accounting and risk management. She brings with her for more than 15 years' experience in auditing and financial management in Singapore and China. She 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 (FCCA)and a Member of the Institute of Singapore Chartered Accountants (CA).

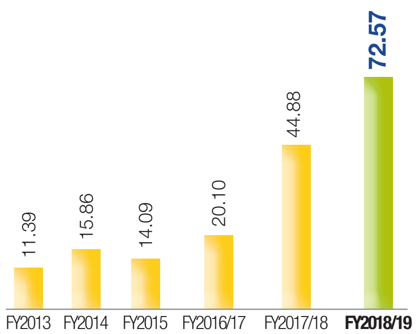
FINANCIAL HIGHLIGHTS

	FY2018/19 (12 months)	FY2017/18 (12 months)	FY2016/17 (15 months)	FY2015	FY2014	FY2013
Turnover ($ Millions)*	**72.57**	44.88	20.10	14.09	15.86	11.39
Profit/(Loss) from before Income Tax ($ Millions)*#	**(3.70)**	(3.78)	(7.58)	(4.15)	(2.83)	9.70
Shareholders' funds ($ Millions)	**8.37**	14.88	0.68	11.19	12.67	14.33
Net Tangible Assets per Share (Cents)	**1.17**	2.05	0.21	3.51	3.98	0.04
Net Earning/(Loss) per Share (Cents)*#	**(0.52)**	(0.61)	(2.38)	(1.30)	(0.89)	0.03

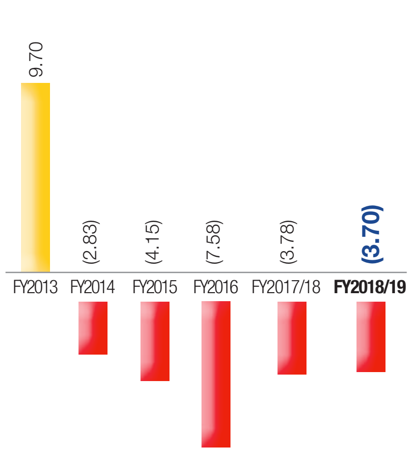
* Amount attributable to continuing operations

\# Amount exclude fair value adjustment on financial liabilities arising from contingent issuance of shares

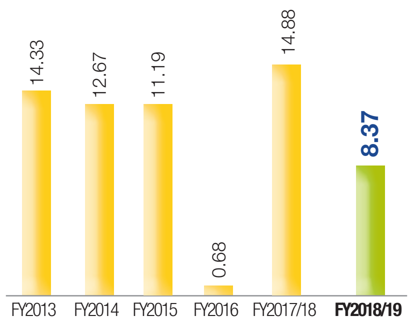
TURNOVER ($ MILLIONS)



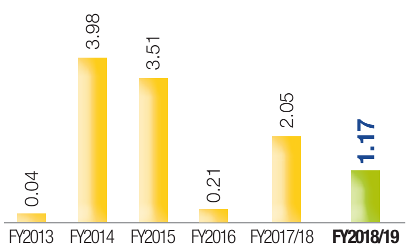
PROFIT/(LOSS) FROM BEFORE INCOME TAX ($ MILLIONS)



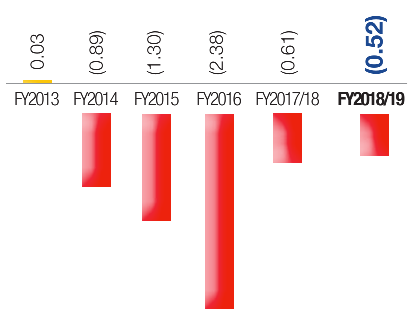
SHAREHOLDERS' FUNDS ($ MILLIONS)



NET TANGIBLE ASSETS PER SHARE (CENTS)



NET EARNING/(LOSS) PER SHARE (CENTS)



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REPORT ON **CORPORATE GOVERNANCE**

The Board of Directors (the "**Board**") of SunMoon Food Company Limited (the "**Company**") and together with its subsidiaries, (collectively, the "**Group**") recognises that sound corporate governance practices are important to the proper functioning of the Group and enhances the interest of all shareholders. The Board and the management of the Company (the "**Management**") are pleased to report that the Company has complied with the principles of all material aspects of the Code of Corporate Governance 2018 ("**the Code**"), for the financial year ended 31 March 2019 and where there are material deviations from the Code, the explanations are provided within those sections of the report.

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

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

PRINCIPLE 1: THE COMPANY IS HEADED BY AN EFFECTIVE BOARD WHICH IS COLLECTIVELY RESPONSIBLE AND WORKS WITH MANAGEMENT FOR THE LONG-TERM SUCCESS OF THE COMPANY.

The Board comprises two (2) executive directors and six (6) non-executive directors. Three (3) non-executive directors are independent directors and three (3) non-executive directors are non-independent directors. Together the Board has the relevant core competencies and diversity of experience which enables it to effectively contribute to the Group.

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

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

Directors who face conflicts of interest must recuse themselves from discussions and decisions involving the issues of conflict.

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

REPORT ON **CORPORATE GOVERNANCE**

To assist the Board in the execution of its responsibilities, the Board delegates specific authority to three board committees which comprise the Audit and Risk Committee[(1)], the Nominating Committee[(2)], and the Remuneration Committee[(3)] (collectively, "**Board Committees**"). These Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly monitored.

Notes:

(1) Please refer to disclosure at Principle 10 for the names of the Audit and Risk Committee members

(2) Please refer to disclosure at Principle 4 for the names of the Nominating Committee members

(3) Please refer to disclosure at Principle 6 for the names of the Remuneration Committee members

Specific written terms of reference for each of the Board Committees set out the required composition, authority and responsibilities of the Board Committees, and provide for each Board Committee to submit at least a report of its activities to the Board. All terms of reference for the Board Committees are approved by the Board and reviewed periodically to ensure their continued relevance, taking into account the changes in the governance and legal environment.

The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide, review and make recommendations on matters within their respective written terms of reference and/or limits of delegated authority, without abdicating the Board's overall responsibility. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

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

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

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

New directors

The directors, when first appointed, would be given an orientation on the Group's business strategies and operations. Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices. The Company will provide a formal letter to newly-appointed directors, setting out the director's duties and obligations. For newly-appointed directors who have no prior experience as directors of a listed company; they will undergo briefing on the roles and responsibilities as directors of a listed company.

REPORT ON **CORPORATE GOVERNANCE**

Existing directors

The Company will also, at its own expense, offer opportunities to directors to update and refresh their knowledge in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters, and refresh the directors on matters that may affect or enhance their performance as Board or Board Committee members.

All directors will receive continuing education and training in areas pertaining to their duties and responsibilities, including corporate governance, financial reporting standards, and the relevant laws and regulations, such as the SGX-ST Listing Rules, the Code and the Companies Act. The directors are invited to attend seminars and trainings organised by the Singapore Institute of Directors and other professional organisations to stay abreast of recent developments and approaches in financial, legal, corporate governance and regulatory practices.

DIRECTORS' MEETINGS HELD FY2018/19

Details of directors' attendance at the Board and Board Committee meetings held for the financial year from 1 April 2018 to 31 March 2019 ("**FY2018/19**") are summarised in the table below.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee
Number of Meetings held	4	4	1	1
Directors during the financial year				
Mr James Prideaux	4	4	1	1
Mr Gary Loh Hock Chuan	4	NA	NA	NA
Mr Zhang Ye*	1	1	NA	NA
Ms Ng Bie Tjin @Djuniarti Intan	4	4	1	1
Mr Yang Guang	4	4	1	1
Mr Jin Guanglei**	1	1	–	–
Ms Liu Yuanyuan***	3	NA	NA	NA
Mr Yu Liang	1	NA	NA	NA
Mr Wang Yaobin#	1	1	1	1
Ms Wang Ai##	2	2	1	1

* Mr Zhang Ye was appointed as director and member of the Nominating Committee on 31 December 2018.

** Mr Jin Guanglei was appointed as director, member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee on 8 August 2018.

*** Ms Liu Yuanyuan was appointed as director on 22 May 2018.

\# Mr Wang Yaobin had resigned on 31 July 2018.

\## Ms Wang Ai had resigned on 31 December 2018.

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

The Chief Executive Officer ("**CEO**") keeps the Board members abreast of key developments affecting the Group as well as material transactions so that the Board is fully aware of the affairs of the Group.

REPORT ON **CORPORATE GOVERNANCE**

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

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

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

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: THE BOARD HAS AN APPROPRIATE LEVEL OF INDEPENDENCE AND DIVERSITY OF THOUGHT AND BACKGROUND IN ITS COMPOSITION TO ENABLE IT TO MAKE DECISIONS IN THE BEST INTERESTS OF THE COMPANY.

As at 31 March 2019, the Board comprises two (2) executive directors, three (3) independent non-executive directors and three (3) non-executive non-independent directors. The present composition of the Board complies with the Code's provision that non-executive directors make up a majority of the Board. The participation of the directors in the Board Committees is as follows:

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

C: Chairman; M: Member

* Mr Jin Guanglei was appointed as director, member of Audit and Risk Committee, Remuneration Committee and Nominating Committee on 8 August 2018.

** Mr Zhang Ye was appointed as director and member of the Nominating Committee on 31 December 2018.

*** Ms Liu Yuanyuan was appointed as director on 22 May 2018.

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

REPORT ON **CORPORATE GOVERNANCE**

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

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3: THERE IS A CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE LEADERSHIP OF THE BOARD AND MANAGEMENT, AND NO ONE INDIVIDUAL HAS UNFETTERED POWERS OF DECISION-MAKING.

Different individuals assume the roles of the Chairman of the Board and the CEO. The separation of the roles of Chairman and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The positions of Chairman and CEO are held by Mr James Prideaux and Mr Zhang Ye respectively.

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

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

REPORT ON **CORPORATE GOVERNANCE**

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

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

BOARD MEMBERSHIP

PRINCIPLE 4: THE BOARD HAS A FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS, TAKING INTO ACCOUNT THE NEED FOR PROGRESSIVE RENEWAL OF THE BOARD.

NOMINATING COMMITTEE ("NC")

The NC, regulated by a set of written terms of reference, comprises five (5) members. The Chairman is Mr Yang Guang, an independent non-executive director, who is not, or who is not directly associated with, a substantial shareholder. The other four (4) members are Mr James Prideaux, Ms Ng Bie Tjin @Djuniarti Intan, Mr Jin Guanglei and Mr Zhang Ye. Mr James Prideaux and Ms Ng Bie Tjin @Djuniarti Intan are independent non-executive directors; Mr Jin Guanglei is a non-independent non-executive director and Mr Zhang Ye is a non-independent executive director. Based on the NC's assessment of the independence of each individual board director, the Board will review, and reconstitute as appropriate, the membership of the Board Committees.

The NC is responsible for the following:

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

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

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

(d) to determine if a director with other listed company board representations and/or principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes into account the effectiveness of the individual director, and the respective director's conduct on the Board, in making this determination. In respect of FY2018/19, the NC was of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director effectively;

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

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

REPORT ON **CORPORATE GOVERNANCE**

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

(g) to review training and professional development programmes for the Board and its directors; and

(h) to ensure that new directors are aware of their duties and obligations.

All the directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Article 102 of the existing Memorandum and Articles of Association (and Regulation 104 of the proposed new Constitution[(1)]) of the Company requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**").

Note:

(1) Shareholders are to note that the Company has proposed to amend its Constitution by way of a special resolution in an extraordinary general meeting dated 30 July 2019. For more information. Shareholders can refer to the Company's circular dated 4 July 2019.

The Company has no alternate directors on its Board.

BOARD PERFORMANCE

PRINCIPLE 5: THE BOARD UNDERTAKES A FORMAL ANNUAL ASSESSMENT OF ITS EFFECTIVENESS AS A WHOLE AND THAT OF EACH OF ITS BOARD COMMITTEES AND INDIVIDUAL DIRECTORS.

