SunMoon

# DELIVERING NATURE'S GOODNESS

## OUR PROMISE TO YOU

SUMMARY FINANCIAL REPORT 2016/17





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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 100 product types, 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 11,000 point of sales globally, SunMoon's offering of quality, premium products are distributed via supermarkets, convenience stores, online and wholesale channels, airlines, food services as well as SunMoon's franchise outlets in Singapore.

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

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

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



# CORPORATE INFORMATION

**BOARD OF DIRECTORS**
Mr Gary Loh Hock Chuan
(Executive Chairman)
Dr. Tan Eng Liang
Mr Chee Wai Pong
Mrs Jessie Peh
Mr James Prideaux
Mr Yu Liang
Mr Shum Ka Shat
Mr Wang Yaobin

**AUDIT AND RISK COMMITTEE**
Mrs Jessie Peh
(Chairperson)
Dr. Tan Eng Liang
Mr Chee Wai Pong

**REMUNERATION COMMITTEE**
Dr. Tan Eng Liang
(Chairman)
Mr Chee Wai Pong
Mrs Jessie Peh

**NOMINATING COMMITTEE**
Mr Chee Wai Pong
(Chairman)
Dr. Tan Eng Liang
Mrs Jessie Peh

**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

**AUDITOR**
RT LLP
Public Accountants and
Chartered Accountants
1 Raffles Place
#17-02 One Raffles Place
Singapore 048616
Partner-in-charge: Mr Su Chun Keat

**PRINCIPAL BANKER**
DBS Bank Ltd, Singapore
Cathay Bank, City of industry Office,
U.S.A.



# CORPORATE STRUCTURE

SunMoon

- 100% SunMoon Distribution & Trading Pte Ltd
  - 100% UGC 2003, Inc
    - 100% SunMoon Retail & Franchise Pte Ltd
    - 100% Weifang Xinan FHTK Fruits Co Ltd
  - 100% SunMoon USA, LLC
- 100% SunMoon Food (Shanghai) Co., Ltd
  - 25% Xinjiang SunMoon Co Ltd
  - 100% Shanghai Shanmai Supplier Chan Management Co. Ltd



# EXECUTIVE CHAIRMAN'S STATEMENT




FY2016/2017 HAS BEEN MOST EVENTFUL FOR SUNMOON IN MORE WAYS THAN ONE. WE CONTINUED TO MAKE STRIDES IN OUR ASSET-LIGHT, CONSUMER-CENTRIC, BRAND-FOCUSED BUSINESS STRATEGY

**Dear Shareholders**

I am pleased to present our annual report for the 15 months ended 31 March 2017 (FY2016/2017).

This year marks my tenth year on the Board of SunMoon and it is gratifying to see how the company has transformed over the last decade.

## AN EVENTFUL FY2016/2017

FY2016/2017 has been most eventful for SunMoon in more ways than one.

We continued to make strides in our asset-light, consumer-centric, brand-focused business strategy with the sale of our dehydrated produce business in China. We implemented our new Enterprise Resource Planning (ERP) system powered by NetSuite and continued to strengthen the SunMoon brand and grow the business based on the Network x Geography x Product (N x G x P) model.

The sale of the dehydrated produce business sharpens the SunMoon brand as a fresh produce and consumer products business. The new ERP system has transformed our back-end from an antiquated system into a technology-based platform driven by big data.

When I first invested in SunMoon in 2007, then known as FHTK, the company had over S$50 million in loans and its share price had fallen to 1.5 cents. It would have been easier for me to privatise SunMoon but that would have been at the expense of over 13,000 retail investors. Instead, I stayed on not only as an investor but also to lead the company, guided by a singular vision: SunMoon will be the AirBnB or Uber of the fruit trading and distribution business, by being asset-light, customer-centric and technologically-driven.

In 2016, SunMoon caught the attention of Alibaba-KKR-backed Shanghai YIGUO E-commerce Co. Ltd (YiGuo), who is now the largest SunMoon shareholder post-placement of new shares at 4.5 cents per share. This was approved on 16 June 2017 at the Extraordinary General Meeting.

The YiGuo investment serves to validate my vision for SunMoon, my conviction of the company's potential, and it also affirms the strategy that we have put in place, since I took charge of SunMoon in 2007.

**STRONG GROWTH MOMENTUM**

We have established three key pillars as a foundation of our growth strategy.

First, we want to establish the company as the leader in healthy eating and living. SunMoon's brand narrative "Spreading Positivity in Bite-Sizes through Healthy Living" encapsulates the purpose of the company, which is to empower health-conscious consumers the world over to eat right.

Second, branding. For SunMoon to be recognised on the global platform and compete with international fruit brand companies, branding is key. We believe SunMoon has a strong brand equity and we are relentless in our efforts to build up the brand equity.

Third, the N x G x P model. The entry of YiGuo presents immense opportunities for SunMoon and will boost the N, G and P components. As part of the YiGuo-Alibaba Group, SunMoon can tap on Alibaba's click and mortar network, including their online presence via Tmall, Taobao and offline stores via Lianhua Supermarket and Suning. The relationship not only allows us to have a strong brand presence in China, but also enhances our sourcing capability and gives us greater economies of scale.

Through YiGuo, SunMoon has access to its logistics capability in China from port to cold room to point of sales nationwide. This is a critical differentiator for SunMoon. The access to last-mile logistics coupled with its strong brand equity provides SunMoon with a significant lead over its competitors.

But SunMoon's vision is not just all about China. We have a strategy in place that will make the SunMoon brand a ubiquitous consumer and lifestyle brand globally.

Today, SunMoon is a stronger company and is well-positioned for growth. The company sells and distributes over 100 product types and has a network of over 11,000 point of sales globally, across nine geographies.

**FINANCIAL HIGHLIGHTS**

The Group reported revenue of S$20.1 million and net profit of S$132,000 for the 15 months ended 31 March 2017, as compared to revenue of S$14.1 million and net loss of S$2.1 million for the 12 months ended 31 December 2015. The Group changed its financial year end in January 2017.

Revenue increased by 42.6% in FY2016/2017 mainly due to increased sales to China and additional 3 months sales arising from the change in financial year. Net profit improved on disposal gains of S$5.0 million and decrease in depreciation largely due to the cessation of depreciation and disposal of subsidiaries.

SunMoon is in a sound financial position, with positive equity of S$7.4 million and net cash of S$557,000 as at 31 March 2017.

**GOOD CORPORATE GOVERNANCE**

SunMoon is committed to good corporate governance and advocates transparency in managing issues and matters raised by minority shareholders and all stakeholders as demonstrated by our 27 page response to queries raised by the Securities Investors Association (Singapore) (SIAS) last year and the regular engagement with the media, analysts and investors to enhance their understanding of our strategy and plans. In FY2016/2017, we had two investor and analyst meetings and two meetings with SIAS.

