

EGGRICULTURE FOODS LTD.

[incorporated in the Cayman Islands with limited liability]
Stock code: 8609



SHARE OFFER

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

EGGRICULTURE FOODS LTD.

永續農業發展有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	125,000,000 Shares
Number of Placing Shares	:	112,500,000 Shares (subject to reallocation)
Number of Public Offer Shares	:	12,500,000 Shares (subject to reallocation)
Offer Price	:	Not more than HK\$0.50 per Offer Share and expected to be not less than HK\$0.40 per Offer Share (payable in full on application plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock code	:	8609

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and documents available for inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is currently expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) on or around Wednesday, 29 August 2018 or such other date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters). The Offer Price will be not more than HK\$0.50 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share. Applicants for the Offer Shares are required to pay, on application, the maximum Offer Price of HK\$0.50 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$0.50 (the maximum Offer Price).

The Joint Lead Managers (for themselves and on behalf of the other Underwriters), with the consent of our Company, may reduce the indicative Offer Price range below that as stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such event, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published an announcement on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (eggstory.com.sg) of such change. If, for any reason, our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach an agreement on the Offer Price on or around Wednesday, 29 August 2018 or such other date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not become unconditional and will lapse immediately. In such event, our Company will issue an announcement on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (eggstory.com.sg).

Prospective investors of the Offer Shares should note that the Share Offer will not proceed if the Joint Lead Managers (for themselves and on behalf of the other Underwriters) terminate the obligations of the Underwriters under the Underwriting Agreements if any of the events set out in the paragraph headed "Grounds for termination" in the section headed "Underwriting" of this prospectus occurs prior to 8:00 a.m. on the Listing Date. It is important that you refer to the section headed "Underwriting" of this prospectus for further details.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk factors" of this prospectus.

23 August 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazette newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, our Company will issue an announcement in Hong Kong to be published on the website of our Company at eggstory.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

2018

(Note 1)

- Latest time to complete electronic applications under
HK eIPO White Form service through the designated
website at www.hkeipo.hk *(Note 2)* 11:30 a.m. on Tuesday, 28 August
- Application lists of the Public Offer open *(Note 3)* 11:45 a.m. on Tuesday, 28 August
- Latest time for lodging **WHITE** and
YELLOW Application Forms and to give
Electronic Application Instructions to HKSCC *(Note 4)* 12:00 noon on Tuesday, 28 August
- Latest time to complete payment of
HK eIPO White Form application by
effecting internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on
Tuesday, 28 August
- Application lists of the Public Offer close *(Note 3)* 12:00 noon on Tuesday, 28 August
- Expected Price Determination Date *(Note 5)* Wednesday, 29 August
- Announcement of the final Offer Price and the indication of
the level of interest under the Placing, the level of
applications in the Public Offer, the basis of
allotment and the results of applications in the Public Offer to be published
on the website of the Stock Exchange at www.hkexnews.hk and
the website of our Company at eggstory.com.sg on or before Thursday, 6 September
- Results of allocations in the Public Offer
(with successful applicants' identification document numbers,
where applicable) to be available through a variety of channels Thursday, 6 September
- Results of allocations in the Public Offer will be
available at www.tricor.com.hk/ipo/result with a "search by ID number/
Business Registration Number" function from Thursday, 6 September
- Despatch/Collection of share certificates in respect of
wholly or partially successful applications pursuant to
the Public Offer on or before *(Notes 6, 7)* Thursday, 6 September

EXPECTED TIMETABLE

2018
(Note 1)

Despatch/Collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before (Notes 7, 8) Thursday, 6 September

Dealings in the Shares on GEM to commence at 9:00 a.m. on Friday, 7 September

Notes:

1. All times and dates refer to Hong Kong local times and dates. If there is any change to the above expected timetable, our Company will make a separate announcement to inform investors accordingly. Details of the structure of the Share Offer, including its conditions and grounds for termination, are set out in the section headed “Structure of the Share Offer” of this prospectus.
2. Applicants will not be permitted to submit applications through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If applicants have already submitted applications and obtained a payment reference number from the designated website prior to 11:30 a.m., they will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 28 August, 2018, the application lists will not open or close on that day. Further information is set out in the section headed “How to apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the application lists” of this prospectus.
4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS” of this prospectus.
5. The Price Determination Date is expected to be on or about Wednesday, 29 August 2018. If, for any reason, the Offer Price is not agreed on or before Wednesday, 29 August 2018, or such other date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not proceed and will lapse immediately.
6. Share certificates for the Offer Shares are expected to be issued on Thursday, 6 September 2018 but will only become valid certificates of title at 8:00 a.m. on Friday, 7 September 2018 provided that (i) the Share Offer has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated. If the Public Offer does not become unconditional or either of the Underwriting Agreements is terminated, our Company will issue an announcement as soon as possible on the website of our Company at eggstory.com.sg and the website of the Stock Exchange at www.hkexnews.hk.
7. Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form service** for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all information required by their Application Forms may collect refund cheques and (where applicable) share certificates in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Thursday, 6 September 2018. Applicants being individuals who are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and documents (where applicable) acceptable to our Hong Kong Branch Share Registrar.

EXPECTED TIMETABLE

Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all information required by their Application Forms may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for the **WHITE** Application Form applicants.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed "How to apply for the Public Offer Shares — 14. Despatch/Collection of share certificates and refund monies" of this prospectus.

8. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly successful (in the event that the final Offer Price is less than initial price per Public Offer Share payable on application) and wholly or partially unsuccessful application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for the Public Offer Shares" of this prospectus.

Investors may obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving banks and the designated offices of the Sole Sponsor as set out in the section headed "How to apply for the Public Offer Shares" of this prospectus. An electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of our Company at eggstory.com.sg and the Stock Exchange at www.hkexnews.hk under the section headed "HKExnews > Listed Company Information > Latest Listed Company Information".

Distribution of this prospectus into any jurisdiction other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

For details of the structure of the Share Offer, including the conditions of the Share Offer and the procedures for application for the Public Offer Shares, you should read the sections headed "Structure of the Share Offer" and "How to apply for the Public Offer Shares" of this prospectus, respectively.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction other than in Hong Kong or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives, or any other persons or parties involved in the Share Offer have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives, or any other persons or parties involved in the Share Offer.

The contents on the official website of our Company at eggstory.com.sg do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment in the Offer Shares. Some of the particular risks associated with an investment in the Offer Shares are set out in the section headed “Risk factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of technical terms” of this prospectus, respectively.

OVERVIEW OF OUR BUSINESS

According to the F&S Report, we are currently one of the only three layer farms licensed by the AVA to produce fresh chicken eggs in Singapore and had a market share in terms of revenue of approximately 20.7% of local egg production in Singapore in 2017 and an estimated market share of approximately 7.8% in terms of the total egg consumption in Singapore in 2017.

Our Group is principally engaged in the production and sale of egg products, primarily in Singapore. Our egg products include (i) fresh chicken eggs; and (ii) processed egg products. We operate our own egg laying farm in Singapore and also source fresh chicken eggs from independent third party suppliers. We sell our own fresh chicken eggs under the name of “安安 N&N”. For our pasteurised shell eggs sold to supermarkets in Singapore and through various independent third party online sales platforms, we sell under the brand of “Egg Story — Pasteurised to kill Salmonella and Bird Flu Virus” with a letter “P” stamped or imprinted on each pasteurised shell egg. During the Track Record Period, we also procured a small quantity of quail eggs, century eggs and salted eggs in Singapore for our customers.

Our fresh eggs are eggs which are generally unprocessed which include fresh chicken eggs, and quail eggs. Our processed egg products offered to our customers during the Track Record Period mainly include (i) pasteurised shell eggs; (ii) pasteurised liquid eggs; (iii) pasteurised soft yolk eggs; (iv) pasteurised hard boiled and peeled eggs; and (v) a small amount of century eggs and salted eggs. Except for the century eggs and the salted eggs which were sourced locally, our processed egg products were made of the eggs produced from our farm.

Pricing

We generally price our products differently based on the product category. Factors affecting our pricing include the dynamics of market demand and supply, commodity prices, costs of production, competitive landscape, our continued ability to differentiate our products from those of our competitors, our product positioning strategies and spending patterns of our target customers.

SUMMARY

Our revenue

The following table sets forth a breakdown of our revenue by types of products during the Track Record Period:

	Year ended 31 March											
	2016				2017				2018			
	SGD'000	% of total revenue	Sales Vol '000	Average unit price	SGD'000	% of total revenue	Sales Vol '000	Average unit price	SGD'000	% of total revenue	Sales Vol '000	Average unit price
Fresh Eggs	13,811	77.9	90,837	0.1520	12,877	64.7	89,519	0.1438	14,288	56.9	97,132	0.1470
Processed Eggs												
Pasteurised liquid eggs	1,523	8.6	12,948	0.1172	3,110	15.6	29,069	0.1070	5,198	20.7	41,885	0.1241
Pasteurised soft yolk eggs	667	3.8	1,360	0.4908	1,453	7.3	2,449	0.5934	1,772	7.0	2,780	0.6374
Pasteurised hard boiled and peeled eggs	900	5.1	4,251	0.2117	1,136	5.7	5,713	0.1988	1,527	6.1	7,688	0.1986
Pasteurised shell eggs	571	3.2	1,774	0.3251	1,004	5.0	4,042	0.2484	1,510	6.0	6,166	0.2449
Other processed eggs	257	1.4	591	0.4343	334	1.7	779	0.4287	828	3.3	1,938	0.4272
Total	<u>17,729</u>	<u>100</u>	<u>111,761</u>		<u>19,914</u>	<u>100</u>	<u>131,571</u>		<u>25,123</u>	<u>100</u>	<u>157,589</u>	

Our gross profit and gross profit margin

During the Track Record Period, our gross profit after agricultural produce fair value adjustments amounted to approximately SGD2.7 million, SGD3.5 million and SGD3.1 million, respectively. Our gross profit margin after agricultural produce fair value adjustments decreased from approximately 17.4% for the year ended 31 March 2017 to approximately 12.3% for the year ended 31 March 2018 primarily due to (i) increase in the sales of our sourced fresh eggs (which have a lower average selling price than our own produced fresh eggs) as a result of our Group's newly acquired subsidiary, i.e. CSH Eggs, and increase in market demand for fresh eggs and our own produced processed egg products (produced using our own produced fresh eggs), as well as (ii) increase in cost of sales as a result of an increase in sourced fresh eggs, increase in employee compensation and gain arising from initial recognition of agricultural produce at fair value less estimated point of sale costs at point of harvest as mentioned in the section headed "Financial information" of this prospectus. The table below sets forth the breakdown of our gross profit and gross profit margin by before and after agricultural produce fair value adjustments during the Track Record Period:

	Year ended 31 March								
	2016			2017			2018		
	SGD'000			SGD'000			SGD'000		
	Fresh Eggs	Processed Eggs	Total	Fresh Eggs	Processed Eggs	Total	Fresh Eggs	Processed Eggs	Total
<i>Results before agricultural produce fair value adjustments:</i>									
Gross profit	3,145	1,218	4,363	3,125	2,094	5,219	2,916	2,901	5,817
Gross profit margin	22.8%	31.1%	24.6%	24.3%	29.8%	26.2%	20.4%	26.8%	23.2%
<i>Results after agricultural produce fair value adjustments:</i>									
Gross profit	1,853	882	2,735	1,964	1,498	3,462	1,607	1,482	3,089
Gross profit margin	13.4%	22.5%	15.4%	15.3%	21.3%	17.4%	11.2%	13.7%	12.3%

SUMMARY

OUR CUSTOMERS

During the Track Record Period, we have established a diversified customer base for our egg products, including mainly supermarkets and minimarts, food and beverage outlets and restaurants, wholesalers and retailers and online sales platforms. For each of the three years ended 31 March 2018, our sales to our five largest customers represented approximately 39.2%, 36.9% and 30.7% of our total revenue, respectively while our sales to our largest customer represented approximately 14.2%, 11.5% and 8.4% of our total revenue, respectively. The table below sets forth a breakdown of our revenue generated from different types of customers during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	% of total revenue	SGD'000	% of total revenue	SGD'000	% of total revenue
Supermarkets and minimarts	7,791	43.9	8,402	42.2	7,296	29.0
Food and beverage outlets and restaurants	7,118	40.2	7,674	38.5	15,363	61.2
Wholesalers and retailers	2,820	15.9	3,774	19.0	2,332	9.3
Online sales platforms	—	—	64	6.3	133	0.5
Total	<u>17,729</u>	<u>100</u>	<u>19,914</u>	<u>100</u>	<u>25,123</u>	<u>100</u>

Our revenue derived from food and beverage outlets and restaurants for the year ended 31 March 2018 increased by approximately SGD8.0 million as compared with the same for the corresponding year in 2017, whereas our revenue derived from supermarkets and minimarts for the year ended 31 March 2018 decreased by approximately SGD1.1 million as compared with the same for the corresponding year in 2017. Since our processed egg products were mainly sold to food and beverage outlets and restaurants whilst our fresh egg products were mainly sold to supermarkets and minimarts, our Directors consider that such change in the customer mix was principally due to the increase in the sales of processed egg products and the decrease in the sales of fresh egg products during the relevant periods. The increase in revenue derived from food and beverage outlets and restaurants for the year ended 31 March 2018 was mainly driven by (i) demand from new customers following our acquisition of CSH Eggs on 1 May 2017, whose customers base mainly comprises food and beverage outlets and restaurants; and (ii) an increase in demand from certain of our Group's existing and new food and beverage outlets customers for our fresh eggs, pasteurised liquid eggs, pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs.

For further details, please refer to the sections headed "Business — Sales and customers" and "Financial information — Revenue" of this prospectus.

SUMMARY

OUR SUPPLIERS

During the Track Record Period, our major suppliers mainly include (i) suppliers of raw materials for the production of feeds for our growers and layers, including soybean meal, yellow maize, wet grains, vitamin pre-mix, mineral pre-mix and palm oil; (ii) suppliers of fresh chicken eggs, quail eggs, century eggs and salted eggs; (iii) suppliers of packaging materials such as egg trays, plastic bags and plastic containers; and (iv) utilities providers. For each of the three years ended 31 March 2018, our purchases from the five largest suppliers represented approximately 67.7%, 70.5% and 65.7% of our total purchases, respectively while our purchases from our largest supplier represented approximately 25.6%, 44.2% and 28.6% of our total purchases, respectively.

COMPETITIVE LANDSCAPE

According to the F&S Report, under the Singapore Quality Egg Scheme launched by the AVA, our Group is currently one of the three hi-tech egg farms in Singapore which are well equipped with modern infrastructure and facilities. With three players in the entire egg production market in Singapore, the overall egg production market is highly competitive.

As stated in the F&S Report, we had a market share in terms of revenue of approximately 20.7% of local egg production in Singapore in 2017 and an estimated market share of approximately 7.8% in terms of the total egg consumption in Singapore in 2017.

Our Group also faces intense competition from our neighbouring countries, particularly Malaysia and China, due to their cost advantage in production. According to the F&S Report, approximately 77% of the eggs in Singapore are supplied by Malaysian egg producers.

For further details, please refer to the sections headed “Industry overview — Competitive landscape of egg market in Singapore” and “Risk factors — A substantial part of our sales revenue was generated in Singapore during the Track Record Period and a significant decrease of our market share in Singapore may materially and adversely affect our results of operations and business performance” of this prospectus.

SUMMARY

COMPETITIVE STRENGTHS

Our Directors believe that the success of our Group is attributable to, among other things, the following competitive strengths:

- we offer a variety of egg products which enable us to access a wider pool of potential customers in the egg market;
- we possess all crucial production facilities and do not need to rely on any subcontracting arrangement;
- we have established long-standing business relationships with our major customers;
- we have an experienced and incentivised management team with a proven track record;
- we have established a biosecurity system and a quality control system for our production process; and
- we have our own transportation vehicles for distribution and delivery of our egg products to our domestic customers.

For further details, please refer to the section headed “Business — Competitive strengths” of this prospectus.

BUSINESS STRATEGIES

Our principal business objective is to maintain sustainable growth in our existing business by diversifying our products and to increase our market share in the egg market in Singapore. To achieve this objective, we plan to implement the following business strategies:

- expanding our egg laying production capacity in our existing production base; and
- expanding our capabilities of producing processed egg products.

For further details, please refer to the section headed “Business — Business strategies” of this prospectus.

SUMMARY OF FINANCIAL INFORMATION

The table below sets forth a summary of the combined financial information of our Group during the Track Record Period, which have been extracted from, and should be read in conjunction with the Accountant’s Report set out in Appendix I to this prospectus.

SUMMARY

Highlight of combined statements of comprehensive income

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Revenue	17,729	19,914	25,123
Cost of sales	(14,994)	(16,452)	(22,034)
Gross profit	2,735	3,462	3,089
Other income (<i>Note 1</i>)	206	113	1,584
Other gains/(losses) – net	—	(433)	67
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest	1,638	1,749	2,734
Gain/(loss) arising from changes in fair value of biological assets less estimated point-of-sale costs	333	381	(865)
Selling and distribution expense	(2,080)	(1,982)	(2,314)
Administrative expenses			
— Professional service fees in respect of listing preparation	—	—	(1,719)
— Others	(1,177)	(1,162)	(1,416)
Finance costs	(265)	(187)	(197)
Profit before income tax (<i>Note 2</i>)	1,390	1,941	936
Income tax credit/(expense)	6	(193)	(463)
Profit after tax and total comprehensive income for the year attributable to equity holders of the Company (<i>Note 3</i>)	<u>1,396</u>	<u>1,748</u>	<u>473</u>

Notes:

- For the three years ended 31 March 2018, our other income mainly consisted of government grants of approximately SGD175,000, SGD85,000 and SGD68,000, respectively. Such government grants mainly comprised the AVA Food Fund, the Agriculture Productivity Fund, the Productivity and Innovation Credit Scheme and the Wage Credit Scheme. For further details of the types of government grants in Singapore and their respective basis and conditions, please refer to the section headed “Regulatory overview — Government grants” of this prospectus. In addition and for the year ended 31 March 2018, our other income also consisted of the reversal of accrued royalty expenses pursuant to the Supplemental US Technology Licence Agreement of approximately SGD1.1 million and the insurance compensation resulting from the incident of infection with the Marek’s disease of approximately SGD0.3 million. For further details, please refer to the section headed “Financial Information — Other income” of this prospectus.
- For the year ended 31 March 2018, our profit before income tax was approximately SGD936,000. In the event that the US Licensor had not agreed to waive the royalty fees under the US Technology Licence Agreement and that our Group had to pay the requisite royalty fees, our loss before income tax for the year ended 31 March 2018 would have amounted to approximately SGD121,000.
- For the year ended 31 March 2018, our profit after tax was approximately SGD473,000. In the event that the US Licensor had not agreed to waive the royalty fees under the US Technology Licence Agreement and that our Group had to pay the requisite royalty fees, our loss after tax for the year ended 31 March 2018 would have amounted to approximately SGD584,000.

SUMMARY

Our Group's total revenue increased by approximately SGD2.2 million, or approximately 12.3%, from approximately SGD17.7 million for the year ended 31 March 2016 to approximately SGD19.9 million for the year ended 31 March 2017, primarily due to the increase in the sales of processed egg products.

Our total revenue increased by approximately SGD5.2 million, or approximately 26.2%, from approximately SGD19.9 million for the year ended 31 March 2017 to approximately SGD25.1 million for the year ended 31 March 2018, primarily due to the increase in sales of processed egg products.

Accumulated losses as at 1 April 2015 (the beginning of the Track Record Period)

As at 1 April 2015, our Group had accumulated losses of approximately SGD1.8 million. Such accumulated losses were reduced to approximately SGD0.4 million as at 31 March 2016 as our Group had generated a profit after tax of approximately SGD1.4 million for the year ended 31 March 2016. Our Directors believe that with the implementation by the Group of its strategy to increase revenue by extending our product range from just sales of fresh eggs to include processed egg products in 2014, our Group was able to turn around its financial performance so as to be profitable for the year ended 31 March 2015 and to sustain our profitability during the Track Record Period.

Biological assets

During the Track Record Period, our biological assets represent day-old chicks, growers and layers held for production of eggs and spent hens which are classified as immature and mature hens, respectively. These biological assets are stated at fair value less estimated point-of-sale costs, such as transportation costs. The fair value of our biological assets could be affected by, amongst other things, expected market price and the estimated yield of the agricultural produce, being fresh eggs, the expected market price of spent hens and mortality rate. Our biological assets were independently valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer with extensive experience in valuation of biological assets. For further details, please refer to the section headed "Financial information — Valuation of biological assets" of this prospectus.

In around September 2017, our Group experienced higher than normal mortalities in 2 batches of our growers and layers due to the incident of infection with Marek's disease. As confirmed by our Directors, approximately 85,000 growers and layers were affected and died from the Marek's disease incident and were not culled. Our Directors also confirm that all those affected growers and layers were isolated and the dead growers and layers were handled by an independent third party licensed general wastecollector in accordance with the Animals and Birds Act. For further details of the statutory requirements, please refer to the section headed "Regulatory overview — Laws and licences for the carrying on of our Group's business — Animals and Birds Act (Chapter 7)" of this prospectus. With the control measures and mitigating measures adopted by our Group, our Directors believe that the fresh egg production operations of our Group will be restored to normal production level by March 2019. For further details on the incident of infection with Marek's disease and the control and mitigating measures adopted by our Group, please refer to the section headed "Business — Preventive measures against poultry-related diseases" of this prospectus.

SUMMARY

Highlights of combined statements of financial position

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Non-current asset	13,102	14,206	16,713
Current assets	6,907	8,669	8,309
Current liabilities	5,412	5,467	8,510
Net current assets/(liabilities) (Note)	1,495	3,202	(201)
Non-current liabilities	4,961	6,224	4,855
Total equity and liabilities	20,009	22,875	25,022

Note:

Our net current assets of approximately SGD3.2 million as at 31 March 2017 subsequently became net current liabilities of approximately SGD0.2 million as at 31 March 2018 primarily due to the drawdown of our Group's existing short-term bank facilities as an interim financing option to finance the payment of the lease premium in regards of the renewal of the lease of the land where our production facilities are located while longer term bank facilities were negotiated.

Highlights of combined statements of cash flow

	For the year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Operating cash flows before changes in working capital	3,645	4,865	4,835
Net cash generated from operating activities (Note)	2,731	5,515	4,048
Net cash used in investing activities	(504)	(3,064)	(4,690)
Net cash used in financing activities	(1,841)	(786)	(474)
Cash and cash equivalents at the beginning of the year	(136)	250	1,915
Cash and cash equivalents at the end of the year	<u>250</u>	<u>1,915</u>	<u>799</u>

Note:

For the year ended 31 March 2018, our net cash generated from operating activities amounted to approximately SGD4,048,000. In the event that the US Licensor had not agreed to waive the royalty fees under the US Technology Licence Agreement and that our Group had to pay the requisite royalty fees, our net cash generated from operating activities for the year ended 31 March 2018 would have amounted to approximately SGD2,991,000.

SUMMARY

Cost of sales

Our cost of sales consists primarily of the costs of inventories, production costs and biological fair value adjustments. The following table sets out a breakdown of our cost of sales during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	%	SGD'000	%	SGD'000	%
Inventories						
Feeds	6,130	40.9	7,119	43.3	6,763	30.7
Packaging materials	547	3.6	594	3.6	905	4.1
Purchased eggs	1,263	8.4	1,015	6.2	4,611	20.9
Depreciation	2,025	13.5	2,304	14.0	2,303	10.5
Employee compensation	1,401	9.3	1,539	9.4	2,394	10.8
Rental on operating leases	269	1.8	269	1.6	267	1.2
Utilities	582	3.9	533	3.2	521	2.4
Medication and vaccination	294	2.0	317	1.9	259	1.2
Other	855	5.7	1,005	6.1	1,283	5.8
Cost of sales results before agricultural produce fair value adjustments	13,366	89.1	14,695	89.3	19,306	87.6
Gain arising from changes in fair value of agricultural produce less estimated point-of-sale costs	1,628	10.9	1,757	10.7	2,728	12.4
Total cost of Sales	14,994	100.0	16,452	100.0	22,034	100.0

SUMMARY

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	For the year ended 31 March		
	2016	2017	2018
Profitability			
Gross profit margin	15.4%	17.4%	12.3%
Net profit margin (<i>Note 1</i>)	7.9%	8.8%	1.9%
Return on equity	14.5%	15.6%	4.1%
Return on total assets	7.0%	7.6%	1.9%
	As at 31 March		
	2016	2017	2018
Liquidity			
Current ratio	1.3	1.6	1.0
Quick ratio	1.1	1.4	0.8
Capital adequacy			
Gearing (<i>Note 2</i>)	72.1%	64.9%	78.2%
Debt to equity	68.8%	47.8%	71.4%
Interest coverage	6.2	11.4	5.8

Notes:

1. Our net profit margin decreased significantly from approximately 8.8% for the year ended 31 March 2017 to approximately 1.9% for the year ended 31 March 2018, which was primarily due to the listing expenses incurred of approximately SGD1.7 million for the year ended 31 March 2018.
2. Gearing ratio is calculated based on the total debt (i.e. borrowings, finance lease liabilities, amount due to a shareholder and amount due to a non-related party) divided by total equity at the end of the year and multiplied by 100%.

Please refer to the section headed “Financial information — Key financial ratios” of this prospectus for the calculation basis of each ratio presented above.

SHAREHOLDERS' INFORMATION

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account Shares which may be issued upon the exercise of option granted under the Share Option Scheme), our Company will be owned as to approximately 58.96% by Radiant Grand, which is wholly owned by Mr. Ma. As Radiant Grand and Mr. Ma are directly or indirectly holding 30% or more of the voting power at general meetings of our Company immediately following the Listing, each of Radiant Grand and Mr. Ma will be regarded as a group of Controlling Shareholders under the GEM Listing Rules. Our Controlling Shareholders have confirmed that none of them and their respective associates is interested in any business which competes or is likely to compete, directly or indirectly, with the business of our Group.

SUMMARY

For further details, please refer to the section “Relationship with Controlling Shareholders” of this prospectus.

LISTING EXPENSES

The Listing expenses (including underwriting commissions) are estimated to be approximately SGD4.5 million, equivalent to approximately HK\$26.9 million, based on the mid-point of the indicative range of the Offer Price of HK\$0.45 per Offer Share of which an amount of approximately SGD1.7 million, equivalent to approximately HK\$10.2 million, has been charged to the combined statements of comprehensive income for the three years ended 31 March 2018. We expect that an amount of approximately SGD1.3 million, equivalent to approximately HK\$7.7 million, will be charged to the combined statements of comprehensive income for the year ending 31 March 2019, and SGD1.5 million, equivalent to approximately HK\$9.0 million, will be accounted for as a reduction from equity upon Listing.

The above-mentioned amount of Listing expenses will have an adverse impact on our profitability for the year ending 31 March 2019.

DIVIDENDS

During the Track Record Period, our Group declared dividends of approximately nil, SGD0.2 million and nil for the three years ended 31 March 2018, respectively. No dividend has been paid or declared by the Company since its incorporation. Interim dividend of SGD100,000 per ordinary share totalling SGD200,000 out of the profits of TPEC for its year ended 30 September 2017 was approved on 30 March 2017. Such interim dividend was fully settled on 30 October 2017.

On 13 July 2018, interim dividend of SGD100,000 per ordinary share totaling SGD200,000 out of the retained earnings of TPEC for its nine months ended 30 June 2018 was approved. Such interim dividend was fully settled on 31 July 2018.

On 13 July 2018, final dividend of SGD0.06 per ordinary share totaling SGD600,000 out of the retained earnings of N&N for its year ended 31 March 2018 was approved. Such final dividend was fully settled on 31 July 2018.

Save as disclosed above, no dividend or distribution has been proposed, declared or paid by our Company or any of the companies comprising our Group in respect of any period subsequent to 31 March 2018.

We currently do not have any fixed dividend policy and does not have any predetermined dividend ratio. Dividends may be paid out by way of cash or by other means that the Directors consider appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. For further details, please refer to the section headed “Financial information – Dividends” of this prospectus.

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FUTURE PLANS AND USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting underwriting fees and other estimated expense in connection with the Share Offer, are estimated to be approximately HK\$29.3 million (assuming an Offer Price of HK\$0.45 per Offer Share, being the mid-point of the indicative Offer Price range). We intend to use the proceeds for the following purposes:

- approximately HK\$26.4 million (representing approximately 90% of the net proceeds) will be used for expanding our egg laying production capacity in our existing production base including (i) the preparation works for the physical construction for one two-storey pullet house and three two-storey layer houses; and (ii) the construction of the first two-storey layer houses; and
- the remaining amount of approximately HK\$2.9 million (representing approximately 10% of the net proceeds) will be used for our working capital and other general corporate purposes.

For further details, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

OFFER STATISTICS

	Based on the minimum Offer Price of HK\$0.40 per Share	Based on the maximum Offer Price of HK\$0.50 per Share
Market capitalisation (<i>Note 1</i>)	HK\$200,000,000	HK\$250,000,000
Unaudited pro forma adjusted net tangible assets per Share (<i>Note 2</i>)	HK\$0.20	HK\$0.23

Notes:

- (1) The calculation of the market capitalisation of our Shares is based on 500,000,000 Shares expected to be in issue immediately after completion of the Capitalisation Issue and the Share Offer, but does not take into account of any Shares which may be allotted or issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.
- (2) For calculation of the unaudited pro forma adjusted net tangible assets per Share, please refer to Appendix II “Unaudited pro forma financial information” to this prospectus.

RISK FACTORS

Our business is subject to a number of risks and uncertainties, including the following major risks:

- our business is subject to risks of poultry-related diseases and infection;
- we face the risk of food contamination and deterioration and we may be subject to product liability claim on our egg products;
- our business may be affected by any revocation or non-renewal of our licences;

SUMMARY

- disruption to our production facilities may adversely affect our business;
- our business may be affected by fluctuations in the costs of raw materials for feeds; and
- we do not have long term contracts with our major customers and suppliers.

For further details, please refer to the section headed “Risk factors” of this prospectus.

REASONS FOR LISTING IN HONG KONG

Our Group has been contemplating growth and expansion of our business and accordingly a public listing has been considered. Having considered the level of internationalism of the Stock Exchange, its maturity in the global financial world and the sufficiency of institutional capital and funds following listed companies in Hong Kong, our Directors are of the view that the Stock Exchange is a more suitable platform for listing than other listing venues.

Our Directors believe that the Listing is beneficial to our future growth and will increase the long term value to our Group for the following reasons:

(i) Providing us with a suitable fund-raising platform to implement our business strategies

It is our Group’s strategy to achieve growth through expansion of our egg laying capacity in our existing production base, product diversification and expansion of our capabilities of producing processed egg products. We are committed to achieving the abovementioned business strategies by carrying out our five-year period expansion plan as disclosed in the section headed “Business — Business strategies” of this prospectus through the construction of one additional two-storey pullet house and three additional two-storey layer houses. Although our Group was able to fund our business activities using internally generated funds and bank borrowings during the Track Record Period, such internally generated funds and bank borrowings may not be sufficient to finance our Group’s expansion plan without increasing our Group’s borrowings. Our Directors consider that it would be necessary and prudent for our Group to retain a certain level of cash balance and available credit facilities to provide a buffer for any unexpected liquidity demands that our Group may encounter from time to time. Moreover, dependence on internally generated funds and borrowings would be a slower and more protracted process and there are also limits to how much the Company can borrow. The listed platform allows our Group to optimise our funding mix to maximise shareholders’ returns. Accordingly, our Directors are of the view that the Listing will provide us with a suitable fund-raising platform to access the capital markets for the necessary financial resources to implement our business strategies. Given the continuing expansion plans of our Group, the Listing would also provide us with a long-term fund raising platform to raise funds through secondary fund raising exercises after the Listing. With our strengthened financial position, our Directors believe that we will be able to grasp future opportunities arising from the increase in demand for and local consumption of eggs in Singapore, so as to increase our market share in the egg production market in Singapore.

SUMMARY

(ii) Strengthening our business relationship with our customers and suppliers as well as attracting more talented people to work for our Group

Our Directors also believe that becoming a public listed company would strengthen our business relationships with our customers and suppliers as well as attract more talented people to work for our Group. As a public listed company, customers and suppliers will have more confidence in (i) the quality of our egg products; and (ii) the stability and credibility of our financial position.

(iii) Increasing our level of competitiveness

While our Directors agree that chicken egg products are common food and that the nature of this industry in Singapore is relatively stable, the market is competitive. Our Group competes with equally dominant suppliers not only from Singapore but also from overseas, primarily from Malaysia. Listed company status would enable our Group to distinguish itself from its competitors, especially now that our Group, with the expansion in the sales of processed egg products, has been moving away from the business model of its listed industry peer. As our Group has increasingly been expanding its sales to the processed eggs segment, the profile of our customers had also gravitated towards larger and more well-established corporate entities, which demand and expect its suppliers to be financially sound and well managed.

(iv) Increasing our customers' and suppliers' confidence in us

Due to the information publicly available as a result of the disclosure requirements of a listed company and the higher level of corporate governance standards required of a listed company, our Group's customers and suppliers would be in a better position to evaluate our Group's ability to meet its obligations. Confidence among customers and suppliers is a sound foundation for stable and predictable business relations with our Group. Moreover, as our Group relies on suppliers for the bulk of its purchases, the ability to assess our Group's financial strength on publicly available information and its standing as a public listed entity, with the expected accompanying checks and balances, would, all things being equal, inspire a higher level of confidence for them to extend better credit terms and exposure to our Group. Accordingly, our Directors are of the view that a listing status on the Stock Exchange is best proof to our major stakeholders including but not limited to customers, suppliers, investors and employees of our Group's financial stability and credibility, quality of corporate governance and business sustainability.

(v) Enhancing our reputation and brand publicity

Moreover, customers and suppliers may also prefer to work with public listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies. Another advantage of becoming a public listed company is that our Group will be able to attract more talented people to work for and grow our business as our business has been perceived to be unexciting by the younger generation in Singapore.

SUMMARY

The listed company status would also enhance our reputation, brand publicity and our competitiveness among our competitors, which may in turn improve our ability to expediently and effectually capitalise on any future opportunities.

(vi) Expanding and diversifying our shareholder base

In addition, the Listing and the Share Offer would help to expand and diversify our shareholder base as it will allow institutional and professional investors in Hong Kong to invest in our Shares, thereby establishing a broader shareholder base benefitting our Company and Shareholders as a whole.

For further details on our future plans, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Subsequent to 31 March 2018, we have continued to focus on the production and sale of fresh chicken eggs and processed egg products in Singapore. Our Directors confirm that our sales of fresh eggs and processed egg products remained relatively stable and that our Group did not make any significant change to our pricing policy after the Track Record Period. As at the date of this prospectus, there has been no material adverse change in the general economic and market conditions in Singapore which has affected or would materially and adversely affect our Group’s business operations or financial condition.

Our Group’s revenue has increased for the two months ended 31 May 2018 when compared with that of the corresponding period in 2017, mainly attributable to the increase in the number of eggs sold from 25.3 million eggs for the two months ended 31 May 2017 to 29.8 million eggs for the corresponding period in 2018, whilst the average selling price for eggs remain relatively stable. The increase in revenue was mainly driven by the demand from new customers following our acquisition of CSH Eggs on 1 May 2017 and the increase in demand for our pasteurised liquid eggs.

In April 2018, our Group has drawdown bank borrowings of approximately SGD2.5 million for our working capital requirement and to repay loans amounting to approximately SGD800,000, which were drawn down in March 2018 as an interim financing option for the payment of land lease renewal while longer term bank facilities were negotiated.

Subsequent to the Track Record Period and up to the date of this prospectus, our Directors confirm that, other than the impact of listing expenses and the drawdown of bank borrowings in April 2018, there have not been any material adverse changes in our financial and trading position and that no event has occurred that would materially and adversely affect the financial information set forth in the Accountant’s Report set out in Appendix I to this prospectus.

In light of our increased usage of electricity as a result of more egg processing activities, our Group has placed more effort in environmental protection and invested approximately SGD675,000 in the installation of solar panels on the roofs of certain production facilities within our farm. On 4 June 2018, we made a down payment of approximately SGD202,000 and the remaining balance of approximately SGD472,000 will be funded by bank borrowings when the installation of the solar panels are completed in around October 2018.

Since 2 July 2018, Guan Sing Eggs has commenced its operations in the trading of fresh eggs.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

“Alliance Glory”	Alliance Glory Ventures Limited, a company incorporated under the laws of the BVI with limited liability on 5 January 2018 and a wholly-owned subsidiary of our Company after the Reorganisation
“Application Form(s)”	WHITE, YELLOW and GREEN application form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 15 August 2018 with effect from the Listing Date, a summary of which is set out in Appendix IV to this prospectus, and as amended from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“AVA”	Agri-Food & Veterinary Authority of Singapore
“BCA”	Building and Construction Authority
“Board”	the board of Directors
“BOA”	Board of Architects of Singapore
“business day”	any day (other than a Saturday, Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the allotment and issue of 374,980,000 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and general information — 3. Resolutions in writing of the Shareholders” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person permitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participants”	collectively, a CCASS Clearing Participant, a CCASS Custodian or a CCASS Investor Participant and “CCASS Participant” shall be construed accordingly
“CCIC” or “Sole Sponsor”	Central China International Capital Limited, a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, acting as the sole sponsor, a Joint Bookrunner and a Joint Lead Manager in relation to the Share Offer
“CCS”	the Competition and Consumer Commission of Singapore
“CCS Investigation”	the investigation by the CCS into 13 fresh chicken distributors in Singapore on their participation in anti-competitive discussions relating to the sale and distribution of fresh chicken products in Singapore from September 2007 to August 2014
“China” or “PRC”	the People’s Republic of China, and for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, modified and/or otherwise supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) as amended, modified and/or otherwise supplemented from time to time

DEFINITIONS

“Company”	Eggriculture Foods Ltd. (永續農業發展有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2018 under the Companies Law
“Competition Act”	the Competition Act (Chapter 50B) of Singapore, as amended, modified and /or otherwise supplemented from time to time
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and in the case of our Company, means collectively, Radiant Grand and Mr. Ma, or as the context requires, any one of them
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“CSH Eggs”	Chuan Seng Huat Eggs Pte. Ltd. (泉成發蛋莊私人有限公司), a company incorporated under the laws of Singapore with limited liability on 18 May 2016 and an indirect wholly-owned subsidiary of our Company after the Reorganisation
“CSH Egg Store”	Chuan Seng Huat Egg Store (泉成發蛋莊), a sole-proprietorship registered under the laws of Singapore on 18 February 1975 which is wholly-owned by CSH Eggs
“Deed of Indemnity”	the deed of indemnity dated 15 August 2018 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of our subsidiaries), further details of which are set out in the section headed “Statutory and general information — 14. Estate duty, tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 15 August 2018 and entered into between our Controlling Shareholders and our Company (for itself and on behalf of our subsidiaries), pursuant to which our Controlling Shareholders agreed and undertook with our Company that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which competes or may compete with our businesses, further details of which are set out in the section headed “Relationship with Controlling Shareholders — Non-competition undertakings” of this prospectus

DEFINITIONS

“Deksen”	Deksen Enterprise Pte Ltd, a company incorporated under the laws of Singapore with limited liability on 2 May 2007 and is an independent third party
“Director(s)”	the director(s) of our Company
“Egg Harvest”	Egg Harvest Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 1 April 2009 and owned by Mr. Ma and Mr. Lim as to 64.35% and 35.65%, respectively
“Egg Story”	Egg Story Limited (蛋的故事有限公司), a company incorporated under the laws of Hong Kong with limited liability on 5 July 2017 and an indirect wholly-owned subsidiary of our Company after the Reorganisation
“Elite Ocean”	Elite Ocean Ventures Limited, a company incorporated under the laws of the BVI with limited liability on 2 January 2018 which is wholly-owned by Mr. Lim and is a Substantial Shareholder
“Frost & Sullivan”	Frost & Sullivan Limited, a market research and advisory company and the industry consultant engaged by our Company
“F&S Report”	a report in respect of the egg production and distribution market in Singapore issued by Frost & Sullivan on the date of this prospectus and commissioned by our Company
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, modified and/or otherwise supplemented from time to time
“Golden Hoyo”	Golden Hoyo Pte Ltd, a company incorporated under the laws of Singapore with limited liability on 26 August 1989 and an indirect wholly-owned subsidiary of our Company after the Reorganisation
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “we” or “us”	our Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries and the businesses carried on by such subsidiaries or (as the case may be) their predecessors

DEFINITIONS

“Guan Sing Eggs”	Guan Sing Eggs, a sole-proprietorship registered under the laws of Singapore on 1 May 2018 which is wholly owned by N&N
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HK eIPO White Form(s)”	the application form(s) for use by the public who subscribe for the Offer Shares through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
“Hup Heng”	Hup Heng Poultry Industries Pte Ltd, a company incorporated under the laws of Singapore with limited liability on 7 September 1990 which is owned by Mr. Ma and his family members as to 27.8% as at the Latest Practicable Date
“independent third party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the GEM Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the GEM Listing Rules) of our Company, its subsidiaries or any of their respective associates
“Joint Bookrunners”	CCIC and China Industrial Securities International Capital Limited
“Joint Lead Managers”	CCIC and China Industrial Securities International Capital Limited
“kg”	kilograms
“Latest Practicable Date”	15 August 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in the prospectus prior to its publication

DEFINITIONS

“Listing”	the listing of the Shares on GEM
“Listing Date”	the date on which dealings in our Shares first commence on GEM
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company adopted on 15 August 2018, as amended from time to time
“Mr. Lim”	Mr. Lim Joo Boon (林尤文), one of our Substantial Shareholders
“Mr. Ma”	Mr. Ma Chin Chew (馬琮就), our chairman, executive Director and the chief executive officer of the Company and is one of our Controlling Shareholders
“MUIS”	Majlis Ugama Islam Singapura
“N&N”	N&N Agriculture Pte Ltd (安安農業私人有限公司), a company incorporated under the laws of Singapore with limited liability on 14 December 1996 and an indirect wholly-owned subsidiary of the Company after the Reorganisation
“NEA”	National Environment Agency
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) which will be not more than HK\$0.50 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share, such price to be determined in the manner as further described in the paragraph headed “Price payable on application” under the section headed “Structure of the Share Offer” of this prospectus
“Offer Shares”	the Placing Shares and the Public Offer Shares
“PEB”	Professional Engineers Board of Singapore
“Placing”	the conditional placing of the Placing Shares at the Offer Price with institutional, professional and private investors, details of which are described in the section headed “Structure of the Share Offer” of this prospectus
“Placing Shares”	the 112,500,000 Shares initially being offered by our Company for subscription at the Offer Price under the Placing, subject to reallocation as described in the section headed “Structure of the Share Offer” of this prospectus

DEFINITIONS

“Placing Underwriters”	the underwriters of the Placing who are expected to enter into the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing and expected to be entered into by, among others, our Company, the Controlling Shareholders, the Substantial Shareholders, the executive Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Placing Underwriters as further described in the section headed “Underwriting” of this prospectus
“Price Determination Date”	the date, expected to be on or around Wednesday, 29 August 2018 (or such other date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company), on which the Offer Price is fixed for the purpose of the Share Offer
“Public Offer”	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, details of which are described in the section headed “Structure of the Share Offer” of this prospectus and the related Application Forms
“Public Offer Shares”	the 12,500,000 Shares (subject to reallocation) initially being offered by the Company for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed “Structure of the Share Offer” of this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer whose names are set out in the paragraph headed “Public Offer Underwriters” under the section headed “Underwriting” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement relating to the Public Offer entered into by, among others, our Company, the Controlling Shareholders, the Substantial Shareholders, the executive Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters as further described in the section headed “Underwriting” of this prospectus
“Radiant Grand”	Radiant Grand International Limited, a company incorporated under the laws of the BVI with limited liability on 5 January 2018 which is wholly-owned by Mr. Ma and is a Controlling Shareholder
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Reorganisation”	the reorganisation arrangements implemented by our Group in preparation for the Listing which is more particularly described in the section headed “History, reorganisation and corporate structure” of this prospectus
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, modified and/or otherwise supplemented from time to time
“Singapore”	the Republic of Singapore
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 15 August 2018, the principal terms of which are set out in the paragraph headed “13. Share Option Scheme” in Appendix V to this prospectus
“SLA”	Singapore Land Authority
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this prospectus, refers to our Shareholders disclosed in the section headed “Substantial Shareholders” of this prospectus or, where the context so requires, any one of them
“Supplemental US Technology Licence Agreement”	the supplemental agreement to the US Technology Licence Agreement entered into between the Group and the US Licensor on 28 December 2017
“sq.m.”	square metre

DEFINITIONS

“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs, as amended, modified and/or otherwise supplemented from time to time
“TPEC”	The Pasteurised Egg Company Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 28 June 2010 and an indirect wholly-owned subsidiary of our Company after the Reorganisation
“Track Record Period”	the three years ended 31 March 2018
“Underwriters”	collectively, the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreements”	collectively, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“URA”	Urban Redevelopment Authority
“U.S.”	the United States of America
“US Licensor”	the licensor under the US Technology Licence Agreement which is an independent third party company based in the US
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, modified and/or otherwise supplemented from time to time
“US Technology Licence Agreement”	the licence agreement entered into between the Group and the US Licensor dated 12 October 2010 in relation to the use of its technology for the production of pasteurised shell eggs
“US\$” or “USD”	United States dollars, the lawful currency of the U.S.
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly in CCASS
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Company and our business. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“day-old chicks”	the small chicks of less than 8 weeks old which are reared in facilities such as pullet houses. During the Track Record Period, we procured such day-old chicks from an independent third party supplier in Malaysia accredited by the AVA
“growers”	the chickens of less than 16 weeks old which are grown from the day-old chicks
“HALAL”	a certification issued by MUIS certifying that the products are permissible under Islamic law and these products are edible, drinkable and usable by Muslims
“ISO”	the International Organisation for Standardisation
“ISO22000:2005”	a standard developed by ISO specifying the requirements for a food safety management system where an organisation needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe for human consumption
“layers”	the chickens of 16 weeks old or more which are transferred from the pullet houses to the layer houses for the purpose of laying eggs. Such layers will usually start to lay eggs from approximately the 19th week to the 89th week after their birth
“layer house”	a housing facility for the layers
“laying rate”	the daily ratio in percentage between the number of eggs laid by our layers in one batch and the number of layers in that batch
“Marek’s disease”	an ubiquitous and infectious disease of poultry caused by a herpes virus, which causes paralysis, blindness and death of the chickens and is declared to be a disease within the meaning of the Animal and Birds Act (Chapter 7) of Singapore
“pasteurisation”	a process that destroys harmful microorganisms (e.g. bacteria and viruses) by applying a precise amount of heat for a specified period of time. Such food safety technique was invented by Louis Pasteur, a French chemist and microbiologist, in 1864

GLOSSARY OF TECHNICAL TERMS

“pullet house”	a housing facility for the day-old chicks and growers
“Salmonella”	a bacteria that can cause food-borne illness, which can be found in the intestinal tracts of chickens or in the surrounding environment and can be transmitted to humans when they consume contaminated eggs
“spent hens”	layers which have reached the end of their economic egg productive lifespan and are sold to be culled
“wet grains”	processed grains, usually consist of grain husks, pericarp and fragments of endosperm, and are considered to be a good source of un-degradable protein and water-soluble vitamins in animal feed

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases, we use words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- the future competitive environment of Singapore;
- the regulatory environment as well as the general industry outlook for the industry which we are engaged in;
- future developments in the industry which we are engaged in;
- the global and domestic economy;
- the trend of the economy of Singapore in general;
- the risks identified under the section headed “Risk factors” of this prospectus; and
- other factors beyond our control.

These statements are based on numerous assumptions, including those regarding our present and future business strategy and the environment in which we will operate in the future.

The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and similar expressions, as they relate to our Group, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that our business is, to a significant extent, located in Singapore, and we are governed by a legal and regulatory environment which in some respects different from that which prevails in other countries. Our business, financial conditions or results of operation could be materially and adversely affected by any of these risks and uncertainties described below. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to risks of poultry-related diseases and infection.

Our business is subject to risks of poultry-related diseases, such as Salmonella and avian influenza, which may affect our business adversely due to the loss of consumer confidence and/or reduction in the consumption of our eggs. If any of our products is affected by avian influenza, product recalls or temporary bans may be imposed by the Government of Singapore due to public health concerns and we may have to make necessary arrangements to dispose of the infected products. All these measures may cause a drop in sales revenue and thus adversely affect our financial performance.