The Company acknowledges the importance of a formal assessment of Board performance and has adopted a formal system of evaluating Board performance as a whole. In FY2018/19, the Company has adopted the measures and process proposed by the NC in relation to the evaluation of Board performance. An evaluation of Board performance will be conducted annually starting from the financial year from 1 April 2019 to 31 March 2020 ("**FY2019/20**") to identify areas of improvement and as a form of good Board management practice.

From FY2019/20, the NC will assess the effectiveness of the Board as a whole and its Board Committees and contribution by each director on each of the following:

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

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 6: THE BOARD HAS A FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING POLICIES ON DIRECTOR AND EXECUTIVE REMUNERATION, AND FOR FIXING THE REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS AND KEY MANAGEMENT PERSONNEL. NO DIRECTOR IS INVOLVED IN DECIDING HIS OR HER OWN REMUNERATION.

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Remuneration Committee (“RC”)

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

The RC, regulated by a set of written terms of reference, comprises four (4) members. The Chairman is Mr Yang Guang, an independent non-executive director. The other three (3) members are Mr James Prideaux, Ms Ng Bie Tjin@Djuniarti Intan and Mr Jin Guanglei. Mr James Prideaux and Ms Ng Bie Tjin @Djuniarti Intan are independent non-executive directors; and Mr Jin Guanglei is a non-independent non-executive director.

The RC is responsible for the following:

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

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

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

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

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

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

No director or member of the RC is involved in deciding his own remuneration. If required, the RC will seek expert advice inside and/or outside the Company on remuneration of all directors. The Company is also required to disclose the name and firm of the expert, and if there is any existing relationship between the Company and the expert. For the FY2018/19, the RC did not seek expert advice as they did not deem it was necessary.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 7: THE LEVEL AND STRUCTURE OF REMUNERATION OF THE BOARD AND KEY MANAGEMENT PERSONNEL ARE APPROPRIATE AND PROPORTIONATE TO THE SUSTAINED PERFORMANCE AND VALUE CREATION OF THE COMPANY, TAKING INTO ACCOUNT THE STRATEGIC OBJECTIVES OF THE COMPANY.

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

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

The remuneration of the CEO, Mr Zhang Ye, as set out in the 3 year service agreement which commenced on 1 January 2019, comprises of only a fixed monthly salary of S$1. The service agreement may be terminated during such term either as provided in the service agreement or by either party giving to the other a written notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of CEO.

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

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

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

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the company for the long term.

DISCLOSURE ON REMUNERATION

PRINCIPLE 8: THE COMPANY IS TRANSPARENT ON ITS REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION, THE PROCEDURE FOR SETTING REMUNERATION, AND THE RELATIONSHIPS BETWEEN REMUNERATION, PERFORMANCE AND VALUE CREATION.

Directors

The fees payable and remuneration paid to each of the directors of the Company for the financial period from 1 April 2018 to 31 March 2019 are below $100,000 per annum for independent directors and above $500,000 for one executive director. A breakdown of the level and mix of the remuneration of the directors is as follows:

	Fees[(1)] %	Salary %	Bonus and Benefits in Kind %	Total (S$'000)
Above S$500,000				
Mr Gary Loh Hock Chuan	–	94.74	5.26	582
Below S$100,000				
Mr James Prideaux	100	–	–	55
Ms Ng Bie Tjin @ Djuniarti Intan	100	–	–	43
Mr Yang Guang	100	–	–	43
Ms Wang Ai (resigned on 31 December 2018)	–	–	–	–
Mr Wang Yaobin (resigned on 31 July 2018)	–	–	–	–
Mr Yu Liang	–	–	–	–
Mr Shum Ka Shat (resigned on 1 June 2018)	–	–	–	–
Ms Liu Yuanyuan (appointed on 22 May 2018)	–	–	–	–
Mr Jing Guanglei (appointed on 8 August 2018)	–	–	–	–
Mr Zhang Ye (appointed on 31 December 2018)	–	–	–	–

(1) Directors' fees are subject to shareholders' approval as a lump sum at the Annual General Meeting to be held on 30 July 2019.

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During the FY2018/19, there was no termination, retirement and post-employment benefits granted to any director or Key Management Personnel.

Key Executives

The remuneration of the top five key management personnel (who are not directors or the CEO), for the financial period from 1 April 2018 to 31 March 2019 is tabled with a breakdown of the level and mix of the remuneration as follows:

	Fixed Salary[(1)] %	Variable Bonus %	Benefits in Kind %	Total (S$'000)
Below S$250,000				
Ms Wang Hui Zhen	92.24	–	7.76	584
Mr Roger Chua Kiang Tat (resigned on 26 February 2019)	89.20	–	10.80	
Ms Chan Pei See (resigned on 10 June 2019)	91.93	–	8.07	
Mr Chong Chun Yao (resigned on 6 March 2019)	100	–	–	
Mr Ong Jun Wei, Kelvin (resigned on 12 December 2018)	100	–	–	

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

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded $100,000 during the FY2018/19. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK AND ENSURES THAT MANAGEMENT MAINTAINS A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROLS, TO SAFEGUARD THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS.

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

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

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

1. Internal controls established and maintained by the Group as documented and reviewed as necessary in the matrix of risk register, group policies, and Standard Operating Procedures;
2. Work performed by the internal audit function;
3. Work performed by the external auditors;
4. ARC discussions and reviews by the ARC and the Board;

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5. Reviews performed by the Management;
6. Execution of the Group Whistle Blowing Policy; and
7. Other reviews performed by other committees;

The Board, with the concurrence of the ARC, and based on the work performed by external auditor and the internal audit function, and reviews performed by Management and various Board Committees, holds the opinion that the risk management systems and internal controls addressing financial, operational, and compliance risks maintained by the Management throughout the financial period from 1 April 2018 to 31 March 2019, up to the date of this report, are adequate and effective to meet the needs of the Group in its current business environment. The Board has received assurance from the Deputy Chairman, CEO and the Group Financial Controller:

(a) That the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

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

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

AUDIT AND RISK COMMITTEE ("ARC")

PRINCIPLE 10: THE BOARD HAS AN AUDIT COMMITTEE WHICH DISCHARGES ITS DUTIES OBJECTIVELY.

The ARC, regulated by a set of written terms of reference, comprises of four (4) members. The Chairperson of the ARC is Ms Ng Bie Tjin @Djuniarti Intan. The other three (3) members are Mr James Prideaux, Mr Yang Guang and Mr Jin Guanglei. Mr James Prideaux and Mr Yang Guang are independent non-executive directors; and Mr Jin Guanglei is a non-independent non-executive director.

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

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

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

<u>Audit</u>

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

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

(c) to review the independence and objectivity of the Company's external auditor and its internal audit function, and to recommend to the Board their appointment or re-appointment;

(d) to review the effectiveness of the Company's external auditor and internal audit function;

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(e) to review the scope and results of the Company's external audit and internal audit function, and to review and discuss with the external auditor:

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

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

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

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

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

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

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

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

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

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

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

(n) reviewing the assurance from the CEO and the Group Financial Controller on the financial records and financial statements.

Risk

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

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

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

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

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

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

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

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

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

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

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

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

The members of the ARC do not comprise former partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, for as long as they have any financial interest in the auditing firm or auditing corporation.

The Company's outsourced internal audit function provides a source of confidence to both Management and the ARC that there is sound managerial control over all aspects of the operations of the Group, including statutory compliance, accounting, asset management and control systems. It is responsible to conduct the internal audits of the Company's operations in accordance with the guidelines and standards set out in the Professional Practice of Internal Auditing by the Institute of Internal Auditors.

The primary line of reporting of the internal audit function is to the ARC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The ARC will ensure that the internal audit function has unfettered access to the Company's documents, and has appropriate standing within the Company.

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

Total Audit Fees	120
Total Non-Audit Fees	–
Total	**120**

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11: THE COMPANY TREATS ALL SHAREHOLDERS FAIRLY AND EQUITABLY IN ORDER TO ENABLE THEM TO EXERCISE SHAREHOLDERS' RIGHTS AND HAVE THE OPPORTUNITY TO COMMUNICATE THEIR VIEWS ON MATTERS AFFECTING THE COMPANY. THE COMPANY GIVES SHAREHOLDERS A BALANCED AND UNDERSTANDABLE ASSESSMENT OF ITS PERFORMANCE, POSITION AND PROSPECTS.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPAL 12: THE COMPANY COMMUNICATES REGULARLY WITH ITS SHAREHOLDERS AND FACILITATES THE PARTICIPATION OF SHAREHOLDERS DURING GENERAL MEETINGS AND OTHER DIALOGUES TO ALLOW SHAREHOLDERS TO COMMUNICATE THEIR VIEWS ON VARIOUS MATTERS AFFECTING THE COMPANY.

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

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

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

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

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

In addition, shareholders are encouraged to attend and vote at the general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Shareholders will be informed of the rules, including voting procedures that govern the general meeting at the respective meetings. They may vote in person or in absentia by way of proxies deposited, in person or by mail, at the registered address of the Company. Currently the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. Pursuant to Article 82(1) of the existing Memorandum and Articles of Association (and Regulation 82(1) of the

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proposed new Constitution[(1)]) of the Company, a shareholder may appoint any number of proxies to attend and vote at the same general meeting. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold shares through a nominee or custodial services company, may attend and vote at each AGM.

Note:

(1) Shareholders are to note that the Company has proposed to amend its Constitution by way of a special resolution in an extraordinary general meeting dated 30 July 2019. For more information. Shareholders can refer to the Company's circular dated 4 July 2019.

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

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. As a matter of policy and practice, minutes of shareholders' meetings (including shareholders' comments and responses from the Board and/or Management) are always available to shareholders on request.

Through the Company's website and hotline, the Company is able to gather views and/or inputs from shareholders. Subsequently, the Company will reply shareholders' concerns through email (*enquiry@sunmoonfood.com*) and/or phone call (*67795688*).

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

Dividend payments are made with due consideration of the Company's financial performance, liquidity, capital commitment, business prospect, economic outlook and regulatory factors. The Directors will always aim to maintain a balance between meeting the shareholders' expectation for dividend returns and prudent capital management.

Dealing In Securities

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

Interested Person Transaction

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

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MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13: THE BOARD ADOPTS AN INCLUSIVE APPROACH BY CONSIDERING AND BALANCING THE NEEDS AND INTERESTS OF MATERIAL STAKEHOLDERS, AS PART OF ITS OVERALL RESPONSIBILITY TO ENSURE THAT THE BEST INTERESTS OF THE COMPANY ARE SERVED.

The Company identifies and prioritises stakeholders based on the influence, responsibility, dependency, representation and proximity that stakeholders have with the Company's businesses, which includes customers, suppliers, regulators/agents, investors and employees.

Customers

The Company engages customers by carrying out adequate background checks including but not limited to whether they have healthy credit, the customer's capacity, annual turnover and total paid up capital. The Company may also conduct customer satisfaction surveys and/or feedback, and allocate staff to assist customers if the need arises. Generally, the Company's customers want more stock and more varieties of fruits to fulfill demand.

Suppliers

The Company carries out background checks on suppliers to ensure that their products meet the Company's "SunMoon Quality Assurance" standards which include the type, quality and safety of the products they supply. The Company is also in the process of developing sustainability and green standards for suppliers to adhere to. The Company is concerned with the cost of business, speed of delivery and the quantity and quality of delivery.

Authorities and/or Agents

The Company may, as and when required, engage with the authorities and/or agents to assist them in the compliance of different regulatory, compliance and licensing/certification requirements across different borders. Effective engagement with the authorities and/or agents can reduce any delays or costs caused by licensing, importing or any other issues that may arise.

