



SUNMOON FOOD COMPANY LIMITED

Registration No. 198304656K

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- (1) **ANNOUNCEMENT PURSUANT TO RULE 704(6) OF THE LISTING MANUAL- VARIANCES BETWEEN UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**
 - (2) **ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL – QUALIFIED OPINION AND MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**
 - (3) **PROPOSED CHANGE OF AUDITOR**
 - (4) **PROPOSED EXPANDED IPT GENERAL MANDATE**
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The board of directors (“**Board**”) of SunMoon Food Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to update shareholders of the Company (“**Shareholders**”) by way of an announcement on the following matters:

(1) **VARIANCES BETWEEN UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

Pursuant to Listing Rule 704(6) of the Main Board Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board wishes to announce the differences between the audited financial statements for the financial year ended 31 March 2020 (as announced on 7 September 2020) and the unaudited financial statements for the financial year ended 31 March 2020 (as announced on 28 July 2020) after the completion of the financial audit by the Company’s external auditor, Ernst & Young LLP (“**EY**”).

Details of the differences are set out as follows:

	For the financial period between 1 April 2019 to 31 March 2020	For the financial period between 1 April 2019 to 31 March 2020
	Audited	Unaudited
	S\$’000	S\$’000
Continuing operations		
Revenue	18,002	18,393
Cost of sales	(17,092)	(17,483)
Gross profit	910	910
<i>Gross profit margin</i>	5.05%	4.95%

The difference is due to revenue recognition, therefore, revenue and cost of goods sold have been adjusted accordingly due to one type of transactions was booked as principal instead of agent. The gross profit margin increased due to the adjustment of revenue.

(2) **QUALIFIED OPINION AND MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

Pursuant to Listing Rule 704(5), the Board wishes to announce that the Company's external independent auditor, EY, has provided a qualified opinion in their Independent Auditor's Report dated 4 September 2020 (the "**Independent Auditor's Report**") in relation to the audited financial statements for the financial year ended 31 March 2020 ("**FY2020**").

A copy of the Independent Auditor's Report is attached to this announcement for Shareholders' information.

The Independent Auditors' Report and a complete set of the audited Financial Statements will also be found in the Company's annual report for FY2020 ("**FY2020 Annual Report**"), which has been released on 7 September 2020. Shareholders of the Company are advised to read this announcement in conjunction with the FY2020 Annual Report.

The qualified opinion relates to the following issues:

- (i) *Recoverability of trade receivables from and advances to related parties; and*
- (ii) *Material Uncertainty Related to Going Concern.*

Please refer to pages 31 and 32 of the Independent Auditor's Report which is attached to this announcement for the details on the above qualification.

The financial statements have been prepared on a going concern basis based on the factors as set out in note 2.1 (page 44 and 45) to the financial statements:

- (i) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient net positive cash flow to satisfy its working capital requirements and to meet its obligations as and when they fall due. This has taken into account repayment of gross trade receivables due from related parties based on the repayment Plan in (ii);
- (ii) The Group has entered into Repayment Plans with monthly repayment repayment (the "Repayment Plans") with the Yiguo Group in July 2020 for the repayment of balances comprising trade receivables, unfulfilled advances for purchases of goods (should the Group decide not to take delivery) and deposits totalling \$12,184,000 as at 30 June 2020. According to the Re-payment Plans, these outstanding balances will be fully repaid by 31 March 2021;
- (iii) In July 2020, Shanghai WinChain Supply Chain Management Co.Ltd, a subsidiary of the controlling shareholder of the Group, Shanghai Yiguo E-Commerce Co., Ltd. ("Shanghai Yiguo"), has pledged 100 percent of its shareholding ("the shares") in another subsidiary, Shanghai Yiguo Food Retail Co. Ltd ("Yiguo Food"), to Shanghai Shanmai Supply Chain Management Co Ltd ("Shanmai"), a wholly owned subsidiary of the Company, as collateral in the Repayment Plans described in (ii). Yiguo Food holds a 3.66% equity interest in an investee company of which a similar stake of 3.66% has been divested to a third party in February 2020 for a consideration of RMB75,000,000 (approximately \$15,000,000). Under the supplemental agreement of share pledge, in the event Yiguo Group were unable to settle the said balances due as of 30 June 2020 of approximately RMB46,000,000 (or \$9,000,000) by 31 March 2021, the shares will be transferred to Shanmai for no consideration;
- (iv) The Group has been actively seeking other alternatives to raise funds from investors who are interested in investing directly into the Company, which include potential placement shares issuance under existing mandate.