Besides, the productivity of our Group also depends on the health conditions of our growers and layers. During the Track Record Period, we had experienced higher than normal mortalities in our growers and layers due to the incident of infection with Marek's disease. As confirmed by our Directors, approximately 85,000 growers and layers were affected and died due to the Marek's disease and the total net anticipated reduction in profit before tax and operating cash flows amounts to approximately SGD83,000. For further details on the incident of infection with Marek's disease, please refer to the section headed "Business — Preventive measures against poultry-related diseases" of this prospectus. We cannot assure that there will not be any further occurrence of infection of such or other poultry-related diseases in the future. In the event that poultry-related diseases are found in our production base, our Group's supply of egg products may decrease and we may have to purchase eggs from third party suppliers to cope with the shortfall. These may in turn adversely affect the business and profitability of our Group.

We face the risks of food contamination and deterioration and we may be subject to product liability claim on our egg products.

Food contamination and deterioration are risks inherent to all food industry participants. Any contamination or deterioration in our raw materials or products, whether through improper storage and handling, outbreak of diseases, illegal tampering, contamination in the egg laying and production process or otherwise, may result in our raw materials and products being found unsafe for production and consumption respectively. This may lead to delays in the production or delivery of our products to our customers, a drop in sales due to damaged reputation, costs incurred in replacing the affected products, purchasing replacement raw ingredients and/or paying compensation to our customers for delays, which in turn may materially and adversely affect our

RISK FACTORS

reputation, business and financial performance. Further, in the event that the contamination and deterioration in our food products have not been discovered by the production and quality control staff at our production facilities, consumers may fall ill upon eating such food products and consequently may make claims against us. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have encountered claims in relation to the salted eggs sold by CSH Eggs in the amount of approximately SGD23,000. For further details of the claims in relation to the salted eggs sold by CSH Eggs, please refer to the section headed “Business — Legal proceedings and compliance” of this prospectus. Any product liability claim made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and adverse publicity and put strain on our administrative and financial resources. In addition, contaminated products may also cause our permits and certificates to be suspended or revoked. These may in turn materially and adversely affect our reputation, business operation and financial performance.

Our business may be affected by any revocation or non-renewal of our licences.

We are registered with, and licensed by, the AVA in relation to, inter alia, the operation of our layer farm, the processing of eggs, the import of table eggs and the manufacturing of animal feeds. Our licences issued by the AVA are subject to review and renewal. For further details, please refer to the section headed “Business — Licences and permits” of this prospectus. We cannot guarantee that we will, at all times, be able to comply with all the legal or regulatory requirements for us to be qualified for holding such licences. Should any of our licences be revoked or suspended, or if we failed to obtain any of their renewals, for any reason, our business operations may be adversely affected. In addition, we may also be subject to specific licensing conditions or directives that may be imposed on us by the AVA from time to time. There is no assurance that we may be able to satisfy all such additional conditions on time or at all. Besides, we may have to incur extra costs in order to satisfy all such additional conditions.

A substantial part of our sales revenue was generated in Singapore during the Track Record Period and a significant decrease of our market share in Singapore may materially and adversely affect our results of operations and business performance.

With just 3 AVA-licensed layer farms in Singapore, approximately 77% of egg products in Singapore are imported from Malaysia. According to the F&S Report, the number of eggs imported to Singapore has increased from 1,237 million in 2012 to 1,482 million in 2017, representing a CAGR of 3.7%. For each of the three years ended 31 March 2018, a substantial majority of our sales was in Singapore and our domestic sales in Singapore accounted for 100%, 99.5% and 99.0% of our total revenue respectively. If the demand of eggs in Singapore were to drop dramatically or consumers prefer imported eggs to domestic eggs, our operating results and business performance may be materially and adversely affected.

We may be affected by the prices of eggs imported from Malaysia.

Our sale of fresh eggs contributed approximately 77.9%, 64.7% and 56.9% of our total revenue in each of the three years ended 31 March 2018 respectively. According to the F&S Report, most of the fresh eggs sold in Singapore are imported from Malaysia. The price of eggs in Singapore is

RISK FACTORS

therefore indirectly affected by the price of Malaysian eggs, which is in turn largely determined by the supply and demand of eggs from Malaysia. If there were a substantial increase in the number of eggs imported from Malaysia to Singapore and the price of the imported eggs were sold at a substantially lower price than eggs which are produced in Singapore, and we were unable to revise the selling prices of our eggs accordingly to maintain our competitiveness, local demand for our eggs may be reduced and this would have an adverse impact on our revenue and profitability. In addition, eggs are perishable products which have to be sold within a short period of time while they remain fresh. In the event that there is an over supply of eggs in the Singapore market and we are unable to sell our own produced eggs on a timely basis, we may have to market our eggs at a substantially lower price or even discard them which would adversely affect our revenue and profitability.

Disruption to our production facilities may adversely affect our business.

Most of our production process is highly automated and computerised. Our business operations will be adversely affected by any disruption to our production facilities including, inter alia, disruption in the supply of utilities, machinery breakdowns, power failures, power surges, fire, natural disaster or other calamities which may result in significant damage to our farm, machinery and equipment and/or major delays and disruptions to our operations. A disruption in our power supply would affect our ability to maintain a desired range of temperature, ventilation and environment in our pullet and layer houses. Our production capability would thus be affected in such circumstance which in turn may adversely affect our business.

Our business may be affected by fluctuations in the costs of raw materials for feeds.

One of the major operating costs for our layer farm operations is raw materials for feeds, such as soybean meal, yellow maize, wet grains, vitamin pre-mix, mineral pre-mix and palm oil. Any shortage in the supply of, or any upsurge in demand for, such raw materials would lead to an increase in their prices. There is no assurance that we will be able to anticipate and react to such price fluctuations by adjusting the selling prices of our eggs on a timely basis or to pass on any increase in the costs of raw materials for feeds to our customers accordingly. In the event that we are unable to anticipate and react to such price fluctuations, our profitability may be adversely affected.

Our operating results and business performance may be adversely affected if we are unable to obtain waiver of the royalty fees from the US Licensor in the future as a result of any lower than expected demand of pasteurized shell eggs in Singapore.

Pursuant to the terms and conditions of the US Technology Licence Agreement, our Group is required to pay a royalty fee to the US Licensor for the use of the pasteurisation technology. In view of the lower than expected demand and sales of pasteurised shell eggs in Singapore in 2014, our Group had initiated negotiations with the US Licensor in respect of the payment of the royalty fees and had entered into a Supplemental US Technology Licence Agreement, whereby the US Licensor agreed to waive all the royalty payments prior to 1 October 2016. Such waiver is one-off and non-recurring in nature. As such, if the sales for pasteurised shell eggs in Singapore were to drop significantly in the future as a result of the lower than expected demand and our Group is unable to obtain any waiver of the royalty fees from the US Licensor, our operating results and business performance may be adversely affected.

RISK FACTORS

We are dependent on foreign workers.

As at the Latest Practicable Date, about 55.1% of our full-time workers were foreign workers, mainly from Malaysia, Myanmar, Bangladesh and the PRC. The supply of foreign workers is subject to demand and supply conditions as well as the prevailing policies and laws of the Government of Singapore. In the event of a ban, temporary or otherwise, on foreign workers from entering into Singapore to work and/or a change in the manpower regulations in Singapore which results in a shortage of foreign workers to meet our operational requirements, our business and financial performance will be adversely affected. Any increase in the foreign workers' levy wage or other requirements imposed by the Government of Singapore will also increase our labour costs.

Our continuing and future success depends on the ability of our senior management and our business may be harmed if we lose their services.

To a significant extent, the success of our Group depends on the experience, expertise and the continuing service of members of our senior management team. In particular, Mr. Ma, our chairman, executive Director and chief executive officer, who is responsible for overseeing the operation of our Group, has accumulated more than 10 years of experience in the egg production industry. Ms. Lim Siok Eng, our executive Director, joined our Group in 2009 and has been involved in the general administration of the Group since then. Our other executive Director, Mr. Tang Hong Lai, also has more than 15 years of experience from establishing and managing the water supply and waste management system for our farm operation and has been responsible for supervising and overseeing the operations of the waste management system of our Group since joining our Group in 2002.

For the biographical details of our Directors and senior management team, please refer to the section headed "Directors, senior management and staff" of this prospectus.

Our performance depends on our ability to retain and motivate our key officers and employees. There is no assurance that we can retain the continuing service of our senior management team. Our operations may be materially and adversely affected if we cannot retain their services and replacement(s) cannot be found in a timely and commercially viable manner.

We do not have long term contracts with our major customers and suppliers.

We do not have long term contracts with our major suppliers and customers. Although there were five AVA-accredited day-old chick suppliers all located in Malaysia on our internal list, two of which we have used as our supplier of day-old chicks in the last 6 years, during the Track Record Period, we have only procured day-old chicks from one AVA-accredited day-old chick supplier in Malaysia. For the details of our criteria for selecting our day-old chick suppliers, please refer to the section headed "Business — Preventive measures against poultry-related diseases — Selection of suppliers of day-old chicks" of this prospectus. We cannot assure that we will be able to maintain business relationships with such day-old chick supplier or that there will not be any substantial price increment or reduction of quantities supplied to us. Since there is no day-old chicks supplier in Singapore, if all day-old chick suppliers in Malaysia cannot supply any day-old chicks for any reasons and we cannot locate alternative day-old chick suppliers for replacement in a timely manner, our business operations would be materially and adversely affected. Further, our ability to retain our major customers is also important to our continued success. There however can be no assurance that these customers will continue to purchase our products at current levels or on the existing terms in

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the future. In the event that our major customers cease business with us or decide to reduce significantly their purchase of our products, there will be a material adverse impact on our business and financial performance.

We are exposed to credit risk and defaults in payments by our customers.

We are exposed to payment delays and defaults by our customers which are granted credit terms within a range of up to 65 days. Our financial position and profitability are therefore dependent on the creditworthiness of our customers. Any material default in the payment by our major customers may adversely affect our financial position, profitability and cash flow. For each of the three years ended 31 March 2018, impairment allowance recognised amounted to approximately nil, nil and SGD73,000, respectively. As at 31 March 2016, 31 March 2017 and 31 March 2018, our trade receivables before allowance for impairment of receivables amounted to approximately SGD3.4 million, SGD3.6 million and SGD4.4 million, respectively and our average trade receivables' turnover days for each of the three years ended 31 March 2018 were 72.1 days, 64.5 days and 57.8 days respectively. There can be no assurance that the risks of default by our customers and hence allowance for doubtful debts will not increase in the future or that we will not experience cash flow problems as a result of such defaults. Should these develop into actual events, our operations and profitability may be adversely affected.

Our insurance coverage may be inadequate.

We have in place insurance policies such as work injury compensation insurance, fire insurance, business continuity and keyman insurance, management liability insurance, machinery all risks insurance, public liability insurance, product liability insurance and livestock all risk of mortality insurance, but these insurance policies may not be adequate to cover all relevant insured losses, claims and/or liabilities that we may suffer. In the event that our insurance coverage is not available or is inadequate to cover any losses, claims and/or liabilities, our financial performance may be adversely affected.

We may encounter difficulty in achieving our specific business strategies.

Our business strategies as set out in this prospectus are based on our existing plans and intentions. These plans and intentions are subject to risks and uncertainties inherent in various stages of our development. The formulation of such plans and strategies are based on the assumptions as to the occurrence of future events (including, but not limited to, being able to obtain the AVA's approval on the expansion plans and there being no material changes in the existing political, legal, fiscal, business, economic and/or market conditions and environment in Singapore, no material changes in the bases or rates of taxation in Singapore, and no significant changes in our business relationship with our existing customers), which may or may not happen. There can be no assurance that our future plans will materialise, or be concluded, in accordance with our intentions and schedule, or that our strategies will be fully or partially accomplished. In the event that we are unable to obtain all the requisite AVA's approvals in accordance with our planned schedules, we may have to delay or even abandon our expansion plans. Our business, results of operations and financial condition may be materially and adversely affected if our future plans do not materialise and our business strategies are not achieved.

RISK FACTORS

The fair value of our biological assets may fluctuate significantly from period to period, causing our results of operations to be highly volatile.

We have significant biological assets, primarily consisting of day-old chicks, growers, layers and spent hens, which are required to be measured at fair value less the estimated cost to sell such assets at each reporting date in accordance with International Accounting Standard 41 — Agriculture (“IAS 41”). In addition, we recognise gains or losses arising from agricultural produce at fair value less costs to sell at the point of harvest and from changes in fair value less point-of-sale costs at the point of harvest. Fair value gains or losses with respect to our biological assets, which are non-cash in nature, consist of adjustments, among others, caused by change in the physical attributes of the day-old chicks (e.g. growth from day-old chicks to growers or layers) or changes in the market prices for day-old chicks or feeds.

Furthermore, the fair value of our biological assets is determined pursuant to various assumptions that may vary from time to time such as the actual survival rate and mortality rate of day-old chicks, growers and layers, the quantity, age and health conditions of our day-old chicks. As a result of revaluation of our biological assets from time to time, our financial position and results of operations may change significantly from period to period. In addition, an increase or decrease in market prices for day-old chicks will also increase or reduce our gains or losses arising from agricultural produce at fair value less costs to sell at the point of harvest and gains or losses arising from changes in fair value less costs to sell of biological assets, which makes our reported profit more volatile. During the Track Record Period, changes in the fair value less estimated point-of-sale costs of our biological assets at year end date resulted in our recognition of gains/(loss) in the amount of SGD333,000, SGD381,000 and SGD(865,000) in our combined statements of comprehensive income for the three years ended 31 March 2018, respectively.

Although we may recognise fair value gains from increases in the fair value of our biological assets, these changes will not represent changes in our cash position as long as the relevant assets continue to be held by us. For further details, please refer to the section headed “Financial information — Principal factors affecting our results of operations — Fair value adjustments of biological assets” of this prospectus.

Our Group recorded net current liabilities as at 31 March 2018 and cannot assure you that we will not experience such net current liabilities in the future.

Our Group recorded net current liabilities of approximately SGD0.2 million as at 31 March 2018, which was primarily due to the drawdown of our Group’s existing short-term bank facilities as an interim financing option to finance the payment of lease premium. For further details, please refer to the section headed “Financial information — Net current assets/(liabilities)” of this prospectus.

There can be no assurance that our Group will not experience any net current liabilities in the future. If our Group fails to maintain sufficient cash or secure non-current financing on a timely basis for significant capital expenditure, our Group’s short-term liquidity may be adversely affected.

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A customer associated with a Controlling Shareholder/Director is being investigated by the CCS under the Competition Act.

During the Track Record Period, we sold spent hens to Hup Heng for their slaughtering. For each of the three years ended 31 March 2018, the total sales of spent hens to Hup Heng amounted to approximately SGD0.5 million, SGD0.3 million and SGD0.5 million, respectively. Hup Heng, together with another 12 fresh chicken distributors in Singapore, is currently being investigated by the CCS for possible breach of the Competition Act. At the relevant material time, Mr. Ma was a shareholder and the managing director of Hup Heng. For further details of the shareholdings of Mr. Ma in Hup Heng and the business of Hup Heng, please refer to the section headed “Relationship with Controlling Shareholders — Interest of Controlling Shareholder in other business” of this prospectus.

Mr. Ma is also one of our Controlling Shareholders and our Directors as well as the chairman and the chief executive officer of our Company. In the event that Hup Heng is found to have breached the Competition Act, the reputation of Mr. Ma may be adversely affected. If our customers and/ or suppliers decide to cease doing business with us for this reason, and we are unable to identify new customers or locate alternative suppliers in a timely manner, our business, financial condition and results of operations may also be adversely affected.

RISK ASSOCIATED WITH THE INDUSTRY

Our business may be affected by competition in the industry.

Our business may be adversely affected if we are unable to compete effectively in the market. We compete with other egg products suppliers mainly on the basis of price, quality, variety of egg products sold and after-sales services to our customers. In the event that we are not competitive in terms of our pricing and variety of our egg products and our service quality compared to other suppliers of egg products, our profitability and financial performance may be adversely affected. Any decrease in the quality of our products or level of services to our customers or any occurrence of a price war amongst our competitors and ourselves would also adversely affect our business.

Our business may be affected by any changes in laws or regulations.

Our business is subject to several stringent laws and regulations in Singapore, including but not limited to the Animals and Birds Act (Chapter 7) of Singapore, the Feeding Stuffs Act (Chapter 105) of Singapore and the Sale of Food Act (Chapter 283) of Singapore. Please refer to the section headed “Regulatory overview” of this prospectus for further details. If there are any changes in legislation, regulations or policies in Singapore governing layer farming, production of egg products or the import of fresh eggs, or any matters that may affect the production or sale of our products, our ability to produce and sell our products in Singapore may be affected. More importantly, if the operations of layer farms in Singapore were to be phased out, the business of our Group would be affected. Further, in the event that additional compliance requirements are imposed by the regulatory authorities in Singapore on us or our suppliers, this would result in higher costs for us or our suppliers may pass on the increase in costs to us. Similarly, if there is any change in regulations or policies in Singapore restricting the sale, or which affects the costs of our products, our financial

RISK FACTORS

performance will also be adversely affected. If we incorporate such increased costs in our prices, this may render our products less attractive than those of our competitors. In the event that it would not be strategic to build in such increased costs in our prices, we will have to absorb these cost increments and this would affect our profitability. In addition, the operations of layer farms are required to comply with the Environmental Protection and Management Act (Chapter 94A) of Singapore with regard to air and water pollution control. From time to time, we are subject to periodic inspections by the National Environment Agency to ensure that proper measures of pollution control are kept in place in our layer farm. In the event that there are any changes in the measures of pollution control and we have to incur additional costs to ensure compliance, our profitability will be adversely affected.

Our business may be affected by recent reports on egg contamination found in the European Union countries, Switzerland and Hong Kong.

There had been frequent reports in the media of contaminated eggs found in a total of 17 countries in 2017, including the European Union countries, Switzerland and Hong Kong. It was reported that fipronil, which is banned across the European Union from use in the production of food, had been found in certain egg products. The authorities have pulled millions of contaminated eggs from the shelves of supermarkets across Europe and have taken measures to improve the integrity of the egg production industry. We cannot assure you that such incidents will not happen in Singapore in the future and that, if contaminated eggs were to be found in Singapore, our business and operations would not be affected as a result of any subsequent scandals or negative reports regarding the production of egg products.

RISKS ASSOCIATED WITH SINGAPORE

Social, political, regulatory, economic and legal developments, as well as any changes in Singaporean government policies, could materially and adversely affect our business and results of operations.

Our business, prospects, financial conditions and results of operations may be adversely affected by social, political, regulatory, economic and legal developments in Singapore. Uncertainties in these areas include, but not limited to, the risks of war, regional conflicts, terrorism, extremism, nationalism, nullification of contracts, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations concerning methods of taxation. Any negative developments may adversely affect our business, financial conditions, results of operations and prospects.

Currently, all of our operations are in Singapore and our primary market is Singapore. As Singapore is expected to remain as our principal place of operation and core market in the foreseeable future, negative developments in the Singaporean economy may have a material adverse effect on our business. Although the overall Singaporean economic environment appears to be positive, there can be no assurance that this will continue to prevail in the future.

RISK FACTORS

Any loss of or reduction in the government grants offered by the Government of Singapore may adversely affect our Group’s financial performance and results of operations.

During the Track Record Period, we received certain government grants offered by the Government of Singapore, including, but not limited to, the AVA Food Fund, the Agriculture Productivity Fund, the Productivity and Innovation Credit Scheme and the Wage Credit Scheme. For each of the three years ended 31 March 2018, the total amount of government grants we received amounted to approximately SGD175,000, SGD85,000 and SGD68,000 respectively, representing approximately 12.5%, 4.9% and 17.6% of our net profit for the same periods, respectively. For further details, please refer to the sections headed “Financial information — Principal factors affecting our results of operations — Government grants and regulatory environment” and “Regulatory overview — Government grants” of this prospectus.

However, there can be no assurance that we will continue to receive the same or similar government grants as before, as the relevant government policies may change over time. Any loss or reduction in government grants may adversely affect our financial performance and results of operations.

Our principal operating subsidiaries are incorporated in Singapore and the majority of our executive Directors and senior management are residents of Singapore. Their main assets are located in Singapore. It could be difficult to enforce a foreign judgment against the Singaporean subsidiaries, our Directors or senior management in Singapore.

Our principal operating subsidiaries are incorporated under the laws of Singapore. The majority of our executive Directors and members of our senior management are residents of Singapore and a substantial portion of the assets and the assets of these Directors and senior management are located in Singapore. Enforceability of certain foreign judgments in Singapore is by virtue of (i) the Choice of Courts Agreement Act (Chapter 39A) (“**CCAA**”), (ii) Reciprocal Enforcement of Foreign Judgments Act (Chapter 265) (“**REFJA**”), and (iii) the Reciprocal Enforcement of Commonwealth Judgments Act (Chapter 264) (“**RECJA**”).

Under the CCAA, a foreign judgment may be recognised and enforced by the Singapore courts if the judgment has effect in the state of the court which has given the foreign judgment, provided that the state is a party to the 2005 Hague Convention on Choice of Court Agreements (“**State of Origin**”) and has ratified it, and the judgment is enforceable in the State of Origin. The CCAA applies only to international civil or commercial disputes. The RECJA and REFJA do not apply to judgments which may be recognised or enforced under the CCAA. The REFJA applies to judgments from the superior courts of Hong Kong, while the RECJA applies to judgments given by a superior court from (i) a country listed in the Reciprocal Enforcement of Commonwealth Judgments (Extension) (Consolidation) Notification, which includes Hong Kong (for judgments obtained on or before 30 June 1997), New Zealand, Sri Lanka, Malaysia, Windward Islands, Pakistan, Brunei Darussalam, Papua New Guinea and India (except the State of Jammu and Kashmir); and (ii) certain states and territories of Australia. Under the REFJA and RECJA, foreign judgments from the superior courts of these jurisdictions must be registered before it can be enforced. In the event that the foreign judgment is not from a country within the scope of the REFJA or the RECJA, or is not recognised or enforceable under the CCAA, the only method of enforcement at common law, is by

RISK FACTORS

securing a judgment from the Singapore courts. As a result, it could be difficult to enforce a foreign judgment against our Singaporean subsidiaries, our Directors and senior management in Singapore.

RISKS ASSOCIATED WITH THE SHARE OFFER

The liquidity and price of the Shares may be volatile.

The Offer Price may not be indicative of the price at which the Shares will trade following the completion of the Share Offer. There is no assurance that the market price of the Shares will not fall below the Offer Price. Prices for the Shares may also fluctuate significantly. The trading price of the Shares subsequent to the Share Offer may also be subject to significant volatility in response to, among other factors, the following:

- investor perceptions of our Group and our Group's future plans and prospects;
- variations in the operating results of our Group;
- technological advancement;
- changes in pricing by our Group or our competitors;
- changes in our Group's key and senior management; and
- general economic and other factors.

There is no prior market for the Shares.

Prior to the Share Offer, there has been no public market for the Shares. A listing on the Stock Exchange does not guarantee that an active and liquid trading market of our Shares will develop. If an active trading market for our Shares does not develop or is not sustained after the Listing, the market price and liquidity of our Shares could be materially and adversely affected.

Historical dividends are not indicative of future dividends.

During the Track Record Period, members of our Group declared and paid an aggregate of SGD0.2 million as dividends. Such dividends should not be used by potential investors as a guide to the future dividend policy of our Group. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The past dividend rates should not be used as a reference or basis to determine the amount of dividends in the future. The amount of any dividends to be declared in the future will be subject to, among other factors, the discretion of our Directors, having considered the working capital requirements in the future, the availability of distributable profits, our Group's results of operation, working capital, capital and funding requirements, tax requirements, the applicable laws and other relevant factors.

RISK FACTORS

Future disposals of a substantial number of our Shares by our major Shareholders in the public market may cause downward pressure to the market prices of our Shares.

The disposals of a substantial number of our Shares in the public market after the Share Offer, or the possibility for such disposals, could adversely affect the market price of our Shares. Some of the Shares are subject to certain lock-up periods, the details of which are set out in the section headed “Underwriting — Undertakings” of this prospectus. The relevant Shareholders will be able to dispose of their Shares upon expiration of the lock-up period. Disposals of any substantial number of our Shares may cause downward pressures on the market price of our Shares.

As the Offer Price is higher than the net tangible asset book value per Share, investors will experience immediate dilution.

The Offer Price of our Shares is higher than the net tangible assets book value per Share immediately prior to the Share Offer. Therefore, investors in our Shares in the Share Offer will experience an immediate dilution in the pro forma combined net tangible assets value of HK\$0.23 per Share based on the maximum Offer Price of HK\$0.50 per Share. Further, we may consider issuing additional new Shares in the future to finance expansion of, or new developments relating to, our existing operations or new acquisitions. Investors in our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional new Shares in the future at a price which is lower than the net tangible asset book value per Share at the time of their issue.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE OFFER SHARES ARE FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer is an offer by our Company of 12,500,000 Shares under the Public Offer (subject to reallocation) and 112,500,000 Shares under the Placing (subject to reallocation), in each case at the Offer Price. Details of the structure of the Share Offer are set out in the section headed "Structure of the Share Offer" of this prospectus. This prospectus and the Application Forms relating thereto set out the terms and conditions of the Share Offer.

The Share Offer is sponsored by the Sole Sponsor, managed by the Joint Lead Managers and is fully underwritten by the Underwriters as referred to in the section headed "Underwriting" of this prospectus.

In the event that our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach an agreement on the Offer Price on or before 12:00 noon on Wednesday, 29 August 2018 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not become unconditional and will lapse immediately.

OFFER SHARES TO BE OFFERED IN HONG KONG ONLY

Each person acquiring the Offer Shares will be required to confirm, or be deemed by acquisition of the Offer Shares to have confirmed that he/she is aware of the restrictions on and sales of the Offer Shares described in this prospectus, and that he/she/it is not acquiring, and has not been offered any Offer Share, in circumstances which contravene any such restrictions.

No action has been taken to permit the offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Form(s) may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or under any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an unauthorised offer or invitation.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of their respective directors or any other person or parties involved in the Share Offer.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective investors should inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer (including any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and as otherwise described herein on GEM.

No part of the share or loan capital of the Company is listed, traded or dealt in on any stock exchange and save as disclosed in this prospectus, no such listing or permission to deal is being or is proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to the Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. A total of 125,000,000 Shares representing approximately 25% of the enlarged issued share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Only securities registered on the register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

STAMP DUTY

All Offer Shares will be registered on our Company's branch register of members maintained in Hong Kong. Only Shares registered in our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange. Dealings in Shares registered in our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. For further details about Hong Kong stamp duty, please refer to the paragraph headed "23. Taxation of holders of Shares" under the section headed "Statutory and general information" in Appendix V to this prospectus.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealing in the Offer Shares, you should consult a professional adviser. None of our Company, the Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors and any other persons involved in the Share Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from the subscription for, purchase, holding or disposal of or dealing in the Offer Shares.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed "How to apply for the Public Offer Shares" of this prospectus and on the relevant Application Forms.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 7 September 2018.

The Shares will be traded in board lots of 10,000 Shares each.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this English prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

EXCHANGE RATE CONVERSION

Unless the context requires otherwise, conversion of SGD into HKD is made in this prospectus, for illustration purposes only, at the rate of SGD1 to HKD5.9887. Such conversion shall not be construed as representations that any amount in SGD and HK\$ could have been or could be converted at the above rate or at any other rate or at all.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors:</i>		
Mr. Ma Chin Chew (馬琮就)	6 Toh-Yi Drive, #06-243, Toh Yi Gardens, Singapore (590006)	Singaporean
Ms. Lim Siok Eng (Lin Shuying) (林淑英)	6 Toh-Yi Drive, #06-243, Toh Yi Gardens, Singapore (590006)	Singaporean
Mr. Tang Hong Lai (陳鴻來)	1 Lim Chu Kang Lane 9A, Singapore 718845	Malaysian
<i>Independent non-executive Directors:</i>		
Mr. Teo Beng Fwee (張明輝)	21 Sunset Close, Sunset Lodge, Singapore 597535	Malaysian
Mr. Yuen Ka Lok Ernest (袁家樂)	G/F, Kwun Yam Garden, House 23, Tso Tui Ha, Sha Tin, New Territories, Hong Kong	Chinese
Mr. Sneddon Donald William (邵廷文)	Top Floor, Hong Garden, 37 Homantin Street, Homantin, Kowloon, Hong Kong	Canadian

For further information on our Directors, please refer to the section headed “Directors, senior management and staff” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Central China International Capital Limited
Suite 3108,
Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

**Joint Bookrunners and
Joint Lead Managers**

Central China International Capital Limited
Suite 3108,
Two Exchange Square,
8 Connaught Place Central,
Hong Kong

China Industrial Securities International Capital
Limited
7/F, Three Exchange Square,
8 Connaught Place,
Central,
Hong Kong

Co-Lead Managers

Victory Securities Company Limited
Room 1101-3, 11/F,
Yardley Commercial Building,
3 Connaught Road West,
Sheung Wan,
Hong Kong

Yicko Securities Limited
19/F, Tung Ning Building,
125-127 Connaught Road Central,
Hong Kong

Legal advisers to our Company

As to Hong Kong law
Jun He Law Offices
Suite 3701-10, 37/F,
Jardine House,
1 Connaught Place, Central,
Hong Kong

As to Singapore law
Colin Ng & Partners LLP
600 North Bridge Road,
#13-01, Parkview Square (Parkview 2)
Singapore 188778

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

	<p><i>As to Cayman Islands law</i> Conyers Dill & Pearman Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands</p>
Legal advisers to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law</i> F. Zimmern & Co. Rooms 1002–1003, 10th Floor, York House, The Landmark, 15 Queen’s Road Central, Hong Kong</p>
	<p><i>As to Singapore law</i> Equity Law LLC 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore (038987)</p>
Auditor and reporting accountant	<p>PricewaterhouseCoopers 22/F, Prince’s Building, Central, Hong Kong</p>
Biological asset valuer	<p>Jones Lang LaSalle Corporate Appraisal and Advisory Limited Level 6, Three Pacific Place, 1 Queen’s Road East, Hong Kong</p>
Property valuer	<p>BMI Appraisals Limited 33/F, Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong</p>

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Industry consultant

Frost & Sullivan
Room 1706, One Exchange Square,
8 Connaught Place,
Central,
Hong Kong

Receiving bank

Wing Lung Bank Limited
45 Des Voeux Road Central,
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
Head office and principal place of business in Singapore	1 Lim Chu Kang Lane 9A, Singapore 718845
Principal place of business in Hong Kong	Unit 1306, 13/F, Mirror Tower, 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong
Company secretary	Ching Kim Fung (程劍鋒)(HKICPA) Flat 1, 33/F, Shun Ming House, Wah Ming Estate, Fanling, New Territories, Hong Kong
Compliance officer	Lim Siok Eng (Lin Shuying) (林淑英) 6 Toh-Yi Drive, #06-243, Toh Yi Gardens, Singapore (590006)
Authorised representatives	Ma Chin Chew (馬琮就) 6 Toh-Yi Drive, #06-243, Toh Yi Gardens, Singapore (590006) Ching Kim Fung (程劍鋒) Flat 1, 33/F, Shun Ming House, Wah Ming Estate, Fanling, New Territories, Hong Kong
Audit committee	Teo Beng Fwee (Chairman) Yuen Ka Lok Ernest Sneddon Donald William

CORPORATE INFORMATION

Remuneration committee	Yuen Ka Lok Ernest (Chairman) Teo Beng Fwee Sneddon Donald William
Nomination committee	Yuen Ka Lok Ernest (Chairman) Teo Beng Fwee Sneddon Donald William
Compliance adviser	Central China International Capital Limited Suite 3108, Two Exchange Square, 8 Connaught Place Central, Hong Kong
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Principal bankers	DBS Bank Ltd 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982 Malayan Banking Berhad 2 Battery Road, Maybank Tower, Singapore 049907 United Overseas Bank Limited 80 Raffles Place, UOB Plaza, Singapore 048624
Company's website	<u>eggstory.com.sg</u> <i>(The information on this website does not form part of this prospectus)</i>

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, or any of our or their respective directors, officers, employees, agents or representatives or any other persons or parties involved in the Share Offer nor is any representation given as to its accuracy or completeness. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to provide industry information on the egg production and distribution market in Singapore, i.e. the F&S Report. We have agreed to pay a fee of USD84,800 to Frost & Sullivan. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions drawn in the F&S Report. Frost & Sullivan is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training services. Its industry coverage includes agricultural, automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom, entertainment and sports.

In compiling the F&S Report, Frost & Sullivan conducted primary research including telephone and face-to-face interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. Frost & Sullivan presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. Frost & Sullivan assumed that (i) the economy of Singapore maintains steady growth for the forecast period; (ii) the social, economic, and political environments of Singapore are likely to remain stable in the forecast period; and (iii) market drivers such as the growth of Singapore nominal GDP, stable increasing of population, growing per capita disposable income etc. are expected to drive the growth of the egg production and distribution market in Singapore.

OVERVIEW OF THE EGG MARKET IN SINGAPORE

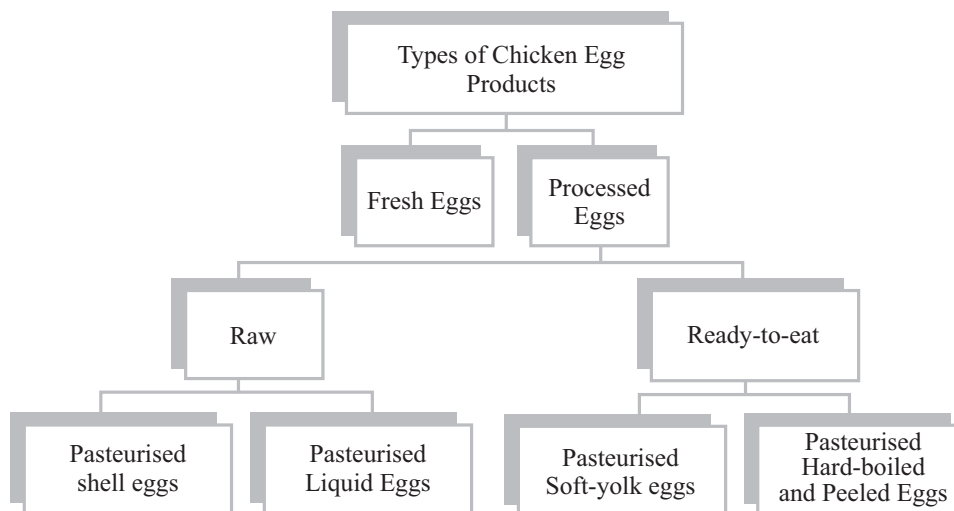
Introduction and classification

Bird eggs are one of the most common food ingredients used in food industry today. Amongst bird eggs, chicken eggs are the most popular choice for consumption compared to other popular choices such as duck and quail.

The different types of chicken egg products are summarised in the diagram below and described as follows. Fresh eggs are generally retailed at supermarkets and local fresh produce markets or sold to commercial users for food preparation. Fresh eggs are also processed into ready to cook or ready to eat products like liquid eggs, soft yolk eggs, hard boiled eggs for sales to commercial users like catering companies and food outlets.

Pasteurisation is a process of gently heating the whole eggs including the shells to a certain temperature within a short period of time, so that the heat will kill most of the bacteria present in the egg. Generally, there are usually no bacteria inside the egg but where bacteria may be present, pasteurisation will reduce the risk of food-borne illness compared to non-pasteurised eggs. On the other hand, pasteurisation is being used in all liquid eggs as required by the AVA.

Liquid eggs products can be classified as liquid whole eggs, liquid egg white and liquid egg yolk, catering to the needs of different markets. Generally, when freshly laid eggs are damaged in the laying and handling process in egg farms, they are cleaned and processed as liquid eggs. Nonetheless, with the surging demand for liquid eggs, some liquid eggs are made of raw eggs. As required by the AVA in Singapore, liquid eggs must be pasteurised.

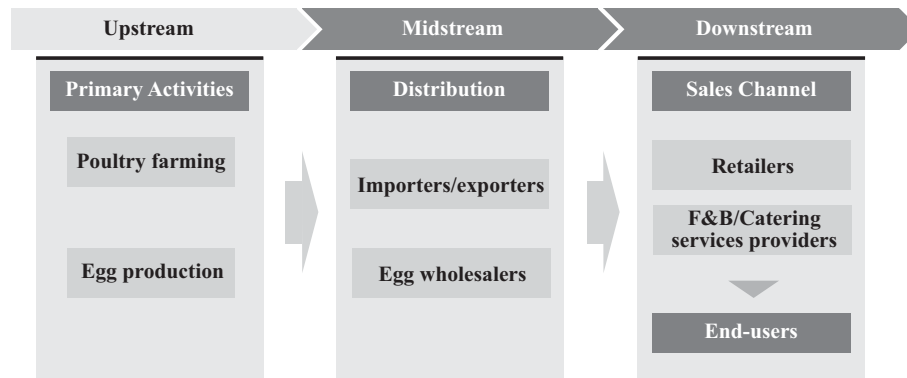


Source: Frost & Sullivan

INDUSTRY OVERVIEW

Supply chain analysis

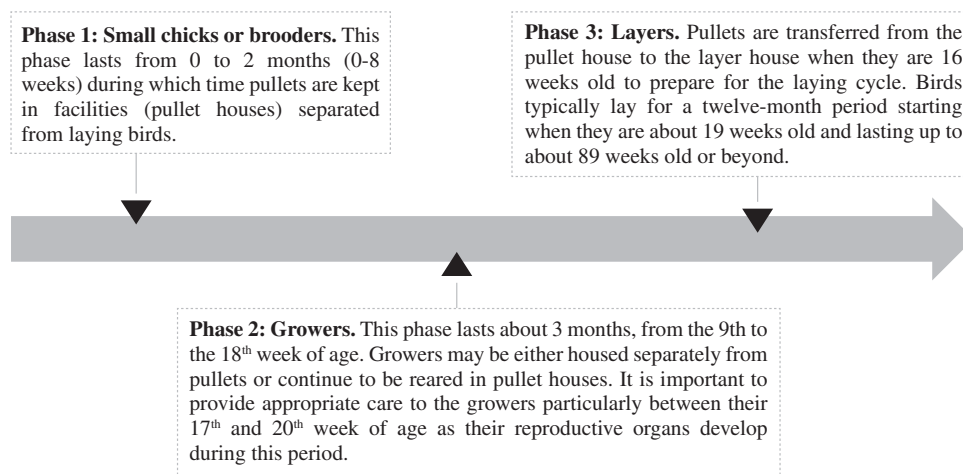
The egg market is characterised by upstream, midstream and downstream sub-industries, with the upstream industry being the poultry farmers and egg farmers who engage in poultry rearing and egg production. They can supply eggs and egg products either directly to the downstream market players such as retailers (e.g. supermarkets and grocery stores) and catering services providers or through midstream intermediaries such as importers, exporters and wholesalers. Finally, the end-users are the mass public who consume egg products.



Source: Frost & Sullivan

Egg production cycle

Chickens usually start to lay at around four months (19 weeks) of age and continue to lay for 12 months (52 weeks) on average. They tend to lay fewer eggs when approaching the moulting period. The typical production cycle usually lasts until 89 weeks. While it is biologically possible for birds to lay beyond 100 weeks, layers would become less productive at that time. The following diagram shows the three distinct phases of the egg production cycle:



Source: Frost & Sullivan

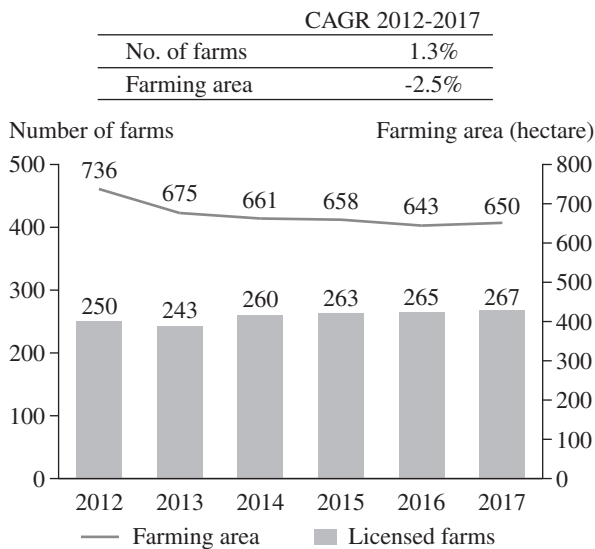
INDUSTRY OVERVIEW

Land utilisation rate

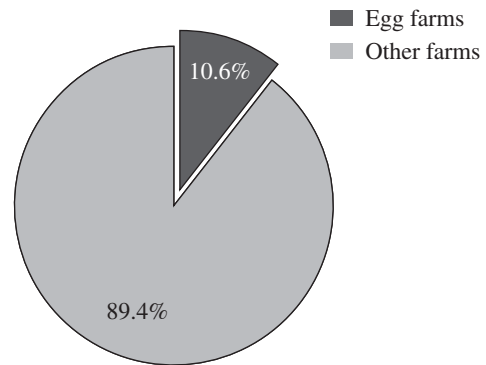
According to the AVA, farming areas in Singapore had dropped from 736 hectare in 2012 to 650 hectare in 2017, representing a CAGR of -2.5%. On the other hand, the number of licensed farms in Singapore had increased at a CAGR of 1.3%, from 250 in 2012 to 267 in 2017, stimulated by the growing demand and local consumption of local fisheries, livestock and other agricultural products as well as the advancement of production technologies which has attracted investment in the agricultural production business. These licenced farms engage in breeding, farming, processing and supplying agricultural products such as fish, milk, eggs, vegetables, fruits, orchids etc., to supermarkets, retailers, wholesalers, food manufacturers and food services providers.

Chicken egg farms have made up a significant proportion of Singapore’s total farming area. In 2017, the three egg farms in Singapore, namely N&N, Chew’s Group, and Seng Choon Farm, have in total utilised 10.6% of the available farming area.

Farms and Farming Area (Singapore), 2012-2017



Egg Farms Utilisation Rate (Singapore), 2017



Source: AVA, Frost & Sullivan

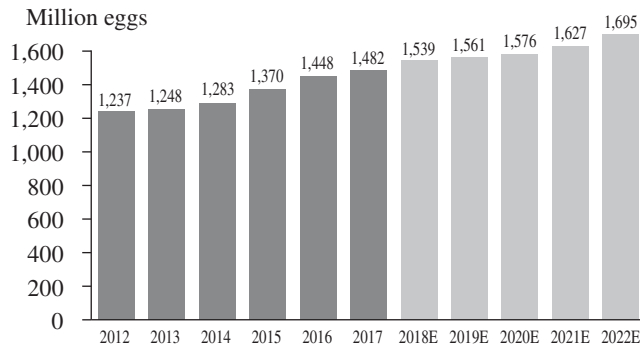
INDUSTRY OVERVIEW

Import analysis

A large amount of chicken eggs are imported each year to satisfy the domestic demand in Singapore. According to the AVA, the number of eggs imported to Singapore has increased from 1,237 million in 2012 to 1,482 million in 2017, representing a CAGR of 3.7%. Due to its geographical proximity to Singapore and easy transportation routes, Malaysia provided around 86.4% of the imported chicken eggs in terms of value into Singapore, China, Vietnam, New Zealand, Thailand, Australia, Japan, South Korea, Sweden and the United States accounted for the remaining market share of around 13.6%. Looking forward, with the supportive government policies in Singapore and the increase in local egg production capacity, the volume of eggs import is still expected to rise, but at a slower CAGR of 2.4%, reaching 1,695 million eggs in 2022.

Volume of eggs import* (Singapore), 2012-2022E

CAGR (2012-2017)	3.7%
CAGR (2018-2022E)	2.4%



*Includes birds' egg in shell, fresh, preserved or cooked

Top five Importers of chickens eggs into Singapore by value in 2017

Country	Egg value imported (USD thousand)
Malaysia	94,557
China	6,102
Thailand	3,342
Vietnam	2,859
New Zealand	1,632
Others	902
Total	109,394

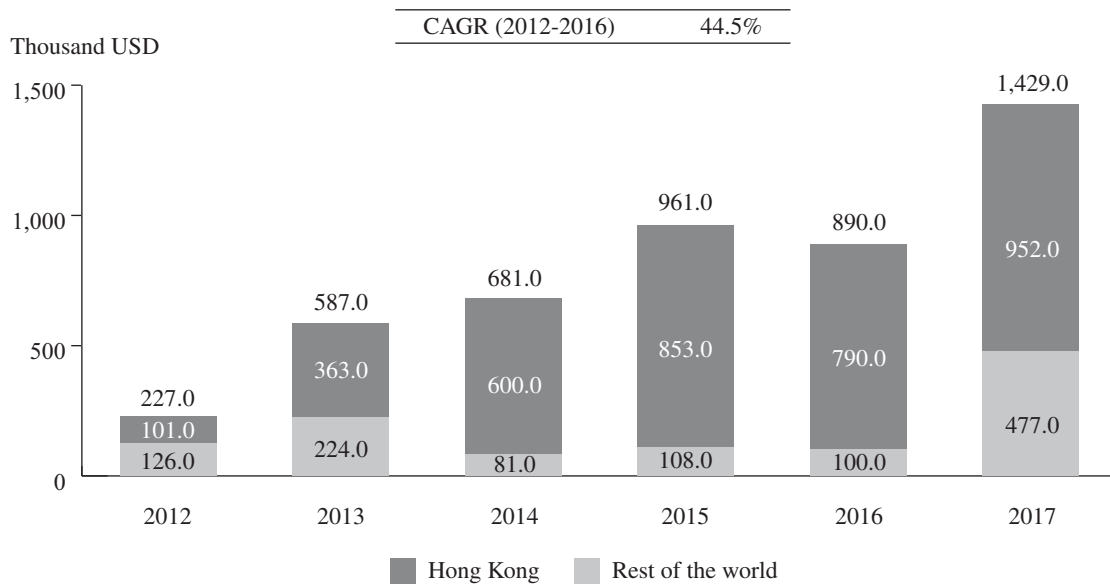
Source: ITC, AVA, Frost & Sullivan

INDUSTRY OVERVIEW

Export analysis

Export of chicken eggs from Singapore had recorded a drastic increase of CAGR 44.5% in value, from USD227,000 in 2012 to USD1,429,000 in 2017. The surge in this period was attributable to the increasing popularity of Singapore produced chicken eggs in the global market. Hong Kong remains to be one of the most important export hubs for Singaporean chicken eggs. According to the International Trade Centre, Hong Kong had accounted for 65% of the total export eggs in Singapore in from 2013 to 2017.

Value of Exports of Chicken Eggs (Singapore), 2012-2017



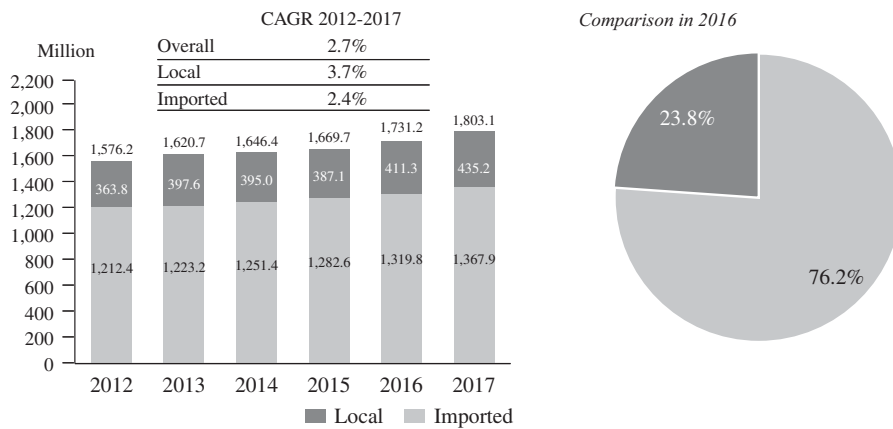
Source: ITC, AVA, Frost & Sullivan

INDUSTRY OVERVIEW

Egg consumption analysis

The overall chicken egg consumption had recorded an increase from 1,576.2 million in 2012 to 1,803.1 million in 2017, at a CAGR of 2.7%. Consumption of imported chicken eggs had grown from 1,212.4 million in 2012 to 1,367.9 million in 2017 at a CAGR of 2.4% whereas the consumption of local chicken eggs had grown from 363.8 million in 2012 to 435.2 million in 2017 at a CAGR of 3.7%. Consumption of local chicken eggs contributed 23.8% to the overall egg consumption in Singapore in 2016, which was increased from 23.1% in 2012. Local consumers are likely to prefer locally produced chicken eggs to imports which was reflected by the higher growth rate of local chicken egg consumption from 2012 to 2017, as depicted in the chart below.