Investors

The Company understands that investors are concerned with the economic performance of the Company. As such, the Company is committed to disclose relevant and material information to its shareholders, the investment community and the public in a timely, accurate and transparent manner, in accordance with the SGX-ST Listing Rules and the Code. The Company's disclosures are made public through SGXNet and on the Company's corporate website at www.sunmoonfood.com. The Company regularly communicates through nominated spokesperson(s) to ensure consistency in messaging, addressing concerns and queries as well as managing the expectations of shareholders and the investment community. The Company also regularly engages with shareholders, potential investors, and/or the media through the Annual General Meeting and Extraordinary General Meeting(s), conference calls, analyst briefings, media interviews and luncheons, Annual Reports, Press Releases and announcements on SGXNet.

Employees

The Company's employees go through regular feedback and appraisals and have ample opportunity to develop their skills and competencies. Employees also have the opportunity to take on greater roles and responsibilities. The Company's employees would like better incentives and performance bonuses as well as better work life balance.

Corporate Website

The Company maintains a current corporate website to communicate and engage with the various stakeholders.

DIRECTORS' **STATEMENT**

The directors present their statement to the members together with the audited consolidated financial statements of SunMoon Food Company Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Mr James Prideaux
Mr Gary Loh Hock Chuan
Mr Zhang Ye
Ms Ng Bie Tjin @ Djuniarti Intan
Mr Yang Guang
Mr Jin Guanglei
Ms Liu Yuanyuan
Mr Yu Liang

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**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	–	–

DIRECTORS' **STATEMENT**

Directors' interests in shares and debentures (Continued)

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

There was no change in any of the above-mentioned interests in the Company between the end of financial year and 21 April 2019.

Share options

In the previous 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 year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit and risk committee

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

Auditor

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

On behalf of the board of directors:

Mr Zhang Ye
Director

Ms Ng Bie Tjin @ Djuniarti Intan
Director

Singapore
25 June 2019

INDEPENDENT **AUDITOR'S REPORT**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 2019, the consolidated statement of changes in equity, the consolidated income statement, the 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 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.

Allowance for expected credit losses of trade receivables

Trade receivable balances are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group adopted SFRS(I) 9 *Financial Instruments* on 1 April 2018, and assessed the allowance for expected credit losses of trade receivables based on the expected credit losses ("ECL") provision matrix.

Under the ECL provision matrix, the Group has determined the probability of default based on historical loss experiences at various aging brackets, with consideration of forward-looking macroeconomic factors. Significant judgement and estimation is involved in using the historical loss experience data and forward-looking macroeconomic factors to derive the probability of default at the respective aging brackets. Accordingly, we have identified the allowance for expected credit losses of trade receivables of the Group as a key audit matter.

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Allowance for expected credit losses of trade receivables (Continued)

Our audit procedures include, amongst others, obtaining an understanding of the Group's processes and controls relating to the monitoring and collection of trade receivables, requesting confirmations from major customers and obtaining evidence of receipts subsequent to year end for significant trade receivables. We have also evaluated the Group's implementation of SFRS(I) 9 and whether the ECL provision matrix applied by the Group is consistent with the requirements of SFRS(I) 9. This includes testing the appropriateness of the inputs and assumptions used by management in the ECL provision matrix with consideration of the Group's historical loss experience as well as management's assessment of forward-looking macroeconomic factors. Furthermore, we obtained an understanding of the overall process and control environment in relation to the collection of historical loss experience data used in the ECL provision matrix, and tested the arithmetic accuracy of management's ECL provision. Lastly, we assessed the adequacy of the Group's disclosures on the trade receivables in Note 15 and the related risks such as credit risk in Note 26 (a).

Impairment assessment of investment in subsidiaries

As at 31 March 2019, the Company has investments in subsidiaries, including quasi capital loans amounting to $15,156,000. 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 terminal 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 discount rates and terminal 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 Information

Management is responsible for the other information. The other information comprises information included in the Annual Report 2018/19, 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.

INDEPENDENT **AUDITOR'S REPORT**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
25 June 2019

CONSOLIDATED **INCOME STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 $'000	Group 2018 $'000
Continuing operations			
Revenue	4	**72,566**	44,879
Cost of sales		**(71,756)**	(44,103)
Gross profit		**810**	776
Other items of income			
Interest income		**43**	22
Other income	5	**583**	823
Other items of expense			
Selling and distribution expenses		**(1,589)**	(1,625)
Administrative expenses		**(3,424)**	(3,290)
Other expenses		**(114)**	(486)
Finance costs		**(12)**	(3)
		(3,703)	(3,783)
Fair value change on financial liabilities arising from contingent issuance of shares	22	**(2,077)**	1,321
Loss before tax from continuing operations	6	**(5,780)**	(2,462)
Income tax expense	7	**–**	–
Loss from continuing operations for the financial year, net of income tax		**(5,780)**	(2,462)
Discontinued operations			
Profit from discontinued operations for the financial year, net of income tax	13	**1,499**	4,104
(Loss)/profit for the financial year		**(4,281)**	1,642
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Reclassification to profit or loss on disposal of subsidiaries:			
Foreign currency translation reserve		**(1,544)**	(1,211)
Exchange differences arising from translation of foreign operations		**(387)**	87
Other comprehensive loss for the financial year, net of income tax		**(1,931)**	(1,124)
Total comprehensive (loss)/income for the financial year		**(6,212)**	518

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group	
		2019	**2018**
		$'000	**$'000**
(Loss)/profit attributable to owners of the Company			
– Continuing operations		**(5,780)**	(2,462)
– Discontinued operations	13	**1,499**	4,104
Total (loss)/profit attributable to owners of the Company		**(4,281)**	1,642
Total comprehensive (loss)/income attributable to owners of the Company			
– Continuing operations		**(7,711)**	(3,586)
– Discontinued operations		**1,499**	4,104
Total comprehensive (loss)/income attributable to owners of the Company		**(6,212)**	518
(Loss)/earnings per share for continuing and discontinued operations attributable to equity holders of the Company			
Basic (loss)/earnings per share			
From continuing operations	23	**(0.81) cents**	(0.40) cents
From discontinued operations	23	**0.21 cents**	0.67 cents
Diluted (loss)/earnings per share			
From continuing operations	23	**(0.74) cents**	(0.40) cents
From discontinued operations	23	**0.19 cents**	0.65 cents

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 MARCH 2019

		Group			Company		
	Note	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Non-current assets							
Property, plant and equipment	8	**38**	113	167	**–**	–	–
Intangible assets	9	**–**	99	–	**–**	99	–
Investment in subsidiaries	10	**–**	–	–	**15,156**	18,450	10,823
Investment in associate	11	**–**	–	–	**–**	–	–
Investment securities	12	**–**	–	–	**–**	–	–
Total non-current assets		**38**	212	167	**15,156**	18,549	10,823
Current assets							
Assets of disposal group classified as held for sale	13	**–**	–	7,993	**–**	–	2,686
Cash and cash equivalents	14	**8,305**	11,363	557	**36**	9,136	109
Trade and other receivables	15	**25,985**	12,054	4,109	**38**	49	30
Inventories	16	**5**	4,453	177	**–**	–	–
Total current assets		**34,295**	27,870	12,836	**74**	9,185	2,825
Total assets		**34,333**	28,082	13,003	**15,230**	27,734	13,648
Equity and Liabilities							
Equity attributable to equity owners of the company							
Share capital	19	**139,508**	139,508	124,508	**139,508**	139,508	124,508
Other reserves	20	**15,100**	17,330	20,153	**16,764**	17,063	18,384
Reserves of disposal group classified as held for sale	13	**–**	–	5,277	**–**	–	–
Accumulated losses		**(146,239)**	(141,958)	(149,255)	**(143,762)**	(129,989)	(135,542)
Total equity		**8,369**	14,880	683	**12,510**	26,582	7,350
Non-current liabilities							
Borrowings	17	**8**	51	65	**–**	–	–
Financial liabilities arising from contingent issuance of shares	22	**2,077**	–	–	**2,077**	–	–
Total non-current liabilities		**2,085**	51	65	**2,077**	–	–
Current liabilities							
Liabilities associated with disposal group classified as held for sale	13	**–**	–	3,368	**–**	–	–
Borrowings	17	**3**	18	15	**–**	–	–
Trade and other payables	18	**23,876**	13,133	8,872	**643**	1,152	6,298
Total current liabilities		**23,879**	13,151	12,255	**643**	1,152	6,298
Total liabilities		**25,964**	13,202	12,320	**2,720**	1,152	6,298
Total equity and liabilities		**34,333**	28,082	13,003	**15,230**	27,734	13,648

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group	Share capital (Note 19) $'000	Capital reserve (Note 20) $'000	Capital reduction reserve (Note 20) $'000	Treasury shares (Note 20) $'000	General reserve (Note 20) $'000	Foreign currency translation reserve (Note 20) $'000	Reserve for contingent issuance of shares (Note 20) $'000	Other reserves total $'000	Reserve of disposal group classified as held for sales $'000	Accumulated losses $'000	Total equity $'000
2019											
Opening balance at 1 April 2018	139,508	–	18,384	–	–	267	(1,321)	17,330	–	(141,958)	14,880
Loss for the year	–	–	–	–	–	–	–	–	–	(4,281)	(4,281)
Other comprehensive loss for the year											
Disposal of subsidiaries (Note 10)	–	–	–	–	–	(1,544)	–	(1,544)	–	–	(1,544)
Exchange differences arising from translation of foreign operations	–	–	–	–	–	(387)	–	(387)	–	–	(387)
Total comprehensive loss for the year	–	–	–	–	–	(1,931)	–	(1,931)	–	(4,281)	(6,212)
Contributions by owners											
Purchase of treasury shares	–	–	–	(299)	–	–	–	(299)	–	–	(299)
Total contributions by owners	–	–	–	(299)	–	–	–	(299)	–	–	(299)
At 31 March 2019	139,508	–	18,384	(299)	–	(1,664)	(1,321)	15,100	–	(146,239)	8,369

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group	Share capital (Note 19) $'000	Capital reserve (Note 20) $'000	Capital reduction reserve (Note 20) $'000	General reserve (Note 20) $'000	Foreign currency translation reserve (Note 20) $'000	Reserve for contingent issuance of shares (Note 20) $'000	Other reserves total $'000	Reserve of disposal group classified as held for sales $'000	Accumulated losses $'000	Total equity $'000
2018										
Opening balance at 1 April 2017	124,508	944	18,384	232	593	–	20,153	5,277	(149,255)	683
Profit for the year	–	–	–	–	–	–	–	–	1,642	1,642
Other comprehensive income for the year										
Disposal of subsidiaries (Note 10)	–	(944)	–	(232)	(413)	–	(1,589)	(5,277)	5,655	(1,211)
Exchange differences arising from translation of foreign operations	–	–	–	–	87	–	87	–	–	87
Total comprehensive (loss)/income for the year	–	(944)	–	(232)	(326)	–	(1,502)	(5,277)	7,297	518
Contributions by owners										
Issuance of placements and adjustment shares	15,000	–	–	–	–	–	–	–	–	15,000
Contingent shares to be issued (Note 22)	–	–	–	–	–	(1,321)	(1,321)	–	–	(1,321)
Total contributions by owners	15,000	–	–	–	–	(1,321)	(1,321)	–	–	13,679
At 31 March 2018	139,508	–	18,384	–	267	(1,321)	17,330	–	(141,958)	14,880