**LOOKING AHEAD**

With strong partnership, injection of fresh capital, a stronger and wider network, and wider product range, SunMoon is poised to become a global lifestyle and consumer brand that caters to health-conscious consumers world-wide. We are on track to deliver on our mission to bring nature's goodness to consumers, from farm to fork. We have no doubt that with your continued support and trust, we will get there.

**APPRECIATION**

Finally, we would like to take this opportunity to thank the staff and the Board of Directors for their steadfast support and determination to bring the company to where it is today. The team effort and hard work has paid off and we look forward to your continued support as we move forward together to achieve the vision of SunMoon to be a global market leader in the distribution and marketing of fruits and vegetables.

We would also like to welcome Mr James Prideaux, who joined us as an independent director in April 2017. We believe his international executive management experience is a strategic fit for SunMoon.

With YiGuo as our major shareholder, we are also pleased to welcome Mr Yu Liang, Mr Wang Yaobin and Mr Shum Ka Shat who were appointed as non-independent directors of SunMoon on 5 July 2017.

We are also grateful to our Shareholders for their continued patience and support, even as we strive to achieve greater success in the years to come. It has been a very difficult journey but we are proud to say that our perseverance has prevailed. It is a cliché to say that the "Sun, Moon and Stars" are aligned but we do believe that SunMoon's efforts are all aligned and focused on delivering nature's goodness globally.

Thank you!

**Mr Gary Loh**
Executive Chairman

# BOARD OF DIRECTORS



**MR GARY LOH HOCK CHUAN**
Executive Chairman

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. 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.



**DR. TAN ENG LIANG**
Independent Director

Dr. Tan was appointed to the Board as an Independent Director and Chairman of the Board on 13 November 2006. He stepped down as the Chairman of the Board on 7 October 2013 and assumed the role as Lead Independent Director on 7 October 2013. He was appointed as Chairman of Remuneration Committee on 7 October 2013. Dr. Tan held several directorships in private and public companies in Singapore, Hong Kong and Malaysia. He was a Member of Parliament, Singapore from 1972 to 1980. He was also a Chairman of Singapore Quality & Reliability Association, Urban Redevelopment Authority and Singapore Sports Council. He held the position of Senior Minister of State for National Development from 1975 to 1978 and Senior Minister of State for Finance from 1978 to 1979.



**MR CHEE WAI PONG**
Independent Director

Mr Chee was appointed to the Board as an Independent Director on 28 February 2005 and as Chairman of the Remuneration Committee on 11 November 2005. He stepped down as the Chairman of Remuneration Committee and was appointed as Chairman of Nominating Committee on 7 October 2013. He joined the Legal Service and was appointed a Deputy Public Prosecutor/State Counsel from 1971 to 1973. He was appointed a Magistrate and then District Judge and the State Coroner between 1973 and 1976. Mr Chee joined M/s Osborne Jones & Co as a partner from August 1976 to December 1978. He was a partner of M/s Ng Ong & Chee from January 1979 to December 2006. From 1 January 2007 he started his own practice under the name and style of Chee Wai Pong & Co. Mr Chee is the honorary legal advisor to the Medical Alumni and Ling Kwang Home for Senior Citizens. He is also a member of the Management Committee of the Students Care Service and a member of the Yishun Centre Advisory Committee of the Students Care Service. Mr Chee graduated from the University of Singapore with a Bachelor of Law Degree (L.L. B Hons) in 1971.

# BOARD OF DIRECTORS



**MRS JESSIE PEH**
Independent Director

Mrs Peh was appointed to the Board as an Independent Director on 5 November 2015 and as Chairman of Audit and Risk Committee on 28 April 2016. She is a qualified Chartered Accountant (Institute of Chartered Accountants, England & Wales) and a qualified Management Accountant (Chartered Institute of Management Accountants, United Kingdom) with over 30 years of experience. She joined United Engineers Limited in 1989 and served as Chief Financial Officer until her retirement in 2012. Prior to joining United Engineers Limited, she worked in Ernst & Young as an Assistant Audit Manager and was with Tat Lee Bank Limited as a Sub-Manager (General Accounting).



**MR JAMES PRIDEAUX**
Independent Director

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



**MR YU LIANG**
Non-Independent Director

Mr Yu Liang was appointed to the Board as a Non-Independent Director on 5 July 2017. He is currently the Group Sourcing Director at YiGuo. 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.

# BOARD OF DIRECTORS



**MR WANG YAOBIN**
Non-Independent Director

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



**MR SHUM KA SHAT**
Non-Independent Director

Mr Shum Ka Shat was appointed to the Board as a Non-Independent Director on 5 July 2017. Currently, he is the Chief Merchant Consultant in Yiguo Group. He has 20 years of experience in merchandising fresh food and related businesses. Mr Shum Ka Shat was the director for Hailiang Health Food Group Merchandising Department from 2014 – 2015 and the Regional General Manager for Sam's Club from 2000 – 2014.

# KEY MANAGEMENT

**MS WANG HUI ZHEN**
Group Financial Controller

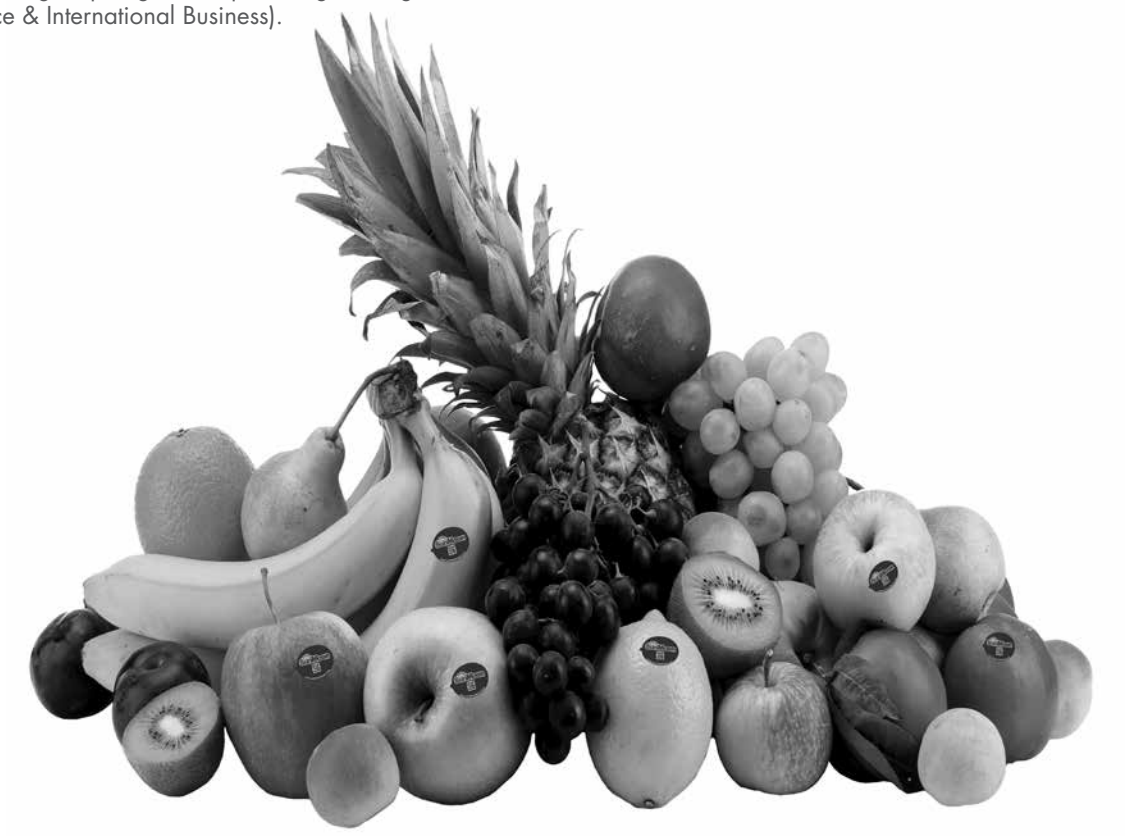
Ms. Wang is the Group's Financial Controller and has more than 15 years' experience in auditing and financial management in Singapore and China. As GFC, Ms. Wang leads the Group's financial management in the areas of financial strategy, governance, accounting and risk management. Ms. Wang holds a Bsc.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