Comparison of Local and Imported Chicken Eggs Consumption (Singapore), 2012-2017

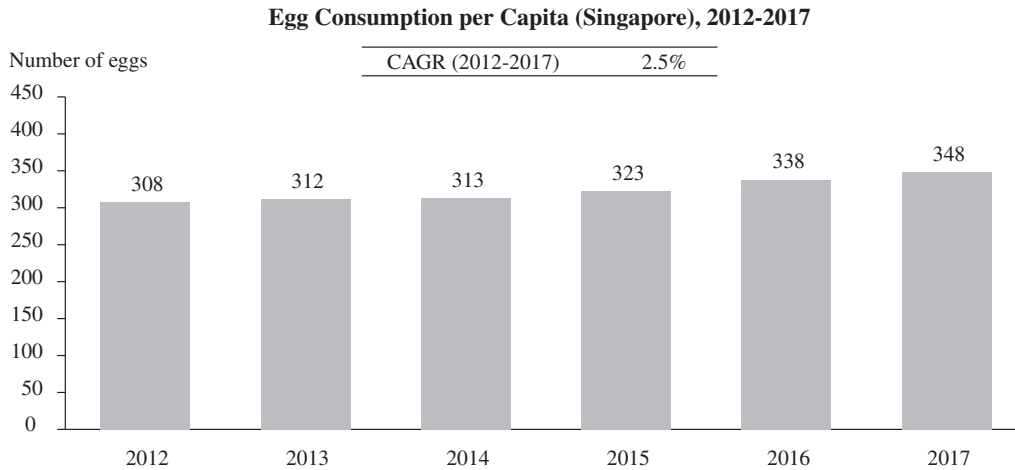


Source: ITC, AVA, Frost & Sullivan

INDUSTRY OVERVIEW

Egg consumption per capita

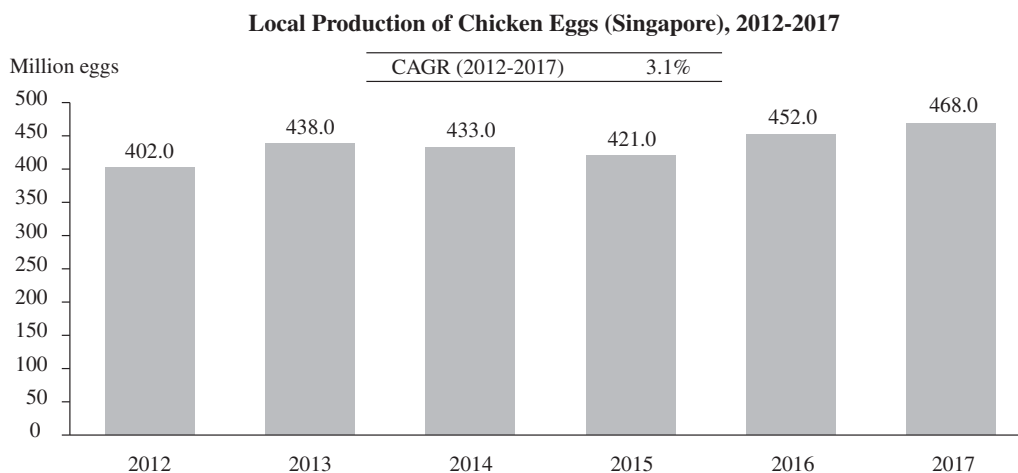
According to AVA, per capita consumption of eggs in Singapore has increased from 308 in 2012 to 348 in 2017, representing a CAGR of 2.5%. The upward trend in this period was predominantly attributable to the increasing awareness of people treating eggs as a source of protein.



Source: AVA, Frost & Sullivan

Local production of chicken eggs

The three local chicken egg producers in Singapore, namely our Group, Chew's Group, and Seng Choon Farm, had together provided a steady supply of chicken eggs from 402.0 million in 2012 to 468.0 million in 2017, representing a CAGR of 3.1%. The increase in production is predominately attributable to the growth in population from 5.3 million in 2012 to 5.6 million in 2016, which is expected to reach 5.9 million in 2021. The growth in population has been driving the consumption for locally produced chicken eggs, which, in turn, reduces local reliance on imported eggs.



Source: AVA, Frost & Sullivan

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Overview of different types of fresh chicken eggs

Both local and overseas farms provide a wide range of fresh chicken eggs, which is described as follows:

Types	Description
White eggs	Laid by hens with white feathers and white ear lobes
Brown Eggs	Laid by hens with red feathers and red ear lobes
Free-range Eggs	Laid by hens not housed in enclosures and which have access to the outdoors
Cage-free Eggs	Laid by hens not housed in enclosures, and they usually do not have access to the outdoors
Organic Eggs	Laid by cage-free or free-range hens raised on certified organic feed and with access to the outdoors
Omega-3 Enriched Eggs	Laid by hens which are fed a diet rich in omega-3 fatty acids
Kampong Eggs	Laid by Kampong chicken which is a breed of chicken found in Malaysia and Indonesia
Vegetarian Eggs	Laid by hens which are fed a vegetarian diet
Pasteurised Eggs	Eggs are heated to a temperature just below the coagulation point to destroy salmonella

Source: Frost & Sullivan

Note: Our fresh eggs offered to our customers during the Track Record Period mainly include white eggs, brown eggs, omega-3 enriched eggs, kampong eggs and pasteurised eggs.

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Comparison between imported eggs and locally produced eggs

The comparison is as follows:

	Malaysian eggs (imported eggs)	Singaporean eggs (locally produced eggs)
Level of hygiene	Standard	Highly controlled and monitored production environment i.e. safer for consumption
Shelf life	Shorter shelf life as they are being imported from Malaysia	Longer shelf life as the eggs go through a shorter logistics process
Wholesale Price	Approximately USD381.3 per tonne in 2017	Approximately USD740.0 per tonne in 2017
Average Unit Price (wholesale)*	SGD0.05–SGD2.8	SGD0.11–SGD4.1
Retail Price Index	100	180–220

* The price often depends on the type and size of the eggs and the industry sector of the end-customers

Source: Frost & Sullivan

The average unit price of the Group’s fresh eggs for the year ended 31 March 2017 was SGD0.1438 (equivalent to approximately HK\$0.86) (2016: SGD0.152 (equivalent to approximately HK\$0.91)). Given that the market unit price range of the Singapore produced eggs in 2017 (the “**market unit price range**”) was SGD0.11–SGD4.1, the Group’s average unit price for fresh eggs in 2017 of SGD0.1438 is therefore within the market unit price range, and higher than the lower bound of SGD0.11 by approximately 31% and lower than the upper bound of SGD4.1 by approximately 97%. For the year ended 31 March 2018, the average unit price of the Group’s fresh eggs was SGD0.147 (equivalent to approximately HK\$0.88), which again is within the market unit price range.

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Market size

The market size of local production of chicken eggs in revenue had grown from SGD75.6 million in 2012 to SGD102.3 million in 2017, representing a CAGR of 6.2%. The increase in this period was attributable to the growth in production volume by all three local players, driven by government support for higher local egg production to enhance the country's resilience in food supply.

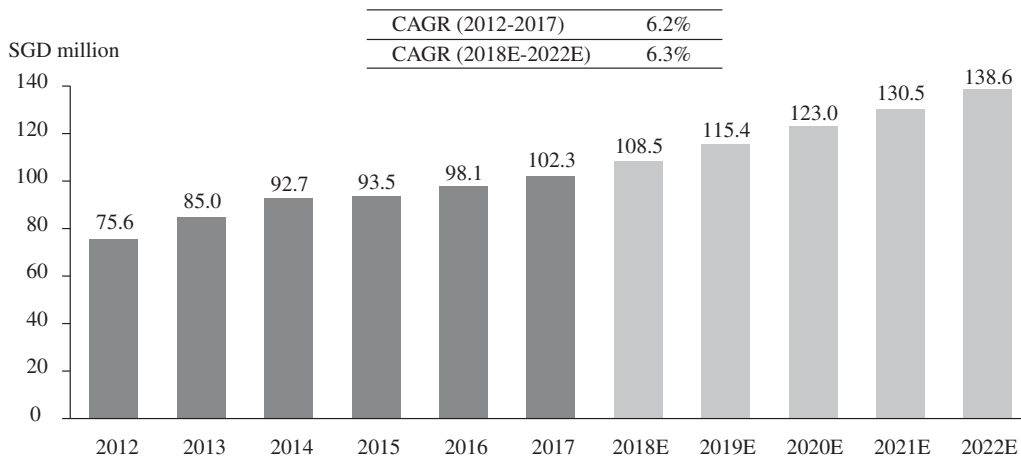
To reduce reliance on imports of chicken eggs, the Singapore government has adopted measures to raise the level of local chicken eggs production. The AVA, for example, started the Agriculture Productivity Fund (“**APF**”) in 2014 which offers SGD63 million to help local farms boost yields and raise productivity under three schemes, namely, Basic Capability Upgrading Scheme (the “**BCU Scheme**”), Productivity Enhancement Scheme (the “**PE Scheme**”) and Research and Development Open Call (“**R&D**”). The BCU Scheme aims to increase farms' production capability, manpower and resources savings by partly funding the purchase of farming equipment. In March 2016, and February and October 2017, we successfully applied for funding under the BCU Scheme for a sum of SGD50,000 on each occasion. The PE Scheme aims to help productive farms achieve greater productivity through capability upgrading, increased production capacity and land intensification. In April 2016, we successfully applied for funding under the PE Scheme for a sum of SGD700,000. The R&D scheme, on the other hand, aims to help farms achieve quantum leap in production yield and produce food that is price competitive. The AVA also makes cash advancement to help farms ease cash flow, as all APF projects with approved funding of SGD30,000 and above may be eligible for up to 30% cash advancement.

In addition to the above-mentioned measures to increase local chicken eggs production, the Singapore government has also rolled out initiatives and campaigns to promote consumption of local eggs. Some examples of such initiatives include the launch of the Singapore Quality Egg Scheme which is a quality assurance scheme to ensure local poultry layer farms produce quality shell eggs that are fresh in order to raise the consumer confidence in the local produce. In 2015, the AVA set up a local-produce task force to create greater awareness and promote the demand of key food items that have been grown, harvested or reared in Singapore. The AVA has also issued pamphlets with such titles as “Expect the Freshest. Choose Locally Farmed Eggs” to grow consumption of locally produced eggs.

These measures, together with the opportunities to export more eggs to foreign countries (please refer to the paragraph headed “Export analysis” of this section above), are expected to grow the market size of local egg production at a CAGR of 6.3%, reaching SGD138.6 million in 2022.

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Market Size of Local Production of Eggs by Revenue (Singapore), 2012-2022E



Source: AVA, Frost & Sullivan

Market drivers

Growing demand for processed egg products

Processed egg products are broadly classified into liquid egg products, dried (powdered) egg products, and frozen egg products. Different applications of processed eggs are commonly found in a wide range of food products such as bakery, confectionery, ready-to-eat meals, soups and sauces, and dairy products. As the applications of processed egg products are diversified and unlimited, e.g., liquid eggs are widely used in catering services which facilitates food preparation, the egg market in Singapore is expected to be driven more rapidly by the growing demand for processed egg products in the future.

Government regulations on food safety

Salmonella is a form of bacteria which causes food-borne illnesses and can be found in the intestinal tracts of chicken. When humans consume contaminated eggs, they can contract Salmonella very easily. For the past few years, there has been growing emphasis by the Singapore government on educating members of the public the benefits of pasteurised eggs to prevent food-borne illnesses. For example, the Environmental Health Department of the NEA updated the Guidelines on Good Handling of Eggs in 2013, providing instructions for handling and preparing eggs and advocating the use of pasteurised eggs for lightly-cooked or uncooked meals. This has helped increase the public's awareness and knowledge about egg consumption, driving the growth of the pasteurised egg market in Singapore.

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Technological advancement in egg processing and safety

Due to technological advancement, egg processing has increased productivity in the production process. In the past, egg production used to be labour intensive where hundreds of people had to be at the factory throughout the entire production process. However, with technological advancement egg producers can reduce labour costs by replacing labourers with machinery. For example, bad eggs can now be detected by machinery instead of being checked one by one by human inspectors. Also, packaging and delivery by human workers have also been replaced by machinery to increase efficiency. In addition, the pasteurisation technology of raw eggs is another significant evolution and has been increasingly used to maximise food safety for consumers.

Market opportunities

Pasteurisation of eggs

As a result of the growing awareness of the importance of public health and food safety, an increasing number of international catering chains and hotel groups in Singapore have started to use more pasteurised eggs in their food offerings in their establishments. Many of their smaller counterparts are expected to follow suit in the future, which will further increase the popularity of pasteurised eggs in Singapore.

Agricultural support schemes from the AVA

The AVA aims to transform the agricultural industry in Singapore from being labour intensive to one requiring minimal manpower through technology transfer, sharing of expertise, R&D collaboration and co-funding on farm upgrades. A number of agricultural support schemes such as Food Fund and APF have been launched to enhance local farm capabilities. Moreover, the AVA has initiated business matching sessions which help local farmers expand their business network of potential buyers including importers, caterers, restaurants, retailers etc.

Market challenges

Food safety issues

Although Singapore did not experience any major outbreaks of avian influenza or bird flu recently, which had adversely affected the industry in the past ten or twenty years, it should be noted that outbreaks of avian influenza, including but not limited to H5N1, H7N9, and H9N2, could potentially seriously harm the Group's reputation, which may lead to eventual closure of businesses. If outbreak of such pandemic occurs in Singapore, the Singapore government may take a series of actions including the ban on keeping live poultry on sites. Such measure will require egg producers to slaughter all laying hens and suspend the operations of the farm until the relevant viruses are cleared from Singapore. To meet the relatively high food safety standard in Singapore, egg producers are required to develop a sophisticated approach to farm hygiene, and only import day-old chicks from trustworthy suppliers.

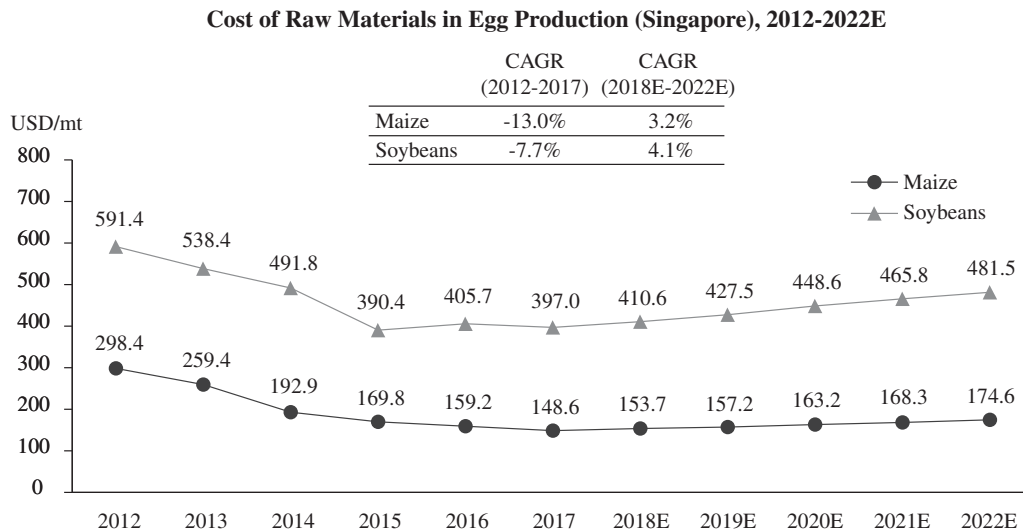
INDUSTRY OVERVIEW

Increasing competition from neighbouring countries

Egg producers in Singapore are facing intense competition from those of her neighbours, particularly Malaysia and China, due to their cost advantage in production. According to the AVA, the number of eggs imported into Singapore had increased from 1,237 million in 2012 to 1,448 million in 2016, representing a CAGR of 4.0%. It will not be cost effective for producers in Singapore to engage in price war with its foreign competitors because of the relatively higher operating cost in Singapore as compared with that of other countries. Companies will therefore need to search for alternative approaches to remain competitive in the market, such as offering product variety and add-on services.

Cost analysis

Maize and soybeans are two key raw materials in egg production that provide critical nutrition to the laying hens. Both ingredients had recorded a decrease in price from 2012 to 2017, at a CAGR of -7.7% for soybeans, and -13.0% for maize. The decrease in price in this period was mainly attributable to the drop in consumers' demand and the oversupply of such commodity in the global market.



Source: World Bank, Frost & Sullivan

INDUSTRY OVERVIEW

The price indices of labour cost had increased from 100.0 in 2012 to 125.2 in 2017, representing a CAGR of 4.6%, which was mainly due to the inflationary pressure and decrease in skilled labour in the market. It is expected that the labour cost index will continue to increase at a similar CAGR of 3.9% from 2018 to 2022. The labour cost will increase the overall production cost, which, in turn, leads to a higher selling price of eggs.



Source: Department of Statistics Singapore, Frost & Sullivan

Price trend

The price indices of eggs had increased from 100.0 in 2012 to 118.7 in 2017, representing a CAGR of 3.5%, and the increasing trend is expected to continue in the next five years, reaching 133.3 in 2022. The increase in price indices between 2012 and 2017 was predominantly attributable to the rise of domestic egg production cost, such as wages, and rents and the increase in imported egg prices. As more than half of the egg consumption in Singapore is imported from Malaysia, the price of eggs is thus largely influenced by the import price of Malaysian eggs. The sharp increase in egg prices between 2013 and 2014, for example, was mainly caused by the shortfall of eggs imported from Malaysia as two Malaysian farms were suspended during that period of time.



Source: Frost & Sullivan

INDUSTRY OVERVIEW

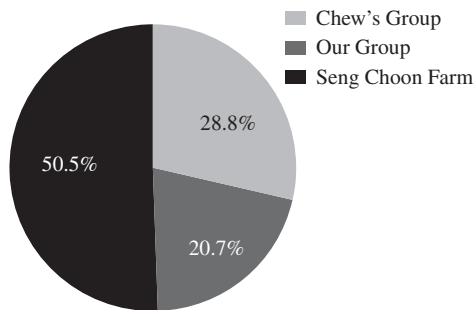
COMPETITIVE LANDSCAPE OF EGG MARKET IN SINGAPORE

Overview

The agriculture sector plays a vital role in the food industry in Singapore notwithstanding that the country relies heavily on imports of agricultural products. The local agriculture industry provides a sustainable and secure food source to prevent the unpredictable supply disruptions from overseas. Under the Singapore Quality Egg Scheme launched by the AVA, there are currently three hi-tech egg farms in Singapore which are well equipped with modern infrastructure and facilities. The Group is one of them. With three players in the entire egg production market in Singapore, the overall egg production market is highly competitive. Underpinned by the increasing demand for local poultry products and the increasing effort to promote local product by the AVA, the egg production industry is at a growing stage with the egg farms striving constantly to improve efficiency and productivity.

Of the three players in the egg production market in Singapore, Seng Choon Farm has the largest farm size and leads the egg production market with a market share of 50.5% in 2017, followed by Chew's Group and the Group, with market shares of 28.8% and 20.7% respectively. In 2017, the Group had an estimated market share of approximately 7.8% in terms of the total egg consumption in Singapore.

**Market Share of Egg Production Market,
in terms of Revenue, Singapore, 2017**



Rank	Company	Revenue* (SGD Million)	Market Share
1	Seng Choon Farm	51.6	50.5%
2	Chew's Group	29.5	28.8%
3	The Group	21.2	20.7%
Total		102.3	100%

*Includes revenue from selling both self-produced and imported eggs

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Entry barriers

Intense competition

In Singapore, approximately 77% of the eggs are supplied by Malaysian egg producers (there is also an insignificant number of imports into Singapore from countries other than Malaysia, (for details, please refer to the paragraph headed “Import analysis” and the table under such paragraph of this section above) whereas the rest is supplied by local egg producers. Due to the relatively higher costs of production in Singapore than Malaysia’s, Malaysian producers thus have an edge over local producers in accessing the Singapore market, which, in turn, intensifies the competition amongst local producers competing for approximately 23% of market share. New market entrants find it difficult to compete with all the overseas and local egg producers, who have already established extensive sales channels and brand reputation in the local market.

Business relationship

Another entry barrier for new market entrants is the need for them to create sustainable business network with the upstream suppliers and downstream sales channels. Incumbent market players tend to have secured for themselves sales channels within suppliers, such as poultry farmers, and their downstream customers such as different retail outlets like supermarkets and grocery stores etc. It is difficult for new market entrants to build up this kind of network within a short period of time. In addition, new market entrants are also subject to the exacting standards set by the AVA, the achievement of which takes time and causes new market entrants to incur substantial costs.

Initial capital

Egg production requires high initial and recurring capital investment including but not limited to the costs of purchase of chickens, expenses on rearing chickens such as water, electricity, foddors and labour as well as warehouse rentals and spaces. As this is a highly capital-intensive industry which requires constant and substantial investment, it is difficult for new market entrants to compete with existing market players that have much more stable cash flow streams than theirs. On the other hand, the Singaporean market may be considered to be too small and risky by new market players.

REGULATORY OVERVIEW

As our Group is principally engaged in the production and sale of fresh eggs and processed egg products in Singapore, we are subject to and shall comply with all relevant laws and regulatory requirements in Singapore. A summary of the relevant laws and regulations in Singapore is set out below.

LAWS AND LICENCES FOR THE CARRYING ON OF OUR GROUP'S BUSINESS

Animals and Birds Act (Chapter 7) (the "ABA")

The ABA, which is administered by the AVA, regulates, *inter alia*, the prevention of introduction into, and spreading within Singapore of diseases of animals, birds or fish as well as operations of farms in Singapore.

The ABA provides that the Director-General, Agri-Food and Veterinary Services (the "**Director-General**") or an authorised officer may require the immediate isolation or destruction of any animal or bird if the animal or bird is certified by an authorised examiner to be infected with disease; the Director-General or authorised officer has other reasonable cause for believing that the animal or bird is infected with disease; or the Director-General or authorised officer has reasonable cause for believing that the animal or bird may have been in contact with another animal or bird which is infected with disease; may have been exposed to disease; or may perpetuate any disease. Any person who refuses or fails without lawful excuse to isolate or destroy any animal or bird when required to do so by the Director-General or an authorised officer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD5,000 or to imprisonment for a term not exceeding 6 months or to both. Pursuant to the ABA, if an authorised officer considers that any animal or bird has been exposed to infection to any disease, he may give written directions for that animal or bird to be subjected to such treatment as he may consider necessary, including vaccine or serum therapy or a combination of such therapy. Any person who fails, without lawful excuse, to comply with any written direction given to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD5,000 or to imprisonment for a term not exceeding 6 months or to both. Under the ABA, the owner or person in charge of any animal or bird that has died from disease or has been destroyed by order of a person appointed by the Director-General as an authorised officer shall burn or otherwise dispose of the carcass thereof in accordance with the written directions of the authorised officer. Failure to do so is an offence punishable with a fine not exceeding SGD10,000 and/or imprisonment for a term not exceeding 12 months. It is also an offence to move or dispose of any animal or bird diseased or reasonably suspected of being diseased or of being a contact of any diseased animal or bird or of the carcass of such an animal or bird, or of the milk, dung or blood of such an animal, except with the written consent of an authorised officer. Such offence is punishable with a fine not exceeding SGD10,000 and/or imprisonment for a term not exceeding 12 months. In addition, pursuant to the ABA, whenever there is reasonable cause to believe that any disease exists amongst any animals or birds in any part of Singapore, the Minister for National Development may by order declare that part to be an infected area and may in the order prohibit, either absolutely or conditionally, the removal of any animal or bird or any specified kind of animal or bird into or out of that area; and restrict the movement of persons and vehicles, aircraft and ships into, within or out of that area. When an area has been declared to be an infected area, the Director-General or an authorised officer may give the owner or person in charge of any animal or bird in that area such written directions as the Director-General or authorised officer may consider

REGULATORY OVERVIEW

necessary to control and check the spread of the disease. Any person who fails, without reasonable excuse, to comply with any order given to him or with any written directions given to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD10,000 or to imprisonment for a term not exceeding 12 months or to both.

The licences which the AVA issues in relation to our Group's business are as follows:

Licence for farm issued pursuant to the Animal and Birds (Licensing of Farms) Rules (the "ABR")

Land and premises used for the keeping, rearing, breeding or boarding of animals or birds for commercial purposes are required to be licensed under the ABR.

We are required to make an application for a farm licence to the Director-General, who will issue the farm licence to the applicant upon being satisfied that the premises to be licensed are suitable for use as a farm. The farm licence, which contains a number of licensing conditions, is usually valid for a period of one (1) year and may be renewed on payment of the prescribed fees.

Our current farm licence is due to expire on 31 December 2018.

Licence to vaccinate or inoculate animals or birds with veterinary biologics

Under section 53 of the ABA, no person other than an authorised officer shall treat, vaccinate or inoculate any animal or bird except under and in accordance with the conditions of a licence that has been issued by the Director-General. Section 55 of the ABA further provides that no person other than an authorised officer shall inoculate any animal or bird with any veterinary biologics except under and in accordance with the conditions of the licence issued by the Director-General.

As per the current licence issued to us, 1 employee of our Group, namely Shan Guang Long, is licenced to carry out vaccination or inoculation of our chickens with veterinary biologics until the licence expires on 22 January 2019.

Licence to import table eggs

Under section 8 of the ABA, it is a requirement for a person importing or transshipping any animal, bird (including eggs) or veterinary biologics to hold a licence issued by the Director-General. Any person importing or transshipping an animal, bird or veterinary biologics without a licence is an offence punishable with a fine not exceeding SGD10,000 or with imprisonment for a term not exceeding 12 months or both.

Our current licence to import table eggs is due to expire on 31 January 2019.

REGULATORY OVERVIEW

Feeding Stuffs Act (Chapter 105) (the “FSA”) and Feeding Stuffs (Licensing, Analysis and Fees) Rules (the “FSR”)

The FSA regulates the import, manufacture, process for sale or sale of animal feed and is administered by the AVA. Under the FSA and the FSR, no person may import, manufacture, process for sale or sell simple feeds, feed concentrates or compound feeds without a licence issued by the Director-General. The licence is usually issued for a period of one (1) year.

The Licence for the Import, Manufacture, Processing or Sale of Animal Feed that we hold enables us to manufacture, import, process for sale or sell any animal feed subject to the following conditions:

- (a) any manufactured feed shall be labelled to indicate its contents as specified in the FSR;
- (b) each label so used shall also contain the following:
 - (i) the date of manufacture of the animal feed;
 - (ii) the name and address of the manufacturer; and
 - (iii) the species of livestock for which the animal feed is intended; and
- (c) any other conditions stipulated by the AVA in writing.

Our current Licence for the Import, Manufacture, Processing or Sale of Animal Feed is due to expire on 31 December 2018.

Sale of Food Act (Chapter 283) (the “SOFA”) and Sale of Food (Food Establishments) Regulations (the “SOFR”)

The SOFA regulates the wholesomeness, purity and standard of food, and seeks to prevent the sale or other disposition of food that is unfit for human consumption or contains prohibited substances. Under section 21 of the SOFA, no person shall carry on a non-retail food business without obtaining a licence from the Director-General. The SOFR regulates, *inter alia*, the storage, packaging, transport and preparation of food. The SOFA is administered by the AVA.

The licence to operate a food establishment that we hold, which expires on 31 May 2019, allows us to use our farm premises for the purposes of egg processing and shell egg pasteurisation.

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Arms and Explosives Act (Chapter 13) (the “AEA”)

The AEA regulates the manufacture, use, sale, storage, transportation, importation, exportation and possession of arms, explosives and explosive precursors in Singapore. Under the AEA, it is a requirement for a person who has in his possession or under his control, or who imports, exports, manufactures or deals in any explosive precursor, to hold a licence. A licence is also required for the storage, keeping or causing to be stored or kept, of any explosive precursor. Failure to hold the relevant licences or acting in contravention of the conditions of a licence or such other conditions as may be prescribed, are offences which are punishable in the case of a body corporate, by a fine not exceeding SGD100,000, and in any other case, by a fine not exceeding SGD50,000 or by imprisonment for a term not exceeding 2 years or both. Applications for the licences are to be made online through the electronic application service provided by the Licensing Officer. The licences issued to our Group to (i) store hydrogen peroxide and (ii) to possess or control hydrogen peroxide under the AEA are due to expire on 11 August 2018 and 12 August 2018 respectively.

Apart from the licences mentioned under the various Acts above, the Directors confirm that there are no other licences which the Group requires for the carrying on of its business operations.

LAW AND REGULATION RELATING TO COMPANIES

Companies Act (Chapter 50) (the “CA”)

Our principal subsidiaries, N & N, Golden Hoyo, TPEC and CSH Eggs, are indirect wholly-owned subsidiaries of our Company after the Reorganisation. They are private companies limited by shares, incorporated and governed under the provisions of the CA and its regulations.

The CA generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance), directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders’ rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and are bound by the provisions its constitution (which in the case of a company incorporated immediately before the date of commencement of Section 3 of the Companies (Amendment) Act 2014, refers to the memorandum and articles of association of the company).

The memorandum of association of a company provides for, *inter alia*, the objects of the company while the articles of association of the company contains, *inter alia*, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

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LAW AND REGULATION RELATING TO EMPLOYMENT

Employment Act (Chapter 91) (the “EA”)

The EA is the main legislation governing employment in Singapore. The EA covers every employee who is under a contract of service with an employer and includes a workman (as defined under the EA) but does not include, *inter alia*, any person employed in a managerial or executive position (subject to the exceptions set out below).

A workman is defined under the EA as including, *inter alia*, (a) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any apprentice, (b) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work.

Part IV of the EA contains provisions relating to, *inter alia*, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service and apply to: (a) workmen earning basic monthly salaries of not more than SGD4,500 and (b) employees (excluding workmen) earning basic monthly salaries of not more than SGD2,500. Paid public holidays and sick leave apply to all employees who are covered by the EA regardless of salary levels.

Any person employed in a managerial or an executive position (who is generally not regarded as an employee under the EA) who is in receipt of a salary not exceeding SGD4,500 shall be regarded as an employee for the purposes of provisions in the EA relating to, *inter alia*, payment and computation of salaries, powers of the Commissioner for Labour in relation to claims, complaints and investigations into offences under the EA and procedures and regulations governing claims and offences under the EA.

An employer who employs any person as an employee contrary to the provisions of Part IV of the EA or fails to pay any salary in accordance with the provisions of Part IV of the EA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD5,000, and for a second or subsequent offence to a fine not exceeding SGD10,000 or to imprisonment for a term not exceeding 12 months or to both.

Following the amendments to the EA in effect from 1 April 2016, all employers must issue key employment terms (“KETs”) in writing to employees covered under the EA. Such employees include employees who: (i) enter into a contract of service with the company on or after 1 April 2016; (ii) are covered by the EA; and (iii) are employed for 14 days or more in relation to the length of contract (does not apply to number of days of work). KETs include, *inter alia*, the full name of employer and employee, job title, duties and responsibilities, start date of employment, duration of employment, basic salary, fixed allowances, fixed deductions, rate of overtime pay, type of leave, medical benefits, probation period and notice period. KETs which are not applicable to specific employees may be excluded from their contracts.

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Employment of Foreign Manpower Act (Chapter 91A) (the “EFMA”) and the Employment of Foreign Manpower (Work Passes) Regulations 2012 (the “EFMWPR”)

The employment of foreign workers in Singapore is governed by the EFMA and regulated by the Ministry of Manpower of Singapore (the “MOM”), which is the main governmental body responsible for overseeing and implementing labour policies and issues related to immigration and the issue of work passes to foreigners working in Singapore.

Under the EFMA, no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass from the MOM, and any employment of a foreign employee has to be in accordance with the conditions of the foreign employee’s work pass. Any person who contravenes the above law shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine not less than SGD5,000 and not more than SGD30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction, (i) in the case of an individual, be punished with a fine of not less than SGD10,000 and not more than SGD30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or (ii) in any other case, be punished with a fine not less than SGD20,000 and not more than SGD60,000.

There are three main types of work passes which are applicable to the foreign workers employed by us. These are:

- (i) S Pass: This is for mid-level skilled foreign employees who earn at least SGD2,200 a month and meet the prescribed assessment criteria.
- (ii) Work Permit: This is for semi-skilled foreign workers, from approved source countries, working in the construction, manufacturing, marine shipyard, process or services sector.
- (iii) Employment Pass: This is for qualified foreign professionals, who work in a managerial, executive or specialised job, and earn a fixed monthly salary of at least SGD3,600.

The EFMWPR prescribes certain conditions which must be complied with by employers of foreign workers. Under these Regulations, employers of Work Permit holders who are not domestic workers are required to, *inter alia*:

- (i) provide safe working conditions;
- (ii) subsidise medical expenses of the foreign worker (unless agreed otherwise);
- (iii) ensure foreign workers have acceptable accommodation consistent with any law or governmental regulations; and
- (iv) purchase and maintain medical insurance coverage of at least SGD15,000 per year for each Work Permit holder to cover in-patient care and day surgery costs, including hospital bills for conditions that may not be work related.

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The EFMWPR also requires employers of S Pass holders, *inter alia*, to:

- (i) subsidise medical expenses of the foreign worker (unless agreed otherwise); and
- (ii) purchase and maintain medical insurance coverage of at least SGD15,000 per year for each S Pass holder to cover in-patient care and day surgery costs, including hospital bills for conditions that may not be work related.

The MOM regulates the availability of foreign workers (who are S Pass holders and Work Permit holders) to the various sectors through, among others, the following policy instruments:

- (i) a list of approved source countries;
- (ii) the requirements and procedures for the issuance of work permits;
- (iii) the imposition of security bonds and levies;
- (iv) dependency ceilings based on the ratio of local to foreign workers; and
- (v) quotas based on the man year entitlements in respect of workers from non-traditional sources and the PRC.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act (Chapter 91), the Immigration Act (Chapter 133) and the regulations issued pursuant to those Acts.

Immigration Act (Chapter 133) (the “IA”)

Pursuant to the IA, no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, *inter alia*, he is in possession of a valid pass lawfully issued to him to enter Singapore. Such valid pass would include, *inter alia*, a valid work pass issued by the Controller of Work Passes under the EFMA and the regulations issued pursuant to the EFMA, including *inter alia*, Work Permits (including a training work permit), S Passes and Employment Passes. A work pass may be in the form of a card or in an endorsement made in the passport or other travel document of the work pass holder or in such other form as the Controller of Work Passes may determine.

Work Injury Compensation Act (Chapter 354) (the “WICA”) and Work Injury Compensation Regulations (the “WICR”)

The WICA, which is regulated by the MOM, applies to any person who has entered into or works under a contract of service or apprenticeship with an employer (with the exception of any class of persons set out in the Fourth Schedule to the WICA). Under the WICA, if in any employment personal injury by accident arising out of and in the course of the employment is caused to an employee, the employer shall be liable to pay compensation in accordance with the provisions of WICA. The amount of compensation shall be computed in accordance with a specified formula.

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The WICA provides, amongst others, that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the employer) for the execution by the contractor of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any workman employed in the execution of the work any compensation which he would have been liable to pay if that workman had been immediately employed by the principal.

Under the WICR, a principal is required to submit an incident report to the MOM under the following circumstances:

- (i) when an employee meets with an accident at the workplace and is granted more than 3 days of sick leave (whether consecutive or not);
- (ii) where an employee meets with an accident at the workplace and is admitted in a hospital for at least 24 hours for observation or treatment on account of that accident;
- (iii) when an employee dies during work or at a workplace as a result of work;
- (iv) when an employee contracts an occupational disease as defined under the WICA or the WSHA; or
- (v) when a dangerous occurrence, as described in the WSHA, has occurred.

If an injured employee makes a claim under the WICA, he is not permitted to make a claim for the same injury under common law. The injured employee has one year from the date of the accident to file a claim under the WICA. Under the Limitation Act (Chapter 163), the time limit for filing a claim in respect of personal injuries is three years from the date on which the cause of action accrued or three years from the earliest date on which the claimant has the knowledge required for bringing an action for damage in respect of the relevant injury.

The Workmen's Compensation (Amendment) Bill of 2008 amended the WICA and, amongst others, extended its coverage and revised compensation norms.

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LAW AND REGULATION RELATING TO CENTRAL PROVIDENT FUND

Central Provident Fund Act (Chapter 36) (the “CPFA”)

The Central Provident Fund (“CPF”) system is a mandatory social security savings scheme funded by contributions from employers and employees.

Pursuant to the CPFA, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold Employment Passes, S Passes or Work Permits.

CPF contributions are required for both ordinary wages and additional wages (subject to yearly wage ceilings) of employees at the applicable prescribed rates which is dependent on, *inter alia*, the amount of monthly wages and the age of the employee. An employer must pay both the employer’s and employee’s share of the monthly CPF contribution. However, an employer can recover the employee’s share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

For failure to comply with the CPFA, an employer may be liable to pay late payment interest charged at 18% per annum (1.5% per month), starting from the first day of the following month after the contributions are due. The minimum interest payable is SGD5 per month. If convicted of an offence under the CPFA, the employer may also be liable to a fine of up to SGD5,000 and/or imprisonment for a term of up to 6 months jail.

LAW AND REGULATION RELATING TO OCCUPATIONAL HEALTH AND WORKPLACE SAFETY

Workplace Safety and Health Act (Chapter 354A) (the “WSHA”)

Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards to facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organization, processing, storage, transport, working or use of implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the Ministry of Manpower on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations. Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

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In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (the “CWSH”) may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquire as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

LAW AND REGULATION RELATING TO ENVIRONMENT

Environmental Protection and Management Act (Chapter 94A) (the “EPMA”) and Environmental Protection and Management (Hazardous Substances) Regulations (the “EPMHSR”)

The EPMA seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, *inter alia*, air pollution, water pollution, land pollution and noise control. It prohibits, *inter alia*, (i) the use or burning of any or any class of combustible material, fuel burning equipment or industrial plant within such area as prescribed by the National Environment Agency, (ii) the discharge of any trade effluent, oil, chemical, sewage or other polluting matters into any drain or land without a requisite licence and (iii) the discharge of any hazardous substances into inland waters.

Under the provisions of the EPMA, we are subject to periodic inspections by the National Environment Agency to ensure that the proper measures of pollution control in relation to water and air pollution are duly complied with.

Every person storing, using or otherwise dealing with any hazardous substance and every agent, servant or employee of such person shall do so in such a manner as not to threaten the health or safety of any person, or to cause pollution of the environment. According to the EPMHSR, a person shall not use, keep or have in his possession or under his control any hazardous substance specified in the Schedule of the EPMHSR, unless he is issued with a permit to store and use such hazardous substances or holds a licence to import, manufacture, possess for sale, sell or offer for sale any

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hazardous substance. The EPMHSR further sets out the requirements for storage of hazardous substances, including, in approved containers with approved labelling, and keeping records of quantities stored. As at the Latest Practicable Date, our Group has renewed the Permit to Store and Use Hazardous Substances for a further period of one (1) year from 1 March 2018 to 28 February 2019.

Environmental Public Health Act (Chapter 95) (the “EPHA”)

The EPHA regulates, amongst others, the disposal and treatment of nuisances of a public nature. Some of the public nuisances which are liable to be dealt with summarily under the EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety.

The Director-General of Public Health of Singapore is empowered under the EPHA to take such steps as he may consider necessary to remove or abate all public nuisances and may, if he considers that the circumstances warrant, proceed at law against any person committing any such nuisance. The Director-General of Public Health of Singapore may also serve a nuisance order on the owner or occupier of the premises on which the nuisance arises requiring, amongst others, that works be executed or things be done to abate the nuisance.

LAW AND REGULATION RELATING TO CONSUMER PROTECTION

Consumer Protection (Fair Trading) Act 2012 (Chapter 52A) (the “CPFTA”)

The CPFTA is administered by the Competition and Consumer Commission of Singapore and aims to protect consumers against unfair practices and to give consumers additional rights in respect of, amongst others, goods that do not conform to contract.

The CPFTA grants consumers additional rights and remedies against sellers for non-conforming goods. The CPFTA will apply to a contract of sale of goods if the buyer deals as consumer, and the goods do not conform to the applicable contract at any time within the period of six months starting from the date on which the goods were delivered to the buyer, and if the contract was made on or after 1 September 2012. Goods do not conform to a contract of sale of goods if there is, in relation to the goods, a breach of (a) an express term of the contract, (b) the implied condition that the goods will correspond with the description or samples provided by the seller to the buyer, or (c) the implied condition that the goods are of satisfactory quality or fitness for the purpose for which the goods were supplied. Under the CPFTA, buyers will have a statutory right to demand the repair or replacement of nonconforming goods. The seller will have to repair or replace the non-conforming goods at its own costs, within a reasonable period of time and without causing significant inconvenience to the buyer. If the seller fails to do so or if repair or replacement is impossible or disproportionately costly, buyers may instead require the seller to reduce the price paid for the goods or may reject the goods altogether and obtain a refund.

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Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) (the “CPTSA”)

The CPTSA prohibits application of a false trade description to any goods and supply of goods which have a false trade description. A false trade description under the CPTSA includes a trade description which is false or likely to mislead, whether from anything contained in or omitted from the description.

Under the CPTSA, the Minister of Trade and Industry of Singapore may by regulations impose requirements for ensuring that, amongst others:

- (a) certain goods are marked with or accompanied by any information or instruction;
- (b) any description of advertisements of certain goods should contain or refer to any information relating to the goods, or of an indication of how such information may be obtained; and
- (c) certain goods are subject to safety requirements relating to composition, design, construction, finish and packing and marked with or accompanied by any information, warning or instruction.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

As at the Latest Practicable Date, there were no foreign exchange control restrictions in Singapore.

LAW AND REGULATION RELATING TO TAXATION

This summary is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

This summary does not purport to be a comprehensive nor exhaustive description of all of the tax consequences relating to the acquisition, ownership and disposal of the Shares by any person. You, as a prospective subscriber of our Shares, should consult your tax advisors concerning the tax consequences of an investment in our Shares.

Neither our Company, our Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors nor any other persons involved in the Share Offer accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

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Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (i) income accrued in or derived from Singapore; and
- (ii) foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

A corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

The corporate tax rate in Singapore is 17.0% with effect from the year of assessment 2010. Further corporate tax exemption will apply to the first SGD300,000 of a company's chargeable income as follows:

- (i) 75% of up to the first SGD10,000 of a company's chargeable income; and
- (ii) 50% of up to the next SGD290,000 of a company's chargeable income.

Foreign income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax subject to meeting the qualifying conditions. A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore.

Withholding Tax

Certain types of payments to non-Singapore resident taxpayers are subject to withholding tax. Generally, under domestic law, tax is to be withheld at tax rate from 10% to 22% depending on the nature of the payment. There is no withholding tax on dividend payments.

Dividend distributions

Dividends paid by a Singapore resident company are considered "one-tier" dividends. Such dividends are tax exempt in the hands of the shareholder. This is regardless of whether the shareholder is a corporate or individual shareholder, and whether the shareholder is a Singapore tax resident or not. There will be no tax credits attached to such dividends. There is no withholding tax on dividend payments to non-resident shareholders.

Capital Gains Tax

Currently, Singapore does not impose tax on capital gains. Any profit from the disposal of shares is not taxable in Singapore unless the seller is regarded by the Inland Revenue Authority of Singapore ("IRAS") as having derived gains of an income nature which are sourced in Singapore.

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However, there are no specific laws or regulations which deal with the characterisation of gains from disposal of shares. Share disposal gains may be construed to be of an income nature under certain circumstances and hence, subject to tax. The most common instance is where the gains arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

Goods and Services Tax (the “GST”)

The sale of shares of a Singapore company by a GST-registered person belonging in Singapore, to another person belonging in Singapore, would be an exempt supply not subject to GST. Where shares are sold by the GST-registered person under a contract with a person who belongs in a country outside Singapore and which directly benefits a person who belongs in a country other than Singapore and who is outside Singapore at the time the sale was made, the sale would generally be a taxable supply subject to GST at zero-rate.

GST incurred by a GST-registered person on taxable supplies made to him which is attributable to taxable supplies made by him in the course of or furtherance of business is available as a credit against GST chargeable by the said GST-registered person on taxable supplies made by him in the course of or furtherance of business carried on by him.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale, holding of shares would be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore and which directly benefits a person who belongs in a country other than Singapore and who is outside Singapore at the time the services were supplied would generally be subject to GST at zero-rate.

On 19 February 2018, the Singapore Finance Minister, citing the need to preemptively increase revenue amid surging health care, security and infrastructure spending, announced that Singapore will increase GST by two percentage points, but that the increase would be stayed until sometime between 2021 and 2025.

LAW AND REGULATION RELATING TO PERSONAL DATA PROTECTION

Personal Data Protection Act 2012, (No. 26 of 2012) (the “PDPA”)

The PDPA establishes a data protection law that comprises various rules governing the collection, use, disclosure and care of personal data. It recognises both the rights of individuals to protect their personal data, including rights of access and correction, and the needs of organisations to collect, use or disclose personal data for legitimate and reasonable purposes.

An organisation is required to comply with the following obligations prescribed by the PDPA:

- (a) obtain the consent of the individual before collecting, using, or disclosing his personal data, for purposes that a reasonable person would consider appropriate in the circumstances;
- (b) notify the individual of the purpose of collecting his personal data;

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- (c) only use personal data for purposes consented by the individual;
- (d) put in place mechanisms for individuals to withdraw their consent;
- (e) take reasonable efforts to ensure that personal data collected is accurate and complete if the personal data is likely to be used to make a decision that affects the individual, or is likely to be disclosed to another organisation;
- (f) when requested, correct any error or omission in an individual's personal data;
- (g) upon an individual's request, provide the individual with his personal data in the organisation's possession and control, as well as information about the ways in which the personal data has been used or disclosed in the past year;
- (h) protect personal data by making reasonable security arrangements to prevent unauthorized access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (i) cease to retain personal data as long as it is reasonable to assume that:
 - (i) the purpose for which it was collected is no longer being served by retaining it; and
 - (ii) the retention is no longer necessary for business or legal purpose;
- (j) not to transfer any personal data out of Singapore except in accordance with the requirements set out in the PDPA; and
- (k) implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

If the Personal Data Protection Commission finds that an organisation is not complying with any provision in the PDPA, it may give the organisation all or any of the following directions:

- (a) to stop collecting, using or disclosing personal data in contravention of the PDPA;
- (b) to destroy personal data collected in contravention of the PDPA;
- (c) to comply with any direction of the PDPC to provide access to or correct the personal data; and/or
- (d) to pay a financial penalty of such amount not exceeding SGD1.0 million.

The PDPA also provides for the establishment of a national Do Not Call (DNC) Registry. The DNC Registry allows individuals to register their Singapore telephone numbers to opt out of receiving marketing phone calls, mobile text messages such as SMS or MMS, and faxes from organisations. Under the PDPA, a specified message may be addressed to the Singapore telephone

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number only where the organisation has applied to confirm and have received confirmation from the Personal Data Protection Commission that the Singapore telephone is not listed in the DNC Registry. Specified messages are messages where, having regard to, *inter alia*, its contents and presentation, it could be concluded that the purpose of the message is to offer, advertise, promote or supply goods or services, land or an interest in land, business opportunity or investment opportunity.

GOVERNMENT GRANTS

Some of the government funding and grants that the Company has received over the Track Record Period include the following:

AVA Food Fund

The AVA Food Fund was an incentive programme started in 2009 and administered by the AVA. Through the AVA Food Fund, the AVA aimed to enhance Singapore's food supply resilience in chicken, pork, fish, eggs, leafy vegetables and rice. At the same time, the AVA Food Fund aimed to help strengthen Singapore's strategies in local farming and food diversification to ensure a resilient supply of food for Singapore. The AVA Food Fund was used to support research and development (R&D) in local food farming technology, upgrading of the production capability of local farms, and food source diversification. Under the Advance Farm Capability Upgrading scheme under the AVA Food Fund, the AVA helped local food fish, leafy vegetable and hen egg farms in production to upgrade their production capabilities further, by purchase of advance equipment, machinery, and farming system.

Agriculture Productivity Fund ("APF")

The APF aims to support local farmers in their efforts to expand production capability, boost yield and raise productivity. The schemes under the Agriculture Productivity Fund include:

Basic Capability Upgrading Scheme ("BCU Scheme")

This scheme supports the purchase of equipment that would help increase farm's productivity such as increase in production, manpower savings and resource savings. Areas in which funding support is granted include hen egg, leafy vegetables, food fish, quail egg and beansprout. To be eligible for funding under the BCU Scheme:

- An applicant must be a farm licensee of a Singapore based farm with valid licence issued by AVA;
- The applicant's farm shall be free of unauthorised or illegal activities for the past 1 year from time of application; and
- Applicant should have completed any on-going approved BCU projects before any fresh application will be considered i.e. all claims have been fully submitted and reimbursed.

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In evaluating whether a proposal should be granted funding under the BCU Scheme, the AVA takes into consideration whether the proposal would result in an increase in productivity from current levels in terms of production, manpower and/or other types of resource savings. The AVA has the right to reject any application or claims and its decision is final.

Productivity Enhancement Standard Scheme (“PES Scheme”) and Productivity Enhancement (Test-bedding) Scheme (“PET Scheme”)

The PES Scheme supports farming systems that would help productive farms achieve quantum leap in productivity through capability upgrading, increased production capacity and land intensification, by co-funding purchase of automated, advanced and integrated farming systems. The PET Scheme encourages farms to develop, test and demonstrate feasibility of new farming technologies/ systems that are customised and optimised to Singapore’s conditions or for farm’s own needs.