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Loss from continuing operations before tax		**(5,780)**	(2,462)
Profit from discontinued operations before tax	13	**1,499**	3,783
(Loss)/profit before tax, total		**(4,281)**	1,321
Adjustments for:			
Interest expense		**12**	3
Interest income		**(43)**	(22)
Allowance for inventory obsolescence	16	**158**	–
Depreciation of property, plant and equipment	6	**50**	67
Amortisation of intangible assets	6	**99**	50
Gain on disposal of property, plant and equipment	5	**(1)**	–
Inventories written off	16	**140**	169
Foreign exchange		**(244)**	–
Reversal of impairment loss on third parties trade receivables	15	**–**	(554)
Trade and other receivables written off	24	**156**	33
Trade and other payables written back	24	**(311)**	–
Allowance for impairment loss on third parties trade receivables	6	**858**	43
Gain on disposal of subsidiaries	10(b)	**(1,544)**	(3,464)
Fair value change on financial liabilities arising from contingent issuance of shares	22	**2,077**	(1,321)
Operating cash flows before working capital changes		**(2,874)**	(3,675)
Working capital changes:			
Inventories		**4,150**	(4,445)
Trade and other receivables		**(14,882)**	(4,800)
Trade and other payables		**10,993**	3,615
Cash used in operations		**(2,613)**	(9,305)
Income tax refund		**–**	321
Net cash used in operating activities		**(2,613)**	(8,984)
Investing activities			
Interest received		**43**	22
Proceeds from disposal of property, plant and equipment	8	**44**	–
Purchase of property, plant and equipment	8	**(5)**	(15)
Disposal of subsidiaries, net cash flow	10(b)	**–**	4,897
Net cash generated from investing activities		**82**	4,904
Financing activities			
Interest paid		**(12)**	(3)
Repayment of finance lease	17	**(70)**	(11)
Purchase of treasury shares		**(299)**	–
Proceeds from issuance of placement shares		**–**	15,000
Net cash (used in)/generated from financing activities		**(381)**	14,986
Net change in cash and cash equivalents		**(2,912)**	10,906
Cash and cash equivalents at beginning of financial year		**11,363**	557
Exchange difference on cash and cash equivalents		**(146)**	(100)
Cash and cash equivalents at end of financial year	14	**8,305**	11,363

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. CORPORATE INFORMATION

1.1 The Company

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 April 2018 are disclosed below.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) are the same as previously reported under FRS.

- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 April 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 April 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

SFRS(I) 9 *Financial Instruments (Continued)*

Classification and measurement (Continued)

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 April 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group elects to measure its currently available-for-sale unquoted investment at fair value profit or loss.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The loss allowances on trade receivables arising from the adoption of SFRS(I) 9 did not have any material effect on the financial statements of the Group and the Company.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2018.

The Group has applied SFRS(I) 15 retrospectively and has assessed that there was no material impact with the adoption of SFRS(I) 15.

The adoption of SFRS(I) including the application of new accounting standards did not have any material impact on the financial statements of the Group and the Company.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but are not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 *Cycle*	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above 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) 16 is described below:

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has assessed the impact of the new standard and plans to adopt the new standard on the required effective date.

The Group has performed a preliminary impact assessment based on currently available information and has assessed that there was no material impact with the adoption of SFRS(I) 16.

2.4 Basis of consolidation

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

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

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

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency

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

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

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

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

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

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

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

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

2.6 Property, plant and equipment

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

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

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

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Software

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Investment in associate

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

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

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

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

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

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or service to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

(i) Financial assets carried at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss (FVPL)

A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised whether the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

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

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

(ii) Financial liabilities carried at amortised cost

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

De-recognition

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments exceed a prescribed number of days past due, as established within the Group's credit risk management practices. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

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

2.14 Inventories

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the an outflow of resources embodying economic benefits will be required to settle the obligations, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Grants

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

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

Grants related to income are presented under "Other income".

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits (Continued)

(a) Defined contribution plans (Continued)

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

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

(b) Employee leave entitlement

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

2.19 Leases

As lessee

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

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

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

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtain control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue is recognised is the amount allocated to the satisfied performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue (Continued)

(a) Revenue from sale of goods

Revenue from sale of goods (i.e. sale of fresh and processed fruits) is recognised at point in time upon the satisfaction of each performance obligations which is usually the delivery of goods to customers. Revenue is not recognised to the extent whether there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

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

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised is profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued is recognised directly in equity. Voting right related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 Segment reporting

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

Additional disclosures on each of these segments are shown in Note 24, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

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

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

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

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

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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

(a) Impairment of investments in subsidiaries

In performing the impairment assessment of the carrying amount of Company's investment in subsidiaries under SFRS (I) 1-36 *Impairment of Assets*, management prepared discounted cash flows to determine the recoverable amounts of the subsidiaries with indicators of impairment using the value-in-use model. The recoverable amounts are determined based on a number of significant operational and predictive assumptions such as forecasted revenue, terminal growth rate, profit margin and discount rate which involves significant estimates.

Impairment losses on investment in subsidiaries for the financial year ended 31 March 2019 was $11,131,000 (2018: Nil). If the discount rate is increased by 1.5%, the impairment amount would have been $1,131,000 higher. If the gross margin is reduced by 1%, the impairment would have been $6,009,000 higher.

The information about impairment of investment in subsidiaries is disclosed in Note 10.

(b) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates at various ageing brackets. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 15.

The carrying amount of trade receivables as at 31 March 2019 are $23,242,000 (31 March 2018: $10,102,000, 1 April 2017: $3,433,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. REVENUE

(a) *Revenue from contract with customers*

	Group	
	2019	**2018**
	$'000	**$'000**
Sales of goods		
Fresh and processed fruits	**72,566**	44,879
Timing of transfer of goods and services		
Point in time	**72,566**	44,879

(b) *Contract assets and contract liabilities*

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

		Group	
	31.3.2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Receivables from contracts with customers (Note 15)	**26,410**	12,370	8,962
Contract liabilities (Note 18)	**–**	34	18

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $3,168,000 (2018: $2,268,000).

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of fresh and processed fruits. Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities during the financial year are tabled as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Balance at beginning of financial year	**34**	18
Amount recognised as revenue at the beginning of the year	**–**	(18)
Refund of advances	**(34)**	–
Increase due to cash received, excluding amounts recognised during the year	**–**	34
Balance at end of financial year	**–**	34

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. OTHER INCOME

	Group	
	2019	**2018**
	$'000	**$'000**
Franchise income	**24**	24
Leasing and licensing income	**–**	24
Reversal of impairment on third parties trade receivables (Note 15)	**–**	554
Gain on disposal of property, plant and equipment (Note 8)	**1**	–
Write back of accrued expenses and other payables	**249**	–
Government Grants		
– Wage Credit Scheme	**8**	7
– IE Singapore Grant	**99**	198
– Temporary Employment Credit	**4**	4
– Productivity Innovation Credit	**40**	6
Foreign exchange gain, net	**151**	–
Others	**7**	6
	583	823

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Group	
	2019	**2018**
	$'000	**$'000**
Cost of goods sold		
Inventories recognised as an expense in cost of sales	**71,098**	43,719

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS (CONTINUED)

	Group	
	2019	**2018**
	$'000	**$'000**
Selling and distribution expenses		
Advertisement and promotion	**258**	402
Employee benefits expense:		
– salaries, bonus and other benefits	**1,109**	957
– defined contribution plans	**189**	140
Total employee benefits expense	**1,298**	1,097
Administrative expenses		
Audit fees		
– auditors of the Company	**120**	102
– other auditors	**3**	70
Depreciation of property, plant and equipment (Note 8)	**50**	67
Amortisation of intangible assets (Note 9)	**99**	50
Allowance for impairment loss on third parties trade receivables (Note 15)	**858**	43
Trade receivables written off	**–**	33
Operating lease expense	**92**	106
Directors' fees	**141**	162
Director's remuneration	**582**	581
Employee benefits expense:		
– salaries, bonus and other benefits	**369**	534
– defined contribution plans	**64**	52
Total employee benefits expense	**1,156**	1,329
Other expenses		
Other receivables and deposit written off	**114**	94
Loss on foreign exchange	**–**	392

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

	Group	
	2019	**2018**
	$'000	**$'000**
Selling and distribution expenses	**1,298**	1,097
Administrative expenses	**1,156**	1,329
	2,454	2,426

The employee benefits expenses include the remuneration of Directors and other key management personnel as disclosed in Note 25 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. INCOME TAX

(a) Major components of income tax credit

The major components of income tax credit for the financial year ended 31 March 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	**$'000**
Consolidated income statement:		
Current income tax		
Over provision in prior financial years		
– from discontinued operations	**–**	(321)
Tax credit attributable to discontinued operations	**–**	(321)

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

A reconciliation between tax credit and the product of (loss)/profit before tax multiplied by the applicable corporate tax rate for the year ended 31 March 2019 and 2018 respectively as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Loss before tax from continuing operations	**(5,780)**	(2,462)
Profit before tax from discontinued operations	**1,499**	3,783
(Loss)/profit before tax	**(4,281)**	1,321
Income tax calculated at Singapore's statutory tax rate of 17%	**(728)**	225
Effect of different tax rates in other countries	**(265)**	(58)
Tax effect of income not subject to tax	**(367)**	(974)
Tax effect of expenses not deductible for income tax purposes	**750**	118
Over provision of current income tax in prior financial years	**–**	(321)
Deferred tax assets not recognised in profit or loss	**610**	709
Utilisation of deferred tax assets previously not recognised	**–**	(20)
Income tax credit recognised in profit or loss relating to discontinued operations (Note 13)	**–**	(321)

As at 31 March 2019, the Group has unutilised tax losses of approximately $26,910,000 (2018: $25,017,000) and unutilised capital allowance of approximately $316,000 (2018: $365,000) available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement by the relevant tax authority and provisions of the tax legislations of the respective countries in which the Group operates.

(c) Unrecognised temporary differences relating to investments in subsidiaries

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties and land use rights		Plant and machineries		Office equipment	Furniture, fixtures and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost/valuation:	At Cost[(i)]	At Valuation	At Cost[(i)]	At Valuation	At Cost	At Cost	At Cost	
At 1 April 2017	–	110	72	–	555	206	351	1,294
Additions	–	–	–	–	15	–	–	15
Disposal of subsidiaries	–	(114)	(36)	–	(94)	(35)	(207)	(486)
Currency translation realignment	–	4	–	–	3	–	11	18
At 31 March 2018 and 1 April 2018	–	–	36	–	479	171	155	841
Additions	–	–	–	–	17	–	–	17
Disposal of subsidiaries	–	–	–	–	(3)	–	–	(3)
Disposal	–	–	–	–	(30)	–	(98)	(128)
Currency translation realignment	–	–	–	–	–	–	(1)	(1)
At 31 March 2019	–	–	36	–	463	171	56	726
Accumulated depreciation:								
At 1 April 2017	–	110	72	–	493	181	271	1,127
Depreciation charge for the year	–	–	–	–	26	21	20	67
Disposal of subsidiaries	–	(114)	(36)	–	(94)	(35)	(207)	(486)
Currency translation realignment	–	4	–	–	13	(2)	5	20
At 31 March 2018 and 1 April 2018	–	–	36	–	438	165	89	728
Depreciation charge for the year	–	–	–	–	24	6	20	50
Disposal of subsidiaries	–	–	–	–	(3)	–	–	(3)
Disposal	–	–	–	–	(28)	–	(57)	(85)
Currency translation realignment	–	–	–	–	–	–	(2)	(2)
At 31 March 2019	–	–	36	–	431	171	50	688
Net carrying amount:								
At 31 March 2019	–	–	–	–	32	–	6	38
At 31 March 2018	–	–	–	–	41	6	66	113
At 1 April 2017	–	–	–	–	62	25	80	167

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2019	**2018**
	$'000	**$'000**
Depreciation expenses attributable to continuing operations	**50**	67

Assets under finance lease

		Group	
	31.3.2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Motor vehicles	**–**	66	80
Office equipment	**9**	–	–

During the financial year, the Group acquired office equipment with an aggregate cost of $12,000 by means of finance leases. The cash outflow on acquisition of the office equipment amounted to $5,000. In addition, the Group disposed the motor vehicle and office equipment with a carrying value of $43,000 to third parties for total sales proceeds of $44,000.