**MR CHNG SAY KIAT**
General Manager – Consumer Products Division

Mr Chng is the General Manager with Consumer Products Division. He is also appointed as one of the directors for most of the subsidiaries under the Group, including as the President of UGC 2003, Inc. He first joined the Group in 2004 as the President of UGC 2003, Inc., a subsidiary responsible for the sales, marketing and distribution of dehydrated products in North America. He oversees the sales and marketing of consumer products in various countries, including Singapore, China, USA and Indonesia. Prior to joining the Group, he was the Executive Director of SGX-listed New Wave Technologies Ltd and its subsidiary, Eplus Technologies Pte Ltd. He holds a Bachelor of Engineering majoring in Computer Engineering and an MBA (Finance & International Business).

**MR ROGER CHUA**
Managing Director

Mr Chua is the Managing Director of SunMoon Distribution & Trading Pte Ltd. He first joined the Group as the General Manager (Operations) in 2016, responsible for revamping SunMoon's sales operations, policies and procedures, as well as redesigning the technology architecture for the new business model. He was promoted to Managing Director in 2017, overseeing strategic operations, human resource planning, and financial system for the entire group, including overseas offices. Prior to joining the Group, he held leadership positions in the Singapore Armed Forces, supporting Special Operations and National-level security events. He holds a Bachelor of Science (Computer Science) from University of New South Wales, Sydney and a certified facilitator.



# SUMMARY DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## IMPORTANT NOTES

The Summary Financial Statements as set out on pages 10 to 30 contains only a summary of the information in the directors' statement and a summary of the full financial statements. It also includes the information provided in compliance with the requirements of Section 203A of the Singapore Companies Act, Chapter 50 and regulations made thereunder, applicable to the Summary Financial Statements. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Group and the Company.

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

## DIRECTORS

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

| | |
|---|---|
| Mr Gary Loh Hock Chuan | (Executive Chairman) |
| Dr. Tan Eng Liang | |
| Mrs Jessie Peh | |
| Mr Chee Wai Pong | |
| Mr James Prideaux | (Appointed on 4 April 2017) |
| Mr Shum Ka Shat | (Appointed on 5 July 2017) |
| Mr Wang Yaobin | (Appointed on 5 July 2017) |
| Mr Yu Liang | (Appointed on 5 July 2017) |

## PRINCIPAL ACTIVITIES

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

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

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

# SUMMARY DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as detailed below:

| | Shareholdings registered in the name of Director | | Shareholdings in which Director is deemed to have an interest | |
|---|---|---|---|---|
| | Balance at 1 January 2016 | Balance at 31 March 2017 | Balance at 1 January 2016 | Balance at 31 March 2017 |
| **The Company** | | | | |
| Mr Gary Loh Hock Chuan | – | **–** | 80,712,772 | **80,712,772** |

Pursuant to Section 7 of the Act, 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 period.

## SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during the financial period.

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

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

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.

# SUMMARY DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC"), regulated by a set of written terms of reference, comprises three Independent Non-Executive Directors. The members of the ARC during the period and at the date of this report are:

Mrs Jessie Peh (Chairperson)
Dr. Tan Eng Liang
Mr Chee Wai Pong

The ARC performs the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance.

The ARC has held five meetings since the last report of the Directors. In performing its functions, the ARC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The ARC also reviewed the following:

(i) assistance provided by the Company's officers to the external and internal auditors;

(ii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);

(iii) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption.

The ARC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director and Executive Officer to attend its meetings. The ARC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The ARC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, RT LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Further details regarding the ARC are disclosed in the Report on Corporate Governance.

## ADDITIONAL DISCLOSURE REQUIREMENTS OF THE LISTING MANUAL OF THE SGX-ST

The auditors of the subsidiaries and associates of the Company are disclosed in Notes 12 and 13 to the financial statements respectively. In the opinion of the Board of Directors and Audit and Risk Committee, Rules 712 and 715 of the Listing Manual of the SGX-ST have been complied with.

## INDEPENDENT AUDITOR

The independent auditor, RT LLP, has expressed its willingness to accept re-appointments.

On behalf of the Board of Directors

**Mr Gary Loh Hock Chuan**
Director

**Mrs Jessie Peh**
Director

Singapore
5 July 2017

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 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 (the "Group"), which comprise the statement of financial position of the Group and of the Company as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial period from 1 January 2016 to 31 March 2017, 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 statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial period from 1 January 2016 to 31 March 2017.

### 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.

### Emphasis of Matter

We draw attention to Note 11 of the financial statements, which describes SunMoon Food Company Limited ("SMF"), its fully owned subsidiary SunMoon Distribution & Trading Pte Ltd ("SMDT") and Taian FHTK Foodstuffs Co., Ltd ("TFFC") (Subsidiary disposed during the year) entered into a tripartite asset transfer agreement ("ATA") in which TFFC agreed to transfer the whole operations of its fresh garlic, onion and ginger business ("Food agriculture Business") to SMDT for $3.0 million payable by SMF to TFFC. The purchase price of $3.0 million is based on the development costs incurred by TFFC in establishing the Food agriculture Business according to the ATA.

On 31 March 2017, the ATA is supported by supplement agreement which stated the consideration of $3.0 million payable by SMF to United Agro Produce Pte Ltd ("UAP") to offset the payable amount due from UAP to SMF. There is a waiver of $0.3 mil issued by UAP to SMF during the financial period.