Areas in which funding support is granted under the PES Scheme and PET Scheme include hen egg, leafy vegetables, food fish, and beansprout, and the amount of funding support would depend on the area the farm deals in.

To be eligible for funding under the PES Scheme or the PET Scheme:

- An applicant must be a farm licensee of a Singapore based farm with valid licence issued by AVA;
- The applicant’s farm shall be free of unauthorised or illegal activities for the past 1 year from time of application; and
- The applicant should have completed any on-going approved projects under the PES Scheme/PET Scheme before any fresh application for the PES Scheme/PET Scheme will be considered i.e. all claims have been fully submitted and reimbursed. All completed projects should have gone through a post-implementation review by the AVA.

The evaluation criteria for funding under the PES Scheme includes:

- Comprehensiveness and scale of farming system;
- Impact on production capacity and productivity level;
- Project feasibility and economic viability; and
- Innovation, technical capability and capacity to execute a project.

The evaluation criteria for funding under the PET Scheme includes:

- Level of effectiveness and project feasibility;
- Impact on production capacity and productivity;

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- Potential to scale up and ease of implementation; and
- Technical capability and capacity to execute a project.

The AVA has the right to reject any application or claims and its decision is final.

Productivity and Innovation Credit Scheme (“PIC Scheme”)

The PIC Scheme gives businesses tax savings in the form of deductions/allowances for qualifying expenditure incurred in any of the six qualifying activities including training of employees, research and development activities, and registration of patents, trademarks, designs and plant varieties, from the years of assessment (“YAs”) 2011 to 2018.

For YA 2013 to 31 July 2016, eligible businesses can also exercise an irrevocable option to convert qualifying expenditure of up to SGD100,000 for each YA into cash, at a conversion rate of 60%. For qualifying expenditure incurred on or after 1 August 2016, the cash payout conversion rate will be reduced from 60% to 40%. The PIC Scheme will lapse after YA 2018.

The qualifying conditions for the PIC Scheme are set out below:

- (a) qualifying conditions for tax deductions/allowances:
 - (i) carries on active business operations in Singapore; and
 - (ii) incurred qualifying expenditure and are entitled to PIC Scheme during the basis period of the qualifying year of assessment.
- (b) qualifying conditions for cash payout:
 - (i) carries on active business operations in Singapore;
 - (ii) incurred qualifying expenditure and are entitled to PIC Scheme during the basis period of qualifying year of assessment;
 - (iii) meets the three-local-employee condition;
 - (iv) minimum qualifying expenditure for each cash payout option application is SGD400; and
 - (v) for PIC Scheme information technology and automation equipment claims relating to YA 2016 onwards, equipment to be in use by the business at the point of electing for cash payout.

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Wage Credit Scheme (“WCS”)

The WCS was introduced by the Government of Singapore to give firms more time to adjust to rising wages in the tight labour market. Under the WCS, the Government of Singapore will co-fund 40% of wage increases given to Singapore Citizen employees earning a gross monthly wage of SGD4,000 and below in 2013 to 2015. Over the period of 2016 to 2017, the Government of Singapore will co-fund 20% (instead of 40%) of wage increases given to Singaporean employees earning a gross monthly wage of SGD4,000 and below.

In Budget 2018, it was announced that the WCS will be extended for three more years, i.e. 2018, 2019 and 2020, to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers. Government co-funding will be maintained at 20% in 2018. Subsequently, the co-funding ratio will be stepped down to 15% in 2019 and 10% in 2020. All other qualifying conditions will be unchanged.

The qualifying conditions for the WCS are set out below:

All employers paying wage increases in 2013 to 2020 to Singapore Citizen employees who:

- (a) are earning a gross monthly wage of SGD4,000 and below;
- (b) received CPF contributions from a single employer for at least three calendar months⁽¹⁾ in the Preceding Year⁽²⁾;
- (c) have been on the employer’s payroll for at least three calendar months⁽¹⁾ in the Qualifying Year⁽³⁾, meaning that the employer must have paid employee CPF contributions for at least three calendar months⁽¹⁾ in Qualifying Year⁽³⁾;
- (d) have at least SGD50 gross monthly wage increase; and
- (e) must not also be the business owner of the same entity (i.e. sole proprietor of the sole proprietorship, or a partner of the partnership, or both a shareholder and director of a company).

Notes:

1. The three months minimum employment duration need not be continuous.
2. “Preceding Year” refers to the year before the Qualifying Year (i.e. 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019).
3. “Qualifying Year” refers to the year for which wage credit is computed, based on the wage increases given in that year. There are eight qualifying years, i.e. 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our history can be traced back to 2006 when Mr. Ma, our chairman, executive Director and chief executive officer, first acquired a minority interest in N&N from an independent third party. At the relevant time, N&N was engaged in the production and sale of fresh eggs in Singapore. In 2009, Mr. Ma established Egg Harvest with minority investors, to acquire further interest in N&N from the independent third parties. Upon completion of the acquisition, N&N was owned as to 60% by Egg Harvest. In 2012, Mr. Ma acquired the remaining 40% of the issued share capital of N&N held by Hup Heng, in which Mr. Ma and his family members have shareholdings. For further details of the change of shareholdings of N&N, please refer to the section headed “History, reorganisation and corporate structure — Our corporate development — N&N” of this prospectus.

Throughout the years, our Group has been established as one of the three players in the egg production market in Singapore and has been selling our own fresh chicken eggs under the name of “安安 N&N”. Under the management of Mr. Ma, N&N has invested in various egg processing equipment and facilities and N&N extended its products offering to processed eggs. N&N has expanded its customer base to supermarkets, food and beverage outlets, food catering businesses and restaurants in Singapore.

Our major business milestones

The following table sets forth the major milestones of our Group’s development:

Month/Year	Events
November 2002	• N&N first became a member of the Singapore Quality Egg Scheme.
July 2006	• Mr. Ma became a shareholder of N&N.
August 2009	• N&N was accredited with ISO22000:2005 for its quality food safety management systems.
December 2009	• Our fresh eggs were first granted the Healthier Choice Symbol by the Health Promotion Board of Singapore.
April 2014	• N&N first produced and sold our pasteurised shell eggs, pasteurised liquid eggs, pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs in the egg market in Singapore.
May 2014	• N&N obtained HALAL Certificate from Majlis Ugama Islam Singapura for our Group’s egg products.
May 2014	• TPEC was first accredited with ISO22000:2005 for its quality safety management system.
May 2016	• TPEC first obtained the “A” licence to operate a food establishment issued by the AVA.
May 2018	• the President of the Republic of Singapore approved the renewal of the lease

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR CORPORATE DEVELOPMENT

Set forth below is the establishment and development of our Company and major subsidiaries.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2018 with an authorised share capital of HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.10 each and is the holding company of our Group. Upon its incorporation, 1 initial share of par value of HK\$0.10 was allotted and issued as fully paid to the first subscriber, an independent third party, which was subsequently transferred to Radiant Grand.

On 6 March 2018, each of the issued and unissued shares of HK\$0.10 in the share capital of the Company was subdivided into 10 Shares of HK\$0.01 each. On the same day, the Company issued and allotted 7,851 Shares and 2,139 Shares to Radiant Grand and Elite Ocean, respectively.

On 14 August 2018, as part of the Reorganisation, our Company acquired all the issued shares of Alliance Glory. The consideration was satisfied by the allotment and issuance of 10,000 Shares in the Company, credited as fully paid, to Radiant Grand and Elite Ocean as to 7,861 Shares and 2,139 Shares, respectively.

N&N

N&N, an indirect wholly-owned subsidiary of our Company, was incorporated in Singapore on 14 December 1996 and is the major operating subsidiary of our Group. As at the Latest Practicable Date, N&N is principally engaged in production and sale of fresh chicken eggs and processed egg products primarily in Singapore.

On 19 July 2006, after consideration of the business prospect of N&N, Mr. Ma acquired 549,450 shares in N&N, representing 5.49% of N&N's issued share capital, from an independent third party at a consideration of SGD500,000 which was determined after arm's length negotiations with reference to the net asset value of N&N from the then latest available audited financial statements and became a minority shareholder of N&N. On 10 December 2007, Mr. Ma decided to reduce his shareholdings in N&N and sold 439,560 shares in N&N back to the same party at a consideration of SGD400,000, being the original purchase price of the same shares. Upon completion of the transfer, Mr. Ma owned 109,890 shares in N&N representing 1.10% of its entire issued share capital.

On 30 June 2009, Egg Harvest, which was held as to 66.7%, 30.5% and 2.8% by Mr. Ma, Mr. Lim, an independent third party with whom Mr. Ma was socially acquainted, and an independent third party respectively, acquired 3,890,110 shares and 2,000,000 shares in N&N from two independent third parties, representing 38.9% and 20% of N&N's issued share capital, at a consideration of SGD2,334,066 and SGD1,200,000, respectively, which was determined after arm's length negotiations and consideration of the business prospect of N&N by the then management of Egg Harvest, with reference to the net asset value of N&N from the then latest available audited financial statements. On 8 July 2009, to consolidate his shareholdings in Egg Harvest, Mr. Ma

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

transferred all of the 109,890 shares in N&N to Egg Harvest at a consideration of SGD65,934 which was determined after arm's length negotiations, with reference to the net asset value of N&N from the then latest available audited financial statements. Upon completion of the transfers, Egg Harvest owned 60% of the entire issued share capital of N&N.

On 1 July 2010, Hup Heng acquired 4,000,000 shares in N&N from an independent third party, representing 40% of N&N's issued share capital, at a consideration of SGD4,400,000 which was determined after arm's length negotiations and consideration of the business prospect of N&N by the management of Hup Heng, with reference to the net asset value of N&N from the then latest available audited financial statements. On 16 May 2011, Mr. Ma acquired 1,000 shares of Egg Harvest, representing 2.8% of its issued share capital, from the independent third party at a consideration of SGD1,000 which was determined after arm's length negotiations. On 27 April 2012, Mr. Ma further acquired 4,000,000 shares of N&N, representing 40% of its issued share capital, from Hup Heng at a consideration of SGD2,400,000 which was determined after arm's length negotiations with reference to the net asset value of N&N from the then latest available audited financial statements. Upon completion of the acquisition, N&N was owned by Egg Harvest, which was owned as to 64.35% and 35.65% by Mr. Ma and Mr. Lim, respectively, and Mr. Ma as to 60% and 40%, respectively.

As part of the Reorganisation, on 14 August 2018, Alliance Glory acquired 60% and 40% of the issued share capital of N&N from Egg Harvest and Mr. Ma at a consideration of SGD6,000,000 and SGD4,000,000, respectively. The consideration was determined with reference to the issued share capital of N&N as at the time of the acquisition and was satisfied by Alliance Glory allotting and issuing 7,860 shares and 2,139 shares in Alliance Glory to Radiant Grand and Elite Ocean, as directed by Egg Harvest and Mr. Ma, respectively. Such transfer was properly and legally completed and settled. As such, N&N became a wholly owned subsidiary of Alliance Glory. Please see the paragraph headed "Reorganisation — Acquisition of N&N, TPEC and Egg Story" in this section for details.

CSH Eggs and CSH Egg Store

CSH Eggs, an indirect wholly-owned subsidiary of our Company, was incorporated in Singapore on 18 May 2016. Upon its incorporation, CSH Eggs allotted and issued 2 shares credited as fully paid to an independent third party at a consideration of SGD2.00. CSH Eggs was not in operation after its incorporation and the business of CSH Egg Store was transferred to CSH Eggs on 1 May 2017. CSH Egg Store was a sole proprietorship established in Singapore on 18 February 1975 principally engaged in the wholesale, import and export of fresh and processed eggs.

On 1 May 2017, as part of N&N's strategy to expand its customer base, N&N acquired the entire issued share capital in CSH Eggs from an independent third party, who also transferred the business of CSH Egg Store to CSH Eggs, at an aggregate consideration of SGD350,000, which was determined after arm's length negotiations with reference to the estimated value of the business of CSH Egg Store. Such transfer was properly and legally completed and settled. Upon completion of the transfers on the same day, CSH Eggs was the direct wholly-owned subsidiary of N&N and the sole proprietor of CSH Egg Store.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Guan Sing Eggs

Guan Sing Eggs is a sole proprietorship registered in Singapore with a commencement date of 1 May 2018 and owned by N & N. It is principally engaged in the trade of fresh eggs.

Golden Hoyo

Golden Hoyo, an indirect wholly-owned subsidiary of our Company, was incorporated in Singapore on 26 August 1989. Upon its incorporation, Golden Hoyo allotted and issued 1 share credited as fully paid to an independent third party at a consideration of SGD1.00. Golden Hoyo is a company which leased a factory unit located at 1002 Tai Seng Avenue, #01-2548, Singapore 534409 (the “**Property**”) used for the wholesaling and processing of eggs. For further details of the Property, please refer to the section headed “Business — Properties — Real property leased by us” of this prospectus. On 1 May 2017, for the purpose of acquiring the Property, N&N acquired 150,000 shares and 350,000 shares, respectively, representing the entire issued share capital in Golden Hoyo, from two independent third parties for an aggregate consideration of SGD800,000, which was determined with reference to the fair value of the Property. Pursuant to the sale and purchase agreement entered into between N&N and the two independent third parties, the completion was conditional on the acquisition of the entire issued share capital in CSH Eggs by N&N and the purchase and completion of transfer of ownership of CSH Egg Store to CSH Eggs. Such transfer was properly and legally completed and settled on the same day. As at the Latest Practicable Date, N&N held the entire issued share capital of Golden Hoyo.

TPEC

TPEC, an indirect wholly-owned subsidiary of our Company, was incorporated in Singapore on 28 June 2010. Upon incorporation, TPEC allotted and issued 2 shares credited as fully paid to Mr. Ma at a consideration of SGD2.00.

TPEC is principally engaged in employment of staff for N&N and charges N&N management fee.

As part of the Reorganisation, on 14 August 2018, Mr. Ma transferred the entire issued share capital in TPEC to Alliance Glory at SGD233,441 which was determined with reference to the net assets of TPEC as shown on its audited accounts for the year ended 31 March 2017. Such transfer was properly and legally completed and settled. As such, TPEC became a direct wholly owned subsidiary of Alliance Glory. Please see the paragraph headed “Reorganisation — Acquisition of N&N, TPEC and Egg Story” in this section for details.

Egg Story

Egg Story, an indirect wholly-owned subsidiary of our Company, was incorporated in Hong Kong on 5 July 2017 for the purpose of engaging professional parties for our Company’s listing application to be made in Hong Kong. Upon its incorporation, Egg Story allotted and issued 1 share credited as fully paid to Mr. Ma at a consideration of HK\$1.00.

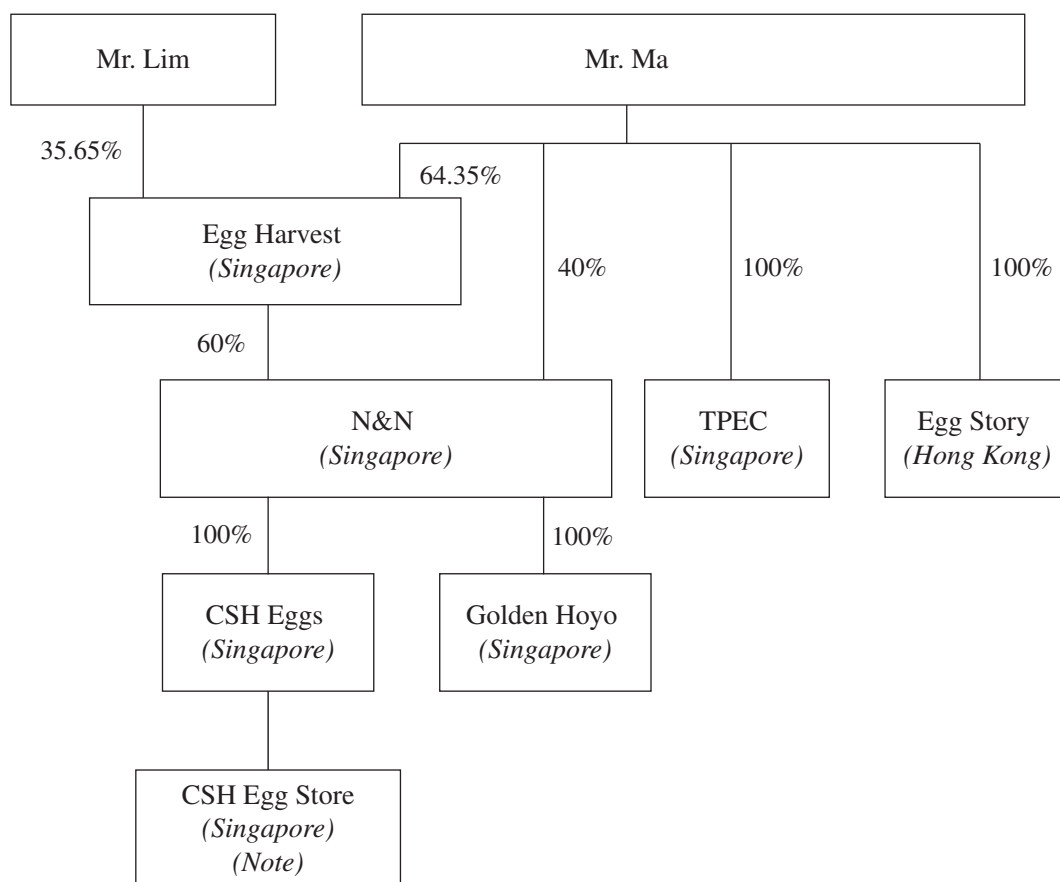
As part of the Reorganisation, on 2 August 2018, Mr. Ma transferred the entire issued share capital in Egg Story to Alliance Glory at HK\$1.00 which was determined with reference to the total

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

paid-up share capital of Egg Story. Such transfer was properly and legally completed and settled. As such, Egg Story became a direct wholly owned subsidiary of Alliance Glory. Please see the paragraph headed “Reorganisation — Acquisition of N&N, TPEC and Egg Story” in this section for details.

REORGANISATION

On 2 January 2018, we commenced the Reorganisation in preparation for the Share Offer. The shareholding and corporate structure of our Group immediately before the Reorganisation is set out below:



Note: CSH Egg Store is a sole proprietorship owned by CSH Eggs.

The Reorganisation primarily involved the following steps:

Incorporation of holding companies by the shareholders to hold interests in our Company

Elite Ocean

On 2 January 2018, Elite Ocean was incorporated with limited liability in the BVI and is authorised to issue a maximum of 50,000 shares of a single class of US\$1.00 each. On 26 February 2018, 1 share was allotted and issued to Mr. Lim fully paid in cash at par. Upon completion of such allotment, Elite Ocean became wholly-owned by Mr. Lim.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Radiant Grand

On 5 January 2018, Radiant Grand was incorporated with limited liability in the BVI and is authorised to issue a maximum of 50,000 shares of a single class of US\$1.00 each. On 9 February 2018, 1 share was allotted and issued to Mr. Ma fully paid in cash at par. Upon completion of such allotment, Radiant Grand became wholly-owned by Mr. Ma.

Incorporation of Alliance Glory

On 5 January 2018, Alliance Glory was incorporated with limited liability in the BVI, and is authorised to issue a maximum of 50,000 shares of a single class of US\$1.00 each. On 9 February 2018, 1 share was allotted and issued to Mr. Ma fully paid in cash at par, which was subsequently transferred to Radiant Grand on 23 February 2018. Following such transfer, Alliance Glory became wholly-owned by Radiant Grand.

Incorporation of our Company

On 12 February 2018, our Company was incorporated with limited liability in the Cayman Islands as the holding company of our Group, with an authorised share capital of HK\$380,000 divided into 3,800,000 shares with par value of HK\$0.10 each. Upon its incorporation, 1 initial share of a par value of HK\$0.10 was allotted and issued fully paid to the nominee of Conyers Trust Company (Cayman) Limited, an independent third party. On the same day, the initial share was transferred to Radiant Grand. On 6 March 2018, each of the issued and unissued shares of HK\$0.10 in the share capital of our Company was subdivided into 10 Shares of HK\$0.01 each. On the same day, our Company issued and allotted 7,851 Shares of HK\$0.01 each and 2,139 Shares of HK\$0.01 each to Radiant Grand and Elite Ocean, respectively.

Acquisition of N&N, TPEC and Egg Story

On 14 August 2018, Alliance Glory acquired 60% and 40% of the issued share capital of N&N from Egg Harvest and Mr. Ma at a consideration of SGD6,000,000 and SGD4,000,000, respectively. The consideration was determined with reference to the issued share capital of N&N at the time of acquisition and was satisfied by Alliance Glory allotting and issuing 7,860 shares and 2,139 shares in Alliance Glory to Radiant Grand and Elite Ocean, as directed by Egg Harvest and Mr. Ma respectively.

Alliance Glory acquired the entire issued share capital of TPEC and Egg Story from Mr. Ma at a consideration of SGD233,441 and HK\$1, on 14 August 2018 and 2 August 2018, respectively, which has been settled in cash. The consideration was determined with reference to the net assets of TPEC as shown on its audited accounts for the year ended 31 March 2017 and the total paid-up share capital of Egg Story, respectively.

Upon completion of the acquisitions, N&N, TPEC and Egg Story became direct wholly owned subsidiaries of Alliance Glory.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

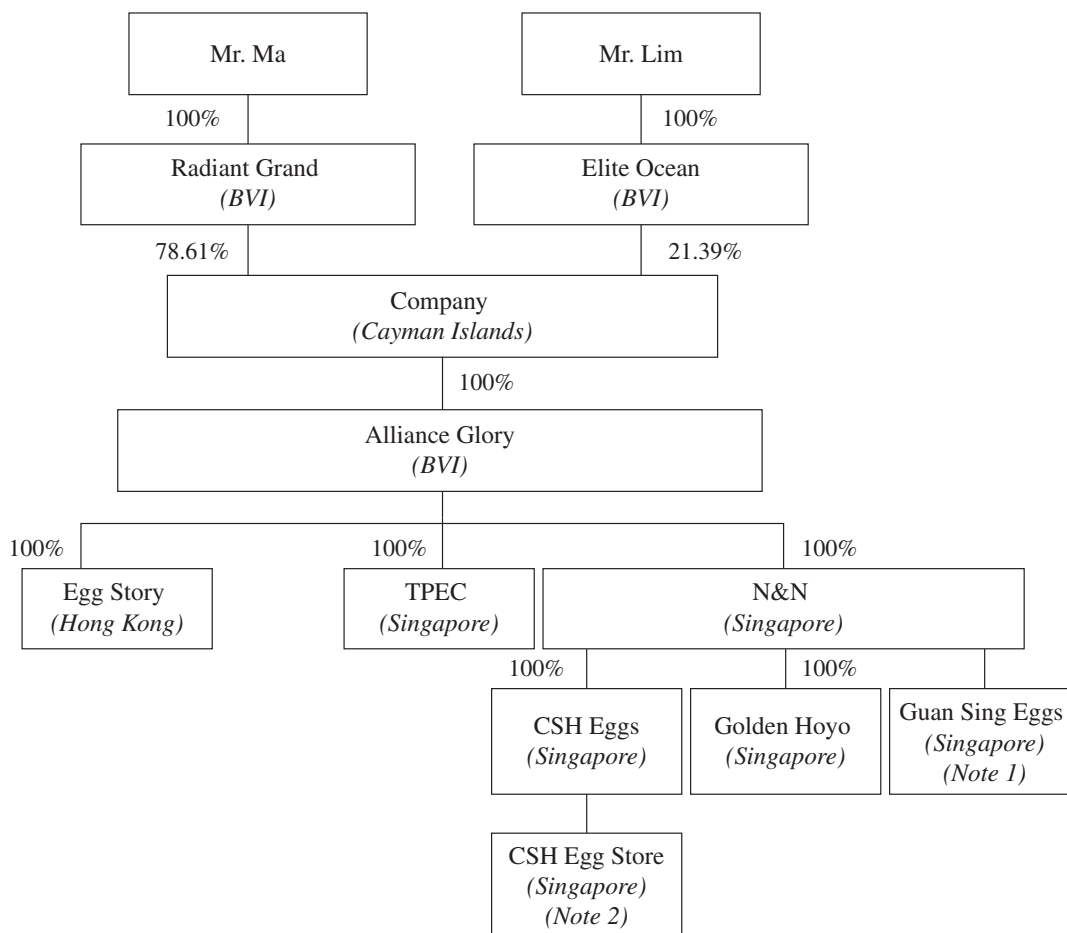
Share swap between Radiant Grand, Elite Ocean and the Company

On 14 August 2018, our Company acquired all the issued shares of Alliance Glory from Radiant Grand and Elite Ocean. The consideration was satisfied by the allotment and issuance of 10,000 Shares in the Company credited as fully paid to Radiant Grand and Elite Ocean as to 7,861 Shares and 2,139 Shares, respectively.

Confirmation

Each of the share transfers and allotment of shares pursuant to the Reorganisation has been properly and legally completed and settled and there are no restrictions on regulatory consents, approvals or authorisations in relation to the Reorganisation.

The shareholding and corporate structure of our Group immediately after the completion of the Reorganisation and immediately before the Share Offer is set out as follows:



Notes:

1. Guan Sing Eggs is a sole proprietorship newly registered in Singapore on 1 May 2018 owned by N&N.
2. CSH Egg Store is a sole proprietorship owned by CSH Eggs.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

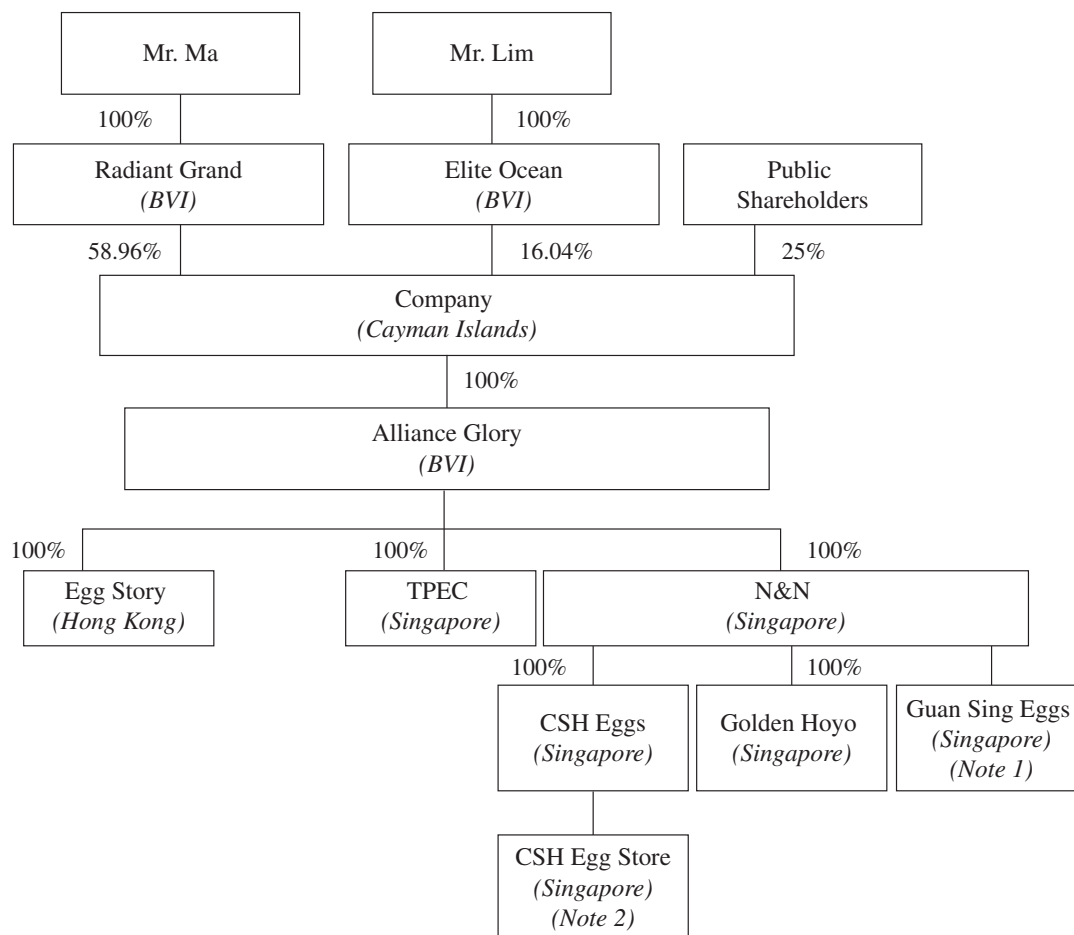
INCREASE OF AUTHORISED SHARE CAPITAL

On 15 August 2018, our Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares through creation of 9,962,000,000 additional Shares.

CAPITALISATION ISSUE

Conditional upon the share premium account of our Company being credited as a result of the Share Offer, a sum of HK\$3,749,800 from the share premium account will be capitalised for paying up in full a total of 374,980,000 shares of our Company for the allotment and issue to Radiant Grand and Elite Ocean on a pro rata basis.

The following chart sets out the shareholding and corporate structure of our Group immediately after completion of the Capitalisation Issue and completion of the Share Offer, assuming that there is no exercise of any options which may be granted under the Share Option Scheme:



Notes:

1. Guan Sing Eggs is a sole proprietorship newly registered in Singapore on 1 May 2018 owned by N&N.
2. CSH Egg Store is a sole proprietorship owned by CSH Eggs.

OVERVIEW OF OUR BUSINESS

Our Group is principally engaged in the production and sale of egg products, primarily in Singapore. Our egg products include (i) fresh chicken eggs; and (ii) processed egg products. We operate our own egg laying farm in Singapore and also source fresh chicken eggs from independent third party suppliers. We sell our own fresh chicken eggs under the name of “安安 N&N”. For our pasteurised shell eggs sold to supermarkets in Singapore and through various independent third party online sales platforms, we sell under the brand of “Egg Story — Pasteurised to kill Salmonella and Bird Flu Virus” with a letter “P” stamped or imprinted on each pasteurised shell egg. During the Track Record Period, we also procured a small quantity of quail eggs, century eggs and salted eggs in Singapore for our customers.

Our Group is currently one of the only three layer farms licensed by the AVA to produce fresh chicken eggs in Singapore and TPEC has been awarded an “A” grade licence to operate a food establishment by the AVA for egg processing and shell egg pasteurisation. The AVA has implemented a grading system for food establishments which is intended to motivate food establishments to achieve and maintain high standards of food hygiene and safety standards. Food establishments are assessed by the AVA and awarded a grade ranging from A (Excellent) to D (Pass). By attaining the “A” grade licence to operate a food establishment, it shows that our Group is capable of providing safe and reliable egg products to our customers. Our Group has also obtained ISO 22000:2005 certification for poultry layer farm, including animal feed production, poultry layer farming, production and packing of shell eggs; and ISO22000:2005 certification for processing of pasteurised shell eggs, pasteurised liquid eggs, pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs. As stated in the F&S Report, we had a market share in terms of revenue of approximately 20.7% of local egg production in Singapore in 2017 and an estimated market share of approximately 7.8% in terms of the total egg consumption in Singapore in 2017.

Fresh eggs

The fresh eggs sold by us are fresh chicken eggs and quail eggs. During the Track Record Period, we sourced most of the fresh chicken eggs from our own farm. To meet our customers’ demands, we procured fresh chicken eggs and quail eggs from AVA-accredited egg suppliers. Our Directors believe that our capability to source fresh eggs for sale was enhanced following the acquisition by CSH Eggs of the business of CSH Egg Store on 1 May 2017 (please refer to the section headed “History, reorganisation and corporate structure — CSH Eggs and CSH Egg Store” of this prospectus for more details).

Processed egg products

Our processed egg products offered to our customers during the Track Record Period mainly include (i) pasteurised shell eggs, (ii) pasteurised liquid eggs, (iii) pasteurised soft yolk eggs, (iv) pasteurised hard boiled and peeled eggs, and (v) a small amount of century eggs and salted eggs. Except for the century eggs and the salted eggs which were sourced locally, all our processed egg products were made of the eggs produced from our farm.

BUSINESS

For each of the three years ended 31 March 2018, our revenue amounted to approximately SGD17.7 million, SGD19.9 million and SGD25.1 million, respectively and our net profit amounted to approximately SGD1.4 million, SGD1.7 million and SGD0.5 million, respectively. Set out below is the breakdown of revenue of our Group by types of products during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	% of total revenue	SGD'000	% of total revenue	SGD'000	% of total revenue
Fresh Eggs	13,811	77.9	12,877	64.7	14,288	56.9
Processed Eggs						
Pasteurised liquid eggs	1,523	8.6	3,110	15.6	5,198	20.7
Pasteurised soft yolk eggs	667	3.8	1,453	7.3	1,772	7.0
Pasteurised hard boiled and peeled eggs	900	5.1	1,136	5.7	1,527	6.1
Pasteurised shell eggs	571	3.2	1,004	5.0	1,510	6.0
Other processed eggs	257	1.4	334	1.7	828	3.3
Total	17,729	100	19,914	100	25,123	100

For further details and commentary on our Group's financial performance, please refer to the section headed "Financial information" of this prospectus.

We have our own production facilities located in 1 Lim Chu Kang Lane 9A, Singapore 718845. We currently have 2 one-storey pullet houses, 6 one-storey layer houses, 1 feed mill plant, 1 egg processing plant and 1 central grading and packaging plant. For further details of our production facilities, please refer to the paragraph headed "Production facilities" of this section below.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success:

We offer a variety of egg products which enables us to access a wider pool of potential customers in the egg market

We offer different packages of fresh chicken eggs to the public in Singapore through our supermarket customers and various independent third party online sales platforms, including 1st born eggs, big eggs, kampong eggs and jumbo eggs. In addition to our self-produced fresh egg products, we have produced a variety of processed egg products for our customers. For further details of our processed egg products, please refer to the paragraph headed "Our egg products — (ii) Processed egg products" in this section below. We have also sourced a small amount of century eggs, quail eggs and salted eggs in Singapore for our customers.

Our wide range of egg products enable us to broaden our product offerings to our existing and new customers beyond just fresh eggs. We are also able to reach out to a larger pool of potential customers who need more than just fresh eggs.

BUSINESS

We possess all crucial production facilities and do not need to rely on any subcontracting arrangement

Most of our production process is highly automated and computerised and we also possess all the equipment and technical know-how required for the production of our processed egg products. We are capable of carrying out all the production processes of our egg products with our production facilities and do not need to rely on any subcontracting arrangement. For further details of our production process and our production facilities, please refer to the paragraphs headed “Our egg products” and “Production facilities” respectively of this section below. Our Directors believe that our in-house capabilities enable us to control our costs and allocate our resources in an effective and efficient manner.

We have established long-standing business relationships with our major customers

We have established business relationships with our major customers for periods ranging from 3 years to 15 years. Our Directors believe that one of our strengths is our ability to secure and maintain long-term business relationships with our major customers, notwithstanding that we have not entered into long-term agreements with any of them. Recurring sales orders from our existing customers together with orders from new customers enabled us to increase our sales volume year on year during the Track Record Period.

Further, the majority of our egg products are sold to supermarkets, minimarts, food and beverage outlets and restaurants in Singapore. Our products can reach our end consumers in an efficient manner and we do not need to rely on any external distributors to distribute our products, which, in the view of our Directors, would be more costly and less reliable due to the fragile nature of our products. Further, on our own initiative, we send our sales and marketing staff to supermarkets to ensure that our policy of “first-in-first out” is fully implemented. If any quality issues are identified, egg products which are damaged or soon to expire will be removed from the shelves of the relevant supermarkets and our sales and marketing staff will report such action to our management which will make arrangements to replace the stocks as appropriate.

We have an experienced and incentivised management team with a proven track record

Our executive Directors have considerable experience and expertise in the egg production industry. In particular, Mr. Ma, our chairman, executive Director and chief executive officer, who is responsible for overseeing the operation of our Group, has accumulated more than 10 years of experience in the egg production industry. Ms. Lim Siok Eng, our executive Director, joined our Group in 2009 and has been involved in the general administration of our Group since then. Our other executive Director, Mr. Tang Hong Lai, also has more than 15 years of experience in establishing and managing the water supply and waste management system for our farm operation and has been responsible for supervising and overseeing the operations of the waste management system of our Group since joining our Group in 2002. For further information of the experience of our Directors, please refer to the section headed “Directors, senior management and staff” of this prospectus.

BUSINESS

We have established a biosecurity system and a quality control system for our production process

The quality of our egg products are crucial to the success of our Group. In order to ensure the good quality of our egg products, our employees are required to comply with our biosecurity system and quality control system during the production process. For further details of our biosecurity system and quality control system, please refer to the paragraphs headed “Biosecurity measures” and “Quality assurance” of this section below.

TPEC has been accredited with an “A” grade licence to operate a food establishment by the AVA and our Group has obtained ISO22000:2005 certification which certifies that our production facilities and quality control procedures have met recognised international standards. We are also a participant of the Singapore Quality Egg Scheme organised by the AVA and our fresh eggs and pasteurised shell eggs have been granted the Healthier Choice Symbol by the Health Promotion Board of Singapore. We consider that the foregoing will enhance the confidence of our customers in our products and also enable us to control the quality of our egg products in a consistent manner.

We have our own transportation vehicles for the delivery of our egg products to our domestic customers

As at the Latest Practicable Date, we possess and operate 19 dry box trucks and 13 chiller trucks to deliver our egg products to our customers in Singapore and therefore we do not rely on any third party professional logistic service providers for the delivery of our egg products. All our fresh eggs except washed eggs are delivered by dry box trucks, while all our processed eggs are delivered by chiller trucks. Our Directors believe that our investment in the dry box trucks and the chiller trucks enables us to ensure timely delivery and freshness of our egg products.

BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our existing business by diversifying our products and to increase our market share in the egg market in Singapore. Our Directors plan to achieve these business objectives by pursuing the following strategies. Please refer to the section headed “Future plans and use of proceeds — Implementation plans” of this prospectus for further details of the implementation plans of our business strategies and objectives.

Expanding egg laying production capacity in our existing production base

According to the F&S Report, we had a market share in terms of revenue of approximately 20.7% of local egg production in Singapore in 2017 and an estimated market share of approximately 7.8% in terms of total egg consumption in Singapore in 2017. According to the F&S Report, the population in Singapore had increased steadily from 5.3 million in 2012 to 5.7 million in 2017 and is expected to further increase at a CAGR of 0.8% in the next 5 years, amounting to 5.9 million in 2022. According to the AVA, per capita consumption of eggs in Singapore had increased from 308 pieces in 2012 to 348 pieces in 2017, representing a CAGR of 2.5%. At the same time, the overall chicken egg consumption has also increased from 1,576.2 million in 2012 to 1,803.1 million in 2017, representing a CAGR of 2.7%. Although the consumption of imported eggs increased from 1,212.4 million in 2012 to 1,367.9 million in 2017, representing a CAGR of 2.4%, according to the F&S Report, there is a higher growth rate recorded in the consumption of local eggs, increasing from 363.8 million in 2012 to 435.2 million in 2017, representing a CAGR of 3.7% and is expected to further increase at a CAGR of 3.9 % in the next 5 years, amounting to 529.0 million in 2022. Such higher growth rate of local egg consumption from 2012 to 2017 clearly demonstrated that local consumers are more preferred to consume locally produced eggs than imported eggs. Also, the Singapore government has been working on its vision to minimise reliance on imported eggs by operating the APF under three schemes since 2014 to provide funding support to local farms to boost yields and raise productivity. For details regarding the government schemes, please refer to the section headed “Industry overview — Market size” of this prospectus. As a result of the increasing population, the growing popularity of locally produced eggs in Singapore, the steady growth in the consumption of local eggs and the incentive schemes introduced by the government of Singapore, our Directors are of the view that there is still a large room for expansion of local egg products in the Singapore market and that such upward trend will continue.

During the Track Record Period and as at the Latest Practicable Date, our Group had 2 one-storey pullet houses and 6 one-storey layer houses, occupying a gross floor area of approximately 9,576 sq. m. For further details of our pullet houses and layer houses and their optimal maximum capacity, please refer to the paragraph headed “Production facilities” of this section below. To expand our egg laying production capacity and enhance our market share, we intend to construct one additional two-storey pullet house and 3 additional two-storey layer houses in our existing farm located at Lim Chu Kang. Our Group already communicated this plan to the AVA and received its positive response in May 2017 regarding the proposed additional pullet house and layer houses. Our Directors consider that the expansion of our production base will also enable our Group to achieve higher efficiency and economies of scale in the utilisation of the existing production and egg processing facilities and equipment already in operation at the same location and facilitate the fulfilment of the AVA’s objective of increasing food resilience capabilities in Singapore.

Reason for the proposed farm expansion

Our Group's farm expansion plan to increase its sales is not solely dependent on the projected increase in the consumption of eggs in Singapore. During the Track Record Period, we sourced most of the fresh chicken eggs from our own farm and, to meet our customers' demand, we also procured fresh chicken eggs (as well as quail eggs) from AVA-accredited egg suppliers. As the demand from our customers for fresh eggs continued to increase and as the demand for our processed egg products (which were made from the eggs produced from our farm) have significantly increased, our Group's current designed egg laying production capacity of 126 million eggs per annum is insufficient to meet the sales demand and so we have had to increase our purchase of fresh eggs (whether imported or purchased locally) to meet our customers' demand. Our Directors are of the view that such trend will continue, which makes the urgency of increasing our production capacity more pressing.

Due to their perishable nature, fresh eggs are purchased by our Group's customers on a regular and frequent basis. To fulfil the sales demand of our customers, our Directors believe that it is of strategic importance that our Group is able to secure and enhance control over the timeliness, quality and predictability of our fresh egg supplies. Having our own expanded egg laying capacity would therefore be critical to our Group being positioned to achieve these business objectives.

Our Group's business comprises the production and sale of fresh eggs and processed egg products. Our Group intends to continue its strategy of expanding its sales of fresh eggs and processed egg products (including increasing the variety of our processed egg products) thereby increasing our market share. In particular, after the acquisition of CSH Eggs and the start of the Guan Sing Eggs' operation, our Group is placed to increase sales of sourced eggs to complement the sale of our own produced fresh eggs and processed egg products.

Currently, our existing designed egg laying production capacity of the existing facilities is 126 million eggs per annum. With the planned farm expansion (when fully completed in 2022), our designed egg laying production capacity is projected to increase to 252 million eggs per annum, representing a one-fold increase. However, such increase in egg laying production capacity will be phased in stages. Following the completion of construction of the first two-storey layer house, there will be an anticipated increase in egg laying production capacity of approximately 42 million eggs by the end of March 2020. By March 2021, following the completion of the second two-storey layer house, a further 42 million eggs will be added to our egg laying production capacity, with the remaining 42 million additional egg laying production capacity expected to be added by the end of March 2022, following the completion of the third two-storey layer house. During the Track Record Period, our Group has on average increased the sales of eggs by approximately 22.9 million per year. In order to satisfy our customers' demand, as at 31 March 2018, our Group has imported approximately 44.5 million eggs. Our Directors expect that the number of eggs sold by our Group will further increase by approximately 35 million in 2019. In view of such growth rate, our Directors are of the view that by 2022 our Group will be capable of utilizing almost all of the 126 million increased designed egg laying production capacity considering the effect of some lead time before the transfer of the next batch of growers and layers after the depopulation exercise.

BUSINESS

Our Group intends to use the increased egg laying production capacity to increase its sales of fresh eggs and processed eggs in the following ways:

1. Partial Substitution of Existing Purchases

During the Track Record Period, our Group's purchased eggs increased from approximately 10.4% to approximately 28.5% of our total sales volume and, for the three months ended 30 June 2018, such percentage has further increased to approximately 46.6% of our egg supplies. In order to gradually reduce our reliance on purchased eggs, our Group intends to expand our egg laying production capacity in our existing production base to replace existing purchases. With the projected increase in sales over the next few years, our Directors are of the view that there is a ready market for eggs to be produced in our expanded egg laying production facility.

2. Increase the Range of Processed Egg Products

During the Track Record Period, our sales of processed egg products increased from approximately 22.1% to approximately 43.1% of our total sales. Our Group intends to continue to focus on increasing the sales of our existing processed egg products, which have a higher gross profit margin than fresh eggs, and to increase the variety of our processed egg products, as evidenced by our investments in the Tamagoyaki and egg omelette machines. Given that all our processed egg products were made of the eggs produced from our farm, our Directors believe that, with our increasing egg laying production capacity, our Group is capable of expanding our market share in the sales of processed egg products.

The proposed expansion plan

Leveraging on our Group's experience in producing fresh eggs and processed egg products in Singapore, we aim to further expand the egg laying capacity in our existing production base to align with the government's vision to reduce the reliance in Singapore on imported eggs. According to the F&S Report, a large amount of eggs are imported each year to satisfy the domestic demand in Singapore. At the same time, there was a higher growth rate of local egg consumption when compared to the consumption of imported eggs. According to the F&S Report, there was an increase in the consumption of local eggs from 363.8 million in 2012 to 435.2 million in 2017 at a CAGR of 3.7% showing that local consumers are likely to prefer to purchase locally produced eggs than imported eggs. In addition, in March 2018 the Senior Minister of State for National Development Koh Poh Koon said that the Singapore Government target to have more food produced locally includes a target of 30% for locally produced eggs (compared to the 2017 local production figure of 24%). As such, our Group intends to increase our market share in Singapore by expanding in egg laying production capacity constructing one additional two-storey pullet house and three additional two-storey layer houses.

Our Group intends to carry out this expansion plan in stages over a five-year period, with the 1st stage (2018–2020) ("**1st Stage**") comprising the planning, piling and foundation work for the entire site where the proposed expansion will take place and the construction of the first of the two-storey layer houses, which will be funded partly from the net proceeds of the Share Offer and

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partly from bank borrowings. The 1st Stage will comprise three phases and is intended to be completed by mid 2020. The aforementioned first two-storey layer house will initially be supplied by growers from the existing pullet houses of our Group. Our Directors confirm that, although the theoretical maximum design capacity of each storey of the two-storey layer house is 100,800 chickens, our Group plans to have around 83,200 layers per storey which our Directors believe will be more conducive to higher productivity.

The 2nd Stage (2020–2021) (“**2nd Stage**”) will comprise the construction of the two-storey pullet house followed by the second two-storey layer house which are intended to be started after the completion of the 1st Stage and to be completed by December 2021. The new two-storey pullet house will occupy a gross floor area of approximately 1,908 sq.m. and can house up to an optimal maximum of 201,600 heads of day-old chicks or growers at any one time, which would account for an increase of 83,200 heads of day-old chicks or growers that each of our existing pullet houses is currently housing at any one time.

The 3rd Stage will comprise the construction of the third and final two-storey layer house which is currently intended to start after completion of the 2nd Stage.

Our Directors believe that phasing our farm development plan in stages will enable us to build up our sales base and manage the capital funding needed more efficiently. The 1st Stage which is to be funded partly from the net proceeds of the Share Offer and partly from bank borrowings is not contingent on the 2nd and 3rd Stages.

The timeline for the proposed expansion plan is as follows:

1st Stage

Set out below are the key phases in the development process of the 1st Stage:

Phase I — Obtaining the relevant permits and approvals and engaging professionals to draw up the layout plan

Before commencement of the expansion plan on the leased land, our Group shall appoint a qualified person (“**QP**”), a person who is registered as an architect with the BOA or a professional engineer with the PEB and has a valid practicing certificate issued by the BOA or the PEB respectively.

The QP shall prepare the necessary structural plans and buildings plans for the two-storey layer houses (and the additional pullet house). Thereafter, the QP, on behalf of our Group, shall first submit such plans to the AVA for its approval. The AVA reviews the plans on a case-by-case basis, and has the sole discretion in deciding whether or not to grant approval for the expansion plan. When exercising its sole discretion, the AVA will consider certain aspects of the expansion plan such as the scope of the proposed activities to be carried out and the technology which is proposed to be used. Our Singapore legal advisers are given to understand that as long as the expansion plans comply with the conditions of the licence for the farm granted to our Group, it is unlikely that the AVA will

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refuse to grant such approval. For instance, a condition of the licence is that the licensee shall not use or permit or suffer the farm or any building thereon to be used otherwise than the activity approved by the Director-General and the authorised AVA officers. The AVA will consider whether the proposed activities to be carried out and the technology which is proposed to be used in the expansion plan are in line with the activity which the AVA had approved in the licence for the farm granted to our Group. Other conditions of the licence include that the licensee shall permit the Director-General and the authorised AVA officers with or without workmen at all reasonable times to enter into and upon the farm and into any building to view, inspect or check the state and condition thereof or for any other reasonable purpose; and that the licensee shall furnish any information as the Director-General and authorised AVA officers may reasonably require. After the AVA's approval has been obtained, the QP shall then proceed to obtain approval from the other relevant government authorities of Singapore, such as the BCA, the URA, the SLA and the Public Utilities Board. The types of permits and approvals required from these government authorities will depend on the specifications detailed in the structural plans and building plans.