9. INTANGIBLE ASSETS

	Group and Company
	$'000
Cost	
At 1 April 2017	–
Additions	149
At 31 March 2018, 1 April 2018 and 31 March 2019	149
Accumulated amortization	
At 1 April 2017	–
Amortisation	50
At 31 March 2018 and 1 April 2018	50
Amortisation	99
At 31 March 2019	149
Net carrying amount:	
At 31 March 2019	–
At 31 March 2018	99
At 1 April 2017	–

During the financial year ended 31 March 2019, the Group has fully amortised the ERP software due to the expiry and discontinuation of the software license.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. INVESTMENT IN SUBSIDIARIES

	Company 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Unquoted equity shares, at cost	**10,200**	10,810	265,213
Allowance for impairment loss	**(9,029)**	(910)	(255,313)
	1,171	9,900	9,900
Amount due from subsidiaries (non-trade)	**19,905**	12,089	4,445
Allowance for impairment loss on receivables	**(5,920)**	(3,539)	(3,522)
	13,985	8,550	923
	15,156	18,450	10,823

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

	Company 2019 $'000	2018 $'000
Balance at beginning of financial year	**910**	255,313
Reversal of allowance for impairment during the year arising from disposal of subsidiary	**(610)**	(254,403)
Additional allowance for impairment during the year	**8,729**	–
Balance at end of financial year	**9,029**	910

The amount due from subsidiaries represents part of net investment and are unsecured and non-interest bearing. Settlement of the amounts due is neither planned nor likely to occur in the foreseeable future and they are repayable only when cash flows of the subsidiaries permit.

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

	Company 2019 $'000	2018 $'000
Balance at beginning of financial year	**3,539**	3,522
Additional allowance for impairment during the year	**2,402**	–
Currency translation differences	**(21)**	17
Balance at end of financial year	**5,920**	3,539

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

	Company 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Singapore Dollar	**11,272**	5,794	392
United States Dollar	**2,713**	2,756	531
	13,985	8,550	923

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) *Composition of the Group*

The particulars of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held		
		31.3.2019 %	31.3.2018 %	1.4.2017 %
Held by the Company				
Fook Huat Tong Kee Pte Ltd[4] (Singapore)	Dormant	**–**	–	100
United Fruit Company Limited[3] (Hong Kong)	Dormant	**–**	–	100
Weifang Xinan FHTK Fruits Co., Ltd[3] (People's Republic of China)	Dormant	**–**	–	100
UGC 2003, Inc.[5] (USA)	Dormant	**–**	100	100
Agrifood Investments Pte Ltd[3] (Singapore)	Dormant	**–**	–	100
Fook Yong Pte Ltd[4] (Singapore)	Dormant	**–**	–	100
SunMoon Retail & Franchise Pte Ltd[1] (Singapore)	To own, operate and manage as principal franchisor and/or agent of all kinds of fruits	**100**	100	100
SunMoon Distribution & Trading Pte Ltd[1] (Singapore)	Importer, exporter, wholesaler, retailer and commission agent of fruits	**100**	100	100
United Agro Produce Pte Ltd[4] (Singapore)	Distributor of dehydrated garlic and onion	**–**	–	100
Taian FHTK Foodstuffs Co., Ltd[4] (People's Republic of China)	Importer, exporter, wholesaler, retailer and commission agent of fruits	**–**	–	100

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held 31.3.2019 %	31.3.2018 %	1.4.2017 %
Held by Fook Huat Tong Kee Pte Ltd				
Fook Huat Tong Kee (Xiamen) Foodstuffs Co., Ltd[4] (People's Republic of China)	Dormant	**–**	–	100
Shanghai Fook Huat Tong Kee Cold Storage Co., Ltd[4] (People's Republic of China)	Dormant	**–**	–	100
Held by Fook Yong Pte Ltd				
Taian Fook Huat Tong Kee Foodstuffs Co., Ltd[4] (People's Republic of China)	Dormant	**–**	–	100
Held by SunMoon Distribution & Trading Pte Ltd				
SunMoon Food (Shanghai) Co., Ltd (People's Republic of China)	Headquarter for China operations, sales and other marketing and distribution	**100**	100	100
Held by SunMoon Food (Shanghai) Co., Ltd				
Shanghai Shanmai Supply Chain Management Co., Ltd[2] (People's Republic of China)	Wholesaling, online retailing, import, export and commission-based distribution of edible agricultural products, office supplies, costumes, articles of daily use, hardware and home appliances; provision of related supporting services; business information consulting; freight forwarding within the territory of China; business services; warehousing services.	**100**	100	100

NOTES TO THE **FINANCIAL STATEMENTS**
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10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held		
		31.3.2019 %	31.3.2018 %	1.4.2017 %
Held by UGC 2003, Inc.				
SunMoon USA, LLC[5] (USA)	Dormant	–	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firm of EY Global in People's Republic of China, for consolidation purposes.

(3) Struck off during the financial year ended 31 March 2018.

(4) Disposed during the financial year ended 31 March 2018.

(5) Struck off during the financial year ended 31 March 2019.

(b) Disposal of subsidiaries

During the financial year ended 31 March 2019, the Company has struck-off the following wholly-owned dormant subsidiary, UGC 2003, Inc. and its wholly-owned subsidiary, SunMoon USA, LLC. All the receivables and payables had been written off/back before the struck-off and no cash was received. A total gain on struck-off of subsidiaries of $1,544,000, resulting from the reclassification of foreign currency translation reserve, is recognised.

In the prior year, the Group had struck-off the following wholly-owned dormant subsidiaries, a) Foo Huat Tong Kee Pte Ltd and its wholly-owned subsidiaries, Fook Huat Tong Kee (Xiamen) Foodstuffs Co., Ltd and Shanghai Fook Huat Tong Kee Cold Storage Co.,Ltd, b) United Fruit Company Limited, c) Weifang Xinan FHTK Fruits Co., Ltd and d) Agrifood Investments Pte Ltd. All the receivables and payables had been written off/back before the struck-off and no cash was received. A total gain on struck-off of subsidiaries of $413,000, resulting from the reclassification of foreign currency translation reserve, was recognised.

In addition, in the prior year, the Company also disposed of its entire interest in Fook Yong Pte Ltd and its wholly owned subsidiary, Taian Fook Huat Tong Kee Foodstuffs Co., Ltd for a consideration of $2, United Agro Produce Pte Ltd and Taian FHTK Foodstuffs Co., Ltd for a consideration of $6,900,000. Gain on disposal resulting thereon was $3,050,000. An overall gain of $3,464,000 was recognised. The net impact of cash inflow on struck-off/disposal amounted to $4,897,000.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Disposal of subsidiaries (Continued)

The Group		**2019 $'000**	**2018 $'000**
Total contractual consideration from struck-off/disposal		–	6,900
Exchange losses arising from purchase consideration being denominated in foreign currency		–	(22)
	(A)	–	6,878
Net assets struck-off/disposed (Note 13)	(B)	–	4,625
Reclassification of foreign currency translation reserve	(C)	**1,544**	1,211
Gain on struck-off/disposal of subsidiaries	A-B+C	**1,544**	3,464

The Group	**2018 $'000**
The aggregate cash inflows arising from the disposal were:	
Consideration from disposal	6,900
Less: Cash and cash equivalent in subsidiaries disposed of	(139)
Less: Transaction expenses paid on behalf in the prior period	(52)
Less: Repayment of bank loan in the prior period deemed as part of consideration	(1,226)
Less: Advance payment received in the prior period	(450)
Less: Exchange losses arising from purchase consideration being denominated in foreign currency	(136)
Net cash inflow on disposal	4,897

(c) Impairment of investment in subsidiaries

During the financial year, the Group carried out a review of the recoverable amount of the net investment in SunMoon Distribution & Trading Pte Ltd and Shanghai Shanmai Supply Chain Management Co., Ltd under fruits segment due to the continuing losses reported by the two subsidiaries as a result of deteriorating market condition. The review led to the recognition of an impairment loss of $11,131,000 (2018: Nil) in the Company's profit or loss.

Investment in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. In particular, management determines the recoverable amounts of the subsidiaries based on value-in-use ("VIU") model, using financial budgets approved and involving a number of significant operational and predictive assumptions, covering a five-year period and projections to terminal year.

The pre-tax discount rates, gross margin and terminal growth rates used in the VIU calculations for the two operating subsidiaries are between 9.5% to 11.5%, 3% to 6% and 2% to 3% respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Impairment of investment in subsidiaries (Continued)

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and risk specific to each subsidiary.

The gross margin and terminal growth rates are based on planned strategies and cost initiatives as well as industry indices.

11. INVESTMENT IN ASSOCIATE

	Group		
	31.3.2019 $'000	**31.3.2018 $'000**	**1.4.2017 $'000**
Unquoted equity shares, at cost	**101**	101	101
Allowance for impairment loss	**(101)**	(101)	(101)
	–	–	–

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

The particulars of the associate are as follows:

Name of subsidiaries (Country of incorporation)	Principal activities	Effective equity interest held		
		31.3.2019 %	**31.3.2018 %**	**1.4.2017 %**
Held by SunMoon Food (Shanghai) Co Ltd				
Xin Jiang SunMoon Co. Ltd* (People's Republic of China)	Dormant	**25**	25	25

* The Company's business license has not been renewed and remained dormant as at 31 March 2019.

12. INVESTMENT SECURITIES

(a) Financial instruments as at 31 March 2019

	Group
	31.3.2019 $'000
At fair value through profit or loss	
Equity security (unquoted)	**–**

The Group has elected to measure the equity security of Harvest Season at fair value through profit or loss due to the Group's intention to hold the equity security for long-term appreciation. As at 31 March 2019, management has ascertained its fair value to be zero.

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12. INVESTMENT SECURITIES (CONTINUED)

(b) Financial instruments as at 31 March 2018 and 1 April 2017

	Group	
	31.3.2018	**1.4.2017**
	$'000	**$'000**
Unquoted equity investment		
Balance at beginning of financial year/period, cost	–	–
Addition during the financial year/period	752	–
Allowance for impairment loss	(752)	–
Balance at end of financial year/period	–	–

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

Impairment losses

As at 1 April 2018, the trade receivables from Chibin was impaired in full. Accordingly, following the conversion of the receivable from Chibin into Harvest Season's equity shares, the impairment loss in the receivables was reclassified to impairment loss of the investment security.

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

(a) Discontinued operations

Income statement disclosures

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

	Group	
	2019	**2018**
	$'000	**$'000**
Revenue	**–**	–
Other income	**1,544**	3,876
Expenses	**(45)**	(93)
Profit before tax from discontinued operation	**1,499**	3,783
Tax refund	**–**	321
Profit after tax from discontinued operation	**1,499**	4,104

Other income for the current financial year consists of gain on disposal of subsidiaries of $1,544,000 (2018: $3,464,000).

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

(a) Discontinued operations (Continued)

Cash flow statement disclosures

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

	Group	
	2019	**2018**
	$'000	**$'000**
Operating activities, representing net cash outflows	**(335)**	(139)

Earnings per share disclosures

The basic and diluted earnings per share from discontinued operation are calculated by dividing the profit from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 23.

(b) Disposal group classified as held for sale

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

As at 1 April 2017, the assets and liabilities related to the disposed subsidiaries have been presented in the balance sheets as "Assets of disposal group classified as held for sale" and "Liabilities associated with disposal group classified as held for sale", and their results are separately presented on profit or loss as "Loss from discontinued operation, net of tax".