The management is of the view that the waiver received from UAP is a separate event from the acquisition of the intangible assets and not a discount to the consideration of the purchase of intangible assets amounting to $3.0 million. Accordingly, the acquired intangible assets are recognised in full for $3.0 million in the statement of financial position and other income of $0.3 mil was recognised in continuing operations in the consolidated statement of comprehensive income for the waiver received from UAP.

Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

**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.

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| **Impairment of trade receivables**<br><br>Trade receivables S$5.03 million constituted 34% of the total assets of the Group. Management performed an impairment assessment on the outstanding trade receivables. The impairment assessment requires the exercise of judgement about the trade receivable financial position and payment history.<br><br>The key estimation on the impairment and the aging of those trade receivables are disclosed in Note 3.2 (iii) and Note 26.1 to the financial statements. | Our audit procedures focused on evaluating management's impairment assessment of those receivables. These procedures include:<br><br>• Evaluated supporting information on trade receivables' financial position and payment history and challenged management on the identification of impaired trade receivables;<br><br>• Tested the accuracy and completeness of the receivables aging as at 31 March 2017 used by management to identify long outstanding receivables;<br><br>• Assessed the design and implementation of the Group's internal control in relation to the revenue and collection cycle, particularly the controls over receivables collection;<br><br>• Challenged the cash flow forecasts used with comparison to recent performance and market expectations; and<br><br>• With reference to prior period forecasts on whether receivables had achieved them. |
| **Impairment of investment in subsidiaries**<br><br>The carrying amount of investment in subsidiaries as at 31 March 2017 amounted to $13.8 million which represented 72% of the Company's total assets.<br><br>Management is required to assess at the end of each reporting period whether there is any indication that the investments may be impaired.<br><br>The recoverable amount of investment was determined using the value in use method which involves significant judgements and estimation by management.<br><br>The significant judgements to the impairment assessment of the investment in subsidiary is disclosed in Note 3.1 (i) to the financial statements. | Our audit procedures focused on evaluating and challenging the key assumption used by management in the impairment assessment of the investment in subsidiaries.<br><br>We have assessed the cash flow projection prepared by the management. The procedures include:<br><br>• Assessed the accuracy of the computation of the discounted cash flows;<br><br>• Evaluated the assumptions underpinning the future cash flows; and<br><br>• Evaluated the growth and discount rate used for reasonableness. |

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

**Key Audit Matters** (Continued)

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| **Disposal of four subsidiaries**<br><br>The disposal of four subsidiaries have been completed and approved at the Extraordinary Meeting ("EGM"). The contracts of disposal were signed on 31 December 2016 and 14 February 2017. A gain on disposal of subsidiaries amounting to S$5.019 million has been recognised in profit or loss for the current financial period.<br><br>The details of the gain on disposal of subsidiaries is disclosed in Note 14 to the financial statements. | Our procedures include:<br><br>• Read the contract of disposal and the approval at the EGM;<br><br>• Considered the accounting treatment and timing of the completion of the disposal; and<br><br>• Reviewed and re-computed the computation on the gain arising from the disposal. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information listed below that is included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Corporate Profile;
Corporate Information;
Corporate Structure;
Executive Chairman Statement;
Directors' Profile;
Financial Highlights;
Key Management Profile;
Report on Corporate Governance; and
Directors' Statement

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Directors for the Financial Statements**

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

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

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

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

**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.

- 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. As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

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

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

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

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF SUNMOON FOOD COMPANY LIMITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

**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 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 Su Chun Keat.

**RT LLP**
Public Accountants and
Chartered Accountants

Singapore
5 July 2017

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

| | Note | Period from 1/1/2016 to 31/3/2017 $'000 | Year ended 31/12/2015 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | **20,104** | 14,093 |
| Cost of sales | | **(19,284)** | (13,067) |
| Gross profit | | **820** | 1,026 |
| ***Other item of income*** | | | |
| Other income | | **815** | 378 |
| ***Other items of expense*** | | | |
| Selling and distribution expenses | | **(2,281)** | (1,343) |
| Administrative expenses | | **(3,781)** | (4,212) |
| Other expenses | | **(1,419)** | (3) |
| Finance costs | | **(3)** | – |
| Loss before tax from continuing operations | | **(5,849)** | (4,154) |
| Income tax expense | | **–** | – |
| Loss from continuing operations for the financial period/year, net of income tax | | **(5,849)** | (4,154) |
| **Discontinued operations** | | | |
| Profit from discontinued operations for the financial period/year, net of income tax | | **5,981** | 2,053 |
| Profit/(Loss) for the financial period/year | | **132** | (2,101) |
| **Other comprehensive (loss)/income:** | | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Reclassification to profit or loss on disposal of subsidiaries: | | | |
| – General reserve | | **(1,969)** | – |
| – Foreign currency translation reserve | | **(774)** | – |
| Exchange differences arising from translation of foreign operations | | **(1,202)** | 622 |
| **Other comprehensive (loss)/income for the financial period/year, net of income tax** | | **(3,945)** | 622 |
| Total comprehensive loss for the financial period/year | | **(3,813)** | (1,479) |
| **Profit/(Loss) attributable to owners of the Company** | | | |
| – Continuing operations | | **(5,849)** | (4,154) |
| – Discontinued operations | | **5,981** | 2,053 |
| Total profit/(loss) attributable to owners of the Company | | **132** | (2,101) |
| **Total comprehensive loss attributable to owners of the Company** | | | |
| – Continuing operations | | **(6,553)** | (3,216) |
| – Discontinued operations | | **2,740** | 1,737 |
| Total comprehensive loss attributable to owners of the Company | | **(3,813)** | (1,479) |
| **(Loss)/earnings per share for continuing and discontinued operations attributable to equity holders of the Company** | | | |
| **Basic (loss)/earnings per share** | | | |
| From continuing operations | | **(1.8348) cents** | (1.3031) cents |
| From discontinued operations | | **1.8762 cents** | 0.6440 cents |
| **Diluted (loss)/earnings per share** | | | |
| From continuing operations | | **(1.8348) cents** | (1.3031) cents |
| From discontinued operations | | **1.8762 cents** | 0.6440 cents |