After obtaining the necessary permits and approvals, our Group will engage independent third party professionals to draw up layout designs and plans. Our Directors estimate that the time required for obtaining the relevant permits and approvals and finalising the layout designs, would be around 5 months, with estimated cost of approximately SGD350,000.

Phase II — Levelling and Piling

After finalising the layout designs and plans and having obtained the requisite approvals, our Group will select and engage independent third party contractors to carry out physical levelling and piling works and construction of driveway, perimeters security and drainage systems, based on the parameters of the approved layout designs and plans. The selection of such contractors is determined based on factors including, but not limited to, the company's reputation, licence/certificate obtained by the relevant company, relevant experience and expertise. In order to minimise disruptions and disturbances to our existing egg laying production operations, our Directors intend to level and pile the land at the same time to prepare for the construction of all four additional houses. Our Directors estimate that the time required for the levelling and piling of the land and the construction of driveway, perimeters security and drainage systems would be around 6–8 months, with total cost estimated to be approximately SGD2,362,000.

Phase III — Construction of the first two-storey layer house

After completion of the levelling and piling, our Group will select and engage independent third party contractors to carry out various kinds of construction activities relating to the construction of the first two-storey layer house, including, but not limited to, the construction of the house shell and the installation of the caging system within the layer house. Once the 1st storey of the new layer house has been completed, the relevant caging system previously ordered from the supplier will be installed. Upon obtaining the

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requisite approvals from the AVA, the growers from our existing pullet house will be transferred to the first storey of the new layer house. After that, we shall proceed to install the caging system in the 2nd storey of the new layer house. Once the caging system in the 2nd storey has been installed, the growers will be similarly transferred to the 2nd storey of the new layer house upon obtaining the prior confirmation approvals from the AVA. Our Group will include in our production plan the purchase of day-old chicks in advance, so that they are ready to be transferred to the layer house once the first storey of layer house is ready. Our Directors estimate that the time required for the construction of the first two-storey layer house would be around 12 months, with the total construction cost estimated to be approximately SGD3,415,000.

2nd Stage

After completion of Phase III of the 1st Stage above, our Group will commence the 2nd Stage of our expansion plan by starting the construction of the new two-storey pullet house, including, but not limited to, the construction of the house shell and the installation of the caging system within the new pullet house. Our Directors estimate the time required for the construction of the new two-storey pullet house would be around 12 months, with the total construction costs estimated to be approximately SGD3,415,000. Following completion of construction of the new two-storey pullet house, construction of the second 2-storey layer house will commence (with similar process and cost as for the construction of the first 2-storey layer house described in Phase III of the 1st Stage above).

3rd Stage

The timing for the 3rd Stage of our expansion plan is dependent on the corresponding progress in the expansion of our sales and customer base. Based on our Directors' current estimate, the 3rd Stage is likely to commence in the second half of 2022.

Capital expenditure and estimated breakeven period

Our Directors estimate the expenditure of expenses in respect of the construction of one additional two-storey pullet house and three additional two-storey layer houses to be as below:

	<u>Total</u> (SGD'000)
1st Stage (planning, piling and levelling and construction of the first two-storey layer house)	6,127
2nd Stage (planning and construction of the new two-storey pullet house and the second two-storey layer house)	7,180
3rd Stage (construction of the third and final two-storey layer house)	<u>3,415</u>
Total:	<u><u>16,722</u></u>

For further details, please refer to the section headed "Future plans and use of proceeds" of this prospectus.

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Our Directors' estimation of the breakeven period in respect of our additional pullet house and layer houses is 2 years. Our Group considers that the investment payback to be reached when the accumulated net cash flow of the additional pullet and layer houses generated from the date of commencement of their respective operation covers the total costs incurred in building and operating the additional pullet and layer houses, which is expected to take approximately 5.5 years.

Expanding our capabilities of producing processed egg products

During the Track Record Period, we mainly produced the following categories of processed egg products for our customers: (i) pasteurised shell eggs, (ii) pasteurised liquid eggs, (iii) pasteurised soft yolk eggs, and (iv) pasteurised hard boiled and peeled eggs.

Our Directors consider that continuous product innovation and improvement are important factors to further strengthen our market position and increase our market share in Singapore and believe that continuing diversification of our product range and our strategic plan in reaching different consumer groups will increase our sales and market share. Accordingly, we intend to increase our capabilities and capacity in producing other types of processed egg products, such as steamed eggs, egg tofu, frozen omelette and other ready-to-eat egg products. Further, to enhance our efficiency in the production of Japanese rolled omelette (Tamagoyaki) and egg omelette products, we have ordered one unit of Tamagoyaki machine and one unit of egg omelette machine. On 16 April 2018, we made a 30% down-payment of approximately SGD174,000 (equivalent to approximately HK\$1,042,000) from our internal resources and the remaining 70% balance of approximately SGD407,000 (equivalent to approximately HK\$2,437,000) will be funded partly by internal resources and partly by the hire purchase facility when the egg omelette machine and Tamagoyaki machine are shipped and installed in May 2018 and August 2018 respectively. With our long-standing business relationships with supermarkets and food distributors in Singapore, we are confident that our processed egg products can reach our end consumers in an efficient manner.

OUR BUSINESS MODEL

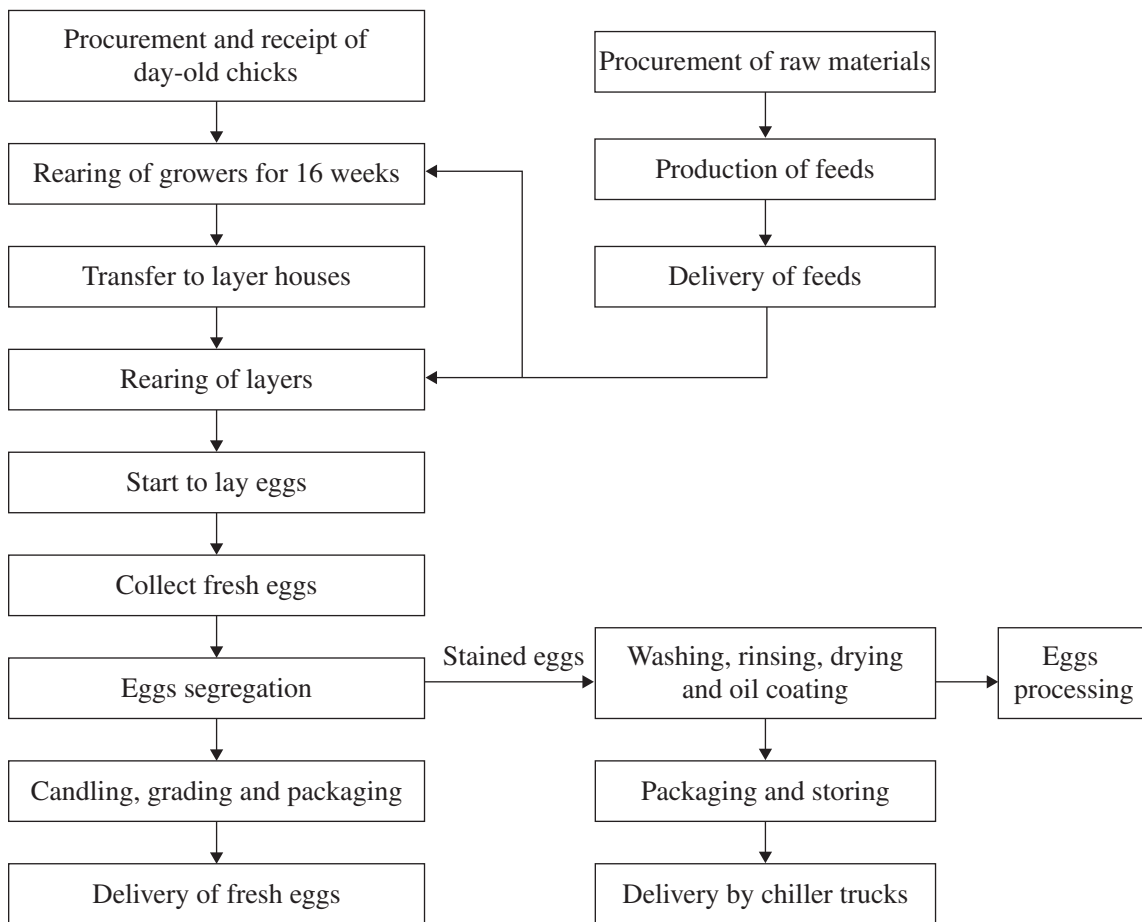
Our Group is principally engaged in the production and sale of egg products, primarily in Singapore. Our egg products include (i) fresh chicken eggs; and (ii) processed egg products. We operate our own egg laying farm in Singapore and also source fresh chicken eggs from independent third party suppliers. We sell our own fresh chicken eggs under the name of “安安 N&N”. For our pasteurised shell eggs sold to supermarkets in Singapore and through various independent third party online sales platforms, we sell under the brand of “Egg Story — Pasteurised to kill Salmonella and Bird Flu Virus” with a letter “®” stamped or imprinted on each pasteurised shell egg. During the Track Record Period, we also procured a small quantity of quail eggs, century eggs and salted eggs in Singapore for our customers.

OUR EGG PRODUCTS

(i) Fresh eggs:

Our fresh eggs are eggs which are generally unprocessed which include (i) fresh chicken eggs produced in our own farm; and (ii) fresh chicken eggs and quail eggs sourced from AVA-accredited egg suppliers who are independent third parties. We sell our own fresh chicken eggs under the name of “安安 N&N”. For each of the three years ended 31 March 2018, the revenue generated from our fresh eggs products accounted for approximately 77.9%, 64.7% and 56.9% respectively, of our total revenue for the same periods.

The following diagram illustrates the production process of our fresh chicken eggs produced at our own farm in Singapore:



Procurement and receipt of day-old chicks

Our production process starts with our purchase of day-old chicks. Our farm operation must comply with various biosecurity and biosegregation measures under the AVA requirements. For further details of the biosecurity measures adopted by our Group, please refer to the paragraph headed “Biosecurity measures” in this section below. In addition, the transfer-in and transfer-out of day-old chicks, growers and layers in the pullet houses and layer houses have to be carefully timed

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to maximise the capacity utilisation of our pullet houses and layer houses. We purchase our day-old chicks in batches of not more than 85,000 heads, which is the optimal maximum capacity of each of our pullet houses. As we currently have two pullet houses, it is imperative that these day-old chicks are delivered to our farm when at least one of our pullet houses is vacant. We usually formulate our purchase plan for day-old chicks one year in advance. This is to ensure that our day-old chicks supplier is able to schedule the hatching of these day-old chicks to coincide with our required delivery schedules. Given the need to ensure timely and reliable delivery of the required number of day-old chicks of a certain grade, during the Track Record Period, we procured our day-old chicks from an independent third party supplier (the “**DOC Supplier**”) which is a company incorporated in Malaysia and is an AVA-accredited supplier of day-old chicks. When we increase our egg production pursuant to our planned expansion of our farm operation (for further details, please refer to the paragraph headed “Expanding egg laying production capacity in our existing production base” in this section above), we may consider engaging another DOC Supplier. Our criteria for choosing DOC Suppliers are that they must be AVA-accredited suppliers, whose price of the day-old chicks meets our budget, and are reliable to meet our delivery schedules and our other requirements. For further details of the selection criteria of DOC Suppliers, please refer to the paragraph headed “Preventive measures against poultry-related diseases — Selection of suppliers of day-old chicks” of this section below.

The day-old chicks are delivered to our farm according to the schedules previously agreed between us and the DOC Suppliers. The day-old chicks are then reared in our pullet houses for around 16 weeks before they are transferred to one of our layer houses.

The costs of procuring our day-old chicks for each of the three years ended 31 March 2018 amounted to approximately SGD0.3 million, SGD0.3 million and SGD0.2 million respectively. The unit cost of the day-old chicks procured by us ranged from SGD0.88 per head to SGD1.14 per head during the Track Record Period.

The table below sets forth the highest and the lowest unit cost of the day-old chicks procured by us during the Track Record Period:

Period ended:	Highest Unit Cost (SGD)	Lowest Unit Cost (SGD)
Year ended 31 March 2016	1.14	0.96
Year ended 31 March 2017	1.01	0.96
Year ended 31 March 2018	1.01	0.88

Feeds production

We have our own in-house feed mill to formulate and process our own feeds for our livestock. Our feed mill occupies a gross floor area of approximately 1,648.5 sq. m.

The amount of feeds produced by us during each of the three years ended 31 March 2018 was 14,328 tonnes, 17,111 tonnes and 17,021 tonnes, respectively.

We procure the raw materials of our feeds, including soybean meal, yellow maize, wet grains vitamin pre-mix, mineral pre-mix and palm oil from independent third parties. We dry the wet grains

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at our farm before they are mixed with the other raw materials. These mixed materials are then crushed, sieved and weighted in different ratios based on the feeds diet formulated by nutritionists. Different formulations are used to cater to the changing needs of our layers at different stages of their egg laying lifespan. After that, the feeds are then stored in our silos for a short period before being delivered to our pullet houses and layer houses.

For our production operations, we usually keep around 2 months inventory level for our raw materials for feeds. For further details of the inventory management of feeds, please refer to the paragraph headed “Inventory management — Raw materials for feeds” of this section below. Our feeds produced in our feed mill are primarily for our internal consumption and we sold some feeds to Deksen during the Track Record Period. For further details, please refer to the paragraph headed “Entity which is a customer and supplier of our Group” of this section below.

Rearing of day-old chicks and laying of eggs

The day-old chicks are reared into growers in around 8 weeks. Such growers will be kept in our pullet houses until the 16th week. After these 16 weeks, they are then relocated into our layer houses and further reared into layers in another 2 weeks. From the 19th week onwards, the layers will start to lay eggs. On average, the laying rate of a batch of our layers is 80.6% when they reach the 89th week, which is the planned timing of our depopulation exercise. The timing of the depopulation exercise is dependent on a number of factors, which may include the level of demand for fresh eggs, the inventory of our fresh eggs, the productivity of each batch of layers and the timing of the next batch of growers that can be transferred to the layer house. All the depopulated layers are then sold as spent hens to external slaughter houses for culling. For further details on the sales of spent hens, please refer to the paragraph headed “Sales of spent hens” of this section below. All eggs laid in our layer houses are collected automatically by equipment.

All our farmhouses are built with a closed-house system that creates a conducive control environment to prevent direct contact between wild birds and our day-old chicks and layers. Our farmhouses are equipped with built-in ventilation systems and insulated ceilings. A closed-house system and built-in ventilation system allow us to control and maintain an optimal temperature, humidity controlled environment for the growth and productivity of our layers.

Each of our pullet houses is a multi-tier house equipped with automatic chain feeders, nipple drinkers, water meters and manure collection belt systems.

Each of our layer houses is also a multi-tier house equipped with automatic chain feeders, nipple drinkers, egg collection systems, water meters and manure collection belt systems. All these facilities are highly automated. Each house has one caretaker, who is required not to go to the other houses in order to ensure a high level of biosecurity.

During the rearing process, our Directors confirm that we have followed the applicable laws and regulations in Singapore relating to the disposal of chicken manure mechanically collected from our pullet and layer houses.

Egg segregation, candling, grading and packaging

After the laid eggs are transferred from the layer houses to our central grading and packaging plant by conveyor belts, they are inspected and graded by a computerised system which is equipped with various detection technologies (including a quality test technique called candling) to detect broken eggs, stained eggs, cracked eggs as well as blood eggs. All high quality good eggs are then weighed and graded by their sizes by our highly automated grading machine. They are then packed for delivery. During the packaging process, each egg is imprinted with our farm code together with the house number and date of production to facilitate tracing if there is any problem identified afterwards. Most of the above processes are highly computerised and are done by robotic equipment.

Delivery

Our fresh egg products are temporarily stored in the ambient warehouses and delivered to our customers by our dry box trucks except washed eggs which will be delivered by our chiller trucks. As at the Latest Practicable Date, we possessed and owned 19 dry box trucks for our delivery of fresh egg products.

(ii) Processed egg products:

The processed egg products produced by us can be categorised as (a) pasteurised shell eggs, (b) pasteurised liquid eggs, (c) pasteurised soft yolk eggs and (d) pasteurised hard boiled and peeled eggs, all such products were made of the eggs produced from our farm. For each of the three years ended 31 March 2018, our revenue generated from the sales of processed egg products, accounted for approximately 20.6%, 33.7% and 39.8% of our total revenue. For details of the breakdown of revenue by types of products, please refer to the paragraph headed “Overview of our business” of this section above. After the pasteurisation process, our processed egg products are stored in the chillers and are usually delivered to our customers within 24 hours using our chiller trucks, in order not to break the cold chain and for food safety purposes. Our chiller trucks are fitted with refrigerated storage to preserve the freshness of our processed egg products. As at the Latest Practicable Date, we possessed and owned 13 chiller trucks for our delivery of processed egg products.

(a) Pasteurised shell eggs

We first produced pasteurised shell eggs in 2014 by using technology licensed to us by the US Licensor and shall continue to use such technology for the production of pasteurised shell eggs.

The US Technology Licence Agreement

On 12 October 2010, we entered into the US Technology Licence Agreement with the US Licensor, which is an independent third party company based in the US. The US Technology Licence Agreement grants our Group the right to use the US Licensor’s technology to commercially produce, sell and distribute pasteurised shell eggs to all retail, institutional and food service customers in Singapore.

As confirmed by our Directors, save and except the signing of the US Technology Licence Agreement and the Supplemental US Technology Licence Agreement with our Group, the US

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Licensor does not have any past or present relationship with our Company and its subsidiaries, its respective shareholders, directors, senior management or any of their respective associates. Set forth below are the salient terms of the US Technology Licence Agreement:

- Terms: An initial period of 10 years from the date of the US Technology Licence Agreement, renewable automatically for another three years at the same royalty rate unless otherwise terminated by either party.
- Technology: The pasteurisation technology involves the process of submerging fresh eggs in an all-natural water bath, where computer-controlled temperature zones monitor and assure accurate pasteurisation. The eggs are then conveyed out of the pasteurisation bath and are coated with food grade-oil to prevent bacteria from entering the shell eggs. The pasteurized shell eggs are then stored in the chiller to ensure maximum freshness.
- Payment for equipment: The payment for equipment is payable by 4 instalments.
- Royalty: The amount of royalty paid is divided into three time periods:
- for the period between the date of the pasteuriser being approved by the US Licensor for operation in our Group's plant and 30 September 2016, all royalty payments were waived. (*Notes 1 and 2*)
 - for the period between 1 October 2016 and 30 June 2017, our Group is required to pay royalties to the US Licensor for every calendar month. No minimum royalty is required. The amount of royalty payable was determined after arm's length negotiations with the US Licensor with reference to the actual production volume of the pasteurized shell eggs of our Group; and
 - commencing from 1 July 2017, our Group is required to pay royalties to the US Licensor for every calendar month in the amount between USD2,000 and USD5,000, or a royalty calculated on the basis of the actual production volume of the pasteurised shell eggs of our Group, whichever is higher. The amount of royalty payable was determined after arm's length negotiations with the US Licensor.

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- Default:** Upon our Group's default on any agreement with the US Licensor in relation to the US Technology Licence Agreement or use of the pasteuriser, the US Licensor shall be entitled to purchase the pasteuriser for not more than USD114,000.
- Termination:** The US Licensor may terminate the licence granted under the US Technology Licence Agreement if our Group, among others:
- (i) becomes insolvent;
 - (ii) assigns all or substantially all of our property for the benefit of creditors, or if our interest under the US Technology Licence Agreement shall be taken on execution;
 - (iii) fails to perform any material covenant or material obligation under the US Technology Licence Agreement;
 - (iv) fails repeatedly or intentionally to abide by and to maintain all quality assurance protocols and other protocols in its processing of pasteurised shell eggs;
 - (v) sells or transfers or attempts to sell or transfer the rights of our Group under the US Technology Licence Agreement, any technology or a pasteuriser without the prior consent of the US Licensor;
 - (vi) abandons or discontinues its production of pasteurised shell eggs for reasons within our Group's control.

Notes:

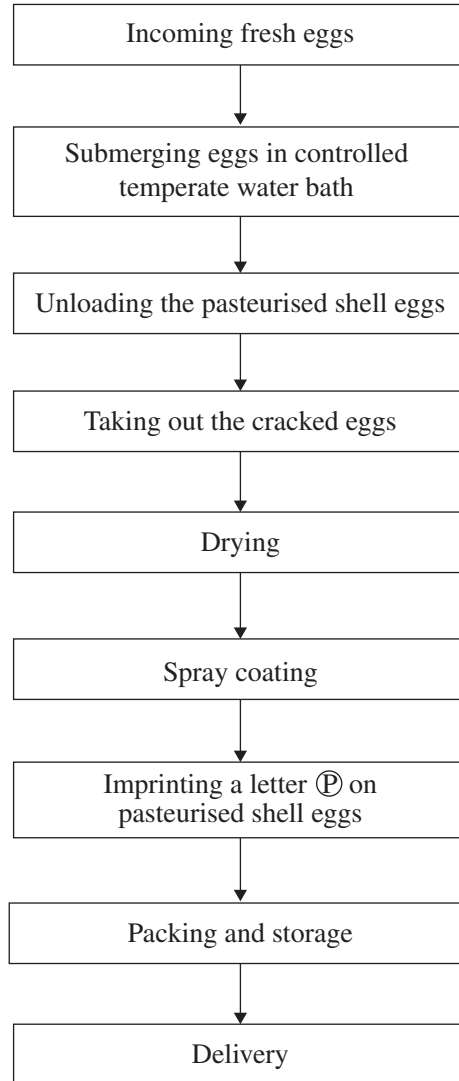
1. Originally, our Group was required to:
 - (i) pay a royalty calculated on the basis of the actual production volume of the pasteurised shell eggs of our Group, subject to certain discounts based on allowances given for starting up productions (during the first 3 years) and projected estimates of waste, damage and samples; and
 - (ii) pay a minimum royalty in the amount of SGD7,000 per month for the second year from the date on which the pasteuriser had been approved by the US Licensor for operation in our Group's plant and SGD12,000 per month for every year thereafter.

For each of the three years ended 31 March 2018, the amount of royalty fee incurred by our Group was approximately SGD239,000, SGD303,000 and SGD218,000, respectively, of which our Group paid nil, nil and approximately SGD29,000 to the US Licensor. Such royalty fee was determined after arm's length negotiation with the US Licensor.

2. In 2014, when our Group launched the pasteurised shell eggs in the egg market in Singapore, the demand for them was relatively small and the production and sales of pasteurised shell eggs in Singapore had fallen below our expectation. In light of the lower than expected demand and sales of pasteurised shell eggs in Singapore, our Group initiated negotiations with the US Licensor in this regard and had entered into the Supplemental US Technology Licence Agreement with the US Licensor on 28 December 2017. Pursuant to the Supplemental US Technology Licence Agreement, the US Licensor agreed to waive all the royalty payments prior to 1 October 2016.

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The following diagram illustrates the production process of pasteurised shell eggs:



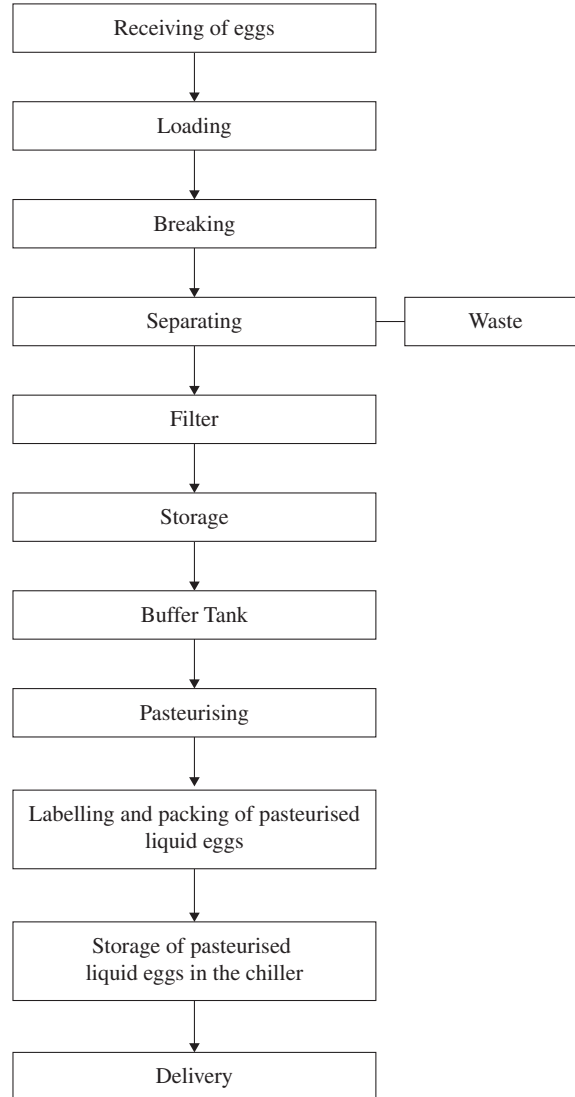
During the Track Record Period, approximately 89.8%, 80.2% and 56.3% (in terms of revenue) of our pasteurised shell eggs were sold to supermarkets and minimarts, wholesalers and retailers and on online sales platforms while approximately 10.2%, 19.8% and 43.7% (in terms of revenue) of our pasteurised shell eggs were sold to food and beverage outlets and restaurants.

(b) Pasteurised liquid eggs

We started producing pasteurised liquid eggs in 2014 and are capable of producing pasteurised liquid eggs based on our customers' demand and delivery schedules. For pasteurised liquid eggs, they can be sub-categorized into chilled/frozen pasteurised liquid egg white, egg yolk and whole eggs. These pasteurised liquid eggs are then packed into pillow plastic bags of 300 g, 1 kg, 2 kg or 5 kg size before delivery to customers.

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The following diagram illustrates the production process of pasteurised liquid eggs:



During the Track Record Period, approximately 27.5%, 36.9% and 22.4% (in terms of revenue) of our pasteurised liquid eggs were sold to supermarket and minimarts, wholesalers and retailers in Singapore while approximately 72.5%, 63.1% and 77.6% (in terms of revenue) of our pasteurised liquid eggs were sold to food and beverage outlets and restaurants in Singapore.

(c) Pasteurised soft yolk eggs

We started producing pasteurised soft yolk eggs in 2014. For soft yolk eggs, the shell eggs are cooked and de-shelled while the egg yolk remains velvety soft. The production process of pasteurised soft yolk eggs is semi-automated. After the soft yolk eggs are produced, they will be marinated, sealed and packed in 20 pieces and 2 pieces per labelled bags for our food and beverage outlets customers and convenience stores, respectively. After the packaging, the soft yolk eggs will be pasteurised and sent to the chilled room before they are delivered to our customers using our chiller trucks.

During the Track Record Period, approximately 67.2%, 43.6% and 9.0% (in terms of revenue) of our pasteurised soft yolk eggs were sold to wholesalers and retailers while approximately 32.8%, 56.4% and 91.0% (in terms of revenue) of our pasteurised soft yolk eggs were sold to food and beverage outlets and restaurants.

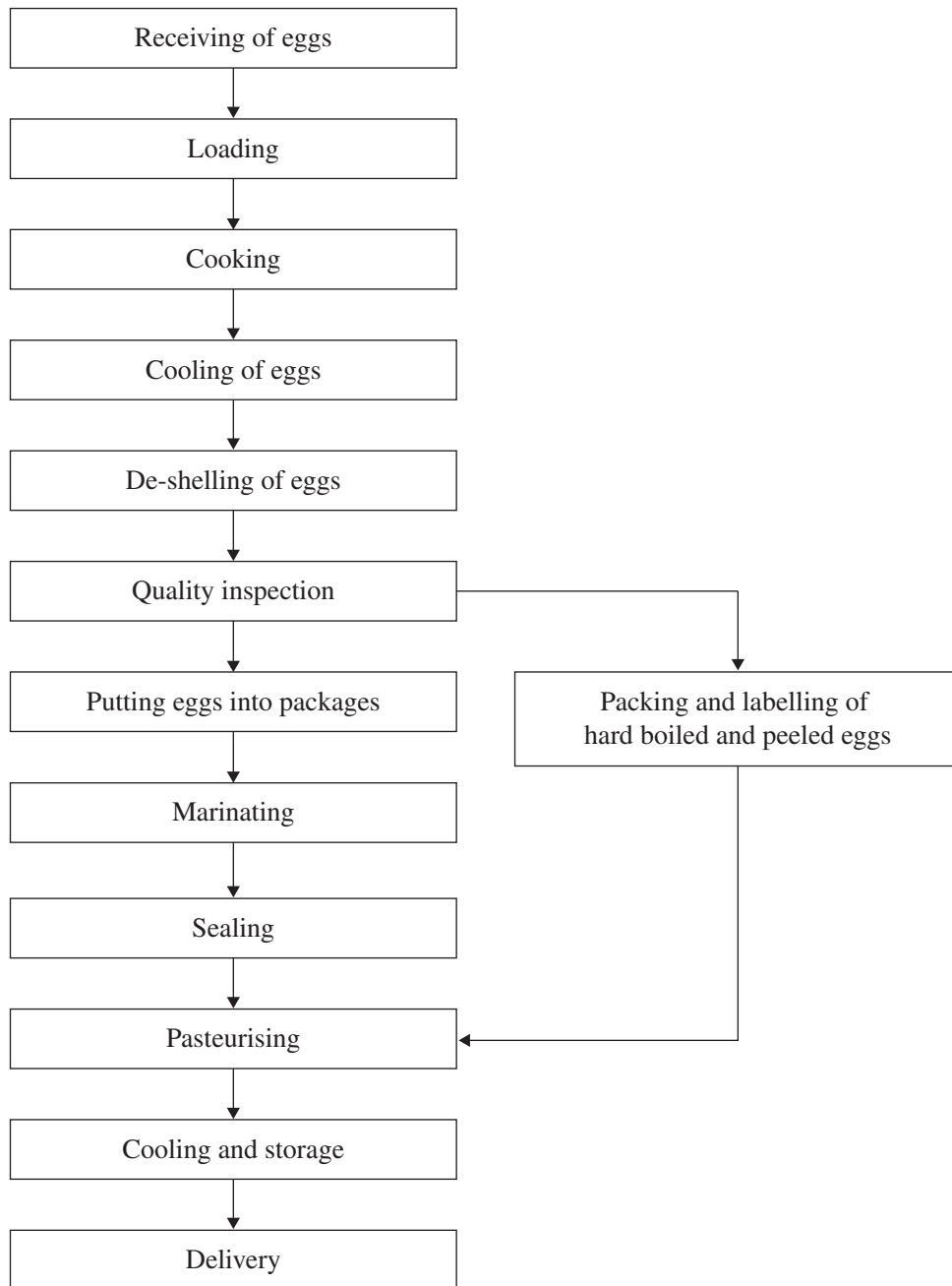
(d) Pasteurised hard boiled and peeled eggs

We started producing pasteurised hard boiled and peeled eggs in 2014. After the eggs are cooked and de-shelled, the eggs are then vacuum-packaged into plastic bags of 10 pieces, 20 pieces and 40 pieces each and then pasteurised. They will be sent to our chiller room before they are delivered to our customers.

During the Track Record Period, approximately 41.9%, 92.7% and 22.6% (in terms of revenue) of our pasteurised hard boiled and peeled egg products were sold to supermarkets and minimarts, wholesalers and retailers while approximately 58.1%, 7.3% and 77.4% (in terms of revenue) of our pasteurised hard boiled and peeled egg products were sold to food and beverage outlets and restaurants.

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The following diagram illustrates the production process of pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs:



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Below are some examples of our fresh egg products and processed egg products:



Fresh egg products



Pasteurised shell eggs



Pasteurised liquid
egg products



Pasteurised soft yolk
egg products



Pasteurised hard boiled and
peeled egg products

SALES OF SPENT HENS

The timing of the depopulation exercise of our layers is planned on the basis of a 89-week cycle, when the layers have reached the end of their economic egg productive lifespan. These layers are then sent to external slaughter houses to be slaughtered to make way for the next batch of layers to be transferred from the pullet houses.

The total sales of those spent hens during each of the three years ended 31 March 2018 amounted to approximately SGD0.9 million, SGD0.5 million and SGD0.5 million, respectively. Proceeds from the sales of spent hens are recorded as a deduction to the carrying amount of the biological assets.

PRODUCTION FACILITIES

Production facilities

During the Track Record Period, we operated 2 one-storey pullet houses, 6 one-storey layer houses, 1 feed mill, 1 egg processing plant and 1 central grading and packaging plant. All our production facilities are located on the land we leased from the Government of Singapore at 1 Lim Chu Kang Lane 9A, Singapore 718845. For further details of our current lease, please refer to the sub-paragraph headed “Real property partly held and partly leased by us” of this section below.

Our pullet houses and layer houses currently occupy a gross floor area of approximately 2,873 sq. m. and 6,703 sq.m., respectively. Each of our existing pullet houses contains 3,400 cage layer sheds, each of which can accommodate up to an optimal maximum of approximately 25 heads of day-old chicks or growers. Each pullet house can therefore house up to an optimal maximum of 85,000 heads of day-old chicks or growers at any one time. Each of our existing layer houses contains 10,400 layer cages and can accommodate up to an optimal maximum of approximately 8 heads of layers. Each layer house can therefore house up to an optimal maximum of 83,200 heads of layers at any one time.

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The existing 2 pullet houses are constructed to support our existing 6 layer houses. We rear day-old chicks into growers at our pullet houses for the first 16 weeks. Our growers will then be transferred to the layer house in or around the 16th week and continued to be reared at the layer houses until they have reached the end of their economic egg productive lifespan at around the 89th week. A major overhaul of the relevant layer house will be carried out after each depopulation exercise of our layers. For further details on the timing of depopulation of layers, please refer to the sub-paragraph headed “Rearing of day-old chicks and laying of eggs” in this section above. On this basis, the combined layer houses had a theoretical egg laying capacity of approximately 145 million eggs per annum. The following table summarises our egg laying production capacity in terms of the number of eggs and the average utilisation rate of our layer houses during the Track Record Period:

Period ended	Designed annual egg laying production capacity (number of eggs) <i>(Notes 1 and 2)</i>	Actual egg laying production (number of eggs) <i>(approximately)</i>	Average utilisation rate (%) <i>(Note 3)</i>
Year ended 31 March 2016	126 million	100 million	79.4%
Year ended 31 March 2017	126 million	123 million	97.6%
Year ended 31 March 2018	126 million	113 million	89.7%

Notes:

1. The designed laying rate of a layer is estimated to be 0.83 egg per day. It is derived by dividing the expected total number of eggs laid by a layer from 18th to 90th week as provided by the day-old chicks supplier by 365 days.
2. The designed annual egg laying production capacity of our 6 layer houses for each of the three years ended 31 March 2018 is estimated based on an average occupation of 5 layer houses with at most 83,200 head of layers in each layer house laying at the expected laying rate.
3. Average utilisation rate is derived by dividing the actual egg laying production capacity by the designed eggs laying capacity in the relevant year. The average utilisation rate during the Track Record Period is lowered as a result of one of the layer houses being required to be vacated for the purpose of depopulation.

Our feed mill which is used for the formulation and processing of our own feeds currently occupies a gross floor area of approximately 1,648.5 sq.m, whereas our egg processing plant which contains a central grading and packaging house therein for the segregation of eggs currently occupies a gross floor area of approximately 1,560 sq.m.

BUSINESS

Our Group intends to further expand the egg laying production capacity in our existing production base by carrying out a 5-year business expansion plan in stages to construct one additional two-storey pullet house and three additional two-storey layer houses. Part of the net proceeds from the Share Offer will be used towards completing the first stage of this development plan, comprising the planning, piling and foundation work and the construction of the first two-storey layer house. For further details, please refer to the section headed “Business strategies — Expanding egg laying production capacity in our existing production base” and the section headed “Future plans and use of proceeds — Implementation plans” of this prospectus.

Egg production and processing equipment

As at the Latest Practicable Date, we had various egg production and processing equipment for our self-produced fresh eggs, pasteurised shell eggs, pasteurised liquid eggs, pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs. Our egg production and processing equipment are principally sourced from suppliers, which are independent third parties, located in the United States and Europe. With the exception of the pasteurised shell egg equipment, all other egg production and processing equipment are legally and beneficially owned by us. As at the Latest Practicable Date, the principal egg production and processing equipment at our farm comprised the following:

<u>Name of equipment and facilities</u>	<u>Principal functions</u>	<u>Number of unit(s)</u>	<u>Average useful life (years) (Note 1)</u>	<u>Remaining useful life (years) (Note 2)</u>
Silo in our feed mill	Storage of feeds	2	10	1.5
Poultry cage system	Keeping pullets and layers	8	10	2
Egg Grading and Packing machine	Egg grading and packaging	1	10	7.3
Egg Tray Palletiser System	Tray palletising	1	10	9
Egg washer	Washing dirty eggs	1	10	7
Hard boiled egg system	Processing hard boiled and peeled eggs	1	10	5.3

BUSINESS

Name of equipment and facilities	Principal functions	Number of unit(s)	Average useful life (years) <i>(Note 1)</i>	Remaining useful life (years) <i>(Note 2)</i>
Pasteurised shell eggs equipment	Production of pasteurised shell eggs	1	10	5.3
Streamline	Producing pasteurised egg products	1	10	5.3

Notes:

1. The average useful life is the average number of years an equipment is considered usable before its value is fully depreciated. As per the accounting policies adopted by our Group, depreciation of our machineries and equipment is calculated using straight-line method.
2. Calculation of remaining useful life is based on the average useful life minus the year of the acquisition of the relevant machineries and equipment.

As at the Latest Practicable Date, 2 of such equipment were subject to financing lease arrangements. For details of the finance lease arrangements, please refer to the section headed “Financial information — Indebtedness — Financial lease liabilities” of this prospectus. Our Directors confirm that all such items of equipment and facilities are functioning properly and that there is no immediate need to replace or upgrade the same.

Our production team is responsible for carrying out routine cleaning and ad hoc repair works. Maintenance and fine tuning are conducted on a regular basis by contract suppliers, which are independent third parties.

During the Track Record Period and up to the Latest Practicable Date, our Directors consider that our existing machinery was generally in good operating condition, and we have not experienced any material or prolonged interruptions of our production process due to equipment or machinery failure.

Production Capacity

Production equipment for pasteurised shell eggs

Period ended	Designed annual production capacity (per number of eggs) <i>(Note 1)</i>	Actual production volume (per number of eggs) <i>(Note 2)</i>	Average utilisation rate (%) <i>(Note 3)</i>
Year ended 31 March 2016	34,560,000	1,769,656	5%
Year ended 31 March 2017	34,560,000	4,045,256	12%
Year ended 31 March 2018	34,560,000	6,159,765	18%

BUSINESS

Notes:

1. According to our Directors, the calculation of the designed annual production capacity of the machine for producing our pasteurised shell eggs for each of the three years ended 31 March 2018 is estimated by reference to the maximum capacity of the machine multiplied by 8 working hours per day multiplied by 300 days per year in each of the three years ended 31 March 2018.
2. The actual production volume of our production facilities for our pasteurised shell eggs for each of the three years ended 31 March 2018 is calculated by reference to the total of the number of our pasteurised shell eggs sold during, and the relevant inventory as at the end of the relevant year.
3. Average utilisation rate is derived by dividing the actual production volume by the designed production capacity in the relevant year.

Production equipment for pasteurised liquid eggs

Period ended	Designed annual production capacity (per kg) <i>(Notes 1 and 2)</i>	Actual production volume (per kg) <i>(Note 3)</i>	Average utilisation rate (%) <i>(Note 4)</i>
Year ended 31 March 2016	1,800,000	573,650	32%
Year ended 31 March 2017	1,800,000	1,298,742	72%
Year ended 31 March 2018	1,800,000	1,864,461	104%

Notes:

1. According to our Directors, generally speaking, 1kg of liquid eggs is made up of 22.5 eggs.
2. The designed annual production capacity is 750kg pasteurised liquid eggs per working hour. It is derived from the average of the production rate of whole egg and that of egg yolk, which is 1,000kg and 500kg per working hour respectively. On such basis, the designed annual production capacity of the machine for pasteurised liquid eggs for each of the three years ended 31 March 2018 is estimated by reference to the designed annual production capacity multiplied by 8 working hours per day multiplied by 300 days per year in each of the three years ended 31 March 2018.
3. According to our Directors, generally speaking, 1kg of liquid eggs is made up of 22.5 eggs. On such basis, the actual production volume of our production facilities for pasteurised liquid eggs for each of the three years ended 31 March 2018 is calculated by reference to the total of the number of fresh eggs used for the production of pasteurised liquid eggs during and the inventory of pasteurised liquid eggs as at the end of the relevant year.
4. Average utilisation rate is derived by dividing the actual production volume by the designed production capacity in the relevant year. The average utilisation rate of the production equipment for pasteurised liquid eggs reached 104% for the year ended 31 March 2018 due to the increase in the demand of pasteurised liquid eggs and the number of working hours and working days used for the production of pasteurised liquid eggs.

BUSINESS

Production equipment for pasteurised soft yolk egg products and pasteurised hard boiled and peeled egg products

(a) For pasteurised soft yolk egg products

Period end	Designed annual production capacity (number of eggs) <i>(Notes 1 and 2)</i>	Actual production volume (number of eggs) <i>(Note 3)</i>	Average utilisation rate (%) <i>(Note 4)</i>
Year ended 31 March 2016	4,800,000	1,382,089	29%
Year ended 31 March 2017	4,800,000	2,438,981	51%
Year ended 31 March 2018	4,800,000	2,781,375	58%

Notes:

1. Our Group uses the same machine for the production of our pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs.
2. According to our Directors, the calculation of the designed annual production capacity of the machine for producing pasteurised soft yolk egg products for each of the three years ended 31 March 2018 is estimated by reference to 4,000 pasteurised soft yolk eggs produced per working hour multiplied by 4 working hours per day multiplied by 300 days per year in each of the three years ended 31 March 2018.
3. The actual production volume of the machine for producing our pasteurised soft yolk eggs for each of the three years ended 31 March 2018 is calculated by reference to the total of the number of our pasteurised soft yolk eggs sold during, and the relevant inventory as at the end of, the respective year.
4. Average utilisation rate is derived by dividing the actual production volume by the designed production capacity in the relevant year.

(b) For pasteurised hard boiled and peeled egg products

Period end	Designed annual production capacity (number of eggs) <i>(Notes 1 and 2)</i>	Actual production volume (number of eggs) <i>(Note 3)</i>	Average utilisation rate (%) <i>(Note 4)</i>
Year ended 31 March 2016	10,080,000	4,270,454	42%
Year ended 31 March 2017	10,080,000	5,793,650	57%
Year ended 31 March 2018	10,080,000	7,743,705	77%

BUSINESS

Notes:

1. Our Group uses the same machine for the production of our pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs .
2. According to our Directors, the calculation of the designed annual production capacity of the machine for producing pasteurised hard boiled and peeled egg products for each of the three years ended 31 March 2018 is estimated by reference to 8,400 pasteurised hard boiled and peeled egg products produced per working hour multiplied by 4 working hours per day multiplied by 300 days per year in each of the three years ended 31 March 2018.
3. The actual production volume of the machine for producing our pasteurised hard boiled and peeled egg products for each of the three years ended 31 March 2018 is calculated by reference to the total of the number of our pasteurised hard boiled and peeled eggs sold during, and the relevant inventory as at the end of, the respective year.
4. Average utilisation rate is derived by dividing the actual production volume by the designed production capacity in the relevant year.

MARKETING

As at the Latest Practicable Date, we have a designated team of 52 staff primarily responsible for the sales and marketing activities of our Group, including sourcing of new customers, confirming and collating new orders, maintaining customer relationships (including sending our sales and marketing staff to supermarkets on our own initiative to check the state of our egg products on display and to arrange replacement in case of defects — for more details, please refer to the sub-paragraph headed “Sales return” in this section of the prospectus) and handling complaints and queries.

We have actively participated in various promotional events, such as the SG farmers’ market, the Kranji Countryside Farmers’ Market and the children’s day event. On a regular basis, we also participate in promotion exercises conducted at supermarkets in Singapore through the deployment of promoters to introduce our products to customers. Through participation in these activities, we hope to increase our profile in order to maintain and generate increasing volumes of business from our existing customer base while also attracting potential new customers.

BUSINESS

SALES AND CUSTOMERS

During the Track Record Period, our revenue was principally derived from our sales of egg products. We have established a diversified customer base for our egg products, including mainly supermarkets and minimarts, food and beverage outlets and restaurants, wholesalers and retailers and online sales platforms. Set out below is a breakdown of the revenue of our Group by types of customers during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	% of total revenue	SGD'000	% of total revenue	SGD'000	% of total revenue
Supermarkets and minimarts	7,791	43.9	8,402	42.2	7,296	29.0
Food and beverage outlets and restaurants	7,118	40.2	7,674	38.5	15,363	61.2
Wholesalers and retailers	2,820	15.9	3,774	19.0	2,331	9.3
Online sales platforms	—	—	64	0.3	133	0.5
Total	17,729	100	19,914	100	25,123	100

Note:

During the Track Record Period and up to the Latest Practicable Date, we did not adopt any distributorship business model in selling our egg products and all our customers, including supermarkets and minimarts, food and beverage outlets and restaurants, wholesalers and retailers and online sales platforms are regarded as end-customers of our Group, since:

- (i) we have a seller-buyer relationship with them and such customers purchase products from us on a purchase order basis or, in the case of food and beverage outlets customers, on a short-term contract;
- (ii) we have no ownership or management control over any of our customers, in particular retailers and wholesalers, with respect to pricing policy, sales or avoidance of competition; and
- (iii) there are no restrictions on our customers who are retailers and wholesalers regarding geographical coverage, sales targets, pricing policies, inventory levels and minimum purchase amounts.

BUSINESS

During the Track Record Period, all of our egg products were sold in Singapore, save for a small amount of our pasteurised shell eggs which were exported to overseas. Set out below is a breakdown of the revenue of our Group derived from domestic sales and overseas sales during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	% of total revenue	SGD'000	% of total revenue	SGD'000	% of total revenue
Domestic sales	17,729	100	19,817	99.5	24,873	99.0
Overseas sales (<i>Note</i>)	—	—	97	0.5	250	1.0
Total	17,729	100	19,914	100	25,123	100

Note:

All overseas sales during the Track Record Period were made to Dubai.

For each of the three years ended 31 March 2018, our sales to our five largest customers represented approximately 39.2%, 36.9% and 30.7% of our total revenue, respectively while our sales to our largest customer represented approximately 14.2%, 11.5% and 8.4% of our total revenue, respectively. As at the Latest Practicable Date, our five largest customers had around 3 to 15 years of business relationship with our Group. The following table sets out certain information in respect of our five largest customers during the Track Record Period:

For the year ended 31 March 2016

Five largest customers	Business relationship with the customer commenced since	Location of headquarter	Business scope	Major types of products procured from our Group	Credit Period	% of total revenue
Customer A	2002	Singapore	Supermarket operator	Fresh chicken eggs and pasteurised shell eggs	30 days	14.2%
Customer B	2009	Singapore	Supermarket operator	Fresh chicken eggs, pasteurised shell eggs and quail eggs	60 days	10.2%
Customer C	2010	Singapore	Supermarket operator	Fresh chicken eggs	30 days	7.4%
Customer D	2009	Singapore	Supermarket operator	Fresh chicken eggs and pasteurised shell eggs	60 days	3.9%
Food 10 Pte Ltd	2015	Singapore	Wholesaler	Fresh chicken eggs, pasteurised shell eggs, pasteurised liquid eggs, pasteurised soft yolk eggs, pasteurised hard boiled and peeled eggs and quail eggs	30 days	3.5%

BUSINESS

For the year ended 31 March 2017

Five largest customers	Business relationship with the customer commenced since	Location of headquarter	Business scope	Major types of products procured from our Group	Credit Period	% of total revenue
Customer A	2002	Singapore	Supermarket operator	Fresh chicken eggs and pasteurised shell eggs	30 days	11.5%
Customer B	2009	Singapore	Supermarket operator	Fresh chicken eggs, pasteurised shell eggs and quail eggs	60 days	7.9%
Food 10 Pte Ltd	2015	Singapore	Wholesaler	Fresh chicken eggs, pasteurised shell eggs, pasteurised hard boiled eggs, soft yolk peeled eggs, pasteurised liquid eggs and quail eggs	30 days	7.1%
Customer C	2010	Singapore	Supermarket operator	Fresh chicken eggs	30 days	6.4%
Customer D	2009	Singapore	Supermarket operator	Fresh chicken eggs and pasteurised shell eggs	60 days	4.0%

For the year ended 31 March 2018

Five largest customers	Business relationship with the customer commenced since	Location of headquarter	Business scope	Major types of products procured from our Group	Credit Period	% of total revenue
Customer A	2002	Singapore	Supermarket operator	Fresh chicken eggs and pasteurised shell eggs	30 days	8.4%
Customer B	2009	Singapore	Supermarket operator	Fresh chicken eggs, pasteurised shell eggs and quail eggs	60 days	7.0%
Customer C	2010	Singapore	Supermarket operator	Fresh chicken eggs	30 days	5.9%
Customer E	2014	Singapore	Food catering service	Pasteurised liquid eggs	60 days	5.1%
Customer D	2009	Singapore	Supermarket operator	Fresh chicken eggs and pasteurised shell eggs	60 days	4.3%

Our Directors confirm that all of our five largest customers are independent third parties and that none of our Directors, their respective close associates or Shareholders who, to the best knowledge of our Directors, own more than 5% of the issued share capital of our Company has any interest in any of our five largest customers during the Track Record Period.