Balance sheet disclosures

The major classes of assets and liabilities of the disposed subsidiaries classified as held for sale and related reserves as at 1 April 2017 were as follows:

	Group
	1.4.2017
	$'000
Assets	
Property, plant and equipment	3,582
Cash and bank and cash in hand	139
Inventories	228
Trade and other receivables	4,044
Assets of disposal group classified as held for sale	7,993
Liability	
Trade and other payables, being liabilities associated with disposal group classified as held for sale	(3,368)
Net assets associated with disposal group classified as held for sale	4,625

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

(b) Disposal group classified as held for sale (Continued)

	Group 1.4.2017 $'000
Reserves	
Asset revaluation reserve	2,510
General reserve	1,969
Foreign currency translation reserve	798
Reserves of disposal group classified as held for sale	5,277

	Company 1.4.2017 $'000
Investment in subsidiary classified as held for sale	2,686

14. CASH AND CASH EQUIVALENTS

	Group			Company		
	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Cash at bank	**8,305**	11,363	557	**36**	9,136	109

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

Cash and cash equivalents denominated in foreign currencies as at end of the reporting period are as follows:

	Group			Company		
	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
United States Dollar	**2,015**	1,115	152	**3**	23	24
Australia Dollar	**193**	458	3	**–**	–	–
	2,208	1,573	155	**3**	23	24

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

15. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.3.2019 $'000	**31.3.2018 $'000**	**1.4.2017 $'000**	**31.3.2019 $'000**	**31.3.2018 $'000**	**1.4.2017 $'000**
Trade receivables – third parties	**6,466**	8,096	8,962	**–**	–	–
Allowance for impairment loss on third parties trade receivables	**(3,168)**	(2,268)	(5,529)	**–**	–	–
Trade receivables – related parties	**19,944**	4,274	–	**–**	–	–
	23,242	10,102	3,433	**–**	–	–
Other receivables	**2,048**	3,364	2,064	**1,975**	1,971	1,961
Allowance for impairment loss on other receivables	**(2,047)**	(2,036)	(2,036)	**(1,975)**	(1,961)	(1,961)
	23,243	11,430	3,461	**–**	10	–
GST/VAT refundable	**422**	320	73	**8**	8	11
Advances to suppliers	**2,219**	34	34	**–**	–	–
Refundable deposits	**35**	50	137	**2**	2	2
Prepayments	**66**	220	404	**28**	29	17
Total trade and other receivables	**25,985**	12,054	4,109	**38**	49	30
Less:						
– GST/VAT refundable	**(422)**	(320)	(73)	**(8)**	(8)	(11)
– Advances to suppliers	**(2,219)**	(34)	(34)	**–**	–	–
– Prepayments	**(66)**	(220)	(404)	**(28)**	(29)	(17)
Total loans and receivables	**23,278**	11,480	3,598	**2**	12	2
Add:						
– Cash and cash equivalents (Note 14)	**8,305**	11,363	557	**36**	9,136	109
Total financial assets carried at amortised cost	**31,583**	22,843	4,155	**38**	9,148	111

Trade receivables are unsecured, non-interest bearing and generally on 15 to 60 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $7,734,000 as at 31 March 2018 and $2,557,000 as at 1 April 2017 that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as disclosed in Note 26(a).

Trade receivables that are impaired

The Group's trade receivables that are individually impaired at the balance sheet date and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	31.3.2018	**1.4.2017**
	$'000	**$'000**
Trade receivables-nominal amounts	2,268	5,529
Less: Allowance for impairment loss	(2,268)	(5,529)
Balance at end of financial year	–	–

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

	Group
	31.3.2018
	$'000
Balance at beginning of financial year	5,529
Allowance for impairment loss made during the financial year (Note 6)	43
Allowance attributable to subsidiaries disposed/struck-off/amount utilised during the financial year	(1,711)
Reversal of impairment loss during the financial year (Note 5)	(554)
Reclassification of allowance for impairment loss (Note 12)	(752)
Currency translation differences	(287)
Balance at end of financial year	2,268

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables (Continued)

Expected credit losses

The Group provides for lifetime expected credit losses for trade receivables from customers by reference to past default experience of the debtors and an analysis of days past due, adjusted for forward-looking factors specific to the debtors and the economic environment.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group Trade receivables 2019 $'000
At 1 April	**2,268**
Allowance for expected credit losses (Note 6)	**858**
Currency translation differences	**42**
At 31 March	**3,168**

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $18,717,000 that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as disclosed in Note 26(a).

Other receivables

Others receivables (non-trade) that are impaired

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

	Group		**Company**	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Balance at beginning of financial year	**2,036**	2,036	**1,961**	1,961
Currency translation realignment	**11**	–	**14**	–
Balance at end of financial year	**2,047**	2,036	**1,975**	1,961

Trade and other receivables denominated in foreign currencies as at end of the reporting period are as follows:

	Group			**Company**		
	31.3.2019 $'000	**31.3.2018 $'000**	**1.4.2017 $'000**	**31.3.2019 $'000**	**31.3.2018 $'000**	**1.4.2017 $'000**
United States Dollar	**11,678**	3,050	3,196	**–**	–	–
Australian Dollar	**25**	1,422	–	**–**	–	–
	11,703	4,472	3,196	**–**	–	–

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16. INVENTORIES

	Group 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Consolidated balance sheet:			
Fruits and consumer products	**5**	4,453	177

	Group 2019 $'000	2018 $'000
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**71,098**	43,719
Inclusive of the following charge:		
Continuing operations		
– Inventories written off	**140**	169
– Allowance for inventory obsolescence	**158**	–

17. BORROWINGS

	Group 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Financial lease liabilities – current	**3**	18	15
Financial lease liabilities – non-current	**8**	51	65
	11	69	80

	Group 31.3.2019 %	31.3.2018 %	1.4.2017 %
Effective interest rates per annum			
Finance lease liabilities	**2.99 – 3.25**	2.99	2.99

As at 31 March 2019, these obligations are secured over office equipment (Note 8).

The borrowings are denoted in Singapore Dollars.

NOTES TO THE **FINANCIAL STATEMENTS**

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17. BORROWINGS (CONTINUED)

The Group leases office equipment and motor vehicle from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term:

	Group 2019 $'000	 31.3.2018 $'000	 1.4.2017 $'000
Minimum lease payments due:			
Not later than one year	**3**	25	19
Later than one year but not later than five years	**10**	60	80
Less: Future finance charges	**(2)**	(16)	(19)
Present value of finance lease liabilities	**11**	69	80

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

	2018 $'000	Cash flows $'000	Non-cash change Acquisition of equipment $'000	2019 $'000
Finance lease				
– current	18	(19)	4	**3**
– non-current	51	(51)	8	**8**
Total	69	(70)	12	**11**

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

NOTES TO THE **FINANCIAL STATEMENTS**

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18. TRADE AND OTHER PAYABLES

	Group			Company		
	31.3.2019 $'000	**31.3.2018 $'000**	**1.4.2017 $'000**	**31.3.2019 $'000**	**31.3.2018 $'000**	**1.4.2017 $'000**
Trade payables						
– third parties	**21,468**	10,969	1,908	**–**	–	–
– related parties	**511**	–	–	**–**	–	–
	21,979	10,969	1,908	**–**	–	–
Other payables						
– third parties	**325**	197	4,737	**85**	7	1,734
– related party	**548**	–	–	**–**		
– subsidiaries	**–**	–	–	**38**	–	2,760
	873	197	4,737	**123**	7	4,494
Accrued operating expenses	**622**	1,531	2,209	**520**	1,145	1,804
Advances from related party	**402**	402	–	**–**	–	–
Contract liabilities						
– customers	**–**	34	18	**–**	–	–
Total trade and other payables	**23,876**	13,133	8,872	**643**	1,152	6,298
Add/(Less):						
– Borrowings (Note 17)	**11**	69	80	**–**	–	–
– Advances from related party	**(402)**	(402)	–	**–**	–	–
– Contract liabilities – customers	**–**	(34)	(18)	**–**	–	–
Total financial liabilities carried at amortised cost	**23,485**	12,766	8,934	**643**	1,152	6,298

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

Trade and other payables denominated in foreign currencies as at the end of the reporting period are as follows:

	Group			Company		
	31.3.2019 $'000	**31.3.2018 $'000**	**1.4.2017 $'000**	**31.3.2019 $'000**	**31.3.2018 $'000**	**1.4.2017 $'000**
United States Dollar	**10,504**	5,734	1,957	**–**	–	2,760
Australian Dollar	**–**	52	–	**–**	–	–
Hong Kong Dollar	**–**	–	5	**–**	–	–
Euro Dollars	**6**	122	–	**–**	–	–
Indonesian Rupiah	**9**	9	–	**–**	–	–
Chinese RMB	**31**	–	–	**–**	–	–
Philippine Peso	**3**	–	–	**–**	–	–
	10,553	5,917	1,962	**–**	–	2,760

NOTES TO THE **FINANCIAL STATEMENTS**

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19. SHARE CAPITAL

	Group and Company					
	31.3.2019 '000	**31.3.2018 '000**	**1.4.2017 '000**	**31.3.2019 \$'000**	**31.3.2018 \$'000**	**1.4.2017 \$'000**
	Number of ordinary shares					
Issued and fully paid:						
Balance at beginning of financial year	**719,724**	318,784	318,784	**139,508**	124,508	124,508
Issue of placement shares	**–**	333,333	–	**–**	15,000	–
Issue of adjustment shares	**–**	67,607	–	**–**	–	–
Balance at end of financial year	**719,724**	719,724	318,784	**139,508**	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, inter alia:

(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 $10 million;

(ii) losses and/or costs from its transactions with Harvest Season Pte. Ltd., Shanghai Chibin International Trading Co. Ltd., East China Marine Equipment Co. Ltd., Zhang Jiang 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.

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 as at 31 March 2018.

For events (ii) to (iv), both parties have agreed to finalise the adjustment shares during the current financial year. As at 31 March 2019, the number of top-up shares to be issued at an agreed price of $0.045 amounted to 64,910,578 shares.

NOTES TO THE **FINANCIAL STATEMENTS**

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19. SHARE CAPITAL (CONTINUED)

The holders of ordinary shares (except treasury 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.

20. OTHER RESERVES

Other reserves comprise the following:

	Group			Company		
	31.03.2019 $'000	31.03.2018 $'000	1.4.2017 $'000	31.03.2019 $'000	31.03.2018 $'000	1.4.2017 $'000
Capital reserve	**–**	–	944	**–**	–	–
Capital reduction reserve	**18,384**	18,384	18,384	**18,384**	18,384	18,384
General reserve	**–**	–	232	**–**	–	–
Foreign currency translation reserve	**(1,664)**	267	593	**–**	–	–
Reserve for contingent issuance of shares	**(1,321)**	(1,321)	–	**(1,321)**	(1,321)	–
Treasury shares	**(299)**	–	–	**(299)**	–	–
	15,100	17,330	20,153	**16,764**	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 off during the financial year ended 31 March 2018.

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 off during the financial year ended 31 March 2018.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from (i) the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as (ii) the translation reserve also includes exchange differences arising from translation of loans to subsidiaries deemed as quasi capital in nature.

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 pursuant to the Placement Agreement disclosed in Note 19 to the financial statements.

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20. OTHER RESERVES (CONTINUED)

Treasury Shares

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 6,362,798 (2018: Nil) shares in the Company through purchases on the Singapore Exchange during the year. The amount paid to acquire the shares was $299,000 (2018: Nil) and this was presented as a component within shareholders' equity.

21. OPERATING LEASE COMMITMENTS

As lessee

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

	Group	
	2019	**2018**
	$'000	**$'000**
Not later than one year	**93**	92
Later than one year but not later than five years	**19**	19
	112	111

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

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to $92,000 (2018: $106,000).

22. FINANCIAL LIABILITIES ARISING FROM CONTINGENT ISSUANCE OF SHARES

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Fair value on initial recognition	**–**	1,321
Fair value changes during the year	**2,077**	(1,321)
Fair value at the end of the year	**2,077**	–

Financial liabilities are recognised as a result of the contingent issuance of 64,910,578 top-up adjustment shares arising from loss events at the Company's share price of $0.032 as at 31 March 2019, as disclosed in Note 19 to the financial statements.