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 31/3/2017 $'000 | 31/12/2015 $'000 | 31/3/2017 $'000 | 31/12/2015 $'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | **167** | 4,146 | **–** | – |
| Intangible assets | | **3,000** | – | **–** | – |
| Investment in subsidiaries | | **–** | – | **13,823** | 13,834 |
| Investment in associate | | **–** | – | **–** | – |
| | | **3,167** | 4,146 | **13,823** | 13,834 |
| **Current assets** | | | | | |
| Cash and cash equivalents | | **557** | 5,290 | **109** | 390 |
| Held-for-trading financial asset | | **–** | 52 | **–** | – |
| Trade and other receivables | | **10,938** | 9,788 | **5,260** | 187 |
| Inventories | | **177** | 539 | **–** | – |
| Total current assets | | **11,672** | 15,669 | **5,369** | 577 |
| **Total assets** | | **14,839** | 19,815 | **19,192** | 14,411 |
| **Equity and Liabilities** | | | | | |
| **Equity attributable to equity owners of the company** | | | | | |
| Share capital | 3 | **124,508** | 124,508 | **124,508** | 124,508 |
| Other reserves | | **20,177** | 26,632 | **18,384** | 18,384 |
| Accumulated losses | | **(137,305)** | (139,947) | **(128,457)** | (137,341) |
| **Total equity** | | **7,380** | 11,193 | **14,435** | 5,551 |
| **Non-current liabilities** | | | | | |
| Borrowings | 4 | **65** | – | **–** | – |
| **Current liabilities** | | | | | |
| Borrowings | 4 | **15** | 632 | **–** | – |
| Trade and other payables | | **7,379** | 7,990 | **4,757** | 8,860 |
| | | **7,394** | 8,622 | **4,757** | 8,860 |
| **Total liabilities** | | **7,459** | 8,622 | **4,757** | 8,860 |
| **Total equity and liabilities** | | **14,839** | 19,815 | **19,192** | 14,411 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

| | Share capital $'000 | Capital reserve $'000 | Capital reduction reserve $'000 | Asset revaluation reserve $'000 | General reserve $'000 | Foreign currency translation reserve $'000 | Other reserves Total $'000 | Accumulated losses $'000 | Total equity attributable to owners of the Company $'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2016 | **124,508** | ***944*** | ***18,384*** | ***2,510*** | ***2,201*** | ***2,593*** | **26,632** | **(139,947)** | **11,193** |
| Profit for the financial period | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **132** | **132** |
| Other comprehensive loss for the financial period | **–** | **–** | **–** | **–** | ***(1,969)*** | ***(1,976)*** | **(3,945)** | **–** | **(3,945)** |
| **Total comprehensive loss for the financial period** | **–** | **–** | **–** | **–** | ***(1,969)*** | ***(1,976)*** | **(3,945)** | **132** | **(3,813)** |
| Reclassification on disposal of subsidiaries | **–** | **–** | **–** | ***(2,510)*** | **–** | **–** | **(2,510)** | **2,510** | **–** |
| Balance at 31 March 2017 | **124,508** | ***944*** | ***18,384*** | **–** | ***232*** | ***617*** | **20,177** | **(137,305)** | ***7,380*** |
| Balance at 1 January 2015 | 124,508 | *944* | *18,384* | *2,510* | *2,201* | *1,971* | 26,010 | (137,846) | 12,672 |
| Loss for the financial year | – | – | – | – | – | – | – | (2,101) | (2,101) |
| Other comprehensive income for the financial year | – | – | – | – | – | *622* | 622 | – | 622 |
| **Total comprehensive loss for the financial year** | – | – | – | – | – | *622* | 622 | (2,101) | (1,479) |
| Balance at 31 December 2015 | 124,508 | *944* | *18,384* | *2,510* | *2,201* | *2,593* | 26,632 | (139,947) | 11,193 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

| | Period from 1/1/2016 to 31/3/2017 $'000 | Year ended 31/12/2015 $'000 |
|---|---|---|
| **Operating activities** | | |
| Loss from continuing operations before tax | **(5,849)** | (4,154) |
| Profit from discontinued operations before tax | **6,001** | 2,945 |
| Profit/Loss before tax, total | **152** | (1,209) |
| Adjustments for: | | |
| Interest expense | **115** | 164 |
| Interest income | **(8)** | (2) |
| Dividend income | **(70)** | – |
| Reversal of allowance for inventory obsolescence | **(252)** | (270) |
| Allowance for inventory obsolescence | **118** | – |
| Depreciation of property, plant and equipment | **254** | 788 |
| Write back of long overdue third parties payables | **(1,366)** | (40) |
| Write back of accrued registration expenses | **(613)** | – |
| Loss on disposal of held-for-trading financial asset | **18** | (9) |
| Inventories written off | **724** | 10 |
| Other receivables written off | **–** | 2 |
| Allowance for impairment loss on third parties trade receivables | **1,338** | 521 |
| Gain on disposal of subsidiaries | **(5,019)** | – |
| Operating cash flows before working capital changes | **(4,609)** | (45) |
| Working capital changes: | | |
| Inventories | **(331)** | 13,152 |
| Trade and other receivables | **(1,378)** | (2,962) |
| Trade and other payables | **1,436** | (4,252) |
| Cash (used in)/generated from operations | **(4,882)** | 5,893 |
| Income tax paid | **(20)** | (892) |
| Net cash (used in)/generated from operating activities | **(4,902)** | 5,001 |
| **Investing activities** | | |
| Interest received | **8** | 2 |
| Dividend received | **70** | – |
| Purchase of property, plant and equipment | **(40)** | (418) |
| Disposal of subsidiaries, net cash flow | **311** | – |
| Proceeds from disposal of held-for-trading financial asset | **33** | 199 |
| Net cash generated from/(used in) investing activities | **382** | (217) |
| **Financing activities** | | |
| Interest paid | **(115)** | (164) |
| Proceeds from bank borrowings | **2,028** | 871 |
| Repayment of finance lease | **(14)** | – |
| Repayment of bank borrowings | **(1,443)** | (2,897) |
| Repayment of loan from a director | **–** | (529) |
| Net cash generated from/(used in) financing activities | **456** | (2,719) |
| Net change in cash and cash equivalents | **(4,064)** | 2,065 |
| Cash and cash equivalents at beginning of financial year | **5,290** | 2,703 |
| Exchange difference on cash and cash equivalents | **(669)** | 522 |
| Cash and cash equivalents at end of financial year | **557** | 5,290 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 1. GENERAL CORPORATE INFORMATION

SunMoon Food Company Limited (the "Company") is a public limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office address at 1 Scotts Road, #21-07/08/09 Shaw Centre, Singapore 228202 and principal place of business at 30,Toh Guan Road, # 07-07 Singapore 608840. The Company's registration number is 198304656K. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

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

The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial period from 1 January 2016 to 31 March 2017 were authorised for issue in accordance with a resolution of the Directors on the date of Directors' Statement.

During the financial period, the company changed its financial year end from 31 December to 31 March. Accordingly, these financial statements for the Group covered a period of 15 months from 1 January 2016 to 31 March 2017. The comparative period covered a period of 12 months for the financial year ended 31 December 2015.