As at the Latest Practicable Date, we had 2,022 customers. We sell most of our egg products directly to our customers. We do not have long-term agreements with our customers.

Pricing of our products

Our Directors confirm that our Group's products are not subject to any price control or regulations by the Singapore governmental authorities. We price our products differently based on the product category. Factors affecting our pricing include the dynamics of market demand and supply, commodity prices, costs of production, competitive landscape, our continued ability to differentiate our products from those of our competitors, our product positioning strategies and spending patterns of our target customers.

Fluctuations in the prices of our raw materials may affect our product costs directly. As confirmed by our Directors, for our self-produced egg products, we are unable to pass such cost increases on to our customers in the short run. For the impact of hypothetical changes in the average price for feeds on our gross profit and net profit from continuing operations during the Track Record Period, please refer to the sensitivity analysis under the section headed "Financial information — Cost of sales" of this prospectus.

The price of fresh eggs in Singapore is materially affected by the price of eggs imported from Malaysia, as such import constitutes more than 77% of the total eggs sold in Singapore. We determine the price of our products based on arm's length negotiations with our customers and taking into account the prevailing market price of similar products.

We usually enter into short term contracts with our customers engaging in the food and beverage business. As such, our price of fresh eggs sold to such food and beverage outlets will only be subject to adjustment after the relevant contract expires.

Payment methods

During the Track Record Period, our Group's sales were mainly denominated in SGD. Our sales to our customers were mainly settled by direct bank transfer, cash or cheques.

Our Group recognises sales upon deliveries and acceptances of our products by our customers.

Credit policy

The credit period we granted to our customers ranged up to 65 days. Save and except for supermarkets and large corporate customers, we usually sell our products on a cash basis or on a short credit period of 7 days as our deliveries are frequent, our products are perishable and the monetary value of each transaction is small. When determining the appropriate credit period to be offered to our customers, our Group will ensure that the relevant corporate customers are validly existing and will conduct background searches against such customers where necessary. Over time, depending on the payment records of our customers, we may extend their credit periods. When a customer's credit period is extended, our sales managers are responsible for assessing the credit risks of these customers.

BUSINESS

Our finance team monitors the collection and ageing of our accounts receivables on a weekly basis. If a customer fails to conduct his account within the credit parameters set for him, our sales personnel will contact the customer to follow up on the overdue debts. On a case by case basis and with the approval of our chairman, executive Director and chief executive officer, Mr. Ma, we may adjust the credit parameters based on our business relationship with such customer. In the event that the customer continues to be delinquent, we would cease our supplies to such customer and take legal enforcement action to recover the relevant debts. During the Track Record Period, our Group had taken enforcement action against one of our customers to recover an overdue trade receivable of approximately SGD73,000. On 13 February 2018, the State Courts of Singapore ruled in favour of our Group and awarded us the overdue trade receivable with costs and interest.

For each of the three years ended 31 March 2018, the trade receivables turnover days of our Group were approximately 72.1 days, 64.5 days and 57.8 days, respectively. The trade receivables turnover days for the year ended 31 March 2016 was relatively longer than the credit period granted by the Group to its customers, mainly because our Group usually calculate the aggregate amount due from our customers such as supermarkets by the end of each month rather than by the invoice date. Our Group adopted a policy of making provisions for impairment of trade receivables when there is sufficient evidence that the relevant amounts due will not be collected. For further details of our Group's impairment policy, please refer to note 2.9(e) of the Accountant's Report on Appendix I to this prospectus. Our Directors confirm that such impairment policy has been applied consistently throughout the Track Record Period. For each of the three years ended 31 March 2018, provisions for impairment of trade receivables of approximately nil, nil and SGD73,000 were charged to our Group's combined statements of comprehensive income respectively, representing approximately nil, nil and 0.29% of our Group's respective revenue.

Our Directors confirm that, during the Track Record Period, we did not experience any major defaults in payments or bad debts from our customers which may materially affect our financial condition and operating results.

Sales returns

We have built in checks and supervisory procedures at each stage of our production process in order to ensure that the quality and safety of our products comply with our internal requirements and requirements under the Singapore laws, regulations and rules, including, but not limited to, relevant GMP Requirements, ISO Standards and AVA guidelines.

If we receive any complaints from our customers regarding defects in our products, we will assess each complaint on a case-by-case basis and make a preliminary decision as to the potential hazard of the defective products and formulate the appropriate solution to address such complaint. We usually offer replacements of our products as a gesture of goodwill and for the promotion of a harmonious relationship with our customers.

Further, on our own initiative, we send our sales and marketing staff to supermarkets to ensure that the policy of "first-in-first-out" is fully implemented. If any quality issues is identified, egg products which are damaged or soon to expire will be removed from the shelves of the supermarket and our sales and marketing staff will report such action to our management which will make arrangements to replace the stocks as appropriate.

BUSINESS

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any product return which had had a material impact on our business and operations, and we had not recalled any of our products due to quality or other issues.

PURCHASES AND SUPPLIERS

During the Track Record Period, we procured the following for our operations:

- raw materials for the production of feeds for our growers and layers, including soybean meal, yellow maize, wet grains, vitamin pre-mix, mineral pre-mix and palm oil;
- fresh chicken eggs, quail eggs, century eggs and salted eggs for sale to our customers;
- packaging materials, such as paper trays, carton boxes and plastic bags for packaging of our egg products; and
- utilities.

For each of the three years ended 31 March 2018, the purchases of (i) raw materials for feeds; (ii) fresh eggs and other processed eggs; (iii) packaging materials and (iv) utilities were as follows:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	% of total costs of sales	SGD'000	% of total costs of sales	SGD'000	% of total costs of sales
Raw materials for feeds	6,130	40.9	7,119	43.3	6,763	30.7
Fresh chicken eggs, quail eggs, century eggs and salted eggs	1,263	8.4	1,015	6.2	4,611	20.9
Packaging materials	547	3.6	594	3.6	905	4.1
Utilities	582	3.9	533	3.2	521	2.4
	582	3.9	533	3.2	521	2.4

During the Track Record Period, our five largest suppliers comprised suppliers of yellow maize, soybean meal, fresh eggs and other processed eggs and electricity. We have established business relationships with our five largest suppliers for periods ranging from 1 year to 15 years. Our Directors believe that maintaining stable relationships with our major suppliers is important for our operation as this will enable us to have a stable source of quality raw materials. While we have not entered into any long-term supply contracts with our suppliers, we believe that we will be able to continue to maintain stable relationships with our major suppliers. During the Track Record Period, we did not encounter any difficulties in the procurement, nor experience any disruption of our production due to shortage, of supplies.

BUSINESS

For each of the three years ended 31 March 2018, our purchases from the five largest suppliers represented approximately 67.7%, 70.5% and 65.7% of our total purchases, respectively while our purchases from our largest supplier represented approximately 25.6%, 44.2% and 28.6% of our total purchases, respectively. The following table sets out certain information of our five largest suppliers during the Track Record Period:

For the year ended 31 March 2016

Five largest suppliers	Business relationship with the supplier commenced since	Location of headquarter	Business scope	Products provided to our Group	Credit Period	% of total purchase cost
Deksen	2003	Singapore	Wholesale of feeds	Yellow maize and soybean meal	30 days	25.6%
Ghee Huat Co Pte Ltd	2003	Singapore	Wholesale of feeds	Yellow maize and soybean meal	60 days	24.7%
Supplier A	2014	Singapore	Wholesale of fresh eggs	Fresh eggs	14 days	7.8%
Supplier B	2015	Singapore	Electricity provider	Electricity	5 days	4.9%
Venus Impex Pte Ltd	2010	Singapore	Wholesale of feeds	Yellow maize and soybean meal	30 days	4.7%

For the year ended 31 March 2017

Five largest suppliers	Business relationship with the supplier commenced since	Location of headquarter	Business scope	Products provided to our Group	Credit Period	% of total purchase cost
Ghee Huat Co Pte Ltd	2003	Singapore	Wholesale of feeds	Yellow maize and soybean meal	60 days	44.2%
Deksen	2003	Singapore	Wholesale of feeds	Yellow maize and soybean meal	30 days	10.4%
Supplier B	2015	Singapore	Electricity provider	Electricity	5 days	6.0%
Supplier A	2014	Singapore	Wholesale of fresh eggs	Fresh eggs	14 days	5.6%
Venus Impex Pte Ltd	2010	Singapore	Wholesale of feeds	Yellow maize, soybean meal	30 days	4.3%

BUSINESS

For the year ended 31 March 2018

Five largest suppliers	Business relationship with the supplier commenced since	Location of headquarter	Business scope	Products provided to our Group	Credit Period	% of total purchase cost
Ghee Huat Co Pte Ltd	2003	Singapore	Wholesale of feeds	Yellow maize and soybean meal	60 days	28.6%
Supplier C	2017	Malaysia	Fresh, frozen and ready to eat chicken products producer	Fresh eggs	7 days	15.4%
Deksen	2003	Singapore	Wholesale of feeds	Yellow maize and soybean meal	30 days	10.2%
Supplier D	2017	Malaysia	Day-old chicks and fresh eggs producer	Fresh eggs	7 days	7.9%
Supplier E	2017	Singapore	Electricity provider	Electricity	28 days	3.6%

During the Track Record Period, our purchases were settled in SGD and USD. Some suppliers required us to pay the full amount before delivery. Other suppliers offered our Group credit terms of around 5 days to 60 days.

Our Directors confirm that all our Group's five largest suppliers are independent third parties and that none of our Directors, their respective close associates or Shareholders who, to the best knowledge of our Directors, own more than 5% of the issued share capital of our Company, has any interest in any of the five largest suppliers of our Group during the Track Record Period.

INVENTORY MANAGEMENT

Our inventory mainly comprises (i) fresh eggs; (ii) processed eggs; (iii) raw materials for feeds; and (iv) packaging materials. As at 31 March 2016, 31 March 2017 and 31 March 2018, our inventories amounted to approximately SGD1.1 million, SGD1.1 million and SGD1.4 million, respectively.

Fresh eggs

As fresh eggs are perishable goods, our Group adopts a physical "first-in-first-out" policy to ensure the freshness of our egg products.

For our fresh eggs sourced from independent third party egg suppliers, our Group stores and arranges them according to their specifications and date of purchase and sells them within 24 hours after their arrival. Staff from our production team will conduct physical inventory counts and inspections on a daily basis to closely monitor the inventory status of our fresh eggs.

BUSINESS

Processed eggs

For our processed eggs, we store our self-produced processed eggs in our chillers to preserve their quality and extend their shelf life and sell them within 24 hours after their entrance into our chillers. Staff from our production team will also conduct physical inventory counts and inspections on a daily basis to monitor the inventory status of our processed eggs.

Raw material for feeds

We store the raw materials for feeds at a separate warehouse next to our feeds production facilities. For details of inventory management of feeds, please refer to the sub-paragraph headed “Feeds production” of this section above. To manage the fluctuation of raw materials prices due to the change in the future purchase price of certain raw materials and the possible shortage due to delay or shortage in the supply of such raw materials, from time to time we will negotiate with certain suppliers to purchase additional amounts of such raw materials at opportune prices and maintain a 2-month inventory level for our raw materials for feeds. Staff from our production team will conduct physical inventory counts every two weeks to ensure the adequacy of the feeds stocks.

Packaging materials

For our packaging materials, we store them in our general warehouse. Our packaging materials purchases include paper trays, carton boxes, plastic bags and other operating supplies. As the monetary value of such packaging materials is not substantial, our production team will conduct physical counts on a monthly basis for the purpose of record keeping and control. The frequency of our purchases is largely driven by our previous sales performance which was relatively stable throughout the Track Record Period.

ENTITY WHICH IS A CUSTOMER AND SUPPLIER OF OUR GROUP

During the Track Record Period, one of our customers, Deksen was also our major supplier, supplying us with yellow maize, soybean meal and raw materials for our feeds. We also sell spent grains to Deksen as these spent grains are in excess of our internal requirements to supplement our feeds. For each of the three years ended 31 March 2018, our sales to the said customer accounted for approximately 1.0%, 0.7% and 0.4%, respectively, of our total revenue. During the same period, our purchases from such customer accounted for approximately 14.8%, 5.9% and 6.0%, respectively, of our total costs of sales. Gross profit for the sale of spent grains to such customer for each of the three years ended 31 March 2018 amounted to approximately SGD70,000, SGD36,000 and SGD17,000, respectively.

Our Directors believe that Deksen offered our Group competitive prices and reliable delivery schedule and terms for the raw materials purchased by the Group for the production of feeds. Our Directors confirm that our sales of spent grains to Deksen were also conducted on terms that were comparable to those of other customers who are independent third parties. Given the nature of our sales to this customer, our Directors believe that there is no inherent or apparent conflict in these two separate business relationships. To the best knowledge and belief of our Directors, such customer and its ultimate beneficial owners are independent third parties.

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Our Directors confirm that negotiations of the terms of our sales to, and purchases from, this customer were conducted on an individual basis and that the sales and purchases were neither inter-connected nor inter-conditional with each other.

SEASONALITY OF OUR BUSINESS

Due to the wide variety of products offered by our Group and the fact that eggs are staple food products consumed by people of all races and religions, our Directors consider that the impact of seasonality on our operations and financial performance is not material.

BIOSECURITY MEASURES

In order to minimise the exposure of our growers and layers to bacteria and other viruses that may be introduced to our farm, we establish the following biosecurity measures in our farm:

- we set up our farm in an area in Singapore which is far away from human activities and establishments, thus providing an optimal environment for raising growers and layers;
- transportation vehicles entering into our farm are required to undergo a disinfection process;
- our pullet houses and layer houses are sited in a demarcated fenced up area where physical access is strictly controlled and monitored. Only specific staff are allowed to enter into the enclosed site. All visitors are logged;
- all entrants are required to put on uniforms provided by our Group before entering the enclosed area where our pullet houses and layer houses are located;
- all entrants are required to clean their shoes before entering into the pullet houses and layer houses;
- all staff are prohibited from bringing their uniforms out of the farm area so as to minimise the chance of introducing bacteria from outside; and
- independent third party external pest control service providers are engaged to regularly sanitise and fumigate our farm area.

For day-old chicks:

- We procure our day-old chicks from AVA-accredited suppliers. For the selection criteria of our DOC Suppliers, please refer to the sub-paragraph headed “Preventive measures against poultry-related diseases — Selection of suppliers of day-old chicks” in this section below. To ensure the health condition of all imported day-old chicks, the AVA conducts blood tests on samples of day-old chicks in our pullet houses. If the day-old chicks samples collected by the AVA are diagnosed to be affected with Salmonella, the whole batch of day-old chicks shall be destroyed by the AVA;

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- We inoculate the day-old chicks with vaccines obtained by us from authorised manufacturers to enhance their immunity. Our inventory of antibiotics and vaccines are properly locked and are only accessible by our authorised personnel; and
- We have given instructions to our DOC Suppliers requesting them to properly apply Marek's vaccination on the day-old chicks procured by us.

For growers and layers:

- We adopt an "all-in-all-out" policy per house which means that each house is fully vacated, cleansed and fumigated before the next batch of livestock is transferred to the vacated house so that all our pullet houses and layer houses are cleared of any residual waste from the previous batches. This is to prevent the possible transmission of diseases between flocks of different ages;
- We usually allocate up to 2 months to clean the vacated pullet house/layer house and will inform the AVA one week prior to the transfer of next batch of livestock. After clearance has been obtained from AVA, we shall effect the transfer;
- Our farm workers will check and remove the dead growers/layers on a daily basis and our veterinarian will monitor the mortality rate and carry out postmortem examinations on dead growers and layers to determine the cause of their death;
- Disposal of dead growers and layers will be dealt with in accordance with all applicable laws and regulations in Singapore to prevent the spread of disease or contamination of the environment. The disposal procedures are monitored and carried out on a daily basis and records of the same will be kept. Dustbins and designated collection area are provided in the farm area, and an independent third party service contractor collects the dead growers and layers for delivery to the incineration plant; and
- Each pullet house and layer house has one caretaker, who is forbidden from going to the other houses in order to ensure a high level of biosecurity.

PREVENTIVE MEASURES AGAINST POULTRY-RELATED DISEASES

In order to minimise the risks that our Group's day-old chicks, growers and layers are infected by poultry-related diseases, we have adopted the following preventive measures:

- **Selection of suppliers of day-old chicks**

Our Group has maintained a list containing AVA-accredited DOC Suppliers (all based in Malaysia) and such list is updated from time to time. In the event that any of our DOC Suppliers does not fulfil our selection criteria, it will be removed from our list. As at the Latest Practicable Date, there were five DOC Suppliers included in our list. Our DOC Suppliers are selected based on criteria such as the quality of day-old chicks supplied, the capability in respect of "debeaking" prior to delivery to us, the relevant suppliers' business relationship with our Group, as well as their reputation, pricing, reliability, service punctuality and response time. In particular, all our DOC Suppliers are required to obtain a valid licence issued by the AVA and a veterinary health certificate to ensure that such DOC Suppliers have duly fulfilled AVA's veterinary conditions for importation of domestic birds and eggs. As confirmed by our Directors, we have procured day-old chicks from 2 AVA-accredited DOC Suppliers since 2012.

- **Disease and mortality rate monitoring programme**

Our farm workers will check and remove the dead day-old chicks, growers and layers and will inform our veterinarian accordingly. Our veterinarian monitors the mortality rate of the day-old chicks, growers and layers on a daily basis and we maintain records of each batch of our layers' health conditions throughout their lifespan. Such records include feed consumption, mortality, daily egg production, average egg weight, medication, vaccinations and disinfection records.

- **Conduct blood tests on our day-old chicks, growers and layers**

The AVA will visit our farm and conduct blood tests on our day-old chicks, growers and layers periodically. To closely monitor the health conditions of our day-old chicks, growers and layers, we also conduct blood tests on an ad hoc basis.

- **Procedures for dealing with the incidence or outbreak of poultry-related diseases**

When the daily mortality rate of our day-old chicks, growers or layers exceeds 0.04%, our farm manager will report to our chief executive officer, Mr. Ma as soon as possible. Our veterinarian will attend the relevant pullet house or layer house to assess the situation. If our veterinarian finds out that there may be a possible incidence or outbreak of one of the poultry-related diseases as prescribed by the AVA, we will report to the AVA by phone or in writing and the AVA will perform its own tests. At the same time, our Group will formulate appropriate measures to deal with the situation, including (i) increase the disinfection intervals in our pullet houses and layer houses; (ii) cull the affected and/or weak day-old chicks, growers and layers, where necessary; and (iii) carry out postmortems on dead day-old chicks, growers and layers, as appropriate, to determine the pathology and cause of death.

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Our Directors confirm that, during the Track Record Period, one disease infection incident was found.

In around September 2017, our Directors noted that the mortality rate of 2 batches of our growers and layers had reached 25.6% and 11.0%, respectively. Our Directors are of the view that such mortality rate was high as compared with the mortality rate of the previous batches of growers and layers. As a result of the higher than normal mortality rate, our Group reported the suspected infection to the AVA and the AVA proceeded to perform its own tests at our affected pullet houses. Laboratory results from the samples collected by the AVA and tests carried out by our veterinarian revealed that Marek's disease infection was found. To minimise the risk of the spread of the disease, the AVA advised our Group to step up the cleaning and disinfection procedures and to ensure that the biosecurity measures between flocks are properly in place. After the occurrence of the incident, our Group applied the following control measures:

- carried out postmortem examinations on a sample of the dead growers on 23 October 2017 to determine the pathology and cause of death;
- cleaned the sheds of the pullet houses affected by Marek's disease; and
- increased the disinfection intervals in our pullet houses and layer houses.

Subsequent to the incident, the AVA has not raised further issues on this matter and our Group has successfully renewed the licence for farm, our membership of the Singapore Quality Egg Scheme and the licence in relation to the registration to import processed food products and food appliances with the AVA on 19 December 2017, 1 April 2018 and 3 May 2018, respectively. Our Directors are of the view that the above treatment and control measures are sufficient and that such incident has not affected our Group's renewal of licences and permits with the AVA.

Our Directors estimate that the Marek's disease incident has reduced the number of layers available for eggs production by approximately 85,000 since September 2017. The direct costs comprising the purchase costs of day-old chicks and the related rearing costs (i.e. feeds and medication and vaccine) of those approximately 85,000 affected growers and layers, which amounted to approximately SGD334,000, were incurred prior to the occurrence of the Marek's disease incident and hence, were not included in the calculation in assessing the anticipated reduction in profit before tax and operating cash flows arising from the Marek's disease incident.

The Marek's disease incident resulted in fewer layers being available for eggs production. Our Directors estimate that the associated gross revenue loss resulting from the loss of eggs production from the 85,000 affected growers and layers amounted to approximately SGD1.0 million. To compensate for the decrease in the number of eggs being produced and to maintain our Group's revenue, we have been (i) extending the production period of our other existing layers beyond the normal time for depopulation starting from October 2017; and (ii) sourcing more fresh eggs from an independent egg supplier in Malaysia since September 2017. With these measures, our Directors believe that the fresh egg production operations of our Group will be restored to the normal production level by March 2019.

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Our Directors estimate that the costs for purchasing more fresh eggs from the independent eggs supplier in Malaysia will amount to approximately SGD603,000 for the period from September 2017 to March 2019. This is offset by the saving of anticipated direct costs of approximately SGD411,000, that would have been incurred in rearing the 85,000 affected growers and layers to produce the eggs had they not been affected by the Marek's disease incident. The estimated incremental costs to replace the lost eggs production, therefore, amounted to SGD192,000. The anticipated decrease in revenue to be derived from the sales of those 85,000 affected growers and layers as spent hens at the end of their eggs laying lifespan (had these layers not been affected by Marek's disease incident) amounts to approximately SGD228,000. Taken together, our Directors estimate that the anticipated reduction in profit before tax and operating cash flows for the period from September 2017 to March 2019 would amount to approximately SGD420,000. However, such anticipated reduction in profit before tax and operating cash flows is partially offset by the recovery of approximately SGD337,000 from the insurer under the relevant insurance policy, which has been recorded as other income during the Track Record Period. Having considered all the aforesaid effects caused by the Marek's disease incident, the total net anticipated reduction in profit before tax and operating cash flows for the period from September 2017 to March 2019 amounts to approximately SGD83,000. As such, our Directors believe that the impact of the Marek's disease incident on our financial performance and operations is immaterial.

QUALITY ASSURANCE

Our Directors believe that maintenance of high quality and standards are crucial to our Group's success.

Our quality controller is responsible for the quality assurance of our products, including the formulation of quality standards. As at the Latest Practicable Date, our quality controller has more than 5 years of experience in managing food hygiene systems in the food industry and has received training on the Good Manufacturing Practices (GMP).

As at the Latest Practicable Date, we have obtained the ISO22000:2005 certification regarding food safety management in September 2015 and an "A" grade licence to operate a food establishment issued by the AVA for 3 consecutive years. We are also a participant in the Singapore Quality Egg Scheme launched by the AVA and our fresh eggs and pasteurised shell eggs have been granted the Healthier Choice Symbol by the Health Promotion Board of Singapore.

We are dedicated to ensuring the highest standard of food safety and quality of our egg products. As such, our Group has adopted the following quality and management control system, which oversees the entire procurement and production process to ensure that the quality of our egg products are up to the required standards.

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- **Procurement of materials**

Our staff check the materials procured by our Group to ensure that such materials comply with our quality requirements. Our Group will also monitor the quality, quantity and timeliness of deliveries. Any quality issues or delays will be reported to our management.

- **Segregation of fresh eggs**

We will sort, classify and segregate our own produced fresh eggs by computerised machines which will further segregate eggs with cracks or stains on their shell, bad egg yolk or dirt and grade the balance of good eggs by size. Through the deployment of such high technology detector embedded in our eggs grading and segregation process, broken eggs, stained eggs or eggs with uneven coloured or slightly irregular shape can be identified and segregated shortly after they are laid and collected.

- **Customer complaints handling programme**

Our sales and marketing team is responsible for handling customer complaints in respect of bad quality products. All such complaints are recorded and our staff will report to our management which will make necessary arrangements for replacement as appropriate. For further details on the sales returns procedures, please refer to the paragraph headed “Sales returns” of this section above.

Our Directors confirm that our Group received no material customer complaints during the Track Record Period.

- **Product withdrawal**

In the event that our egg products are identified by the Government of Singapore to be unsafe, the AVA would activate its food recall procedures on us.

Our Directors confirm that no food recall procedures were activated on our products by us or the AVA during the Track Record Period.

PRODUCT LIABILITY

During the Track Record Period, we have obtained all the necessary licences and permits required for our business operations and have not encountered any difficulties in the renewal of the same. Our Directors confirm that our production facilities passed all inspections by the AVA. Besides, we have purchased a combined general and products liability insurance with an independent third party insurer, which our Directors believe is sufficient to cover all product liability claims in respect of which our Group may be held liable in the future.

Our Directors confirm that, during the Track Record Period, save and except the claims against CSH Eggs in the amount of approximately SGD23,000 relating to the salted eggs sold by it (i) there

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was no material claim for defective products against our Group, (ii) we did not experience any substantial products returned by our customers, and (iii) there were no legal claims for product liability against our Group.

COMPETITION

The egg production industry is capital-intensive in nature, which requires vast area of land for raising layers and extensive production facilities for the processed egg products. Significant amount of resources have to be put on food safety and hygiene.

Overall chicken egg consumption in Singapore recorded increases from 1,576.2 million eggs in 2012 to 1,803.1 million eggs in 2017, at a CAGR of 2.7%. Most of this consumption was met by the import of chicken eggs to Singapore from overseas (principally from Malaysia), which accounted for at least 76% of total egg consumption in Singapore between 2012 and 2017. For example, chicken egg imports had a market share of 76.2% in 2017, with the balance of 23.8% being met by locally produced eggs. According to the F&S Report, there are currently three layer farms that produce fresh chicken eggs in Singapore, namely, Seng Choon Farm, Chew's Group and our Group, and we had a market share in terms of revenue of approximately 20.7% of local egg production in 2017 and an estimated market share of approximately 7.8% in terms of local egg consumption in 2017, respectively.

Notwithstanding the dominance of imports with respect to overall chicken egg consumption in Singapore between 2012 and 2017, the F&S Report referred to the growth in consumption of local chicken eggs in Singapore from 363.8 million in 2012 to 435.2 million in 2017 at a CAGR of 3.7%, and the growth in market size of local production of eggs in terms of revenue from SGD75.6 million in 2012 to SGD102.3 million in 2017, representing a CAGR of 6.2%. According to the F&S Report, this increase was attributable to the local consumers' preference for locally produced eggs rather than imported eggs, which was, in turn, fuelled by the growth (i) of the population in Singapore during this period from 5.3 million in 2012 to 5.7 million in 2017; and (ii) in egg production volume by all three local players, driven by government support for higher local egg production to enhance the resilience of the country's food supply.

Our ability to compete against our competitors, including importers of Malaysian chicken eggs, depends on, to a significant extent, our capability to build up and maintain the confidence of our customers and end consumers in our egg products. For details of our competitive strengths, please refer to the paragraph headed "Competitive strengths" of this section above.

We believe that the Listing will facilitate the implementation of our farm expansion plan, enhance our credit standing, financial resources and strengthen our market position and allow us to compete with local and foreign competitors.

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RESEARCH AND DEVELOPMENT

During the Track Record Period, we did not carry out any material research and development activity apart from entering into a cooperation arrangement with the AVA in September 2016 in relation to a collaborative research project on application of electrostatic freezing technology for pasteurised liquid eggs to preserve the quality and extend the shelf life of pasteurised liquid eggs.

We have also collaborated with and supported the National University of Singapore to provide them with a platform to test the effect of using innovative techniques of electrochemistry for the treatment of highly contaminated sludge. We are hopeful that we can benefit from their findings to improve our waste management processes.

Our Directors confirm that no material research and development expenses were incurred by our Group during the Track Record Period.

STAFF

As at the Latest Practicable Date, our Group employed a total of 176 staff, a breakdown of which by function is as follows:

	<u>Number of employees</u>
General management and administration	26
Finance	8
Production	87
Quality control	2
Procurement	1
Sales and marketing	<u>52</u>
Total	<u><u>176</u></u>

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Recruitment and training

Some of our staff are recruited from overseas, including, but not limited to, Malaysia, Myanmar, Bangladesh and the PRC.

The following table sets forth a breakdown of our employees by geographical region:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018	
	No. of employees	Percentage (%)	No. of employees	Percentage (%)	No. of employees	Percentage (%)
Singapore	51	58.6	53	55.8	69	41.3
Other ASEAN countries (<i>Note 1</i>)	26	29.9	29	30.5	56	33.5
Other Asian countries (<i>Note 2</i>)	10	11.5	13	13.7	42	25.2
Total:	<u>87</u>	<u>100%</u>	<u>95</u>	<u>100%</u>	<u>167</u>	<u>100%</u>

Notes:

1. Other ASEAN countries include Malaysia, Myanmar, Indonesia and Vietnam.
2. Other Asian countries include Bangladesh, India, Japan, the PRC and Sri Lanka.

We have obtained work permits for all of our foreign workers. As confirmed by our Singapore legal advisers, as at the Latest Practicable Date, we are in compliance with all relevant laws and regulations of Singapore relating to the recruitment and employment of foreign workers, including the Employment Act (Chapter 91), the Employment of Foreign Manpower Act (Chapter 91A) and the Employment of Foreign Manpower (Work Passes) Regulations 2012.

We provide on-job training to our staff with reference to their respective duties in our Group in order to ensure that they are familiar with the tasks assigned to them. If necessary, we will arrange the suppliers of the relevant machineries and equipment to provide periodic training to our staff.

Remuneration policy

We have entered into individual labour contracts with each of our employees in accordance with the applicable laws of Singapore. The remuneration package offered by our Group to our employees includes salary, bonus and staff benefits. In general, our Group determines the level of employee salaries based on each employee's qualification, experience, position, seniority and the prevailing market remuneration rate. Our Group has a review system to evaluate the performance of our employees annually to ascertain any adjustments or promotions to retain talents within our Group.

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Staff benefits

We have participated in a mandatory pension fund operated by the Government of Singapore. Contributions are made for all our employees who are Singapore citizens or permanent residents in accordance with the Central Provident Fund Act, Chapter 36 of Singapore. During the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that our Group had been in compliance with all relevant laws and regulations of Singapore in relation to the employer's provident fund contributions.

As part of our staff benefits arrangements, we provide work injury compensation insurance, medical insurance, meal and overtime allowances to all our staff.

Relationship with staff

We recognise the importance of having a harmonious working relationship with our staff. During the Track Record Period and as at the Latest Practicable Date, we did not experience any significant problems with our staff nor disruptions to our operations due to labour disputes or industrial actions, nor have there been any difficulties in the recruitment of experienced staff.

Our Directors believe that our Group has a harmonious working relationships with our staff as a whole.

INTERNAL CONTROL

In August 2017, we appointed an internal control adviser, which is an independent third party, to conduct a review of our internal control systems and procedures on a fact-finding basis, with no assurance or opinion on the adequacy of our Group's controls being provided by the internal control adviser. Following this review, our Company implemented a number of internal control measures, to enhance our internal control systems. A further follow-up review was conducted by the internal control adviser in February 2018 to review our management's remedial actions taken and report to our management with findings and recommendations.

The table below summarises the material findings of review conducted by the internal control adviser and the remedial actions taken by our Group.

<u>Material findings</u>	<u>Remedial actions taken</u>
<p><i>Standalone corporate governance policies</i> Standalone corporate governance policies and procedures including code of conduct, management override, risk management and financial reporting and disclosure are not available for employees to follow.</p>	<p>Our Group has put in place standalone corporate governance policies to address areas including those mentioned.</p>

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Material findings

Management override

No policies and procedures are in place to detect and prevent management from overriding established controls.

Designated compliance officer

A compliance officer has not been designated to oversee compliance of law and regulations and policies and procedures on compliance function are not documented.

Designated accounting and human resources officer

No designated managerial staff has been appointed to be in charge of accounting and financial reporting function and human resources function.

Entity-wide risk management process

There is no entity-wide risk management process to, among others:

- identify and consider the implications of relevant risks, at both the entity level and the process activity level; and
- perform risk assessment, considering external and internal factors that could impact achievement of the objectives, analyzing the risks, and prioritising risks.

Comparison of petty cash with sales

There is no documentation for the periodic physical counts of petty cash.

Authorisation of cash payments

Policies and procedures on the authorisation of petty cash payments, cheques, wire-transfer, and on-line banking are not documented.

Remedial actions taken

Our Group has implemented policies and procedures relating to detection and prevention of management override of established controls.

Our Group has appointed an executive director as the compliance officer upon Listing and expanded the scope of the audit committee to cover audit, risk and compliance aspects.

Our Group has recruited a finance manager since November 2017 for the accounting reporting function and designated another managerial staff for the human resources function.

Our Group has designed and established a risk management policy to address areas including those mentioned.

Our Group has established system and policies to ensure these periodic counts are documented.

Our Group has documented policies and procedures on the authorisation of petty cash payments, cheques, wire-transfer, and on-line banking.

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The Sole Sponsor has carried out its own inquiries into our Group's internal control systems, among others, through interviewing our Directors and senior management as well as the internal control adviser, conducting site visits of our operations in Singapore and interviewing suppliers and customers in Singapore and suppliers in Malaysia, reviewing documents obtained subsequent to such meetings and enquiring into improvements made to our Group's internal procedures and systems.

Based on the above, the improvements made by our Group have enhanced our internal controls and we shall continue to monitor the implementation, and improve the effectiveness, of our internal control procedures and corporate governance practices. For more information please refer to the paragraph headed "Risk management and corporate governance" of this section below.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

Our Group is exposed to different types of market risks in the conduct of our business and the business environment in which our Group operates. Such risks include, without limitation, interest rate risk, foreign currency risk, credit risk and liquidity risk. Further details on our risk management policies and practices are set out in the section headed "Financial information — Market and other financial risks" of this prospectus.

Our Board is responsible for overseeing our overall risk management, assessing and updating our risk management policies. See the section headed "Directors, senior management and staff — Board of Directors" of this prospectus for the qualifications and experience of our Directors.

To improve and monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted, or will adopt, among other things, the following corporate governance and internal control measures:

- the establishment of an Audit Committee of our Company which will implement formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts. It will also periodically review our compliance status with Hong Kong laws after the Listing. The Audit Committee of our Company will exercise its oversight by:
 - (i) reviewing our financial reporting system and internal control procedures;
 - (ii) discussing the internal control systems with the management of our Group to ensure that the management has performed its duty to have an effective internal control system; and
 - (iii) considering the major investigation findings on internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.

For the biographical details of members of the Audit Committee of our Company, please refer to the section headed "Directors, senior management and staff" of this prospectus;

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- the appointment of Mr. Ching Kim Fung as the company secretary to handle the secretarial matters and day-to-day compliance matters of our Group. Mr. Ching is also responsible for the timing and procedures for convening annual general meetings, including the time for sending notices of meeting and laying before the Board our financial statements;
- the appointment, if considered necessary, of external professionals, including auditors, internal control consultants, external legal adviser(s) and other advisers to render professional advice with respect to our internal controls and our compliance with statutory and regulatory requirements, as applicable to our Group from time to time;
- the provision of training sessions conducted by our Company's Hong Kong legal advisers in respect of Hong Kong laws on the on-going obligations and duties of a director of a company whose shares are listed on the GEM; and
- the appointment of CCIC as our compliance adviser upon the Listing to advise us on regulatory compliance with the GEM Listing Rules.

In view of the measures, policies and procedures adopted to improve and enhance our internal control systems and corporate governance, our Directors are of the view, and the Sole Sponsor concurs, that adequate and effective internal control procedures and policies have been put in place by our Group.

RISK MANAGEMENT ON BIOSECURITY

Our business is subject to the risks of poultry-related diseases and infection. For details of such risk, please refer to the section headed "Risk Factors — Risk associated with our business" of this prospectus.

In view of the risks of poultry-related diseases and infection, we have established a comprehensive biosegregation and biosecurity system. For further details of the biosecurity measures and quality control system adopted by the Group, please refer to the paragraphs headed "Biosecurity measures" and "Quality assurance" of this section above.

Our Directors are of the view, and the Sole Sponsor concurs, that the biosecurity measures and quality control system implemented by our Group are sufficient and effective measures.

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LICENCES AND PERMITS

Our Group is required to obtain the following licences and permits to carry out our business and operations:

Licences/Permits	Licensee/Permittee	Issuing Authority	Date of Issue	Expiry Date
“A” grade licence to operate a food establishment	TPEC	AVA	N/A	31 May 2019
Licence for farm	N&N	AVA	19 December 2017	31 December 2018
Licence to import table eggs	N&N	AVA	9 January 2017	31 January 2019
Licence to import table eggs	CSH Eggs	AVA	N/A	31 December 2018
Licence for the import, manufacture, processing or sale of animal feed	N&N	AVA	28 December 2017	31 December 2018
Registration to import processed food products and food appliances	TPEC	AVA	N/A	30 June 2019
Registration to import processed food products and food appliances	CSH Eggs	AVA	N/A	31 May 2019
Restricted licence to vaccinate or inoculate animals or birds with veterinary biologics	N&N	AVA	22 January 2018	22 January 2019
Permit to store and use hazardous substances	N&N	National Environment Agency	1 March 2018	28 February 2019
Licence to deal in, possess/control, manufacture & store explosive precursors <i>(Note 1)</i>	N&N	Police Licensing & Regulatory Department, Singapore Police Force	20 July 2018	12 August 2020
Licence to deal in, possess/control, manufacture & store explosive precursors <i>(Note 2)</i>	N&N	Police Licensing & Regulatory Department, Singapore Police Force	20 July 2018	11 August 2020

Notes:

1. This licence is in connection with the storage of explosive precursors.
2. This licence is in connection with the possession or control of explosive precursors.

As advised by our Singapore legal advisers, as at the Latest Practicable Date, our Group has obtained all the necessary and relevant approvals, permits, consents, licences and registrations required for our business and operations and none of these have been suspended or terminated. We intend to renew our licences and permits before their respective expiry dates. Our Directors confirm that our Group has not experienced any refusal of renewal of the licences or permits necessary for our operations during the Track Record Period.

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AWARDS AND CERTIFICATES

The table below sets out the major awards and certificates that our Group has obtained:

<u>Certificates</u>	<u>Issuing organization</u>	<u>Date of Issue</u>	<u>Expiry Date</u>
ISO22000:2005 (Note 1)	SGS Societe Generale de Surveillance S.A	9 September 2015	19 August 2018
Singapore Quality Egg Scheme	AVA	1 April 2018	31 March 2019
Healthier Choice Symbol	Health Promotion Board, Singapore	28 November 2017	1 December 2019
HALAL certificate	MUIS	N/A	31 May 2019

Note:

1. Our Group has submitted a renewal application to SGS Societe Generale de Surveillance S.A (“SGS”) on 11 July 2018. Audit visits were carried out on 23 July 2018 and 24 July 2018 and it was recommended by the third party audit team appointed by SGS that certification of ISO22000:2005 be granted. As at the Latest Practicable Date, our Group is awaiting the issuance of the certification from SGS and our Directors are not aware of any facts or circumstances that would affect the renewal of the ISO22000:2005 certificate.

ENVIRONMENTAL PROTECTION

We are subject to the Singapore environmental laws and regulations, including, but not limited to, EPMA, EPMHSR and EPHA. In particular, there are environmental regulations concerning the treatment of waste water produced by our production facilities and we are subject to inspections by NEA for compliance with environmental laws and regulations. Our Directors confirm that we have not received any notice of material non-compliance with any such laws and regulations during the Track Record Period. Our Directors further confirm that we have followed applicable laws and regulations in Singapore relating to the disposal of chicken manure mechanically collected from our pullet and layer houses.

During the Track Record Period, our Group has incurred immaterial expense in relation to environmental compliance. Our Directors expect that the cost of compliance going forward will be at a level similar to that was incurred during the Track Record Period.

As at the Latest Practicable Date, we had neither encountered any material non-compliance issue in respect of any applicable laws and regulations on environmental protection nor received any complaints from our customers or the public in respect of environmental protection issues.

Our Singapore legal advisers confirm that our existing production activities are in compliance with the applicable environmental protection laws and regulations in Singapore.

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PRODUCTION SAFETY

Health and safety standards of our employees at our workplace are important aspects of our business. We have been awarded a bizSAFE Level 3 certification issued by the Singapore Workplace Safety and Health Council since July 2017.

As at the Latest Practicable Date, we have not been adjudged by any Singapore governmental authority for any non-compliance with any production safety requirements under the Singapore laws and regulations nor received any complaints from our customers or the public in relation to safety issues within our Group.

Our Directors are of the view that the production safety measures currently adopted by us are in line with the market practice of the industries in which our Group is engaged in.

INSURANCE

We maintained various types of insurance covering our exposure in the area of risk of loss arising from damages and destructions to our biological assets, plant and equipment, production facilities and buildings and disruption to operations due to loss of key management personnel. We also have insurance covers public liability, product liability, work injury compensation to our staff, medical, fidelity guarantee, business continuity. Our Directors believe that the existing insurance coverage commensurate with the risks and exposures of the Group's business operations and is consistent with the general practice of our Group's industry in Singapore.

For each of the three years ended 31 March 2018, we incurred approximately SGD151,000, SGD137,000 and SGD116,000 insurance costs, respectively. As at the Latest Practicable Date, our Group did not have any material unsettled insurance claims. Our Directors are of the view that we have maintained sufficient insurance coverage for our business and operations.

PROPERTIES

Real property leased by us

As at the Latest Practicable Date, Golden Hoyo, one of our subsidiaries after the Reorganisation, leased a factory unit located at 1002 Tai Seng Avenue, #01-2548, Singapore 534409 from an independent third party for a term of 30 years commencing from 16 September 1996. The factory unit has a gross floor area of approximately 570.22 sq.m. and is currently used by CSH Eggs for wholesaling of eggs and processing of eggs.

Real property partly held and partly leased by us

Our head office, farm and production facilities are located at 1 Lim Chu Kang Lane 9A, Singapore 718845.

We entered into a lease with the Government of Singapore on 2 March 1999 (as supplemented by the supplemental agreement dated 2 March 1999 and a supplemental lease dated 22 April 2005), pursuant to which the Government of Singapore agreed to lease, and our Group agreed to lease from the Government of Singapore, the parcel of land on which our production facilities are currently

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located with a gross floor area of approximately 132,299 sq. m. for a term of 20 years commencing from 3 May 1998 at the annual rental of SGD277,009. The allowed use of the land is chicken layer farming and fish farming as approved by the Chief Executive Officer, AVA or his successors in office. This lease expired on 2 May 2018.

On 8 March 2018, we signed and returned a letter of acceptance of the offer from the Government of Singapore for the renewal of the lease and paid the lease renewal premium, the related goods and services tax and other requisite sum in the total amount of SGD3,104,070 which was funded by our internal resources and bank borrowing. The material terms of our new lease are as follows:

Location:	Lot 1152P-PT MK 12 at Lim Chu Kang Lane 9A
Term:	20 years commencing from 3 May 2018 and expiring on 2 May 2038
Site Area:	116,037.5 sq.m (subject to survey)
Lease renewal premium:	SGD 2,900,000.00, exclusive of goods and services tax and other requisite sum
User restriction:	Hen layer egg farming
Right to request for an extension:	The lessor may, on the written request of the lessee made not less than 36 months before the expiration of the term, grant the lessee a lease of the land for a further term of 10 years upon the expiry of the term at a premium to be determined by the chief valuer of the SLA
End of term:	<p>On the expiry or early determination of the lease term, the lessee shall surrender the land together with any buildings and/or fixtures in good and tenantable condition and with vacant possession without any claim to any compensation.</p> <p>The lessor may by written notice, require the lessee, at its own costs and expenses, to:</p> <ul style="list-style-type: none">(i) remove any or all buildings and / or fixtures erected on or attached to the land; and /or(ii) carry out earth levelling works on any part(s) of the land to such level as may be stipulated by the lessor; and /or(iii) restore any or all parts of the land to its state and condition as at the commencement of the term by the expiry or earlier determination of the term.

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Under the new lease, there is no express termination clause. However, as advised by our Singapore legal advisers, pursuant to the State Lands Act (Chapter 314) of Singapore, the grantee of a statutory lease has obligations not to use any portion of the land for the burial of a human body without the SLA's approval and not to assign or demise the land in parcels or in whole except in the case of a lease for a term not exceeding 7 years. If the grantee breaches any of the aforementioned obligations, the SLA can re-enter the land (or any portion of the same in the name of the whole), upon which the same shall be forfeited and vest in the Government of Singapore.

Under the offer letter, which our Group has accepted, the Government of Singapore has imposed certain requirements with which our Group must comply. Among those, the following are material requirements imposed:

- (i) verifying the final boundary of the leased area by conducting a setting out survey and a cadastral (property boundary) survey of the leased land, using the SLA's term surveyor or a registered surveyor of our Group's choice, and submitting the survey plan based on cadastral standard on or before 28 April 2018 presenting a certified plan of the land to the SLA's chief surveyor within 2 months from the date of SLA's request.
- (ii) complying with all the continuing obligations imposed by certain government departments and agencies during the term of the new lease, including, but not limited to, the URA, the NEA and the Water Reclamation Network Department and the BCA, which require our Group, amongst others, to implement smell-mitigating technologies and measures to minimise the impact on the surroundings, to ensure the proper operation and maintenance of the waste water treatment facilities, to comply with the building height restrictions and access limitations and to engage a qualified person to ensure the necessary approvals are obtained from the BCA.

Our Group has appointed an independent third party surveyor to carry out the cadastral survey in order to verify the final boundary of the leased land on 18 April 2018 and has submitted the survey plan to the SLA. On 31 May 2018, the SLA issued a letter of requisition for cadastral survey to our Group's surveyor. The surveyor is in the course of preparing for the submission of the certified plan, which is required by the SLA to be submitted to the SLA's chief surveyor, by 31 July 2018. As advised by our Singapore legal advisers, the submission of the certified plan is an administrative and procedural step, and upon completion of the cadastral survey and the submission of the certified plan to the SLA's chief surveyor, there are no other requirements or conditions to be met before the renewed lease is issued by the SLA. Our Directors believe that our Group is capable of fulfilling all the material conditions set out in the offer letter. As confirmed by the SLA, on 15 May 2018, the President of the Republic of Singapore approved the renewal of the lease based on the terms and conditions set out in the offer letter. Since our Group has accepted the offer, paid the lease renewal premium and has received confirmation from the SLA of the approval of the renewal of the lease from the President of the Republic of Singapore, notwithstanding that the renewed lease is yet to be issued, our Singapore legal advisers confirm that the current occupation of the land by our Group is legal and valid and our Group is entitled to continue to operate the farm and the production facilities on the land.

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Further, as advised by our Singapore legal advisers, the remaining steps to be taken by the Company upon submission of the certified plan comprise the signing of the renewed lease and the registration of the same, which are administrative and procedural steps. As at the Latest Practicable Date, our Directors confirm that, save and except for the submission of the certified plan, we have complied with all the requirements for the renewal of the lease under the laws of Singapore. Based on our Directors' confirmation and the grant of approval of the renewal of the lease from the President of the Republic of Singapore, our Singapore legal advisers are of the view that there would be no material legal impediment for our Group to obtain the renewal of the lease.

Although the area under the renewed lease has been reduced from 132,299 sq.m. to 116,037.50 sq.m. there is no impact on our current business operations or expansion plans as the area given up under the renewed lease has no structures or facilities there.

Except for the property interests as set out in Appendix III to this prospectus, no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets. For further details of the owned and leased properties, please refer to the section headed "Property valuation" in Appendix III to this prospectus.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have registered the "Eggstory" trademark and the "N&N" trademark in Singapore. We have also registered the domain names of "eggstory.com.sg" and "nnagri.com" which are material in relation to our Group's business. For further details of our intellectual property rights, please refer to the section headed "Statutory and General Information — Further information about the business of the company — 8. Intellectual property rights" in Appendix V to this prospectus.