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

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23. 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 ended 31 March:

		Group	
		2019	**2018**
		$'000	**$'000**
(Loss)/profit for the year			
Loss from continuing operation, net of tax, attributable to owners of the Company		**(5,780)**	(2,462)
Profit from discontinued operation, net of tax, attributable to owners of the Company		**1,499**	4,104
		No of shares	
		'000	**'000**
Share data			
Weighted average number of ordinary shares for basic earnings per share computation	(A)	**717,078**	615,370
Effects of dilution:			
Warrants[(a)]	(B)	**–**	16,667
Contingent shares to be issued (Note 19, Note 22)[(b)]	(C)	**64,911**	4,175
Weighted average number of ordinary shares for diluted earnings per share computation:			
– Continuing operations	(A)+(C)	**781,989**	619,545
– Discontinued operations	(A)+(B)+(C)	**781,989**	636,212

(a) As at 31 March 2019 and 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 at the end of the reporting period.

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23. EARNINGS PER SHARE (CONTINUED)

	Group	
	2019	**2018**
	$'000	**$'000**
Basic (loss)/earnings per shares (cents)		
From continuing operations	**(0.81)**	(0.40)
From discontinued operations	**0.21**	0.67
Diluted (loss)/earnings per shares (cents)		
From continuing operations	**(0.74)**	(0.40)
From discontinued operations	**0.19**	0.65

24. SEGMENT INFORMATION

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

The Group has the following reportable segments namely:

(a) The agricultural products division manufactures and sell dehydrated garlic and onion products. The production facilities are located in the People's Republic of China ("PRC") while the products are distributed globally. The segment was discontinued during the financial year ended 31 March 2018 and accounted for as that of discontinued operations.

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

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

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

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

During the financial year ended 31 March 2019 and 2018, the Group did not generate any revenue from the agricultural products division and disposed off subsidiaries dealing in business relating to this segment.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. SEGMENT INFORMATION (CONTINUED)

2019	Agricultural products (Discontinued operation) $'000	Fruits (Continuing operation) $'000	Others $'000	Elimination $'000	Adjustment S'000	Continuing Operations $'000
Revenue						
External revenue	–	72,566	–	–	–	72,566
Inter-segment revenue	–	10,518	–	(10,518)	–	–
	–	83,084	–	(10,518)	–	72,566
Results						
Segment results	1,499	(2,023)	(3,788)	–	(1,499)	(5,811)
Interest income	–	42	1	–	–	43
Finance cost	–	(12)	–	–	–	(12)
Segment profit/(loss)	1,499	(1,993)	(3,787)	–	(1,499)	(5,780)
Non-cash items						
Depreciation of property, plant and equipment	–	(50)	–	–	–	(50)
Amortisation of intangible assets	–	–	(99)	–	–	(99)
Impairment loss on trade receivables	–	(858)	–	–	–	(858)
Allowance for inventory obsolescence	–	(158)	–	–	–	(158)
Gain on disposal of subsidiaries	1,544	–	–	–	(1,544)	–
Trade and other receivables written off	(42)	(114)	–	–	42	(114)
Trade and other payables written back	62	249	–	–	(62)	249
Fair value change on financial liabilities	–	–	(2,077)	–	–	(2,077)
Inventories written off	–	(140)	–	–	–	(140)
Gain on disposal of property, plant and equipment	–	1	–	–	–	1

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. SEGMENT INFORMATION (CONTINUED)

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. SEGMENT INFORMATION (CONTINUED)

	Agricultural products (Discontinued operation) $'000	Fruits (continuing operation) $'000	Others $'000	Elimination $'000	Total $'000
31.3.2019					
Capital expenditure					
Property, plant and equipment	**–**	**5**	**–**	**–**	**5**
Assets and liabilities					
Segment assets	**–**	**35,244**	**15,257**	**(16,168)**	**34,333**
Segment liabilities	**–**	**41,426**	**5,605**	**(21,067)**	**25,964**
31.3.2018					
Capital expenditure					
Property, plant and equipment	–	15	–	–	–
Assets and liabilities					
Segment assets	1,288	25,734	27,795	(26,735)	28,082
Segment liabilities	1,142	28,264	4,078	(20,282)	13,202
1.4.2017					
Assets and liabilities					
Segment assets	19,326	6,755	13,891	(26,969)	13,003
Segment liabilities	11,070	9,545	9,423	(17,718)	12,320

Geographical information

The Group's business segments operate in several geographical areas. Revenue is based on the region in which the customers are located. Non-current assets comprise primarily property, plant and equipment and intangible assets as presented in the balance sheet of the Group. Non-current assets are shown by the geographical area in which the assets are located.

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

	Revenue		Non-current assets		
	2019 $'000	2018 $'000	31.3.2019 $'000	31.3.2018 $'000	1.04.2017 $'000
ASEAN	**11,872**	7,921	**32**	205	161
PRC	**59,819**	36,592	**6**	7	6
Others	**875**	366	**–**	–	–
	72,566	44,879	**38**	212	167

Revenue of approximately $45,851,000 (2018: $28,720,000) are derived from sales to related parties which accounted for 63% (2018: 64%) of the Group's sales.

For third parties sales, revenue of approximate $15,208,000 (2018: $5,140,000) are derived from three (2018: one) external third party customers attributable solely to the fruits segment. Revenue of each of these external third party customers individually constitutes more than 5% of the total fruits segment revenue for both the financial years.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, 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:

	Group	
	2019	**2018**
	$'000	**$'000**
Related party		
Sales	**45,851**	28,720
Purchases	**(528)**	–
Licence fee income	**–**	24
Licence fee expense	**(14)**	(24)
Advances received	**(1,088)**	(402)
Advances to related party	**543**	–

Compensation of key management personnel

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

	Group	
	2019	**2018**
	$'000	**$'000**
Directors' fees	**141**	162
Short-term benefits	**1,097**	1,072
Post-employment benefits	**68**	72
	1,306	1,306

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

	Group	
	2019	**2018**
	$'000	**$'000**
Directors of the Company		
Directors' fees	**141**	162
Short-term benefits	**570**	570
Post-employment benefits	**12**	12
	723	744

Other key management comprises the Executive Chairman, Financial Controller, General Managers and Head of Information and Technology.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risks

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The Group does not expect to incur material credit losses on its financial instruments.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risks (Continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the debtor;
– A breach of contract, such as a default or past due event;
– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
– There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to meet a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivables due. When recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 March 2019 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by geographical region:

People's Republic of China:

31 March 2019	Current	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due 91 days	Total
Gross carrying amount	3,522	4,265	8,812	2,435	1,712	20,746
Loss allowance provision	–	–	–	–	(346)	(346)

Other geographical areas:

31 March 2019	Current	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due 91 days	Total
Gross carrying amount	1,015	815	314	189	3,331	5,664
Loss allowance provision	(12)	(8)	(10)	(45)	(2,747)	(2,822)

Information regarding loss allowance movement of trade receivables are disclosed in Note 15.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risks (Continued)

Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

		Group	
	2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Singapore	**123**	375	461
People's Republic of China	**20,400**	6,833	794
Indonesia	**1,659**	1,954	1,718
Malaysia	**156**	170	25
Thailand	**590**	487	162
Other countries	**314**	283	273
	23,242	10,102	3,433

The Group has significant concentration of credit risk. The top 5 customers accounted for approximately 95% (2018: 83%) of the total trade receivables as at 31 March 2019. In particular, the Company has significant concentration of credit risk in terms of trade balance due from its ultimate holding company and its related companies constituting 86% (2018: 42%) of the net trade receivables as at 31 March 2019.

Exposure to credit risks

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

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risks (Continued)

Financial assets that are either past due or impaired (Continued)

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

	Group 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Past due 0 to 30 days	**5,072**	3,058	532
Past due 31 to 6 days	**9,116**	606	225
Past due 61 to 90 days	**2,579**	243	102
Past due over 90 days	**1,950**	3,827	1,698
	18,717	7,734	2,557

(b) Foreign currency risks

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

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

	Group			
	Assets		Liabilities	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
United States Dollar	**13,693**	4,165	**10,504**	5,734
Australian Dollar	**218**	1,880	**–**	52
Euro Dollar	**–**	–	**6**	122
Indonesian Rupiah	**–**	–	**9**	9
Chinese Renminbi	**–**	–	**31**	–
Philippine Peso	**–**	–	**3**	–

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Foreign currency risks (Continued)*

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2% (2018: 2%) change in Singapore dollar ("SGD") against the USD and AUD respectively. The sensitivity analysis assumes an instantaneous 2% (2018: 2%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD and AUD are included in the analysis.

	Loss before tax (Decrease)/increase	
	2019 $'000	**2018 $'000**
Group		
USD/SGD		
– Strengthened 2% (2018: 2%)	**(64)**	32
– Weakened 2% (2018: 2%)	**64**	(32)
AUD/SGD		
– Strengthened 2% (2018: 2%)	**(4)**	(37)
– Weakened 2% (2018: 2%)	**4**	37

(c) *Liquidity risks*

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

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

All financial assets are due within one year.

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risks (Continued)

	Within one financial year $'000	More than one financial year $'000
Group		
As at 31 March 2019		
Financial liabilities		
Trade and other payables	**23,474**	**–**
Finance Lease	**3**	**10**
	23,477	**10**
As at 31 March 2018		
Financial liabilities		
Trade and other payables	12,697	–
Finance Lease	25	60
	12,722	60
As at 1 April 2017		
Financial liabilities		
Trade and other payables	8,854	–
Finance Lease	19	80
	8,873	80

	Within one financial year $'000	More than one financial year $'000
Company		
As at 31 March 2019		
Financial liabilities		
Trade and other payables	**643**	**–**
	643	**–**
As at 31 March 2018		
Financial liabilities		
Trade and other payables	1,152	–
	1,152	–
As at 1 April 2017		
Financial liabilities		
Trade and other payables	6,298	–
	6,298	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

27. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

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

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

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

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

	Significant unobservable inputs (Level 3) $'000	Total $'000
As at 31 March 2019		
Liability		
Financial liabilities arising from contingent issuance of shares	**2,077**	**2,077**
As at 31 March 2018		
Liability		
Financial liabilities arising from contingent issuance of shares	–	–

In determining the fair value of the financial liabilities arising from contingent issuance of adjustment shares, the management determined the expected losses arising from the loss events disclosed in Note 19 to the financial statements.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the Group's and the Company's current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

28. 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 2018.

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	
	2019	**2018**
	$'000	**$'000**
Total financial liabilities at amortised cost	**23,485**	12,766
Financial liabilities arising from contingent issuance of shares	**2,077**	–
Less: Cash and cash equivalents	**(8,305)**	(11,363)
Net debt	**17,257**	1,403
Equity attributable to owners of the company	**8,369**	14,880
Adjustment: Reserve for contingent issuance of shares	**1,321**	1,321
Total capital	**26,947**	17,604
Gearing ratio	**64%**	8%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 March 2019 and 2018.

29. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 25 June 2019.