## 2. INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial period. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

### *FRS and INT FRS issued but not yet effective*

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's and Company's accounting periods beginning on or after 1 April 2017 and which the Group and Company have not early adopted:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7: Disclosure Initiative
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 112: Disclosure of Interests in Other Entities (under Improvements to FRS (December 2016))

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 28: Investments in Associates and Joint Ventures (under Improvements to FRS (December 2016))
- INT FRS 122: Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 2. INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2016 (CONTINUED)

***FRS and INT FRS issued but not yet effective*** *(Continued)*

The Directors do not anticipate that adoption of the above FRS and INT FRS in future periods will have a material impact on the financial statements of the Company and the Group in the period of their initial adoption except for FRS 109 and FRS 115. Management is currently evaluating the potential impact of the application of FRS 109 and FRS 115 on the financial statements of the Group and of the Company in the period of their initial application.

FRS 109 – Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to re-assess the classification and measurement of financial assets, particularly those currently classified as available for sale and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 2. INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2016 (CONTINUED)

***FRS and INT FRS issued but not yet effective*** *(Continued)*

FRS 115 – Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statement to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

## 3. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | **31/3/2017** | **31/12/2015** | **31/3/2017** | **31/12/2015** |
| | **'000** | **'000** | **$'000** | **$'000** |
| | **Number of ordinary shares** | | | |
| **Issued and fully paid:** | | | | |
| Balance at beginning and end of financial period/year | **318,784** | 318,784 | **124,508** | 124,508 |

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

## 4. BORROWINGS

| | Group | |
|---|---|---|
| | **31/3/2017** | **31/12/2015** |
| | **$'000** | **$'000** |
| ***Current*** | | |
| Bank borrowing | **–** | 632 |
| Financial lease liabilities | **15** | – |
| | **15** | 632 |
| ***Non- current*** | | |
| Financial lease liabilities | **65** | – |
| **Total borrowings** | **80** | 632 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 4. BORROWINGS (CONTINUED)

| | Group | |
|---|---|---|
| | **31/3/2017** | **31/12/2015** |
| | **%** | **%** |
| **Effective interest rates per annum** | | |
| Finance lease liabilities | **2.99** | – |
| Bank borrowing | **–** | 3.5 |

Finance lease liabilities of the Group are effectively secured over the motor vehicles (Note 10), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

Bank borrowing is fully repaid in June 2016. Bank borrowing is secured by floating charge over the assets of a subsidiary and corporate guarantee provided by the Company. The interest is computed based on 0.75% above the prime rate published in the Wall Street Journal.

The currency profiles of borrowings as at end of the reporting period are as follows:

| | Group | |
|---|---|---|
| | **31/3/2017** | **31/12/2015** |
| | **$'000** | **$'000** |
| United States Dollar | **–** | 632 |
| Singapore Dollar | **80** | – |
| | **80** | 632 |

As at the end of the reporting period, granted and utilised banking facilities of the Group are as follows:

| | Group | |
|---|---|---|
| | **31/3/2017** | **31/12/2015** |
| | **$'000** | **$'000** |
| Facilities granted | **–** | 2,121 |
| Facilities utilised | **–** | 632 |

## 5. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 5. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) An entity is related to the Group and the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint venture of the same third party.

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **Period from 1/1/2016 to 31/3/2017 $'000** | **Year ended 31/12/2015 $'000** | **Period from 1/1/2016 to 31/3/2017 $'000** | **Year ended 31/12/2015 $'000** |
| **Related party** | | | | |
| Sales | **7** | 9 | **–** | – |
| Purchases | **–** | (1) | **–** | – |
| Licence fee income | **30** | 39 | **–** | – |
| Licence fee expense | **(30)** | (39) | **–** | – |
| **Subsidiaries** | | | | |
| Management fee income | **–** | – | **1,150** | 1,765 |
| Loan to a subsidiary | **–** | – | **–** | – |
| Advances to subsidiaries | **–** | – | **–** | 3,936 |
| Advances from subsidiaries | **–** | – | **–** | 4,936 |
| Recovery of intercompany balance previously written off | **–** | – | **9,644** | 532 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 5. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

*Compensation of key management personnel*

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

| | Group | |
|---|---|---|
| | **Period from 1/1/2016 to 31/3/2017 $'000** | **Year ended 31/12/2015 $'000** |
| Directors' fees | **149** | 124 |
| Short-term benefits | **1,667** | 1,664 |
| Post-employment benefits | **97** | 90 |
| | **1,913** | 1,878 |

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

| | Group | |
|---|---|---|
| | **Period from 1/1/2016 to 31/3/2017 $'000** | **Year ended 31/12/2015 $'000** |
| *Directors of the Company* | | |
| Directors' fees | **149** | 124 |
| Short-term benefits | **802** | 488 |
| Post-employment benefits | **21** | 14 |
| | **972** | 626 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 6. CONTINGENT LIABILITIES

Group

During the financial year ended 31 December 2008, one of the former subsidiaries (Dongguan Fook Huat Tong Kee Refrigeration & Foodstuffs Co., Ltd or the "Borrowing Subsidiary") of the Group had defaulted on the repayment of the loans ("Loan") from Dongguan Agricultural Bank of China (the "Bank"). The Loans are secured on the mortgages of land and buildings belonging to the Borrowing Subsidiary and another former subsidiary (Longkou Fook Huat Tong Kee Refrigeration Co., Ltd or the "Collateral Subsidiary"). The Borrowing Subsidiary and the Collateral Subsidiary have since been disposed in 2009.

There are three other subsidiaries which have furnished corporate guarantees to support the Loans (the Borrowing Subsidiary, Collateral Subsidiary and three other subsidiaries are collectively known as the "Sub-group" of the Group). These corporate guarantees may be called upon by the Bank. The three remaining subsidiaries are still subject to corporate guarantees in respect of the Loan from the Bank and may be subject to claims. Certain assets of the Sub-group were under seizure by the court which has ordered assets of a particular entity included in the Sub-group to be assessed, valued and auctioned in 2016. The Company is in discussion with the Bank for release of the Sub-group's responsibility under the corporate guarantees.

The Company is unable to ascertain the likelihood, outcome and quantum of these potential claims. However, based on legal opinion obtained, the Company is of the view that exposure to the Group in respect of any contingent claim arising from the above-mentioned corporate guarantees is limited to the net assets of these three dormant subsidiaries.

In August 2009, the Dongguan Municipal Intermediate People's Court issued a writ of seizure and sale against four apartments owned by Fook Huat Tong Kee Pte Ltd (one of the subsidiaries in the Sub-group). These four apartments had already been fully impaired in 2008, and accordingly has no financial impact to the results of the Group and the Company for the year ended 31 March 2017.