So far as our Directors are aware, during the three years ended 31 March 2018 and up to the Latest Practicable Date, we have not infringed, or were not alleged to infringe, any intellectual property rights owned by third parties and we had not been subject to any material intellectual property claims against us nor have we been involved in any material intellectual property dispute.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, we encountered claims in relation to salted eggs sold by CSH Eggs in the amount of approximately SGD23,000. Such claims were fully settled in November 2017, whereby our Group has successfully recovered part of the damages from an independent third party insurance company in May 2018.

During the Track Record Period and as at the Latest Practicable Date, save and except the above claims in relation to the salted eggs sold by CSH Eggs, which have been fully settled, our Group was not involved in any litigation, arbitration or administrative proceedings, and no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against us, that we believe would have a material adverse effect on our financial condition and results of operations. Our Directors further confirm that, during the same period, we also did not commit any material non-compliance of applicable laws or regulations.

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Under the Licence for Farm issued by the AVA, there are certain licensing conditions which our Group is required to comply with, including but not limited to safeguarding the welfare of the animals in the farm and maintaining the farm in clean and sanitary conditions. Such Licence for Farm is subject to annual renewal and our Group has successfully renewed such licence from 31 December 2017. During the Track Record Period and as at the Latest Practicable Date, our Directors confirm that the keeping, breeding, rearing and boarding of the Group’s chickens comply with the applicable laws and regulations in Singapore. For further details of the measures taken by our Group on poultry welfare, please refer to the section headed “Business — Our Egg Products — (i) Fresh eggs: — Rearing of day-old chicks and laying of eggs” of this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

BOARD OF DIRECTORS

Our Board consists of 6 Directors, including 3 executive Directors and 3 independent non-executive Directors. The functions and duties of our Board include but are not limited to: convening Shareholders' general meetings and reporting our Board's work at the Shareholders' general meetings; implementing the resolutions passed at the Shareholders' general meetings; determining our business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association.

The following table sets forth certain information of our Directors.

Name	Age	Position	Date of appointment ⁽¹⁾	Date of joining our Group	Roles and responsibilities	Relationships with other Directors and senior management
Mr. Ma Chin Chew (馬琮就)	50	Executive Director, chairman and chief executive officer	12 February 2018	19 July 2006	Overall day to day management of our Group, strategic planning, business development, financial and resource management	The spouse of Ms. Lim Siok Eng
Ms. Lim Siok Eng (Lin Shuying) (林淑英)	46	Executive Director	7 March 2018	1 April 2009	General administration, ensuring our compliance with internal policies and financial control	The spouse of Mr. Ma Chin Chew
Mr. Tang Hong Lai (陳鴻來)	58	Executive Director	7 March 2018	12 March 2002	Supervision of production, maintenance of production facilities and feedstocks, waste and inventory management	None
Mr. Teo Beng Fwee (張明輝)	61	Independent Non-Executive Director	15 August 2018	15 August 2018	Providing independent judgment to our Board, ensuring legal compliance, safeguarding our Group's assets and reputation and enhancing Shareholders' value	None
Mr. Yuen Ka Lok Ernest (袁家樂)	55	Independent Non-Executive Director	15 August 2018	15 August 2018	Providing independent judgment to our Board, ensuring legal compliance, safeguarding our Group's assets and reputation and enhancing Shareholders' value	None

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name	Age	Position	Date of appointment ⁽¹⁾	Date of joining our Group	Roles and responsibilities	Relationships with other Directors and senior management
Mr. Donald William Sneddon (鄧廷文)	55	Independent Non-Executive Director	15 August 2018	15 August 2018	Providing independent judgment to our Board, ensuring legal compliance, safeguarding our Group's assets and reputation and enhancing Shareholders' value	None

Note:

- (1) For the purpose of ascertaining the appointment date of each of our Directors, reference is made to the date of first appointment as a Director of our Company.

Executive Directors

Mr. Ma Chin Chew (馬琮就), aged 50, was appointed as the executive Director, chairman and chief executive officer of our Group on 7 March 2018. He joined N&N as a director on 19 July 2006. When he first acquired N&N's issued share capital and became the minority shareholder of N&N on the same day. For details of changes in Mr. Ma's shareholdings in N&N, please refer to the section headed "History, reorganisation and corporate structure". Mr. Ma is responsible for overall day to day management of our Group, strategic planning, business development, financial and resource management.

Mr. Ma has over 20 years of experience in management and the food industry. Currently, Mr. Ma is the secretary of the Poultry Merchants' Association in Singapore and the deputy secretary general of the Singapore Livestock Farmers' Association. He operated his own food catering and retail business through KSC Food & Catering Services (1997) Pte Ltd from May 1998 to October 2006 where he was responsible for overall management. He also operated a restaurant business, ABC Food Centre Pte Ltd, as the director from March 1998 to August 2002. Mr. Ma became the director of Hup Heng, a company which he is interested in from January 2002 to November 2010. He has been the managing director of Hup Heng since May 2011. Mr. Ma has undertaken to cease to be the managing director of Hup Heng upon the Listing. For more details concerning Hup Heng, please refer to the sections headed "Relationship with Controlling Shareholders — Interest of Controlling Shareholder in other business" and "Relationship with Controlling Shareholders — Independence from our Controlling Shareholders".

Background of the CCS Investigation

Hup Heng, together with another 12 fresh chicken distributors in Singapore, have been under investigation by the CCS since March 2014 for participation in certain alleged anti-competitive discussions in relation to the sale and distribution of fresh chicken products in Singapore from September 2007 to August 2014, potentially in breach of section 34 of the Competition Act.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Ma's involvement in the alleged agreed anti-competitive conduct

Mr. Ma was designated as the managing director of Hup Heng on 18 May 2011. To the extent that Hup Heng was involved in the allegedly anti-competitive conduct, Mr. Ma, in his capacity as the managing director of Hup Heng, attended a few interviews with the officers of the CCS in connection with the CCS Investigation. It should be noted that as at the Latest Practicable Date, the focus of the CCS Investigation has been on the alleged wrongdoing of the 13 fresh chicken distributors, and not on an individual level, unless the individual concerned has been found, among others, to have refused to provide information to the CCS, destroyed or falsified documents to be produced and provided to the CCS, provided false or misleading information to the CCS or obstructed an officer of the CCS. As at the Latest Practicable Date, on the basis of publicly available documents released by the CCS and as confirmed by Mr. Ma, the CCS has not brought any such actions against Mr. Ma.

View of the Sole Sponsor

The Sole Sponsor, having conducted its own due diligence in this case by, among others:

- separately interviewing Mr. Ma and the legal advisers representing 4 of the 13 implicated fresh chicken distributors in order to understand the background and the cause of the CCS Investigation;
- obtaining and reviewing separate legal opinions from the legal advisers to the Company and the Sole Sponsor as to Singapore law advising on, among others, Mr. Ma's suitability to hold a managerial position and/or a directorship in a company, listed or private, whether established in Singapore or elsewhere under the Competition Act, should Hup Heng be found to have breached section 34 of the Competition Act; and
- conducting independent background searches and litigation searches in respect of Hup Heng and Mr. Ma,

the Sole Sponsor is of the view that Mr. Ma possesses the skills, care and diligence and there is no evidence to impugn the character, experience and integrity of Mr. Ma to act as a Director, and considers that the CCS Investigation has no material impact on Mr. Ma's suitability to act as a Director under Rules 5.01 and 5.02 of the GEM Listing Rules.

Mr. Ma was a director or manager of the following companies or enterprises during the time when they were dissolved, struck off or ceased registration. As far as he was aware, the dissolution, striking off or cessation of registration as appropriate, of these companies or enterprises has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business	Position	Period of service	Date of dissolution	Means of dissolution	Reasons for dissolution
KSC Food & Catering Services (1997) Pte Ltd	Singapore	Food caterer and retail sale	Director	21 May 1998 – 25 October 2006	25 October 2006	Dissolved members' voluntary winding up	Cessation of business

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name of company	Place of incorporation	Nature of business	Position	Period of service	Date of dissolution	Means of dissolution	Reasons for dissolution
ABC Food Centre Pte Ltd	Singapore	Restaurant	Director	23 March 1998 – 24 August 2002	24 August 2002	Struck off	Cessation of business
Eco-wis Pte. Ltd.	Singapore	Building construction (mixed construction)	Director	17 December 2010 – 4 July 2016	4 July 2016	Struck off	Inactive
Team@work	Singapore	Repair and maintenance of computer hardware, data processing equipment and computer peripherals	Manager	16 September 1998 – 17 September 2005	17 September 2005	Ceased registration	Cessation of business

Mr. Ma graduated from the National University of Singapore with a bachelor's degree in Technology (Electronics Engineering) in August 1999. He obtained the Diploma in Electronic Engineering issued by Ngee Ann Polytechnic Singapore and Singapore Armed Forces in August 1989. He also obtained an Advanced Diploma in Computer and Communication Systems issued by Ngee Ann Polytechnic Singapore in August 1995.

Mr. Ma does not hold any current or past directorships in listed companies in the last three years.

Ms. Lim Siok Eng (Lin Shuying) (林淑英), aged 46, joined our Group as administrator on 1 April 2009 and was promoted to assistant director in January 2013. She was appointed as the executive Director of our Group on 7 March 2018, responsible for general administration, ensuring our compliance with internal policies and financial control of our Group. Before joining our Group, Ms. Lim was an assistant engineer in a company engaged in production of semiconductors from September 1994 to July 1995 and an incoming quality engineer in Toshiba TEC Singapore Pte Ltd where she was responsible for quality control from December 1997 to April 2001.

Ms. Lim was a director of the following company during the time when it was dissolved. As far as she was aware, the dissolution of the company has not resulted in any liability or obligation imposed against her. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business	Position	Period of service	Date of dissolution	Means of dissolution	Reasons for dissolution
QC Supermarket (F&B) Pte. Ltd.	Singapore	Retail trade	Director	14 September 2009– 5 February 2016	5 February 2016	Dissolved members' voluntary winding up	Cessation of business

Ms. Lim was awarded a Diploma in Electrical Engineering in May 1994 by Singapore Polytechnic and a Degree in Electrical and Electronic Engineering by the University of Manchester Institute of Science and Technology and the Victoria University of Manchester in July 1997.

Ms. Lim does not hold any current or past directorships in listed companies in the last three years.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Tang Hong Lai (陳鴻來), aged 58, joined our Group as operations manager on 12 March 2002. He was appointed as the executive Director of our Company on 7 March 2018, primarily responsible for supervising our production, maintenance of production facilities, feedstocks, waste and inventory management. Since joining our Group, he has been responsible for maintenance and improvement of our production facilities according to our operation needs, supervising and overseeing the operations of the waste management system of our Group and maintenance of water treatment plant to ensure the water quality for drinking by our layers and growers. As confirmed by our Directors, Mr. Tang was involved in several infrastructure projects tailor-made to our operation to improve the efficiency and productivity of our farm operation. From 2002 to 2007, Mr. Tang set up our feed mill plant which is part of our core production facilities to formulate and process our feeds and had set up the feeds drying system for turning wet grains from brewery into dried grains for the purpose of reducing our feeds costs. His expertise in mechanical engineering and farm operations through his experience in our Group has contributed substantially to our growth. Before joining our Group, Mr. Tang was a subcontractor for engineering work in Malaysia from 1980s to 1997 and he worked in EST Engineering from 1997 to 2002 as a project supervisor, where he was responsible for machinery maintenance and design.

Mr. Tang does not hold any current or past directorships in listed companies in the last three years.

Independent Non-executive Directors

Mr. Teo Beng Fwee (張明輝), aged 61, was appointed as an independent non-executive Director of our Company on 15 August 2018. He is responsible for providing independent judgment to our Board, ensuring legal compliance, safeguarding our Group's assets and reputation and enhancing Shareholders' value.

Mr. Teo has over 35 years of experience in assurance, tax and consulting industry. He first joined Price Waterhouse, Malaysia as an audit clerk from January to September 1981. He then joined Coopers & Lybrand, Singapore from January 1982 to April 1984 as an audit clerk and left as an audit graduate assistant. From May 1984 to June 1988, he joined Foo Kon & Tan, Singapore (currently known as Foo Kon Tan LLP) as an audit senior and left as an audit supervisor. He was an audit supervisor from June 1988 to June 1990, manager from July 1990 to June 1993 and senior manager from July 1993 to January 1998 in KPMG. He was partner of Moores Rowland, Singapore from December 1998 to May 2002 and ShineWing LLP, Singapore from January 2012 to January 2015. He has been a director of CA Practice PAC, an accounting firm based in Singapore since February 2015. Mr. Teo joined Sunlight (1977) Holdings Limited (stock code: 8451), the shares of which are listed on GEM of the Stock Exchange, as an independent non-executive director on 21 March 2018.

Mr. Teo graduated from Tunku Abdul Rahman College (currently known as Tunku Abdul Rahman University College) in Malaysia with a Diploma in Commerce (Financial Accounting) in July 1980. Mr. Teo was admitted as a fellow of the Chartered Association of Certified Accountants, UK in July 1990, a member of Malaysian Institute of Accountants in December 1997 and a fellow by the Institute of Singapore Chartered Accountants in September 2009.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Save as disclosed above, Mr. Teo does not hold any current or past directorships in listed companies in the last three years.

Mr. Yuen Ka Lok Ernest (袁家樂), aged 55, was appointed as an independent non-executive Director of our Company on 15 August 2018. He is responsible for providing independent judgment to our Board, ensuring legal compliance, safeguarding our Group's assets and reputation and enhancing Shareholders' value. Mr. Yuen has over 28 years of experience in corporate law, civil litigation and conveyancing. He has been a partner in Messrs. Yuen & Partners since August 1997.

Mr. Yuen graduated from University of Toronto, Canada with a bachelor's degree in Commerce on 21 November 1985. Mr. Yuen was admitted as a Solicitor of the High Court of Hong Kong on 28 March 1992.

Mr. Yuen was a director of the following company during or within 12 months when it was dissolved by the way of striking off. As far as he was aware, the dissolution of the company has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business	Position	Period of service	Date of dissolution	Means of dissolution	Reasons for dissolution
T & Y Nominees Company Limited	Hong Kong	Providing company secretarial services	Director	1 November 1996 – 23 November 2001	23 November 2001	Struck off	Cessation of business

Mr. Yuen has been the director of China Metro-Rural Holdings Limited since 1 September 2010, the shares of which was listed on the New York Stock Exchange market and was subsequently delisted on 18 August 2016. He was also the independent non-executive director of Man Sang International Limited (stock code: 938), the shares of which were listed on the Main Board of the Stock Exchange from August 1997 to October 2004 and the director of China Digital Culture (Group) Limited (formerly known as KanHan Technologies Group Limited) (stock code: 8175), the shares of which were listed on GEM of the Stock Exchange from July 2002 to May 2005.

Save as disclosed above, Mr. Yuen does not hold any current or past directorships in listed companies in the last three years.

Mr. Donald William Sneddon (邵廷文), aged 55, was appointed as an independent non-executive Director of our Company on 15 August 2018. He is responsible for providing independent judgment to our Board, ensuring legal compliance, safeguarding our Group's assets and reputation and enhancing Shareholders' value.

Mr. Sneddon has over 32 years of experience in audit, management and compliance. He joined Price Waterhouse in Calgary in September 1985 and left as a supervisor (assistant manager) in September 1989. He then joined Price Waterhouse in Hong Kong as an audit supervisor in September 1989 and became an audit manager from July 1990 to November 1991. Thereafter, he joined The Chase Manhattan Bank, N.A. in January 1992 and left as a supervising auditor in July 1995. In September 1995, he joined Citibank, N.A. and left as a business risk and compliance officer within

DIRECTORS, SENIOR MANAGEMENT AND STAFF

the North Asia compliance office in September 1998. In September 1998, he joined Bankers Trust, which was later acquired by Deutsche Bank in 1999 as a regional compliance manager in the corporate banking division and left Deutsche Bank as the regional compliance product head in Asia in June 2001. He joined the Mandatory Provident Fund Schemes Authority in August 2001 as a senior manager and became a consultant for investment projects from May 2003 to September 2003. He has been a senior consultant in Ho, Sneddon, Chow, C.P.A. Limited since September 2003. Mr. Sneddon joined Super Strong Holdings Limited (stock code: 8262), the shares of which are listed on GEM of the Stock Exchange, as independent non-executive director in April 2017.

Mr. Sneddon graduated from the University of Alberta in Canada, with a bachelor's degree in commerce in June 1985. He was admitted as chartered accountant by the Institute of Chartered Accountants of Alberta in January 1989.

Save as disclosed above, Mr. Sneddon did not hold any current or past directorships in listed companies in the last three years.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth certain information of the members of the senior management of our Company.

Name	Age	Position	Date of appointment ⁽¹⁾	Date of joining our Group	Roles and responsibilities	Relationships with other Directors and senior management
Ms. Angela Lee Yuen Chen (李燕真)	33	Finance Manager	2 October 2017	2 October 2017	Supervision of the accounting team, internal control, financial management and advising on financial matters	None
Ms. Too Wai San (朱慧珊)	33	Accountant	17 August 2015	17 August 2015	Maintenance of accounting records	None

Note:

- (1) For the purpose of ascertaining the appointment date of each of our senior management, reference is made to the date of first appointment to the position of senior management of our Company.

Ms. Angela Lee Yuen Chen (李燕真), aged 33, was appointed as the finance manager of our Company on 2 October 2017. She is primarily responsible for supervision of the accounting team, internal control, financial management and advising on financial matters.

Ms. Lee has over 7 years of experience in accounting, internal and external audit and management. She was an accounts and administrative executive in a car park management consultancy company from 2010 to 2012. From November 2012 to August 2015, she was a senior accounts executive in a rental and leasing company. She was also an accountant in Hup Heng from August 2015 to July 2017.

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Ms. Lee was awarded a Postgraduate Diploma in Business Administrative by Aventis School of Management in May 2015.

Ms. Lee does not hold any current or past directorships in listed companies in the last three years.

Ms. Too Wai San (朱慧珊), aged 33, joined our Group as accountant on 17 August 2015, and is responsible for the maintenance of accounting records ensuring accurate accounts, records and disclosures since then.

Ms. Too has over 13 years of experience in accounting and administration. She was an accounts and audit trainee in CJ Tax & Management Sdn Bhd (Malaysia), an accounting firm from June 2004 to July 2006. From July to December 2006, she was an assistant accountant of a door manufacturing company. From December 2006 to September 2008, she was an account assistant of a wine distribution company. From October 2008 to February 2009, she was an accounts and administrative assistant in a video production company. From April 2009 to October 2009, she was an accounts and administrative executive in Pasar-Indah Fine Furnishing Pte Ltd. From April 2010 to July 2015, she was an assistant manager (Finance) of a property development and investment company.

Ms. Too was awarded the London Chamber of Commerce and Industry Third Level Group Diploma in April 2004 by Citipro Commercial Institute. She gained the qualification of Certified Accounting Technician granted by the Association of Chartered Certified Accountants in June 2005.

Ms. Too does not hold any current or past directorships in listed companies in the last three years.

COMPANY SECRETARY

Ching Kim Fung (程劍鋒), aged 32 was appointed as the company secretary of our Company on 15 March 2018 and is responsible for the company secretarial matters of our Company.

Mr. Ching served in a number of auditing positions in SHINEWING (HK) CPA Limited, an accounting firm, from October 2010 to July 2015 with his last position held as assistant audit manager. Since July 2015, Mr. Ching has joined Jiangnan Group Limited (stock code: 1366), the shares of which are listed on the Main Board of the Stock Exchange, as a finance manager, where he is responsible for assisting the company secretary and chief financial officer of Jiangnan Group Limited in company secretarial functions and financial reporting. He has no involvement in Jiangnan Group Limited's principal activities in China. Mr. Ching has commenced to work as a finance manager of Jiangnan Cable (HK) Limited on a part-time basis from 1 August 2018. As confirmed by Mr. Ching, his acting as a part-time finance manager in Jiangnan Cable (HK) Limited will not affect him in performing his responsibilities in our Group, as (i) the business operations of Jiangnan Group Limited is primarily located in the PRC whereby there are other finance managers responsible for reviewing and monitoring its day-to-day operations; (ii) he is not a senior management of Jiangnan Group Limited and is directly working under the supervision of its chief financial officer; and (iii) he will spend 50% and 50% of his working time in our Group and Jiangnan Group Limited respectively. In view of the aforesaid, our Directors consider and the Sole Sponsor concurs that Mr. Ching can devote sufficient time and efforts to discharge his duties as our company secretary.

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Mr. Ching graduated from the Hong Kong Polytechnic University with a bachelor's degree in Business Administration in Accounting and Finance in November 2010. He was admitted as certified public accountant by Hong Kong Institute of Certified Public Accountants in March 2014.

COMPLIANCE OFFICER

Ms. Lim Siok Eng is the compliance officer of our Company. Her biographical details are set out in the section headed "Directors, senior management and staff — Executive Directors" in this prospectus.

BOARD COMMITTEES

Audit committee

Our Company has established an audit committee on 15 August 2018 with its written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process, risk management and internal control systems, nominate and monitor external auditors and to provide advice and comments to our Board.

Our audit committee consists of 3 members, being Mr. Teo Beng Fwee, Mr. Yuen Ka Lok Ernest and Mr. Donald William Sneddon. Mr. Teo Beng Fwee currently serves as the chairman of our audit committee.

Remuneration committee

Our Company has established a remuneration committee on 15 August 2018 with its written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the remuneration committee are to evaluate the performance and make recommendations on the remuneration of our senior management and to recommend members of our Board.

Our remuneration committee consists of 3 members, being Mr. Yuen Ka Lok Ernest, Mr. Donald William Sneddon and Mr. Teo Beng Fwee. Mr. Yuen Ka Lok Ernest currently serves as the chairman of our remuneration committee.

Nomination committee

Our Company has established a nomination committee on 15 August 2018 with its written terms of reference in compliance with paragraph A.5 of the Corporate Government Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Our nomination committee consists of three members, being Mr. Yuen Ka Lok Ernest, Mr. Donald William Sneddon and Mr. Teo Beng Fwee. Mr. Yuen Ka Lok Ernest currently serves as the chairman of our nomination committee.

COMPENSATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors have entered into service agreements with us for an initial fixed term of two years from the Listing Date which will be automatically renewable for successive terms of one year unless otherwise terminated by either party according to the terms set out in the agreements.

For the three years ended 31 March 2018, the aggregate amount of fees, salaries, allowances, discretionary bonus, contributions to defined contribution scheme and other benefits in kind (if applicable) paid or payable by our Company to our Directors and chief executive officer of the Group were approximately SGD265,000, SGD268,000 and SGD292,000, respectively. Our Directors' remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

The fees, salaries, allowances, discretionary bonus, contributions to defined contribution scheme and other benefits in kind (if applicable) paid or payable by our Company to the top five highest paid individuals (including Mr. Ma) for the three years ended 31 March 2018, were approximately SGD357,000, SGD287,000 and SGD309,000, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, the sole Director, or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, the sole Director or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of our Directors had waived any remuneration during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals during the Track Record Period.

Additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals is set forth in the Accountant's Report set out in the Appendix I to this prospectus.

COMPLIANCE ADVISER

Our Company has appointed Central China International Capital Limited as our compliance adviser upon Listing pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

DIRECTORS, SENIOR MANAGEMENT AND STAFF

- where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 17.11 of the GEM Listing Rules.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, except for deviation from the code provision A.2.1 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

Paragraph A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ma is the chairman and chief executive officer of our Group. Considering Mr. Ma has been operating and managing our Group since 2009, our Board believes that it is in the best interest of our Group to have Mr. Ma taking up both roles for effective management and business development. Therefore, our Board considers that the deviation from paragraph A.2.1 of the Corporate Governance Code is appropriate in such circumstances. Our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) there is sufficient check and balance in our Board as the decision to be made by our Board requires approval by at least a majority of our Directors and our Board has three independent non-executive Directors out of the six Directors, which is in compliance with the GEM Listing Rules; (ii) Mr. Ma and the other Directors are aware of and have undertaken to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interest of our Company and our Shareholders as a whole and will make decisions for our Group accordingly; (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced individuals who shall meet regularly to discuss issues affecting the operations of our Company; and (iv) the overall strategic and other key business, financial, and operational policies of our Group shall be made collectively after thorough discussions at both the Board and senior management levels. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and after completion of the Capitalisation Issue and the Share Offer without taking into account any Shares which may be allotted and issued pursuant to exercise of any options which may be granted under the Share Option Scheme.

	<u>(Nominal Value)</u>
	<i>HK\$</i>
<i>Authorised share capital:</i>	
10,000,000,000 Shares of par value HK\$0.01 each	100,000,000
<i>Issued share capital</i>	
20,000 Shares in issue as at the date of this prospectus	200
<i>Shares to be issued</i>	
374,980,000 Shares to be issued pursuant to the Capitalisation Issue	3,749,800
125,000,000 Shares to be issued pursuant to the Share Offer	1,250,000
<i>Total issued Share capital on completion of the Capitalisation Issue and the Share Offer:</i>	
500,000,000 Shares	5,000,000

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional.

The table takes no account of Shares which may be allotted and issued upon the exercise of any options which have been or may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate given to our Directors to allot and issue or repurchase Shares as described below.

RANKING

The Shares will rank *pari passu* in all respects with all other existing Shares in issue as mentioned in this prospectus, and in particular, will be entitled to all dividends and other distributions hereafter declared, paid or made on the Shares after the date of this prospectus save for entitlements under the Capitalisation Issue.

SHARE CAPITAL

PUBLIC FLOAT REQUIREMENTS

Rule 11.23(7) and (9) of the GEM Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total number of issued shares must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares and must have an expected market capitalisation at the time of listing of not less than HK\$45 million.

Based on the information in the above table, our Company will meet the public float requirement under the GEM Listing Rules after the completion of the Capitalisation Issue and the Share Offer. We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after Listing.

GENERAL MANDATE TO ISSUE SHARES

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with the total number of issued Shares not exceeding the sum of (a) 20% of the total number of issued Shares of our Company as enlarged by the Capitalisation Issue and the Share Offer; and (b) the total number of Shares of our Company which may be repurchased by our Company under the Repurchase Mandate.

The Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Scheme. The total number of Shares which the Directors are authorised to allot and issue under this Issuing Mandate will not be reduced by the allotment and issue of such Shares.

This Issuing Mandate will expire:

- (i) at the conclusion of our Company's next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting;

whichever occurs first.

For more details of the Issuing Mandate, please see the section headed "Further information about our Company — 3. resolutions in writing of the Shareholders" in Appendix V to this prospectus.

SHARE CAPITAL

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares with not more than 10% of the total number of issued Shares of our Company, as enlarged by the Capitalisation Issue and the Share Offer.

This Repurchase Mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed “Further information about the Company — 6. securities repurchase mandate” in Appendix V to this prospectus.

This Repurchase Mandate will expire:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting or any applicable law of the Cayman Islands; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever occurs first.

For further information about this Repurchase Mandate, please see the section headed “Further information about our Company — 3. resolutions in writing of the shareholders” in Appendix V to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 15 August 2018. Under the Share Option Scheme, the eligible participants of the scheme may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Further details of the Share Option Scheme are set out in the section headed “Other information — 13. Share Option Scheme” in Appendix V to this Prospectus.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, see the section headed “Summary of the Constitution of the Company and the Cayman Islands Company Law — 2. Articles of Association — Alteration of capital” in Appendix IV to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see the sub-section headed “Summary of the Constitution of the Company and the Cayman Islands Company Law — 2. Articles of Association — Variation of rights of existing shares or classes of shares” in Appendix IV to this prospectus.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of the Company and the Cayman Islands Company Law” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, each of the following persons will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued upon the exercise of the options which have been or may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Shareholders	Capacity/Nature of interest	Number and class of securities ⁽¹⁾ as at the Latest Practicable Date	Approximate percentage of interest in our Company as at the Latest Practicable Date	Number and class of securities ⁽¹⁾ immediately following completion of the Capitalisation Issue and the Share Offer	Approximate percentage of interest in our Company immediately following completion of the Capitalisation Issue and the Share Offer
Radiant Grand ⁽²⁾	Beneficial owner	7,861 Shares (L)	78.61%	294,800,000 Shares (L)	58.96%
Mr. Ma ⁽²⁾	Interest of controlled corporation Beneficial owner	7,861 Shares (L)	78.61%	294,800,000 Shares (L)	58.96%
Ms. Lim ⁽²⁾	Interest of spouse	7,861 Shares (L)	78.61%	294,800,000 Shares (L)	58.96%
Elite Ocean ⁽³⁾	Beneficial owner	2,139 Shares (L)	21.39%	80,200,000 Shares (L)	16.04%
Mr. Lim ⁽³⁾	Interest of controlled corporation	2,139 Shares (L)	21.39%	80,200,000 Shares (L)	16.04%
Ms. Tan ⁽³⁾	Interest of spouse	2,139 Shares (L)	21.39%	80,200,000 Shares (L)	16.04%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the Shares.
- (2) Radiant Grand is held as to 100% by Mr. Ma. Therefore, Mr. Ma is deemed to be interested in the Shares which Radiant Grand is interested in by virtue of the SFO. Ms. Lim is the spouse of Mr. Ma. Under the SFO, Ms. Lim is deemed to be interested in the 294,800,000 shares owned by Mr. Ma through Radiant Grand.
- (3) Elite Ocean is held as to 100% by Mr. Lim. Therefore, Mr. Lim is deemed to be interested in the Shares which Elite Ocean is interested in by virtue of the SFO. Ms. Tan Bee Hong is the spouse of Mr. Lim (“**Ms. Tan**”). Under the SFO, Ms. Tan is deemed to be interested in the 80,200,000 shares owned by Mr. Lim through Elite Ocean.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the options which have been or may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, Mr. Ma will, through his 100% shareholding in Radiant Grand, legally and beneficially own in total approximately 58.96% of the issued shares of our Company. Accordingly, Mr. Ma and Radiant Grand are directly or indirectly entitled to the exercise of 30% or more of the voting power at general meetings of our Company immediately following the Listing and will be regarded as our Controlling Shareholders under the GEM Listing Rules.

INTEREST OF CONTROLLING SHAREHOLDER IN OTHER BUSINESS

As at the Latest Practicable Date, Mr. Ma, one of our Controlling Shareholders, was also interested in Hup Heng which is engaged in other business activities not in competition with the businesses of our Group (the “**Other Business**”). The Other Business will not form part of our Group after the Listing.

Hup Heng was incorporated in Singapore with limited liability on 7 September 1990. Its principal business is slaughtering of poultry and trading of poultry, livestock, meat and seafood. From September 2001 onwards, Mr. Ma’s uncle, Mr. Ma and Mr. Ma’s siblings held 1,123,530, 526,470 and 350,000 shares of Hup Heng, representing approximately 56.2%, 26.3% and 17.5% of the then total issued share capital of Hup Heng respectively. Mr. Ma’s uncle transferred 1,023,530 shares of Hup Heng to an independent third party, which is mainly engaged in processing, sale and distribution of poultry, meat and seafood (“**Hup Heng’s Majority Shareholder**”) and 100,000 shares of Hup Heng to another independent third party in April 2011. In March 2012, Mr. Ma transferred 320,000 shares of Hup Heng to Hup Heng’s Majority Shareholder. After the completion of such share transfer, Hup Heng’s Majority Shareholder became the majority shareholder of Hup Heng. Mr. Ma and his siblings then held 206,470 and 350,000 shares of Hup Heng, representing approximately 10.3% and 17.5% of the then total issued share capital of Hup Heng respectively. Mr. Ma’s uncle no longer holds any shares in Hup Heng. There has been no changes in Mr. Ma and his sibling’s interests in Hup Heng thereafter, up to the Latest Practicable Date. In May 2011, Mr. Ma was appointed as a managing director to represent his and his family members’ interest in Hup Heng. There are currently five directors in the board of Hup Heng and Mr. Ma and his family do not control the composition of a majority of the board of directors. Mr. Ma has undertaken to cease to be the managing director of Hup Heng upon the Listing.

Hup Heng together with another 12 fresh chicken distributors in Singapore were under investigation by the CCS pursuant to section 34 of the Competition Act since March 2014 for participation in certain alleged anti-competitive discussions in relation to sale and distribution of fresh chicken products in Singapore from September 2007 to August 2014, during which Mr. Ma and his siblings together held 43.8% of the shares in Hup Heng until April 2011. Although Mr. Ma is a managing director of Hup Heng, as advised by our Singapore legal advisers, in the event that Hup Heng is found to have breached section 34 of the Competition Act, Mr. Ma is unlikely to incur personal liability as a direct consequence of such a breach as the investigation by CCS was carried out on Hup Heng together with another 12 fresh chicken distributors in Singapore and not on Mr.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Ma. Mr. Ma would also not be rendered, as a direct consequence, to have incurred personal liability and been prohibited from holding a managerial position and/or a directorship and/or shareholding in a company, listed or private, whether established in Singapore or elsewhere under the Competition Act in the event that Hup Heng is found to have breached section 34 of the Competition Act.

As at the Latest Practicable Date, the CCS Investigation is focused on the alleged wrongdoing of the 13 fresh chicken distributors and not on an individual level. However, if Mr. Ma or any other person is found to have refused to provide information to the CCS, destroyed or falsified documents to be produced and provided to the CCS, provided false or misleading information to the CCS or obstructed an officer of the CCS, the CCS could bring an action against these individuals under Part V of the Competition Act. The maximum penalty for an offence under Part V of the Competition Act is a fine not exceeding SGD10,000 or imprisonment for a term not exceeding 12 months or to both. As at the Latest Practicable Date, on the basis of the publicly available documents released by the CCS and as confirmed by Mr. Ma, the CCS has not brought any such actions against Mr. Ma.

Our Group is mainly engaged in production and sale of fresh chicken eggs and processed egg products primarily in Singapore. In view of the above, the Other Business and our business can be differentiated in terms of the business nature and they are independently operated. As a result, our Directors do not expect there to be any overlap or competition of our Group's business and the Other Business after Listing.

Save as disclosed above, Mr. Ma and/or his close associates does not have any interest in a business that competes or may compete, either directly or indirectly, with us, which would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

NON-COMPETITION UNDERTAKINGS

For the purpose of the Listing, our Controlling Shareholders have entered into the Deed of Non-Competition with our Company, pursuant to which each of the Controlling Shareholders has unconditionally and irrevocably undertaken to our Company (for itself/himself and for the benefits of members of our Group) that it/he would not, and would procure that its/his close associates (other than any members of our Group) would not, directly or indirectly, either on its/his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any activity or business which is or may be in competition, directly or indirectly, with the business carried on or contemplated to be carried on by any member of our Group from time to time (“**Restricted Activity**”).

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Further, each of our Controlling Shareholders has unconditionally and irrevocably undertaken to our Company that in the event that it/he or its/his close associate(s) is given/identifies any opportunities which directly or indirectly competes, or may lead to competition with the Restricted Activity, it/he will and will procure its/his close associate(s) to, as soon as practicable inform our Group of such opportunity in writing, provide such information as is available to it/him in respect of such opportunity to our Group, refer such opportunity to our Group, and use all reasonable endeavours to procure the person who communicated the opportunity to our Controlling Shareholders or their respective close associates to contact our Group directly regarding the opportunity upon becoming aware of it.

Each of our Controlling Shareholders has represented and warranted that, as of the date of the Deed of Non-Competition, neither it/he nor any of its/his close associates was interested, involved or engaged, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Activity otherwise than through our Group or was otherwise engaged in any business which is in competition or potential competition to those of our Group.

Each of our Controlling Shareholders has also undertaken to our Company the following:

- (a) to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors of its/his compliance with the terms of the Deed of Non-Competition and the enforcement of the Deed of Non-Competition;
- (b) to procure our Company to disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of its/his non-competition undertakings under the Deed of Non-Competition either through our annual report, or by way of announcements to the public; and
- (c) to make an annual declaration on compliance with its/his undertaking under the Deed of Non-Competition in the annual reports of our Company as the independent non-executive Directors think fit and ensure that the disclosure of details of its/his compliance with and the enforcement of the non-competition undertakings under the Deed of Non-Competition is consistent with the relevant requirements under the GEM Listing Rules.

The Deed of Non-Competition does not apply to:

- (a) the holding of or interests in the shares of any member of our Group; or
- (b) the holding of or interests in shares or other securities in any company other than our Group which conducts or is engaged in any Restricted Activity, provided that, in the case of such shares, they are listed on a recognized stock exchange and either:
 - (i) the relevant Restricted Activity (and assets relating thereto) accounts for less than 5% of that relevant company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (ii) the total number of the shares held by our Controlling Shareholders and/or their respective close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that our Controlling Shareholders and/or their respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company or otherwise participate in or be involved in the management of that company and that at all times there should exist at least another shareholder of that company (together, where appropriate, with its close associates) whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and/or their respective close associates together hold.

The obligation of our Controlling Shareholders under the Deed of Non-Competition will cease to have any effect whatsoever on:

- (a) the date on which our Shares cease to be listed on the Stock Exchange; or
- (b) in respect of a Controlling Shareholder, the date on which that Controlling Shareholder and/or its/his close associates, collectively and individually, ceases to hold an equity interest in our Company; or
- (c) in respect of a Controlling Shareholder, the date on which that Controlling Shareholder and/or its/his close associates, jointly and severally, ceases to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company,

whichever occurs first.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and/or their respective associates (other than our Group) after the Listing:

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises three executive Directors and three independent non-executive Directors. Our Directors are of the view that our Company is managed independently of our Controlling Shareholders and their close associates for the following reasons:

- as at the Latest Practicable Date, except for Mr. Ma's directorship in Hup Heng in which he is a minority shareholder, none of the executive Directors has overlapping roles or responsibilities in any business of our Controlling Shareholders. Pursuant to the terms of the service agreement entered into between our Company and Mr. Ma, he is required to devote his time, attention and skill to, and use his best endeavours and efforts to act in the

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

best interests and affairs of our Company. Although Mr. Ma is the managing director of Hup Heng, he only acts as a decision-making role to represent his and his family's interest and he is not involved in the day-to-day management in Hup Heng. The time required for Mr. Ma to attend to the affairs of Hup Heng is limited. Mr. Ma has also undertaken to cease to be the managing director of Hup Heng upon the Listing. In light of the above, our Directors believe that the directorship of Mr. Ma in Hup Heng does not conflict with his role in our Group under normal circumstances and the overlapping directorship of Mr. Ma does not affect the overall independence of our Board;

- each of our Directors is aware of his or her fiduciary duties as a director which require, among others things, that he or she must act for the benefit of and in the best interests of our Company and must not allow any conflict between his or her duties as a Director and his or her personal interests;
- in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant meeting of the Board in respect of such transaction and shall not be counted in the quorum;
- our Board has established an (i) audit committee; (ii) remuneration committee and (iii) nomination committee. Each committee includes independent non-executive Directors so as to monitor the operation of our Group. Further, we believe that our independent non-executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinion and professional advice in the decision making process of our Board to protect the interests of our Shareholders; and
- our Company has an independent senior management team to carry out the business decisions of our Group independently from our Controlling Shareholders and their respective close associates.

Having considered the above factors and in light of the non-competition undertakings given by our Controlling Shareholders in favour of our Group, our Directors are satisfied that they are able to perform their roles as Directors independently and manage our business independently from our Controlling Shareholders after the Listing.

Operational independence

Our Group has established its own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Directors confirm that our Board makes business decisions independently of our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Based on the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective close associates after the Listing:

- Our Group has sufficient capital, equipment and employees to operate its businesses independently;
- Our Group has its own production facilities and premises and no services, premises and facilities are/will be provided by our Controlling Shareholders and/or their respective associates to our Group; and
- Our Group does not rely on our Controlling Shareholders or their respective close associates and our Group has independent access to our suppliers and customers and has an independent management team to handle our day-to-day operations.

Financial independence

Our Directors are of the view that our Group will be financially independent from our Controlling Shareholders upon Listing. Our Group has sufficient capital to operate our business independently, and has adequate internal resources and credit profile to support our daily operations as we expect that our working capital will be funded by our operating income and bank borrowings. In addition, the management of our Group is capable of making financial decisions independently free from interference from our Controlling Shareholders and their respective close associates after the Listing.

During the Track Record Period, Mr. Ma, one of our Controlling Shareholders, has provided financial assistance in the form of advances to our Group and personal guarantees in favour of banks in Singapore for overdraft facilities and loans. All the advances due to Mr. Ma will be fully settled upon Listing and the above personal guarantees in favour of the banks will be released and replaced by the corporate guarantees executed by our Company upon Listing for the overdraft facilities to be utilised.

Save as disclosed above, our Directors confirm that there are no other loans, advances and balances due to our Controlling Shareholders and their respective close associates and that no share pledges, security and guarantees have been provided by our Controlling Shareholders and their respective close associates with respect to our Group's outstanding borrowings.

Our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our business operations and that our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

Therefore, in view of the above fact, our Group is considered independent of the Controlling Shareholders in all material aspects including finance, management and operations.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will further adopt the following measures to manage the conflict of interest arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

- (i) in preparation for the Listing, our Company has amended our Articles to comply with the GEM Listing Rules. In particular, our Articles provide that, except for certain exceptions permitted under the GEM Listing Rules or the Stock Exchange, a Director shall not vote on any board resolution approving any contract or arrangement in relation to which such Director or any of his/her close associates have a material interest, nor shall such Director be counted in the quorum present at the meeting;
- (ii) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the meetings of our Board on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors;
- (iii) we have appointed Central China International Capital Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the GEM Listing Rules, including, but not limited to, various requirements relating to Directors' duties and internal controls;
- (iv) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- (v) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors of his compliance with the terms of the Deed of Non-Competition and the enforcement of the Deed of Non-Competition;
- (vi) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through our annual report, or by way of announcements to the public;
- (vii) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-Competition in the annual reports of our Company;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (viii) the management structure of our Group includes an audit committee, a remuneration committee, and a nomination committee, the terms of reference of each of which will require the members of these committees to be alert to prospective conflict of interest and to formulate their proposals accordingly; and
- (ix) pursuant to the Corporate Governance Code in Appendix 15 of the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.

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You should read the following discussion and analysis in conjunction with our historical financial information included in the Accountant's Report set out in Appendix I to this prospectus, together with the accompanying notes. Our historical financial information has been prepared in accordance with IFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For more information, please refer to the sections headed "Forward-looking statements" and "Risk factors" of this prospectus.

OVERVIEW

Our Group is principally engaged in the production and sale of egg products, primarily in Singapore. Our egg products include (i) fresh chicken eggs; and (ii) processed egg products. We operate our own egg laying farm in Singapore and also source fresh chicken eggs from independent third party suppliers. We sell our own fresh chicken eggs under the name of "安安N&N". For our pasteurised shell eggs sold to supermarkets in Singapore and through various independent third party online sales platforms, we sell under the brand of "Egg Story — Pasteurised to kill Salmonella and Bird Flu Virus" with a letter "P" stamped or imprinted on each pasteurised shell egg. During the Track Record Period, we also procured a small quantity of quail eggs, century eggs and salted eggs in Singapore for our customers.

Our Group is currently one of the only three layer farms licensed by the AVA to produce fresh chicken eggs in Singapore and TPEC has been awarded an "A" grade licence to operate a food establishment by the AVA for egg processing and shell egg pasteurisation.

Our Group has also obtained ISO 22000:2005 certification for poultry layer farm, including animal feed production, poultry layer farming, production and packing of shell eggs; and ISO22000:2005 certification for processing of pasteurised shell eggs, pasteurised liquid eggs, pasteurised soft yolk eggs and pasteurised hard boiled and peeled eggs. According to the F&S Report, we had a market share in Singapore in terms of revenue of approximately 20.7% of local egg production in Singapore in 2017 and an estimated market shares of approximately 7.8% in terms of the total egg consumption in Singapore in 2017, respectively.

Our revenue increased from approximately SGD17.7 million for the year ended 31 March 2016 to approximately SGD19.9 million for the year ended 31 March 2017, representing an increase of approximately 12.3% during the period. We recorded an increase of approximately 26.2% in our revenue from approximately SGD19.9 million for the year ended 31 March 2017 to approximately SGD25.1 million for the year ended 31 March 2018. For the three years ended 31 March 2018, our net profit amounted to approximately SGD1.4 million, SGD1.7 million and SGD0.5 million, respectively.

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Our Group reported net current assets of SGD1.5 million and SGD3.2 million respectively as at 31 March 2016 and 31 March 2017. Our Group reported net current liabilities amounting to SGD0.2 million as at 31 March 2018.

BASIS OF PRESENTATION

Pursuant to the Reorganisation, our Company became the holding company of the companies comprising our Group (namely N&N, TPEC and Egg Story, which were under the control of Mr. Ma throughout the Track Record Period, and CSH Eggs and Golden Hoyo which were acquired from an independent third party on 1 May 2017). The historical financial information of N&N, TPEC and Egg Story is presented using carrying values for all relevant periods. CSH Eggs and Golden Hoyo are included in the historical financial information of our Group from the date of acquisition.

The following discussion and analysis of our Group's financial condition and results of operations are based on the selected financial information as at and for the years ended 31 March 2016, 2017 and 2018, and are qualified entirely by reference to the historical financial information in the Accountant's Report set out in Appendix I to this prospectus and have been prepared based on the audited combined financial statements of our Group, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of biological assets and agricultural produce. The investments in insurance contracts are subsequently stated at the cash surrender value. This information should be read together with the financial information and the notes thereto included in the Accountant's Report as well as financial and other information included elsewhere in this prospectus.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group's financial condition and results of operations have been and will continue to be affected by several factors, including those set out below.

Our ability to competitively price our products

Our ability to continue to price our products at desired levels has been, and will continue to be, important to and significantly affect our results of operations. We price our products differently based on the product category. Factors affecting our pricing include the dynamics of market demand and supply, commodity prices, costs of production, competitive landscape, our continued ability to differentiate our products from those of our competitors, our product positioning strategies and spending patterns of our target customers. We believe that the variety of our processed egg products, including pasteurised shell eggs, pasteurised liquid eggs, the pasteurised soft yolk eggs, pasteurised hard boiled and peeled eggs, quail eggs, salted eggs and century eggs provide us with an advantage in competitively pricing our products.

Consumers in Singapore have been increasing their consumption of eggs continuously in the past few years. According to the F&S Report, per capita consumption of eggs in Singapore has increased from 308 pieces in 2012 to 348 pieces in 2017, representing a CAGR of 2.5%. With the

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population in Singapore having increased steadily from 5.3 million in 2012 to 5.7 million in 2017, representing a CAGR of 1.3%, and expected to reach 5.9 million in 2022 (representing a further CAGR of 0.8%), our management are of the view that this trend would favour our pricing due to the anticipated increase in future demand.

However, we face keen competition from other sellers and distributors in Singapore, which include the two other egg producers in Singapore, and layer farms in Malaysia that export their eggs to Singapore. According to the F&S Report, a large amount of eggs is imported into Singapore each year to satisfy the domestic demand in Singapore, and Malaysia is the major egg exporter, with approximately 77% of the eggs consumed in Singapore being supplied by Malaysian egg producers. The price of fresh eggs in Singapore is materially affected by the price of eggs imported from Malaysia, which is in turn largely determined by the supply and demand of eggs in Malaysia. Our management is of the view that our revenue will be affected when there is an oversupply of eggs in Malaysia causing excess egg products to be exported to Singapore at a substantially lower price.

Product portfolio and our ability to optimise product mix

We have a diversified product portfolio. Our business encompasses the production and sale of egg products, including fresh chicken eggs and processed egg products, primarily in Singapore. Our Directors consider that our continuing ability to broaden our product range and to reach different consumer groups will help increase our sales and market share.

We offer a diverse range of egg products to our customers and are continuously expanding our product offerings. For example, in our principal market of Singapore we offered fresh eggs, pasteurised liquid eggs, pasteurised soft yolk eggs, pasteurised hard boiled and peeled eggs, pasteurised shell eggs, salted eggs, century eggs and quail eggs. Our Directors believe that, we are the only producer in Singapore that is currently licensed to offer pasteurised shell eggs. According to the F&S Report, our Group offered the most variety of egg products.

Our mix of revenue among our business segments and among our product portfolio have affected, and will continue to affect, our financial performance as various products generate different per unit profit levels depending on factors, including, but not limited to, the cost of raw materials, other production costs, product pricing, branding and marketing strategies.

Production costs

Our production costs mainly consist of raw materials, depreciation and labour costs. Our Directors are of the view that our production costs have been, and will continue to be, important to and significantly affect our results of operations.