- (v) Subsequent to year end, the paid-up capital of Shanmai has increased from RMB500,000 to RMB30,000,000 via novation and capitalization of amounts ultimately owing to the Company. Management is of the view that the increased paid up capital has strengthened the financial position of Shanmai and allows it to be in a better position to work with bigger customers/suppliers in China and seek additional working capital financing from bank or finance companies. In May 2020, Shanmai has obtained a bank loan of RMB 3,000,000 for a period of 12 months from China Construction Bank under the personnel guarantee of a director. Shanmai has also received supply chain financing from 上海东方福达运输服务有限公司, a wholly owned subsidiary of China Eastern Airline. This supply chain financing will allow Shanmai to have access to more working capital to generate a greater volume of business.

Shareholders of the Company are advised to read the FY2020 Annual Report in its entirety including the audited financial statements for the financial year ended 31 March 2020 for FY2020 as released on 7 September 2020 on SGXNet.

The Board confirms that, to the best of its knowledge, all material disclosures have been provided for the trading of the Company's shares to continue.

(3) PROPOSED CHANGE OF AUDITOR

The Board wishes to update Shareholders that, EY, its current external independent auditor, had indicated to the Company on 4 September 2020 that EY will not seek re-appointment as auditor of the Company subsequent to the conclusion of FY2020, at the upcoming annual general meeting for FY2020 ("**2020 AGM**"). Accordingly, EY will cease to be auditor of the Company following the conclusion of the 2020 AGM.

The Company has promptly commenced efforts to identify suitable candidate and will actively seek to appoint new auditor.

In view of the upcoming 2020 AGM which will be held by electronic means on 29 September 2020, the Company will not be able to propose to Shareholders for an appointment of new auditors at the 2020 AGM. The Company will make further announcement(s) (where appropriate) once the proposed new appointment of auditor has been confirmed.

(4) PROPOSED EXPANDED IPT GENERAL MANDATE

- 4.1 The Board wishes to update Shareholders that, for the reasons as described below, the Board intends to convene an extraordinary general meeting at a later date after the 2020 AGM which will be held on 29 September 2020 to seek and obtain Shareholders' approval for the adoption of a new Shareholders' mandate (the "**Proposed Expanded IPT General Mandate**") for the Group to enter into interested persons transactions with Shanghai YIGUO E-Commerce Co., Ltd ("**YiGuo**"), its subsidiaries, its associated companies and its associates (as defined in the Listing Manual) ("**Yiguo Group**" or the "**Interested Persons**").

4.2 Summarised background of Group's business and operations

- 4.2.1 Since year 2015, the Group, being a global distributor and marketer of fresh fruits, vegetables and fruit-derived products, began transforming its global supply chain platform. The Group's focus was on an asset-light, consumer-centric and brand focused strategy so as to scale up the Group's "**Network x Geography x Product**" business model exponentially and efficiently.

In year 2017, the Company undertook a placement exercise to YiGuo (and YiGuo became a controlling shareholder of the Company as a result). The main purpose of the placement exercise was to raise funds for working capital as well as the Company's belief in the synergy between the businesses of both the Group and YiGuo (which is set out in more details below).

Information on YiGuo and its business

- 4.2.2 YiGuo is a company incorporated in Shanghai, the People's Republic of China ("PRC"). It is principally involved in the business of providing delivery of high quality fresh food to household and business consumers. It was established in 2005 as a pure online fruit retailer, and has since expanded its business to over 3,200 products in seven (7) categories of fresh food, namely, fruit, vegetable, seafood, meat, poultry and eggs, pantry and beverage, and dessert ("**YiGuo's Business**"). YiGuo has an extensive geographic presence within the PRC covering 18 provinces and 144 cities, with logistics centers in Shanghai, Beijing, Guangzhou, Wuhan, Chengdu, Qingdao, Shenyang and Xi'an. In addition to households, its corporate customers include Fortune 500 companies, and government enterprises.
- 4.2.3 In view of YiGuo's well-established presence in the PRC (as described above), the Company believed in the synergy between the business of the Group and YiGuo and accordingly sought Shareholders' approval at a general meeting dated 16 June 2017, by way of the shareholders' circular dated 30 May 2017 ("**2017 Circular**"). For more details, Shareholders can refer to the 2017 Circular.
- 4.2.4 In addition to the Group's traditional offerings of fruits and vegetables related products, the Group has been working to rapidly expand its digital sales network and enable the Group to establish and secure the SunMoon brand within the mindshare of the new sophisticated consumer when it comes to health, freshness and natural goodness. In order to do so, the Group has been working to provide a wider range of product offerings from farm to fork, including but not limited to seafood, meat, fruits, vegetables, beverages, aqua-food and agri-food related products and other related products and services.