Similarly, certain property amounting to $118,000 which was subject to court seizure was impaired in 2009. The impairment arose as the application to transfer the said property from the Sub-group to the Group was not accepted by the China authority due to lack of proper proof of ownership. As at 31 March 2017, each of the three remaining subsidiaries has negative net assets and has been consolidated with the financial statements of the Group for the year ended 31 March 2017. In addition, the remaining assets of the three subsidiaries of the Sub-group that are still subject to bank collateral and guarantee amounting to $3,500,000 have been fully impaired since 31 December 2009 and no further impairment has been made during the year in respect of these claims.

However, all the related subsidiaries have been disposed subsequent financial period ended 31 March 2017 and the Group have been discharged from the contingent liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

### 1. Completion of the Placement

On 5 July 2017, the Placement has been completed in accordance with the terms of the Placement Agreement, pursuant to which the Company has allotted and issued:

(a) 333,333,333 of placement shares

(b) 67,607,078 of adjustment shares

(c) 166,666,667 of warrants

The total number of issued Shares in the capital of the Company has increased from 318,784,382 shares to 719,724,793 shares.

As at the Completion, the following subsidiaries of the Group have been disposed or struck off:

(a) Fook Huat Tong Kee Pte Ltd, Fook Huat Tong Kee (Xiamen) Foodstuffs Co., Ltd and Shanghai Fook Huat Tong Kee Cold Storage Co., Ltd have been disposed; and

(b) Agrifood Investments Pte. Ltd. has been struck off.

### 2. Appointment of Independent Non-Executive Director

The Board of Directors has approved the appointment of Mr James Prideaux as an Independent Non-Executive Director of the Company with effect from 4 April 2017.

### 3. Completion of the Proposed Acquisition of Ordinary Shares Representing 12% of The Issued Share Capital of Harvest Season Singapore Pte. Ltd.

The acquisition is completed on 12 June 2017.

### 4. Completion of Proposed Disposal of Subsidiaries

Disposal has completed successfully on 22 June 2017 and subsidiaries have ceased to be wholly-owned subsidiaries of the Company.

### 5. Appointment of Non-Independent and Non-Executive Directors

Pursuant to the Placement Agreement dated 31 December 2016, the Amendment Agreement dated 13 May 2017 and the Second Supplemental Deed dated 30 June 2017, the following persons nominated by Shanghai YIGUO E-commerce Co., Ltd have been appointed as non-independent and non-executive Directors of the Company with effect from 5 July 2017.

1) Mr Yu Liang
2) Mr Wang Yaobin
3) Mr Shum Ka Shat

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2017

## 8. COMPARATIVE FIGURES

The current financial period comprises 15 months from 1 January 2016 to 31 March 2017 as the Company changed its financial year end from 31 December to 31 March.

The audited comparative figures presented in the financial statements are not entirely comparable as they cover a period of 12 months from 1 January 2015 to 31 December 2015.

# STATISTICS OF SHAREHOLDINGS

AS AT 30 JUNE 2017

| | | |
|---|---|---|
| ISSUED AND FULLY PAID-UP CAPITAL | : | $124,508,483 |
| NO. OF SHARES ISSUED | : | 318,784,382 |
| CLASS OF SHARES | : | ORDINARY SHARES FULLY PAID WITH EQUAL VOTING RIGHTS EACH |
| NUMBER OF TREASURY SHARES | : | NIL |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 4,742 | 35.33 | 125,886 | 0.04 |
| 100 – 1,000 | 4,082 | 30.42 | 1,961,153 | 0.61 |
| 1,001 – 10,000 | 3,219 | 23.99 | 13,122,777 | 4.12 |
| 10,001 – 1,000,000 | 1,342 | 10.00 | 117,591,054 | 36.89 |
| 1,000,001 & ABOVE | 35 | 0.26 | 185,983,512 | 58.34 |
| TOTAL | 13,420 | 100.00 | 318,784,382 | 100.00 |

| TOP TWENTY SHAREHOLDERS | NO. OF SHARES | % |
|---|---|---|
| UOB KAY HIAN PTE LTD | 31,938,482 | 10.02 |
| HSBC (SINGAPORE) NOMINEES PTE LTD | 26,480,000 | 8.31 |
| KGI SECURITIES (SINGAPORE) PTE LTD | 16,888,100 | 5.30 |
| PRIMA PORTFOLIO PTE LTD | 11,221,900 | 3.52 |
| CITIBANK NOMINEES SINGAPORE PTE LTD | 7,577,780 | 2.38 |
| DBS NOMINEES PTE LTD | 6,908,253 | 2.17 |
| PHILLIP SECURITIES PTE LTD | 5,775,406 | 1.81 |
| OCBC SECURITIES PRIVATE LTD | 5,508,100 | 1.73 |
| CITIBANK CONSUMER NOMINEES PTE LTD | 4,972,450 | 1.56 |
| MAYBANK KIM ENG SECURITIES PTE LTD | 4,920,405 | 1.54 |
| CIMB SECURITIES (SINGAPORE) PTE LTD | 4,771,759 | 1.50 |
| LOW SIEW YAM | 4,600,000 | 1.44 |
| RHB SECURITIES SINGAPORE PTE LTD | 4,530,120 | 1.42 |
| RAFFLES NOMINEES (PTE) LTD | 4,151,045 | 1.30 |
| STF INVESTMENTS LTD | 3,936,000 | 1.23 |
| MERRILL LYNCH (SINGAPORE) PTE LTD | 3,375,910 | 1.06 |
| UNITED OVERSEAS BANK NOMINEES PTE LTD | 3,195,927 | 1.00 |
| LIM CHER KHIANG | 2,933,050 | 0.92 |
| AW BOON LEONG (HU WENLONG) | 2,751,100 | 0.86 |
| YEW MONG HENG | 2,650,000 | 0.83 |
| | 159,085,787 | 49.90 |

On the basis of the information available to the Company, approximately 74.68% of the equity securities of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.

# STATISTICS OF SHAREHOLDINGS

AS AT 30 JUNE 2017

## SUBSTANTIAL SHAREHOLDERS

| | NO. OF SHARES | |
|---|---|---|
| **Name of Substantial Shareholders** | **Direct Interest** | **Deemed Interest** |
| First Alverstone Capital Ltd | 80,712,772 | – |
| Gary Loh Hock Chuan | – | 80,712,772 |
| Selena Cheng Koh Min | – | 80,712,772 |

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SUNMOON FOOD COMPANY LIMITED will be held at 137 Cecil Street, #03-01 Hengda Building, Singapore 069537 (Room Tokyo 2) on 28 July 2017 at 2.00 p.m. to transact the following businesses:

1. To receive and adopt the Directors' Statement and the Audited Accounts of the Company and the Group for the financial period from 1 January 2016 to 31 March 2017.

2. To approve the payment of Directors' Fees of S$148,750.00 in respect of the financial period from 1 January 2016 to 31 March 2017.