STATISTICS OF **SHAREHOLDINGS**

AS AT 24 JUNE 2019

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	$139,508,483
Issued and Fully Paid-Up Capital (excluding Treasury Shares)	:	$139,209,431
Number of Issued Shares (excluding Treasury Shares)	:	713,361,995
Number/Percentage of Treasury Shares	:	6,362,798 (0.89%)
Class Of Shares	:	Ordinary shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4,698	36.10	124,493	0.02
100 – 1,000	4,001	30.74	1,907,237	0.27
1,001 – 10,000	3,055	23.47	12,310,709	1.72
10,001 – 1,000,000	1,233	9.47	519,514,759	72.83
1,000,001 & ABOVE	28	0.22	179,504,797	25.16
TOTAL	13,015	100.00	713,361,995	100.00

	TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
1	YIGUO GENERAL FOOD PTE. LTD.	400,940,411	56.21
2	UOB KAY HIAN PTE LTD	27,513,382	3.86
3	MAYBANK KIM ENG SECURITIES PTE.LTD	26,867,069	3.77
4	HSBC (SINGAPORE) NOMINEES PTE LTD	26,770,300	3.75
5	STF INVESTMENTS LTD	23,548,600	3.30
6	PRIMA PORTFOLIO PTE LTD	11,221,900	1.57
7	DBS NOMINEES PTE LTD	8,549,343	1.20
8	PHILLIP SECURITIES PTE LTD	6,302,151	0.88
9	OCBC SECURITIES PRIVATE LTD	5,126,040	0.72
10	RAFFLES NOMINEES (PTE) LIMITED	4,833,635	0.68
11	OCBC NOMINEES SINGAPORE PTE LTD	3,283,990	0.46
12	AW BOON LEONG (HU WENLONG)	2,751,100	0.39
13	YEW MONG HENG	2,650,000	0.37
14	CHUA KENG LOY	2,580,000	0.36
15	TAN TIAT HUANG	2,500,000	0.35
16	TOH LAI KENG	2,500,000	0.35
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,498,787	0.35
18	TAN KOK SIANG GARY	2,000,000	0.28
19	LEE YONG CHOI	1,875,000	0.26
20	CITIBANK NOMINEES SINGAPORE PTE LTD	1,794,050	0.25
		566,105,758	**79.36**

On the basis of the information available to the Company, approximately 32.48% 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.

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES DIRECT INTEREST	NO. OF SHARES 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	–

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Information of the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(6) of the Listing Manual of the SGX-ST:

Details	Name of Director			
	Mr James Prideaux	**Mr Zhang Ye**	**Mr Jin Guanglei**	**Yu Liang**
Date of Appointment	4 April 2017	31 December 2018	8 August 2018	5 July 2017
Date of last re-appointment (if applicable)	28 July 2017	Not applicable	Not applicable	28 July 2017
Age	56	47	51	38
Country of principal residence	Philippines	China	China	China
The Board's comments on this re-election/appointment	After reviewing the recommendation of the Nominating Committee and Mr James Prideaux's qualifications and experience, the Board has confirmed his independent and approved that Mr James Prideaux stands for re-election as an Independent Non-Executive Director.	After reviewing the recommendation of the Nominating Committee and Mr Zhang Ye's qualifications and experience, the Board has approved that Mr Zhang Ye stands for re-election as a Non-Independent Executive Director.	After reviewing the recommendation of the Nominating Committee and Mr Jin Guanglei's qualifications and experience, the Board has approved that Mr Jin Guanglei stands for re-election as a Non-Independent Non-Executive Director.	After reviewing the recommendation of the Nominating Committee and Mr Yu Liang's qualifications and experience, the Board has approved that Mr Yu Liang stands for re-election as a Non-Independent Executive Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Mr Zhang will be overall responsible for the management and direction of the Group's business.	Non-Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board of Directors and Lead Independent Director	Chief Executive Officer, Member of Nominating Committee and Member of Board of Directors	Member of Remuneration Committee, Member of Nominating Committee, Member of Audit & Risk Committee and Member of Board of Directors	Member of Board of Directors
Familial relationship with any director and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	No
Conflict of interests (including any competing business)	No	No	No	No
Working experience and occupation(s) during the past 10 years	Chartered Accountant. Regional Client Partner Executive Search President of Dole Asia Limited (year 2002 to 2016)	CEO and Board Chairman of Yiguo Group Board Chairman of Enmore Group	Co-chairman at Yiguo Group	Shanghai Yiguo E-Commence Co., Ltd as Group Sourcing Director.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director			
	Mr James Prideaux	Mr Zhang Ye	Mr Jin Guanglei	Yu Liang
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) Or Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries?	No	No	No	No
Other Directorship Past (for the last 5 years)	Numerous subsidiaries of Dole Food Company	Yiguo General Food Pte Ltd Enmore Group Pte Ltd Shanghai Yiguo E-Commerce Co., Ltd Shanghai MUS Computer Technology Co., Ltd Shanghai Enmore Technology Holdings Co., Ltd	Shanghai Yiguo E-commerce Co., Ltd	None
Other Directorship Present	JP APAC Solutions Inc. JP APAC Solutions Pte. Ltd.	Yiguo General Food Pte Ltd Enmore Group Pte Ltd Shanghai Yiguo E-Commerce Co., Ltd Shanghai MUS Computer Technology Co., Ltd Shanghai Enmore Technology Holdings Co., Ltd	Shanghai Yiguo E-commerce Co., Ltd	None

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Information required	Name of Director			
	Mr James Prideaux	Mr Zhang Ye	Mr Jin Guanglei	Yu Liang
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Information required	Name of Director			
	Mr James Prideaux	Mr Zhang Ye	Mr Jin Guanglei	Yu Liang
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his acknowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Information required	Name of Director			
	Mr James Prideaux	Mr Zhang Ye	Mr Jin Guanglei	Yu Liang
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Any prior experience as a director of a listed company?	Yes	No	No	Yes
If Yes, Please provide full details	Director of Company for 2 years	Not applicable	Not applicable	Director of Company for 2 years
If No, Please provide the details of any training undertaken in the roles and responsibilities of a director of a listed company	Not applicable	The Company will arrange Mr Zhang Ye to attend the relevant training to familiarize himself with the roles and responsibilities of a director.	The Company will arrange Mr Jin Guanglei to attend the relevant training to familiarize himself with the roles and responsibilities of a director.	Not applicable

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of SUNMOON FOOD COMPANY LIMITED will be held at Civil Service Club @ Bukit Batok, Seminar Rooms 1 and 2, Block A, Level 3, 91 Bukit Batok West Avenue 2, Singapore 659206 on Tuesday, 30 July 2019 at 2.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2019 together with the Auditor's Report. **Resolution 1**

2. To approve the payment of Directors' Fees of S$141,000.00 for the financial year ended 31 March 2019. **Resolution 2**

3. To re-elect Mr James Prideaux, 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. *[See Explanatory Note (i)]* **Resolution 3**

4. To re-elect Mr Yu Liang, 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. *[See Explanatory Note (ii)]* **Resolution 4**

5. To re-elect Mr Jin Guanglei, 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. *[See Explanatory Note (iii)]* **Resolution 5**

6. To re-elect Mr Zhang Ye, 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. *[See Explanatory Note (iv)]* **Resolution 6**

7. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares**

   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 AGM or the date by which the next AGM 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 (v)] **Resolution 8**

9. **Authority to issue shares under the SunMoon Share Option Scheme and/or SunMoon Share Plan**

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 AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vi)] **Resolution 9**

10. **The Proposed Share Buyback Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit, at such prices as may be determined by the Directors of the Company from time to time up to the Maximum Price, whether by way of:–

(i) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Proposed Share Buyback Mandate**");

NOTICE OF **ANNUAL GENERAL MEETING**

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Proposed Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Proposed Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:–

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Proposed Share Buyback Mandate is varied or revoked;

(d) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant (5) Market Days;

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from the Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Limit**" means 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Maximum Price**" in relation to the Shares to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors, not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; or

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

in either case, excluding related expenses of the purchase or acquisition; and

"**Relevant Period**" means the period commencing from the date on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

NOTICE OF **ANNUAL GENERAL MEETING**

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he/she may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (vii)] **Resolution 10**

11. **The Proposed Renewal of the Interested Person Transaction Mandate**

That:

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of "*entities at risk*" under Chapter 9 of the Listing Manual or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Addendum, with any party who is of the class or classes of interested persons described in the Addendum To Shareholders ("Addendum"), provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum (such Shareholders' general mandate hereinafter called the "**IPT General Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;

(c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual, which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the Reinstated IPT Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

[See Explanatory Note (viii)] **Resolution 11**

By Order of the Board

Chia Lay Beng
Company Secretary

Date: 4th day of July 2019

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes

(i) Mr James Prideaux will, upon re-election, remain as the Lead Independent Director, the Chairman of the Board of Directors, a member of the Audit and Risk Committee ("ARC"), a member of Nominating Committee ("NC") and a member of the Remuneration Committee ("RC") and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 05 and 96 – 100 of the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) Mr Yu Liang will, upon re-election, remain as the Executive Director of the Company and will be considered as non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 06 and 96 – 100 of the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iii) Mr Jin Guanglei will, upon re-election, remain as a Non-Executive Director of the Company, a member of the ARC, a member of the NC and a member of the RC and will be considered as non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 06 and 96 – 100 of the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iv) Mr Zhang Ye will, upon re-election, remain as the Executive Director and Chief Executive Officer of the Company and a member of the NC and will be considered as non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 05 and 96 – 100 of the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(v) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, 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.

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.

(vi) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards in accordance with the provision of the SunMoon Share Option Scheme and/or SunMoon Share Plan provided that the aggregate additional shares to be issued pursuant to the the SunMoon Share Option Scheme and/or SunMoon Share Plan do not exceed fifteen (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(vii) The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Addendum. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2019 are set out in greater detail in the Addendum.

(viii) The Ordinary Resolution 11 above, if passed, will authorize the Interested Person Transactions as described in the Addendum and recurring in the year and will empower the Directors of the Company to do all necessary acts to give effect to the IPT Mandate. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

NOTICE OF **ANNUAL GENERAL MEETING**

IMPORTANT: PLEASE READ NOTES
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)

PROXY FORM
(Please see notes overleaf before completing this Form)

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.

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 Civil Service Club @ Bukit Batok, Seminar Rooms 1 and 2, Block A, Level 3, 91 Bukit Batok West Avenue 2, Singapore 659206 on Tuesday, 30 July 2019 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
	Ordinary Business		
1	Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 March 2019 and the Auditor's Report		
2	Approval of Directors' Fees of S$141,000.00		
3	Re-election of Mr James Prideaux as Director retiring under Article 102		
4	Re-election of Mr Yu Liang as Director retiring under Article 102		
5	Re-election of Mr Jin Guanglei as Director retiring under Article 106		
6	Re-election of Mr Zhang Ye as Director retiring under Article 106		
7	Re-appointment of Ernst & Young LLP as Auditor		
	Special Business		
8	Authority to allot and issue shares		
9	Authority to issue shares under the SunMoon Share Option Scheme and/or SunMoon Share Plan		
10	Approval on the Proposed Share Buyback Mandate		
11	Approval on the Proposed Renewal of the Interested Person Transaction Mandate		

* 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 ____________________

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 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 EGM or any postponement or adjournment thereof.

8. 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.

9. 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 4 July 2019.

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Mr James Prideaux
Chairman/Lead Independent Director
Mr Gary Loh Hock Chuan
Deputy Chairman
Mr Zhang Ye
Ms Ng Bie Tjin @Djuniarti Intan
Mr Yang Guang
Mr Jin Guanglei
Ms Liu Yuanyuan
Mr Yu Liang

AUDIT AND RISK COMMITTEE
Ms Ng Bie Tjin @Djuniarti Intan
Chairperson
Mr James Prideaux
Mr Yang Guang
Mr Jin Guanglei

REMUNERATION COMMITTEE
Mr Yang Guang
Chairman
Mr James Prideaux
Ms Ng Bie Tjin @Djuniarti Intan
Mr Jin Guanglei

NOMINATING COMMITTEE
Mr Yang Guang
Chairman
Mr James Prideaux
Ms Ng Bie Tjin @Djuniarti Intan
Mr Zhang Ye
Mr Jin Guanglei

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
Bank of China, Shanghai, China
Shanghai Pudong Development Bank,
Shanghai, China
Cathay Bank, City of Industry Office, U.S.A.

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

SINGAPORE HEADQUARTERS
SUNMOON FOOD COMPANY LIMITED
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#07-07 Singapore 608840
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Fax: (65) 6777 3960

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

SHANGHAI SHANMAI SUPPLY CHAIN MANAGEMENT CO., LTD
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