In short, the Group's business' direction, objectives and intention has consistently been to, provide a wider range of product offerings and the Company believes that this can be achieved by tapping on YiGuo's expertise in the YiGuo's Business, cold chain and supply chain network and contacts in the PRC.

4.3 **Rationale for the Proposed Expanded IPT General Mandate**

4.3.1 Background of existing interested persons transaction general mandate

Reference is made to the existing interested persons transaction general mandate ("**Existing IPT Mandate**") which will be proposed for renewal at the upcoming 2020 AGM⁽¹⁾ as well as the accompanying addendum on the Existing IPT Mandate ("**IPT 2020 Addendum**").

Note:

- (1) Shareholders can refer to the notice of 2020 AGM, ordinary resolution number 10 and the accompanying IPT 2020 Addendum for more details.

As set out in paragraph 2.3, Appendix A of the IPT 2020 Addendum(page 46 and 47), the nature and scope of the Existing IPT Mandate could potentially be construed as being narrower in scope than the interested person transactions currently undertaken. For ease of reference, the nature and scope of the Existing IPT Mandate is described as follows:

"The IPT General Mandate will cover transactions relating to the purchase and sale of fruits, vegetables and related products between the Yiguo Group and the Group in the ordinary course of the Group's business and on a recurrent basis (collectively, the "Interested Person Transactions" or "IPTs")." – found at page 46 of the IPT 2020 Addendum.

Rationale of the Proposed Expanded IPT General Mandate

As described above, it has been and will be the Group's business' direction, objectives and intention to provide a wider range of product offerings and in this regard, such interested persons transactions are recurring transactions which are likely to occur with some degree of frequency or arise at any time and from time to time. The Proposed Expanded IPT General Mandate and any subsequent renewal on an annual basis will eliminate the need for the Company to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The Proposed Expanded IPT General Mandate is intended to facilitate these transactions (and details can be found in paragraph 4.3.2 below, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

Accordingly, the Board wishes to explain to Shareholders that the Company is seeking to obtain Shareholders' approval for a new Expanded IPT General Mandate as the nature and scope of the Existing IPT Mandate as described (and on the assumption that the Existing IPT Mandate will be approved and renewed at the upcoming 2020 AGM), could potentially be construed as being narrower in scope than the interested person transactions currently undertaken between the Group and the YiGuo Group.

The details of the Proposed Expanded IPT General Mandate will be elaborated in a circular in due course.

Please refer to paragraph 4.3.2 below for the relevant interested person transactions currently undertaken between the Group and the YiGuo Group.

4.3.2 Relevant interested person transactions undertaken

In line with the Group's business objectives (as described in paragraph 4.2 above), the Company had entered into the following interested person transactions:

For the period between 1 April 2019 to 31 March 2020 (FY2020)

Sales to YiGuo Group	S\$'000 <i>(approximately)</i>
Seafood	1,771
Fruits and vegetables	2,123
Sub-total	3,904

Purchases from YiGuo Group	S\$'000 <i>(approximately)</i>
Seafood	8,025
Fruits and vegetables	3,490
Meat	383
Sub-total	11,898

Other service from /to YiGuo Group	S\$'000 <i>(approximately)</i>
Service received from	255
Service provide to	6
Sub-total	261

For the period between 1 April 2020 up 26 August 2020, being the latest practicable date prior to the date of this announcement

Sales to YiGuo Group	S\$'000 <i>(approximately)</i>
Seafood	450
Fruits and vegetables	1,421
Sub-total	1,872

Purchases from YiGuo Group	S\$'000 <i>(approximately)</i>
Seafood	744
Meat	296
Beverage	31
Sub-total	1,071

Accordingly, the total value is set out below:

- (1) **For FY2020** - the aggregate value of all interested persons transactions entered into between the Group and the Yiguo Group amounted to approximately S\$16,063,000, representing approximately 208% of the Group's latest audited net tangible assets;
- (2) **For the period between 1 April 2020 up to the date of this announcement** - aggregate value of all interested persons transactions entered into between the Group and the Yiguo Group amounted to approximately S\$2,879,000. representing approximately 39% of the Group's latest audited net tangible assets;

4.3.3 Appointment of independent financial adviser

The Board will be appointing an independent financial adviser ("**IFA**") for the Proposed Expanded IPT General Mandate to advise the Independent Directors on the Proposed Expanded IPT Mandate and will make the necessary announcement (when appropriate).