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

4. To re-elect Mr James Prideaux, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offer himself for re-election.

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

6. To re-elect Mr Wang Yaobin, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offer himself for re-election.

7. To re-elect Mr Shum Ka Shat, a Director who is retiring from office in accordance with Article 106 of the Company's Constitution and who, being eligible, offer himself for re-election.

8. To re-appoint Messrs RT LLP, Public Accountants and Certified Accountants, Singapore as Auditors of the Company and to authorise the Directors to fix their remuneration.

9. **As Special Business**

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

9.1 That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

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

(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;

# NOTICE OF ANNUAL GENERAL MEETING

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

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

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

9.2 That approval be and is hereby given to the Directors to grant awards in accordance with the provision of the SunMoon Share Option Scheme and/or SunMoon Share Plan and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the SunMoon Share Option Scheme and/or SunMoon Share Plan, provided that:

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

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

10. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Chia Lay Beng
Secretary

Date: 13th day of July 2017

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes**

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

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

**Notes:**

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her behalf at the EGM. A proxy need not be a member of the Company.

2. A member who is a relevant intermediary# is entitled to appoint more than two proxies to attend and vote at the EGM.

   A proxy need not be a member of the Company.

   # Relevant intermediary means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A corporation which is a Shareholder may authorize by resolution of its directors or other governing body such persons 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 certified copy thereof), duly executed, must be deposited at the registered office of the Company at 1 Scotts Road #21-07/08/09 Shaw Centre, Singapore 228208 not less than 48 hours before the time appointed for holding the AGM.

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 duly authorized.

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 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 EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.

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

Registered Office: 1 Scotts Road
#21-07/08/09 Shaw Centre
Singapore 228208

**IMPORTANT**

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

## PROXY FORM

I/We _____

of _____

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

| Name | Address | NRIC/Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |
| and/or (delete as appropriate) | | | |
| | | | |

or failing him/her or both of the persons mentioned above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 137 Cecil Street, #03-01 Hengda Building, Singapore 069537 (Room Tokyo 2) on 28 July 2017 at 2.00 p.m.(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as he/she/they may think fit at his/her/their discretion, as he/she/they will on any other matters arising at the Annual General Meeting and any adjournment thereof.)

| | Resolutions | For | Against |
|---|---|---|---|
| 1 | ***Ordinary Business***<br>Adoption of Directors' Statement and Audited Accounts for the financial period from 1 January 2016 to 31 March 2017. | | |
| 2 | Approval of directors' fees of S$148,750.00 | | |
| 3 | Re-election of Mr Gary Loh Hock Chuan as Director retiring under Article 102 | | |
| 4 | Re-election of Mr James Prideaux as Director retiring under Article 106 | | |
| 5 | Re-election of Mr Yu Liang as Director retiring under Article 106 | | |
| 6 | Re-election of Mr Wang Yaobin as Director retiring under Article 106 | | |
| 7 | Re-election of Mr Shum Ka Shat as Director retiring under Article 106 | | |
| 8 | Re-appointment of RT LLP as Auditors | | |
| 9.1 | ***Special Business***<br>Approval to issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 | | |
| 9.2 | Approval to grant awards in accordance with the provision of the SunMoon Share Option Scheme and/or SunMoon Share Plan | | |
| 10 | Any Other Business | | |

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 for each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of Any Other Business raised at the meeting, vote as the proxy deems fit.

As witness my/our hand(s) this _____ day of _____ 2017

| Total Number of Shares Held |
|---|
| |

_____
Signature(s) or Common Seal of Shareholder(s)

**Important please read notes overleaf**

**Notes**

1. Please insert the total number of ordinary shares in the issued share capital of the Company (the "**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), 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 member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her behalf at the EGM. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary# is entitled to appoint more than two proxies to attend and vote at the EGM.

   A proxy need not be a member of the Company.

   # Relevant intermediary means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 (Cap. 50) of Singapore.

5. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), duly executed, must be deposited at the registered office of the Company at 1 Scotts Road, #21-07/08/09, Shaw Centre, Singapore 228208 not less than 48 hours before the time appointed for holding the AGM or any postponement or adjournment thereof.

6. 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.

7. 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.

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 13 July 2017.

**REQUEST FORM**

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

13 July 2017

Dear Shareholder,

This is a copy of the Summary Financial Statement ("SFS") of SUNMOON FOOD COMPANY LIMITED ("Company") for the financial period ended 31 March 2017. The SFS contains a review of the Company for the financial period ended 31 March 2017. It also contains a summary of the information in the Directors' Report and financial statements of the Company's Annual Report ("AR") 2016/17. We will be sending you a copy of the SFS for so long as you are the Company's shareholder unless you indicate otherwise.

The full financial statements for the financial period ended 31 March 2017 are set out in a separate report called the AR for 2016/17. This report is available to all registered shareholders of the Company at no cost upon request.

For shareholders receiving this SFS for the first time, if you wish to receive a copy of the AR for 2016/17 or for so long as you are a shareholder of the Company, please complete the request form below by ticking the first or third box respectively and return it to us by 21 July 2017. If we do not receive your request form, it would indicate that you do not wish to receive copies of the AR for 2016/17 and for future financial years.

For the convenience of the shareholders, a copy of the AR for 2016/17 will be posted at SGX website from 13 July 2017. Shareholders may request for physical copies of the AR for 2016/17 as indicated above.

Yours faithfully,

Ms Chia Lay Beng
Secretary

**REQUEST FORM**

**To: SUNMOON FOOD COMPANY LIMITED**

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

[ ] Please send me/us the Annual Report in addition to the Summary Financial Statement for financial period ended 31 March 2017.

[ ] Please do not send me/us the *Summary Financial Statement or the Annual Report/Annual Report for so long as I/we am/are a shareholder(s) of SunMoon Food Company Limited.

[ ] Please send me/us the Annual Report in addition to the Summary Financial Statement for financial period ended 31 March 2017 and for so long as I/we am/are a shareholder(s) of SunMoon Food Company Limited.

Name(s) of shareholder(s): _____

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

Address: _____

_____ Singapore _____

Signature(s): _____ Date: _____

* delete where inapplicable

Fold along this line (2)




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BUSINESS REPLY SERVICE
PERMIT NO. 08431

**SunMoon Food Company Limited**
30 Toh Guan Road
#07-07
Singapore 608840

Fold along this line (1)

**SUNMOON FOOD COMPANY LIMITED**
Company Registration No. 198304656K
30 Toh Guan Road
#07-07 Singapore 608840
T (65) 6779 5688 F (65) 6777 3960
E: enquiry@sunmoonfood.com
www.sunmoonfood.com

**SUNMOON FOOD (SHANGHAI) CO., LTD.**
369 Xian Xia Road
Chang Ning District
2201- Modern Plaza,
Shanghai 200336
T (86) 21 3252 8628
F (86) 21 3252 8629

**SUNMOON USA SALES OFFICE**
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CA 90245
T (1) 323 593 6962