4.3.4 Statement by the Audit and Risk Committee

The audit and risk committee of the Company will obtain an opinion from the IFA before forming its view, which will be announced subsequently.

Shareholders and potential investors are advised to exercise caution in trading their shares and noteholders are advised to exercise caution in trading their notes. The Company will make further announcements as appropriate or when there are further developments on the matters described in this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

James Prideaux
Lead Independent Director

7 September 2020

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Report on the audit of the financial statements

Qualified 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 2020, the statements of changes in equity of the Group and the Company and 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, except for the possible effects of the matters described in the basis for Qualified Opinion section in our report, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 2020 and of the consolidated financial performance and consolidated cash flows of the Group and changes in equity of the Group and the Company for the year ended on that date.

Basis for Qualified Opinion

Recoverability of trade receivables from and advances to related parties

As disclosed in Note 15 to the financial statements, the Group has gross trade receivables due from related parties amounting to \$6,605,000 and expected credit loss of \$1,441,000 has been provided against these receivables as at 31 March 2020. There were significant delays in the settlement of these trade receivables and a large portion of these debts have become long overdue as at 31 March 2020. Subsequent to the year end, the net outstanding amount has increased. The Group has entered into an instalment plan with the related parties in July 2020 to progressively recover the receivables. Collectively, these factors raise doubts on the ability of the related parties to repay the trade receivables or on the timing of the cash flows. We have also not been able to obtain the relevant financial information of the related parties regarding their financial ability to settle the amounts. As a result, we were unable to determine the reasonableness of the assumptions used to determine the expected credit loss of the trade receivables as at 31 March 2020.

As further disclosed in Note 15, as at 31 March 2020 the Group has \$4,428,000 placed with related parties as advances for purchases of goods. These balances have been accounted for as prepayments for purchase of goods and there were delays by the related parties in fulfilling the expected purchase commitments as at 31 March 2020. A portion of these balances was recovered through purchases after year end and management has represented that the remaining balances are refundable if the related parties are unable to fulfill the purchase commitments. We have also not been able to obtain relevant financial information of the related parties to seek an understanding of their financial position. Consequently, we have not been able to reasonably assess the nature or the appropriateness of the carrying amount of the advances as at 31 March 2020.

Any adjustments that might have been found necessary in respect of the above matters would have a consequential effect on the financial position of the Group as at 31 March 2020, the profit or loss for the year and the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Basis for Qualified Opinion (cont'd)

We conducted our audit in accordance with Singapore Standards on Auditing (the "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 (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "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 qualified opinion.

Material Uncertainty Related to Going Concern

For the financial year ended 31 March 2020, the Group incurred net loss of \$4,272,000 and its operating cash outflow amounted to \$6,826,000. As at that date, the Company's current liabilities exceeded its current assets by \$263,000. As stated in Note 2.1, a large portion of trade receivables and advances due from related parties which form part of the Group's current assets remains outstanding as at the date of this report. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

We draw attention to Note 2.1 to the financial statements which state that the ability of the Group and Company to continue as a going concern is dependent on its ability to generate sufficient cash flows from its operations and to raise additional funds. Based on the considerations of factors disclosed in Note 2.1, the directors are of the view that the use of the going concern assumption in the preparation of the accompanying financial statements is appropriate.

If the Group is unable to continue in operation existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify certain non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matter

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Key Audit Matter (cont'd)

Impairment assessment of investment in subsidiaries

As at 31 March 2020, the Company has investments in subsidiaries, including quasi capital loans amounting to \$7,438,000. 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, terminal growth rates and relating to timing of recovery of receivables. 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 at the reporting date and also considered the viability of future plans based on market trends and conditions. We also took into consideration management's plan with regards to the recovery of receivable due from related parties. 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 reasonable 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 2020, 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. The Directors' statement states that the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and Company as at year end and of the financial performance, changes in equity and cash flows of the Group for the year then ended. However, as described in the Basis for Qualified Opinion section above, we have qualified our opinion on these financial statements for the reasons described in that section.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 SFRFS(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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for possible effects of the matters described in the Basis of Qualified Opinion paragraph, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation 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
4 September 2020