Raw materials

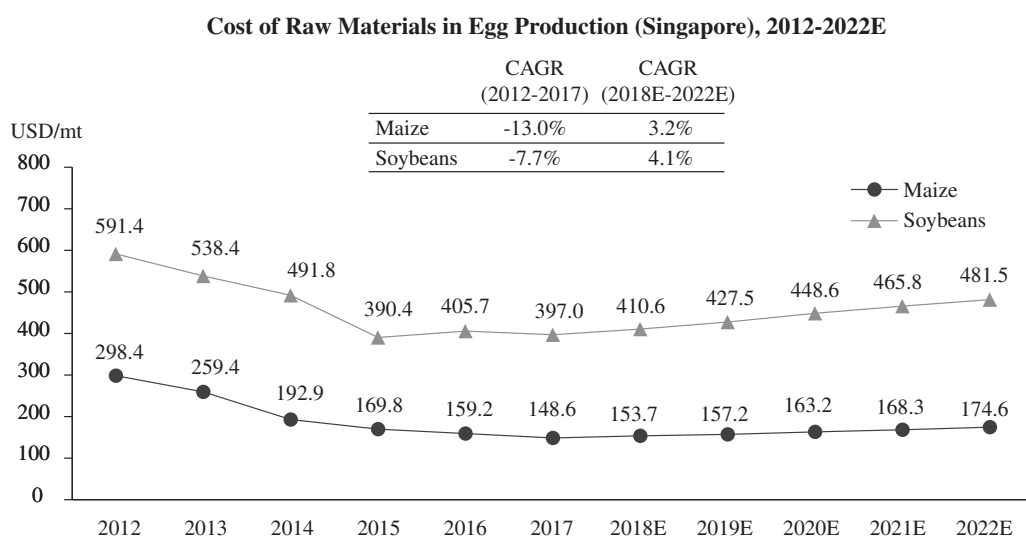
Our Group relies on suppliers to supply its raw materials, some of which are obtained from a single supplier or a limited group of suppliers. The ability of our Group's suppliers to supply the raw materials to a high standard of quality, on time and at a competitive price is a factor affecting our Group's business. However, our Directors are of the view that alternate raw material suppliers can be

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identified with a large pool of packaging materials and agricultural materials suppliers available in the Singapore or countries nearby, e.g. Malaysia.

The primary raw materials used in our Group's operations are feeds, representing 40.9%, 43.3% and 30.7%, respectively, of the Group's cost of sales after agricultural produce fair value adjustments for the three years ended 31 March 2018. Among the feeds that we use, yellow maize and soybean meals are the major feeds which account for the largest portion, representing 46.4%, 41.9% and 43.4%, respectively (in the case of yellow maize); and 31.7%, 35.0% and 34.1%, respectively (in the case of soybean meals), of the Group's cost of feeds for the three years ended 31 March 2018.

According to the F & S Report, maize and soybeans are two key raw materials in egg production that provide critical nutrition to the laying hens. Both ingredients have recorded a decrease in price from 2012 to 2017, at a CAGR of -7.7% for soybeans, and -13.0% for maize. The drop in price is mainly attributable to the drop in consumers' demand and oversupply of such commodity in the global market.



Source: World bank, Frost & Sullivan

Depreciation

Our depreciation mainly comes from leasehold buildings and improvements, representing buildings held for use in the production or supply of egg products or for administrative purposes, and plant and machinery, including egg production and processing equipment and facilities. Depreciation amounted to approximately 11.4%, 11.6% and 9.2% of our revenue for the three years ended 31 March 2018, respectively.

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Labour costs

We employ a number of employees in our production processes. Although we endeavour to improve efficiency by acquiring new equipment and adopting advanced technologies in our production process, increase in labour costs are not within our control and may impact the results of our operations. Labour costs in our operations amounted to approximately 7.9%, 7.7% and 9.5% of our revenue for the three years ended 31 March 2018, respectively.



Source: Department of Statistics Singapore, Frost & Sullivan

Government Grants and Regulatory Environment

Government grants, which are subject to the discretion of the government authorities in Singapore, affected our operation results during the Track Record Period. We recorded government grants of approximately SGD175,000, SGD85,000 and SGD68,000 for the three years ended 31 March 2018, respectively, accounting for approximately 1.0%, 0.4% and 0.3% of our revenue during these respective periods and accounting for approximately 12.5%, 4.9% and 14.4% of our net profit from continuing operations during these respective periods.

These government grants included subsidies that we received from various levels of government authorities in Singapore to reimburse our expenses incurred to improve productivity and to encourage the employment of an ageing local workforce. For further details, please refer to the section headed “Regulatory overview — Government grants”.

There can be no assurance that we will continue to receive government grants at the levels that we historically have received, or at all. Any material change in the Singapore national policies on government grants that we enjoy may have an adverse effect on our financial results.

Changes in the regulatory environment in Singapore may impact our financial performance as well. For example, the Environmental Health Department of the NEA has updated the Guidelines on Good Handling of Eggs in 2013, providing instructions for handling and preparing eggs and

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advocating the use of pasteurised eggs for lightly-cooked or uncooked meals. According to the F&S Report, this has helped to increase the public awareness and knowledge on egg consumption, driving the pasteurised egg market in Singapore. Our ability to respond to potential changes in government policies and regulations, such as, among other things, tax policies, government regulations, for example, regulations on food safety and foreign manpower, environmental laws and regulations and their respective implications, will have a significant effect on our future performance.

Disease outbreak and chicken's health

Our business is subject to risks of regional or global outbreak of poultry-related diseases, such as Salmonella and avian influenza, which may affect our business adversely due to the loss of consumer confidence and/or reduction in the consumption of our eggs.

Our Group puts high emphasis on the safety and quality of our products to ensure that they are hygienic, safe and fresh for the end customers' consumption. Biosecurity measures have been established to minimise the exposure of our chickens to bacteria and other viruses that may be introduced to our farm. For details, please refer to the section headed "Business — Biosecurity measures" of this prospectus.

In the event that our day-old chicks, growers or layers are afflicted with diseases, our operating results may also be materially affected due to the risk of being forced to cull some or all of them or to make arrangements to dispose of any infected products. Product recalls or temporary bans that may be imposed by the Government of Singapore government due to public health concerns may also cause damage to our reputation and this may in turn adversely affect the business and the operation results of our Group.

Fair value adjustments of biological assets

Our results have been, and we expect will continue to be, affected by changes in the fair value of our biological assets, which represent laying hen stocks held for production of eggs and they include immature and matured hens. These fair value adjustments are made for our biological assets that remain on our balance sheet at year-end. In addition, changes in the fair value less estimated point-of-sale costs of our biological assets at year end date resulted in our recognition of gain/(loss) in the amount of SGD333,000, SGD381,000 and SGD(865,000) in our combined statements of comprehensive income for the three years ended 31 March 2018, respectively. For further details, please refer to the paragraphs headed "Critical accounting policies, estimates and judgments — Biological assets" and "— Results of Operations — Gain arising from changes in fair value of biological assets less estimated point-of-sale costs" in this section below. These fair value gains represent fair value changes of our live laying hens less the costs to sell.

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Fair values of biological assets are largely dependent on the number of hens and their age at the end of each period. All else being equal, an increase in the number of hens or their remaining productive lives will result in a gain in fair value and vice versa. The fair value of our biological assets could be affected by, among other things, the expected market price and the estimated yield of the agricultural produce, being fresh eggs, the expected market price of spent hens and mortality rate. Fair value gains do not generate any cash inflow for our operations and, similarly, fair value losses do not result in any cash outflows of our operations. We expect that our results will continue to be affected by changes in the fair value of our laying hens.

Fair value adjustments of agricultural produce

Fresh eggs are agricultural produce harvested from the Group's biological assets. Upon harvest, agricultural produce are initially recognised at their fair values less costs to sell at the point of harvest. Changes in the initial recognition of our agricultural produce at fair value less estimate point-of-sale costs at the point of harvest resulted in gains in the amount of SGD1.6 million, SGD1.7 million and SGD2.7 million in our combined statements of comprehensive income for the three years ended 31 March 2018, respectively. Please see the paragraph headed "Results of Operations — Gains arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest". Agricultural produce is then transferred to inventories and upon subsequent sales, our cost of sales are also charged for changes in the initial recognition of agricultural produce at fair value less estimate point-of-sales costs at point of harvest. These changes increased our cost of sales by SGD1.6 million, SGD1.8 million and SGD2.7 million for the three years ended 31 March 2018, respectively.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our Group's combined financial statements have been prepared in accordance with the following accounting policies which conform to IFRSs. Some of the accounting policies involve subjective judgments, estimates, and assumptions made by our management, all of which are subject to inherent uncertainties. The estimates and the associated assumptions are based on historical financial information and our experience and factors that we believe to be relevant and reasonable under the circumstances. For more information regarding the significant accounting policies, estimates, assumptions and judgements adopted by our Group, please see Note 2 and Note 4 of the Accountant's Report set out in Appendix I to this prospectus.

The following paragraphs summarise the critical accounting policies, estimates applied in the preparation of our Group's combined financial statements.

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Biological assets

Biological assets represent laying hen stocks held for production of eggs and they include immature and matured hens. A hen is considered mature when it starts producing eggs. Non-current biological assets refer to hens which are expected to produce eggs for more than twelve months from the relevant track record period, while current biological assets refer to hens which are expected to produce eggs for less than twelve months from the year/period end date.

These assets are stated at fair value less estimated point-of-sale costs such as transportation costs. Gains or losses arising from changes in fair values are recorded in the combined statements of comprehensive income for the year/period in which they arise. The determination of fair value is based on the discounted cash flow of the underlying biological assets.

The expected cash flow from the biological assets is determined based on the expected market price and the estimated yield of the agricultural produce, being fresh eggs, the purchase price of immature hens, mortality rate and expenses incurred to bring these hens to maturity when commercial egg production commences. The agricultural produce is measured at its fair value less estimated point-of-sale costs and transferred to inventories at these values when harvested.

Finance charges are not capitalised. All expenses incurred, including vaccines and medicines, in maintaining the immature and mature hens are recognised in the combined statements of comprehensive income. Proceeds from the sale of mature hens are recognised as a deduction to the carrying amount of the biological assets.

For further details, please refer to the paragraph headed “Valuation of Biological Assets” for more information on the valuation of our biological assets.

Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the Group has delivered the goods to locations specified by its customers and the customers have accepted the goods.

Revenue of the Group comprises mainly the sales of fresh eggs and processed egg products.

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Depreciation of property, plant and equipment

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings and improvements	Over the shorter of the lease terms or useful lives
Plant and machinery	10 years
Equipment and furniture	5 to 10 years
Motor vehicles	5 to 10 years

The estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in the combined statements of comprehensive income when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the combined statements of comprehensive income when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the combined statements of comprehensive income within "Other gains/(losses)".

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RESULTS OF OPERATIONS

The following table summarizes the combined statements of comprehensive income for the years indicated:

	Year ended 31 March								
	2016			2017			2018		
	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total
SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	
Revenue	17,729	—	17,729	19,914	—	19,914	25,123	—	25,123
Cost of sales	(13,366)	(1,628)	(14,994)	(14,695)	(1,757)	(16,452)	(19,306)	(2,728)	(22,034)
Gross profit/(loss)	4,363	(1,628)	2,735	5,219	(1,757)	3,462	5,817	(2,728)	3,089
Other income	206	—	206	113	—	113	1,584	—	1,584
Other (losses)/gains — net	—	—	—	(433)	—	(433)	67	—	67
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sale costs at point of harvest	—	1,638	1,638	—	1,749	1,749	—	2,734	2,734
Gain/(loss) arising from changes in fair value of biological assets less estimated point-of-sale costs	—	333	333	—	381	381	—	(865)	(865)
Selling and distribution expense	(2,080)	—	(2,080)	(1,982)	—	(1,982)	(2,314)	—	(2,314)
Administrative expenses	—	—	—	—	—	—	—	—	—
— Professional service fees in respect of listing preparation	(1,177)	—	(1,177)	(1,162)	—	(1,162)	(1,719)	—	(1,719)
— Others	(265)	—	(265)	(187)	—	(187)	(1,416)	—	(1,416)
Finance costs	—	—	—	—	—	—	(197)	—	(197)
Profit before income tax	1,047	343	1,390	1,568	373	1,941	1,795	(859)	936
Income tax credit/(expense)	6	—	6	(193)	—	(193)	(463)	—	(463)
Profit for the year	1,053	343	1,396	1,375	373	1,748	1,332	(859)	473

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Revenue

Our revenue is derived from two segments, the sale of fresh eggs and the sale of processed eggs. Our revenue amounted to approximately SGD17.7 million, SGD19.9 million and SGD25.1 million for the three years ended 31 March 2018, respectively.

Our total revenue increased by approximately SGD2.2 million, or approximately 12.3%, from approximately SGD17.7 million for the year ended 31 March 2016 to approximately SGD19.9 million for the year ended 31 March 2017, primarily due to the increase in sales of processed egg products.

Our total revenue increased by approximately SGD5.2 million, or approximately 26.2%, from approximately SGD19.9 million for the year ended 31 March 2017 to approximately SGD25.1 million for the year ended 31 March 2018, primarily due to the increase in sales of processed egg products.

The following table sets forth a breakdown of our revenue by business segment during the Track Record Period:

	FY2016		FY2017		FY2018	
	SGD'000	%	SGD'000	%	SGD'000	%
Sales of fresh eggs	13,811	77.9	12,877	64.7	14,288	56.9
Sales of processed egg products	3,918	22.1	7,037	35.3	10,835	43.1
Total	<u>17,729</u>	<u>100.0</u>	<u>19,914</u>	<u>100.0</u>	<u>25,123</u>	<u>100.0</u>

Sales of fresh eggs

Our revenue generated from sales of fresh eggs represents the sales of unprocessed fresh eggs which includes our own produced eggs and eggs externally sourced by us.

For the three years ended 31 March 2018, approximately 77.9%, 64.7% and 56.9% of our revenue was derived from the sales of fresh eggs.

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The following table sets forth a breakdown of our revenue from sales of fresh eggs during the Track Record Period:

	Year ended 31 March											
	2016			2017			2018					
	Revenue	Sales Vol	Average unit price	Revenue	Sales Vol	Average unit price	Revenue	Sales Vol	Average unit price	Revenue	Sales Vol	Average unit price
SGD\$'000	%	'000	SGD\$'000	%	'000	SGD\$'000	%	'000	SGD\$'000	%	'000	
Fresh eggs												
Total	<u>13,811</u>	<u>100.0</u>	<u>90,837</u>	<u>12,877</u>	<u>100.0</u>	<u>89,519</u>	<u>0.1438</u>	<u>14,288</u>	<u>100.0</u>	<u>97,132</u>	<u>0.1470</u>	

Comparison between the year ended 31 March 2016 and 31 March 2017

Our revenue generated from sales of fresh eggs decreased by approximately SGD0.9 million, or 6.8%, from SGD13.8 million for the year ended 31 March 2016 to SGD12.9 million for the year ended 31 March 2017 primarily due to the 5.4% decrease in our average selling price as a result of lower selling price for certain supermarket customers.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our revenue generated from sales of fresh eggs increased by approximately SGD1.4 million, or approximately 11.0%, from approximately SGD12.9 million for the year ended 31 March 2017 to approximately SGD14.3 million for the year ended 31 March 2018, primarily driven by the increase in the sales of our sourced eggs primarily as a result of our newly acquired subsidiary, i.e. CSH Eggs.

Sales of processed egg products

Our revenue generated from sales of processed egg products consist of pasteurised liquid eggs, pasteurised soft yolk eggs, pasteurised hard boiled and peeled eggs, pasteurised shell eggs and a small quantity of century eggs and salted eggs.

For the three years ended 31 March 2018, approximately 22.1%, 35.3% and 43.1% of our revenue was derived from the sales of processed egg products. The main contributor to revenue from our sales of processed egg products comprised pasteurised liquid eggs, which accounted for approximately 38.8%, 44.2% and 48.0% of our sales of processed egg products.

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The following table sets forth a breakdown of our revenue from sales of processed egg products during the Track Record Period:

	Year ended 31 March											
	2016				2017				2018			
	Revenue		Sales Vol		Average unit price		Revenue		Sales Vol		Average unit price	
	SGD\$'000	%	'000		SGD\$'000	%	'000		SGD\$'000	%	'000	
Processed Eggs												
Pasteurised liquid eggs	1,523	38.8	12,948	0.1172	3,110	44.2	29,069	0.1070	5,198	48.0	41,885	0.1241
Pasteurised soft yolk eggs	667	17.0	1,360	0.4908	1,453	20.7	2,449	0.5934	1,772	16.4	2,780	0.6374
Pasteurised hard boiled and peeled eggs	900	23.0	4,251	0.2117	1,136	16.1	5,713	0.1988	1,527	14.1	7,688	0.1986
Pasteurised shell eggs	571	14.6	1,774	0.3251	1,004	14.3	4,042	0.2484	1,510	13.9	6,166	0.2449
Other processed eggs	257	6.6	591	0.4343	334	4.8	779	0.4287	828	7.6	1,938	0.4272
Total	3,918	100.0	20,924	0.1872	7,037	100.0	42,052	0.1674	10,835	100.0	60,457	0.1792

Comparison between the year ended 31 March 2016 and 31 March 2017

Our revenue generated from sales of processed egg products increased by approximately SGD3.1 million, or approximately 79.6%, from approximately SGD3.9 million for the year ended 31 March 2016 to approximately SGD7.0 million for the year ended 31 March 2017, as a result of increases in sales for all our processed egg products.

Pasteurised Liquid Eggs

Our revenue from pasteurised liquid eggs increased by approximately SGD1.6 million, or approximately 104.2%, from approximately SGD1.5 million for the year ended 31 March 2016 to approximately SGD3.1 million for the year ended 31 March 2017, primarily due to increase in demand from certain customers including Customer E and Customer F.

Pasteurised Soft Yolk Eggs

Our revenue from pasteurised soft yolk eggs increased by approximately SGD0.8 million, or approximately 117.8%, from approximately SGD0.7 million for the year ended 31 March 2016 to approximately SGD1.5 million for the year ended 31 March 2017, primarily due to increase in demand from our food and beverage outlets customers, including Customer G, as well as an increase in revenue from wholesales customer Food 10 Pte Ltd as a result of higher selling prices.

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Pasteurised Hard Boiled and Peeled Eggs

Our revenue from pasteurised hard boiled and peeled eggs increased by approximately SGD0.2 million, or approximately 26.2%, from approximately SGD0.9 million for the year ended 31 March 2016 to approximately SGD1.1 million for the year ended 31 March 2017, primarily due to increase in demand from our food and beverage outlets customers, including Customer G and Customer H.

Pasteurised Shell Eggs

Our revenue from pasteurised shell eggs increased by approximately SGD0.4 million, or approximately 75.8%, from approximately SGD0.6 million for the year ended 31 March 2016 to approximately SGD1.0 million for the year ended 31 March 2017. This increase was due to a 127.8% increase in sales volume, primarily as a result of the expansion of our sales channels as well as increase in sales volume to major local supermarket customers.

Comparison between year ended 31 March 2017 and 31 March 2018

Our revenue generated from sales of processed egg products increased by approximately SGD3.8 million, or approximately 54.0%, from approximately SGD7.0 million for the year ended 31 March 2017 to approximately SGD10.8 million for the year ended 31 March 2018, as a result of increases in sales for all our processed egg products.

Pasteurised Liquid Eggs

Our revenue from pasteurised liquid eggs increased by approximately SGD2.1 million, or approximately 67.1%, from approximately SGD3.1 million for the year ended 31 March 2017 to approximately SGD5.2 million for the year ended 31 March 2018, primarily due to increase in sales volume to certain customers, including Customer E and Customer F.

Pasteurised Soft Yolk Eggs

Our revenue from pasteurised soft yolk eggs increased by approximately SGD0.3 million, or approximately 22.0%, from approximately SGD1.5 million the year ended 31 March 2017 to approximately SGD1.8 million for the year ended 31 March 2018, primarily due to increase in demand from our new food and beverage outlets customers, including Customer I.

Pasteurised Hard Boiled and Peeled Eggs

Our revenue from pasteurised hard boiled and peeled eggs increased by approximately SGD0.4 million, or approximately 34.4%, from approximately SGD1.1 million for the year ended 31 March 2017 to approximately SGD1.5 million for the year ended 31 March 2018, primarily due to increase in sales volume to certain customers.

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Pasteurised Shell Eggs

Our revenue from pasteurised shell eggs increased by approximately SGD0.5 million, or approximately 50.4%, from approximately SGD1.0 million for the year ended 31 March 2017 to approximately SGD1.5 million for the year ended 31 March 2018. This increase was primarily due to a 52.6% increase in sales volume, primarily as a result of the expansion of our sales channels as well as an increase in sales volume to major local supermarket customers.

Salted and Century Eggs

Our revenue generated from sales of salted and century eggs increased by approximately SGD494,000, or approximately 147.9%, from approximately SGD334,000 for the year ended 31 March 2017 to approximately SGD828,000 for the year ended 31 March 2018, which was primarily contributed by our newly acquired subsidiary CSH Eggs.

The following sensitivity analysis provides some illustration of the impact of hypothetical changes in the average selling price for eggs (including fresh eggs and processed eggs) on our gross profit and net profit from continuing operations for the three years ended 31 March 2018. The change in income tax is calculated by using the effective tax rate of approximately Nil, 9.9% and 49.5%, respectively. It is assumed that all income, expenses and biological assets and agricultural produce fair value adjustments, other than average selling price for eggs and income tax expenses, remain unchanged. The percentage for the hypothetical change in average selling price being used in the sensitivity analysis was assumed to be the average of maximum yearly fluctuation of average selling price for eggs during the Track Record Period.

<u>Year / Period ended</u>	<u>Increase/ (decrease) in average selling price</u>	<u>Impact on gross profit</u>	<u>Percentage change in gross profit</u>	<u>Impact on net profit</u>	<u>Percentage change in net profit</u>
		SGD'000		SGD'000	
31 March 2016	8%	1,420	52%	1,420	102%
	(8%)	(1,420)	(52%)	(1,420)	(102%)
31 March 2017	8%	1,595	46%	1,437	82%
	(8%)	(1,595)	(46%)	(1,437)	(82%)
31 March 2018	8%	2,012	65%	1,017	215%
	(8%)	(2,012)	(65%)	(1,017)	(215%)

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Cost of sales

Cost of sales primarily consists of the cost of inventories, production costs and agricultural produce fair value adjustments.

The inventories used in our operations are mainly feeds, including corn, soybean meal, yellow maize and wet grains; packaging materials, such as egg trays, plastic bags or plastic containers; and fresh and processed eggs, representing 40.9%, 43.3% and 30.7%, respectively (in the case of feeds); 3.6%, 3.6% and 4.1%, respectively (in the case of packaging materials); and 8.4%, 6.2% and 20.9%, respectively (in the case of purchased eggs), of the Group's cost of goods sold for the three years ended 31 March 2018, respectively.

Production costs primarily include labour costs, employee compensation, utilities, rental on operating leases, depreciation on property, plant and equipment that is used in our production, medication and vaccination and others, including various insurance expenses, repairs and maintenance expenses and property tax, representing 9.3%, 9.4% and 10.8%, respectively (in the case of employee compensation), 3.9%, 3.2% and 2.4%, respectively (in the case of utilities), 1.8%, 1.6% and 1.2%, respectively (in the case of rental on operating leases), 13.5%, 14.0% and 10.5%, respectively (in the case of depreciation on property, plant and equipment), and 2.0%, 1.9% and 1.2%, respectively (in the case of medication and vaccination), of the Group's cost of goods sold for the three years ended 31 March 2018, respectively.

Agricultural produce fair value adjustments represent (1) the changes arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs for eggs sold during the year/period, plus (2) the changes arising from initial recognition of agricultural produce at fair value less estimate point-of-sales costs for egg inventories as at prior year/period and realised in cost of sales for the year/period. See "Financial Information — Principal Factors Affecting Our Results of Operations — Agricultural Produce fair value adjustments" for more information.

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The following table sets forth a breakdown of our cost of sales during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	SGD'000	%	SGD'000	%	SGD'000	%
Inventories						
Feeds	6,130	40.9	7,119	43.3	6,763	30.7
Packaging material	547	3.6	594	3.6	905	4.1
Fresh and processed eggs	1,263	8.4	1,015	6.2	4,611	20.9
Depreciation	2,025	13.5	2,304	14.0	2,303	10.5
Employee compensation	1,401	9.3	1,539	9.4	2,394	10.8
Rental on operating leases	269	1.8	269	1.6	267	1.2
Utilities	582	3.9	533	3.2	521	2.4
Medication and vaccination	294	2.0	317	1.9	259	1.2
Other	855	5.7	1,005	6.1	1,283	5.8
Cost of sales results before agricultural produce fair value adjustments	13,366	89.1	14,695	89.3	19,306	87.6
Gains arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest	1,628	10.9	1,757	10.7	2,728	12.4
Total cost of sales	<u>14,994</u>	<u>100.0</u>	<u>16,452</u>	<u>100.0</u>	<u>22,034</u>	<u>100.0</u>

Comparison between the year ended 31 March 2016 and 31 March 2017

Our total cost of sales increased by approximately SGD1.5 million, or approximately 9.7%, from SGD15.0 million for the year ended 31 March 2016 to SGD16.5 million for the year ended 31 March 2017 primarily due to the increase in (i) the use of feeds of approximately SGD1.0 million due to the increase in production; (ii) depreciation of approximately SGD0.3 million due to the increase in capital expenditure to facilitate our production activities; and (iii) employee compensation of approximately SGD0.1 million as a result of increased number of production employees.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our total cost of sales increased by approximately SGD5.5 million, or approximately 33.9%, from approximately SGD16.5 million for the year ended 31 March 2017 to approximately SGD22.0 million for the year ended 31 March 2018 primarily due to the increase in (i) sourced eggs in an amount of SGD3.6 million primarily as a result of our acquisition of CSH Eggs and in order to meet increased customer demand for our fresh and processed egg products; (ii) employee compensation of approximately SGD0.9 million following our Group's acquisition of CSH Eggs as well as increase in

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headcount of our Group and adjustment of staff salaries; and (iii) gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sale costs at point of harvest of approximately SGD1.0 million.

Sensitivity analysis impact of hypothetical changes in the average price for feeds

The following sensitivity analysis illustrates the impact of hypothetical changes in the average price for feeds on our gross profit and net profit from continuing operations for the three years ended 31 March 2018. The change in income tax is calculated by using the effective tax rate of approximately Nil, 9.9% and 49.5%, respectively. It is assumed that all income, expenses and biological assets and agricultural produce fair value adjustments, other than average price for feeds and income tax expenses, remain unchanged. The percentage being used in the sensitivity analysis was assumed to be the maximum yearly fluctuation in the average price for feeds during the Track Record Period.

<u>Year/Period ended</u>	<u>Increase/ (decrease) in average price for feeds</u>	<u>Impact on gross profit</u>	<u>Percentage change in gross profit</u>	<u>Impact on net profit</u>	<u>Percentage change in net profit</u>
		SGD'000		SGD'000	
31 March 2016	4%	(256)	(9%)	(256)	(18%)
	(4%)	256	9%	256	18%
31 March 2017	4%	(297)	(9%)	(268)	(15%)
	(4%)	297	9%	268	15%
31 March 2018	4%	(283)	(9%)	(143)	(30%)
	(4%)	283	9%	143	30%

Gross profit and gross profit margin

Gross profit represents our revenue less cost of sales. Gross profit margin represents gross profit as a percentage of revenue. Gross profit after agricultural produce fair value adjustments amounted to approximately SGD2.7 million, SGD3.5 million and SGD3.1 million for the three years ended 31 March 2018, respectively. Gross profit margin after agricultural produce fair value adjustments amounted to approximately 15.4%, 17.4% and 12.3% for the three years ended 31 March 2018, respectively.

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	Year ended 31 March								
	2016			2017			2018		
	Fresh eggs	SGD'000 Processed eggs	Total	Fresh eggs	SGD'000 Processed eggs	Total	Fresh eggs	SGD'000 Processed eggs	Total
<i>Results before</i>									
<i>agricultural produce</i>									
<i>fair value</i>									
<i>adjustments:</i>									
Gross profit	3,145	1,218	4,363	3,125	2,094	5,219	2,916	2,901	5,817
Gross profit margin	22.8%	31.1%	24.6%	24.3%	29.8%	26.2%	20.4%	26.8%	23.2%
<i>Results after</i>									
<i>agricultural produce</i>									
<i>fair value</i>									
<i>adjustments:</i>									
Gross profit	1,853	882	2,735	1,964	1,498	3,462	1,607	1,482	3,089
Gross profit margin	13.4%	22.5%	15.4%	15.3%	21.3%	17.4%	11.2%	13.7%	12.3%

Comparison between the year ended 31 March 2016 and 31 March 2017

As a result of the foregoing, our gross profit before agricultural produce fair value adjustments increased by approximately SGD0.8 million, or approximately 19.6%, from SGD4.4 million for the year ended 31 March 2016 to SGD5.2 million for the year ended 31 March 2017. Also, our gross profit after agricultural produce fair value adjustments increased by approximately SGD0.8 million, or approximately 26.6%, from SGD2.7 million for the year ended 31 March 2016 to SGD3.5 million for the year ended 31 March 2017. Separately, our gross profit margin before agricultural produce fair value adjustments increased to 26.2% for the year ended 31 March 2017 from approximately 24.6% for the year ended 31 March 2016. Our gross profit margin after agricultural produce fair value adjustments increased to 17.4% for the year ended 31 March 2017 from approximately 15.4% for the year ended 31 March 2016 primarily due to the decrease in price for feeds which lower the growth rate of cost of sales and higher proportion of the sales of processed egg products which have a higher margin.

Comparison between the year ended 31 March 2017 and 31 March 2018

As a result of the foregoing, our gross profit before agricultural produce fair value adjustments increased by approximately SGD0.6 million, or approximately 11.5%, from SGD5.2 million for the year ended 31 March 2017 to SGD5.8 million for the year ended 31 March 2018. Also, our gross profit after biological assets fair value adjustments decreased by approximately SGD0.4 million, or approximately 10.8%, from approximately SGD3.5 million for the year ended 31 March 2017 to approximately SGD3.1 million for the year ended 31 March 2018. Separately, our gross profit margin before agricultural produce fair value adjustments decreased to 23.2% for the year ended 31 March 2018 from approximately 26.2% for the year ended 31 March 2017. Our gross profit margin after agricultural produce fair value adjustments decreased from 17.4% for the year ended 31 March 2017 to 12.3% for the year ended 31 March 2018 primarily due to (i) increase in the sales of our sourced fresh eggs (which have a lower average selling price than our own produced fresh eggs) as a result of the Group's newly acquired subsidiary (i.e. CSH Eggs) and increase in market demand for fresh eggs and our own produced (produced using our own produced fresh eggs) processed egg products, as well as (ii) increase in cost of sales as mentioned in this section of this prospectus.

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Other income

Other income mainly consists of government grants, the reversal of accrued royalty expenses and the insurance compensation resulting from the incident of infection with Marek's disease. Other income amounted to approximately SGD206,000, SGD113,000 and SGD1,584,000, for the three years ended 31 March 2018, respectively.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our other income decreased by approximately SGD93,000 from approximately SGD206,000 for the year ended 31 March 2016 to approximately SGD113,000 for the year ended 31 March 2017, primarily due to the decrease in certain government grants amounting to approximately SGD89,000 that we obtained, namely a Productivity and Innovation Credit Scheme (“**PIC**”) of approximately SGD60,000 as our Group opted to claim a tax deduction instead of PIC cash payout of our claim in 2017 for the qualified equipment purchased and Wage Credit Scheme of SGD26,000 as a result of the decrease in government co-funding for our employment of Singaporean Citizens.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our other income increased by approximately SGD1.5 million, from approximately SGD0.1 million for the year ended 31 March 2017 to approximately SGD1.6 million for the year ended 31 March 2018 primarily due to the reversal of accrued royalty expenses of approximately SGD1.1 million, and the insurance compensation resulting from the effects of the incident of infection with Marek's disease which occurred in the last quarter of 2017 of approximately SGD0.3 million. The said accrued royalty expense was related to production of pasteurised shell eggs originally payable to the US Licensor pursuant the US Technology Licence Agreement but for the waiver pursuant to the Supplemental US Technology Licence Agreement. For further details of the US Technology Licence Agreement, please refer to the section headed “Business — US Technology Licence Agreement” of this prospectus.

Other gains/(losses)

Other gains/(losses) consisted of gains/(losses) on investment in insurance contracts, write-off of property, plant and equipment, and net currency exchange gains/(loss). Other (losses)/gains amounted to approximately nil, SGD(433,000) and SGD67,000 for the three years ended 31 March 2018, respectively.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our other losses amounted to approximately SGD433,000 for the year ended 31 March 2017, primarily due to the loss on investments in insurance contracts of approximately SGD417,000 as a result of marking the value of insurance contracts to the surrender value.

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Comparison between the year ended 31 March 2017 and 31 March 2018

Our other (losses)/gains changed by approximately SGD500,000, from other losses of approximately SGD433,000 for the year ended 31 March 2017 to other gains of approximately SGD67,000 for the year ended 31 March 2018 primarily due to gains from investments in insurance contracts of approximately SGD467,000 as a result of changes in surrender value and net currency exchange gains of approximately SGD38,000.

Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest

We recognized gains of approximately SGD1.6 million, SGD1.7 million and SGD2.7 million arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest in the three years ended 31 March 2018, respectively. See “— Principal Factors Affecting Our Results of Operations — Agricultural produce fair value adjustments” for more information.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest slightly increased by approximately SGD0.1 million, or 6.8%, from SGD1.6 million for the year ended 31 March 2016 to SGD1.7 million for the year ended 31 March 2017 primarily due to the increase in total number of fresh eggs produced in 2017.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our gain arising from initial recognition of agricultural produce at fair value less estimate point-of-sales costs at point of harvest increased by approximately SGD1.0 million, or approximately 56.3%, from approximately SGD1.7 million for the year ended 31 March 2017 to approximately SGD2.7 million for the year ended 31 March 2018 primarily due to the increase in wholesale price of agricultural produce at the point of harvest for the year ended 31 March 2018.

Gain arising from changes in fair value of biological assets less estimated point-of-sale costs

Gain arising from changes in fair value of biological assets (i.e. growers and layers) consists of gains or losses that are attributable to the revaluation of the Group’s biological assets less estimated point-of-sale costs. IAS 41 on accounting for biological assets requires the Group to account for its biological assets based on the fair value of its biological assets less estimated point-of-sale costs. At each balance sheet date, the Group’s biological assets are valued at fair value less estimated point-of-sale costs. The aggregate gain or loss arising from the initial recognition of the biological assets and from the change in the fair value of the biological assets less estimated point-of-sale costs, is recognized in the Group’s income statement as profit or loss. Any such profit or loss reflects only unrealized gain or loss on the Group’s biological assets as at the relevant balance sheet date and does not generate actual cash inflow or outflow.

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Our gain/(loss) arising from changes in fair value of biological assets less estimated point-of-sale cost amounted to SGD333,000, SGD381,000 and SGD(865,000) for the three years ended 31 March 2018, respectively.

See “Principal factors affecting our results of operations — Fair value adjustments of biological assets” above for further information regarding the basis of determination of gain/(loss) from changes in fair value of biological assets less estimated point-of-sale costs.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our gain arising from changes in fair value of biological assets less estimated point-of-sale costs increased by approximately SGD48,000, or approximately 14.4%, from approximately SGD333,000 for the year ended 31 March 2016 to approximately SGD381,000 for the year ended 31 March 2017 primarily due to the increase in the number of hens as a result of the delivery of a new batch of day-old chicks in March 2017 in accordance with our Group’s planned production schedule.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our gain/(loss) from changes in fair value of biological assets less estimated point-of-sale costs changed by approximately SGD1,246,000, from gain of approximately SGD381,000 for the year ended 31 March 2017 to loss of approximately SGD865,000 for the year ended 31 March 2018 primarily due to reduction in number of chickens caused by the higher than normal mortalities in our growers resulting from the incident of infection of Marek’s disease which occurred in September 2017.

Selling and distribution expenses

Selling and distribution expenses primarily consist of employee compensation for sales and marketing staff, promotion and advertising expenses, transportation expenses, maintenance and depreciation expenses of motor vehicles used for selling purpose.

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The following table sets out our selling and distribution expenses during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Employee benefits	1,433	1,466	1,631
Depreciation of property, plant and equipment	202	265	376
Repairs and maintenance of motor vehicles and transportation	303	231	296
Others	142	20	38
	2,080	1,982	2,341

Selling and distribution expenses amounted to approximately SGD2.1 million, SGD2.0 million and SGD2.3 million for the three years ended 31 March 2018, respectively. As a percentage of our total revenue, our selling and distribution expense, were approximately 11.7%, 10.0% and 9.3% for the three years ended 31 March 2018, respectively. Employee benefits were the largest component of the selling and distribution expenses, representing wages, contributions to Central Provident Fund and other benefits for sales and marketing employees and were approximately 68.9%, 74.0% and 69.7% of our total selling and distribution expenses for the three years ended 31 March 2018.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our selling and distribution expenses remained relatively stable at SGD2.1 million and SGD2.0 million for the two years ended 31 March 2017, respectively.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our selling and distribution expenses increased by approximately SGD0.3 million, or approximately 18.1%, from approximately SGD2.0 million for the year ended 31 March 2017 to approximately SGD2.3 million for the year ended 31 March 2018 primarily due to the increase of employee benefits of SGD0.2 million and the increase of motor vehicle depreciation of SGD0.1 million following our acquisition of CSH Eggs.

Administrative expenses

Administrative expenses primarily consist of employee compensation for administrative staff and management, Listing expenses, repairs and maintenance expenses, depreciation, rental expenses, utilities and others.

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The following table sets out our administrative expenses during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Employee benefits	619	589	576
Depreciation	124	134	236
Amortisation of intangible asset	—	—	10
Listing expenses	—	—	1,719
Utilities	52	78	37
Rental on operating lease	8	8	33
Repairs and maintenance of motor vehicles and transportation	12	12	4
Others	362	341	520
	1,177	1,162	3,135
Total	1,177	1,162	3,135

Administrative expenses amounted to approximately SGD1.2 million, SGD1.2 million and SGD3.1 million for the three years ended 31 March 2018, respectively. As a percentage of our total revenue, administrative expenses accounted for 6.6%, 5.8% and 12.5% for the three years ended 31 March 2018, respectively. The reason for the sharp increase in administrative expenses for the years ended 31 March 2018 was approximately SGD1.7 million in Listing expenses. Other than this, employee benefits were the largest component of administrative expenses, represented wages contributions to Central Provident Fund and other benefits for administrative employees and were approximately SGD0.6 million, SGD0.6 million and SGD0.6 million for the Track Record Period, respectively representing 52.6%, 50.7% and 18.4% (reflecting the increase in administrative expenses as a result of the above-mentioned Listing expenses being recognised of approximately SGD1.7 million) of our total administrative expenses in the relevant periods, respectively.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our administrative expenses remained stable at SGD1.2 million.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our administrative expenses increased by approximately SGD1.9 million, from approximately SGD1.2 million for the year ended 31 March 2017 to approximately SGD3.1 million for the year ended 31 March 2018 primarily due to Listing expenses of approximately SGD1.7 million being recognized.

Listing expenses

We recorded Listing expenses of approximately SGD1.7 million for the year ended 31 March 2018 while we did not record any Listing expenses for the two years ended 31 March 2016 and 31 March 2017.

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Finance costs

Finance costs primarily consist of interest expenses paid for bank borrowings and finance lease liabilities. Finance costs amounted to approximately SGD265,000, SGD187,000 and SGD197,000 for the three years ended 31 March 2018, respectively.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our finance costs remained relatively stable at approximately SGD0.2 million for the two years ended 31 March 2017, respectively.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our finance costs remained relatively stable at approximately SGD0.2 million for the two years ended 31 March 2018.

Profit before income tax

Profit before income tax after biological assets and agricultural produce adjustments amounted to approximately SGD1.4 million, SGD1.9 million and SGD0.9 million for the three years ended 31 March 2018, respectively.

Comparison between the year ended 31 March 2016 and 31 March 2017

As a result of the foregoing, our profit before income tax increased by approximately SGD0.5 million, or approximately 39.6%, from approximately SGD1.4 million for the year ended 31 March 2016 to approximately SGD1.9 million for the year ended 31 March 2017, and our profit before tax margin increased from approximately 7.8% for the year ended 31 March 2016 to approximately 9.7% for the year ended 31 March 2017.

Comparison between the year ended 31 March 2017 and 31 March 2018

As a result of the foregoing, our profit before income tax decreased by approximately SGD1.0 million, or approximately 51.8%, from approximately SGD1.9 million for the year ended 31 March 2017 to approximately SGD0.9 million for the year ended 31 March 2018, and our profit before tax margin decreased from 9.7% for the year ended 31 March 2017 to 3.7% for the year ended 31 March 2018.

Income tax credit/(expense)

Taxation represents the sum of current tax payable and deferred tax. We recognise taxation at the applicable statutory rate in accordance with the jurisdiction in which the Company and our subsidiaries are located as adjusted for certain items including tax losses carried forward, non-deductible expenses and certain tax concessions.

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Our Directors confirm that our business operations are located in Singapore. Our applicable income tax rate during the three years ended 31 March 2018 was 17.0%. Our effective income tax rate, which represents taxation as a percentage of our profit before taxation, was Nil, 9.9% and 49.5% for the three years ended 31 March 2018, respectively.

During the Track Record Period and up to the Latest Practicable Date, we have paid all applicable taxes when due and there are no matters in dispute or unresolved with any tax authorities.

Under the current laws of the Cayman Islands and the BVI, we are not subject to income tax or capital gains tax in the Cayman Islands and the BVI. Additionally, dividend payments made by us are not subject to withholding tax in the Cayman Islands or the BVI.

No Hong Kong profits tax has been provided for as our Group did not have any assessable profit in Hong Kong for the years/periods during the Track Record Period.

Tax on Singapore profits has been provided at the rate of 17% (2016: 17%) on the estimated assessable profit during the Track Record Periods.

Income tax credit/(expense) of approximately SGD6,000, SGD(193,000) and SGD(463,000) had been recorded for the three years ended 31 March 2018, respectively.

For further details of our tax expense, please refer to Note 11 of the Accountant's Report set out in Appendix I to this prospectus.

Comparison between the year ended 31 March 2016 and 31 March 2017

Our income tax credit/(expense) changed from approximately SGD6,000 for the year ended 31 March 2016 to approximately SGD(193,000) for the year ended 31 March 2017 and our effective income tax rate changed from Nil for the year ended 31 March 2016 to 9.9% for the year ended 31 March 2017. Such changes were primarily due to (i) the utilisation of unrecognised capital expenditure allowances that our Group accumulated in the past which offset the income tax expense in the year ended 31 March 2016 as well as (ii) the improvement in our profit before income tax in the year ended 31 March 2017.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our income tax expense increased from approximately SGD193,000 for the year ended 31 March 2017 to approximately SGD463,000 for the year ended 31 March 2018 and our effective income tax rate increased from 9.9% for the year ended 31 March 2017 to 49.5% for the year ended 31 March 2018. Such increases were primarily due to a tax incentive attributable from the "PIC" dispensed under the Inland Revenue Authority of Singapore for investments in innovation and productivity improvements for the year ended 31 March 2017 as well as non-deductible Listing expense of approximately SGD1.7 million being recognised during the year ended 31 March 2018.

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Profit for the year

Profit for the year after biological assets and agricultural produce adjustments amounted to approximately SGD1.4 million, SGD1.7 million and SGD0.5 million for the three years ended 31 March 2018, respectively.

Comparison between the year ended 31 March 2016 and 31 March 2017

As a result of the foregoing, our profit for the year increased by approximately SGD0.3 million, or approximately 25.2%, from approximately SGD1.4 million for the year ended 31 March 2016 to approximately SGD1.7 million for the year ended 31 March 2017, and our profit margin increased from 7.9% for the year ended 31 March 2016 to 8.8% for the year ended 31 March 2017.

Comparison between the year ended 31 March 2017 and 31 March 2018

As a result of the foregoing, our profit for the year decreased by approximately SGD1.2 million, or approximately 72.9%, from approximately SGD1.7 million for the year ended 31 March 2017 to approximately SGD0.5 million for the year ended 31 March 2018, and our profit margin decreased from 8.8% for the year ended 31 March 2017 to 1.9% for the year ended 31 March 2018.

Segment Results

The following tables set forth our revenue and results from continuing operations by our two segments (namely fresh eggs and processed eggs) and each segment's contribution to our total segment revenue and segment results, for the periods indicated.

For the year ended 31 March 2016

	<u>Fresh eggs</u>	<u>% of total</u>	<u>Processed eggs</u>	<u>% of total</u>	<u>Total</u>	<u>Total</u>
	SGD'000	%	SGD'000	%	SGD'000	%
Segment revenue	13,811	77.9%	3,918	22.1%	17,729	100%
Segment results	2,576	70.5%	1,076	29.5%	3,652	100%
Segment profit margin	18.7%		27.5%			

For the year ended 31 March 2017

	<u>Fresh eggs</u>	<u>% of total</u>	<u>Processed eggs</u>	<u>% of total</u>	<u>Total</u>	<u>Total</u>
	SGD'000	%	SGD'000	%	SGD'000	%
Segment revenue	12,877	64.7%	7,037	35.3%	19,914	100%
Segment results	2,800	59.1%	1,934	40.9%	4,734	100%
Segment profit margin	21.7%		27.5%			

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Year ended 31 March 2018

	<u>Fresh eggs</u>	<u>% of total</u>	<u>Processed eggs</u>	<u>% of total</u>	<u>Total</u>	<u>Total</u>
	SGD'000	%	SGD'000	%	SGD'000	%
Segment revenue	14,288	56.9%	10,835	43.1%	25,123	100%
Segment results	1,992	39.0%	3,121	61.0%	5,113	100%
Segment profit margin	13.9%		28.8%			

Our segment results represent the profit earned by each segment without allocation of finance costs, unallocated other income and unallocated corporate expenses, which mainly include general administrative expenses. Following below is discussion of these segment results on a year-to-year and period-to-period comparative basis.

Fresh eggs

Comparison between the year ended 31 March 2016 and 31 March 2017

Our fresh eggs segment recorded segment results of approximately SGD2.6 million for the year ended 31 March 2016, compared to approximately SGD2.8 million for the year ended 31 March 2017. Also, our fresh eggs segment profit margin increased from 18.7% for the year ended 31 March 2016 to 21.7% for the year ended 31 March 2017. This improvement was primarily due to decrease in our average purchase price for feeds resulting in a lower proportion of cost of sales.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our fresh eggs segment recorded segment results of approximately SGD2.8 million for the year ended 31 March 2017, compared to approximately SGD2.0 million for the year ended 31 March 2018. Also, our fresh eggs segment profit margin decreased from 21.7% for year ended 31 March 2017 to 13.9% for year ended 31 March 2018. This decrease was primarily due to an increase in the proportion of our fresh egg revenue accounted for by an increase in sales of our sourced eggs primarily as a result of our newly acquired subsidiary CSH Eggs which have a lower average selling price than our own produced eggs. The fresh eggs sourced by CSH Eggs were mainly produced in Malaysia which generally have a lower retail price compared to Singaporean eggs. In addition, with more own produced eggs being used to produce processed egg products to meet the increase in market demand for our processed egg products, more fresh eggs were sourced to supplement our own produced eggs to support our sales of fresh eggs.

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Processed egg products

Comparison between the year ended 31 March 2016 and 31 March 2017

Our processed eggs segment recorded segment results of approximately SGD1.1 million for the year ended 31 March 2016, compared to approximately SGD1.9 million for the year ended 31 March 2017. This was primarily driven by increase in our sales volume to meet increased market demand. Our processed eggs segment recorded stable segment profit margin of approximately 27.5% for the two years ended 31 March 2016 and 31 March 2017.

Comparison between the year ended 31 March 2017 and 31 March 2018

Our processed eggs segment recorded segment results of approximately SGD1.9 million for the year ended 31 March 2017, compared to approximately SGD3.1 million for the year ended 31 March 2018. Our processed eggs segment profit margin increased from approximately 27.5% for year ended 31 March 2017 to approximately 28.8% for year ended 31 March 2018. This improvement was primarily due to an increase in both our sales volume and the average selling price as well as one time reversal of accrued royalty expenses for the production of pasteurised shell eggs.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our cash requirements related primarily to production and operating activities, acquisitions of property, plant and equipment, repayment of borrowings as they become due and investments in insurance contracts, and working capital requirements. Historically, we have funded our liquidity requirements principally through cash generated from our operating activities and borrowings. Going forward, we intend to fund our liquidity requirements through a combination of various sources, including, but not limited to, cash generated from our operating activities, borrowings and the net proceeds from the Share Offer. As at the Latest Practicable Date, we had not experienced difficulties in raising funds by borrowings nor have we experienced any liquidity problems in settling our payables in the normal course of business and repaying our bank borrowings and finance lease obligations when they become due.

Cash Flows

Our cash and bank balances amounted to approximately SGD0.3 million, SGD1.9 million and SGD0.8 million, respectively, as at 31 March 2016, 2017 and 2018.

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The following table sets forth our combined statements of cash flows with respect to operating activities, investing activities and financing activities for the three years ended 31 March 2018:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Net cash generated from operating activities	2,731	5,515	4,048
Net cash used in investing activities	(504)	(3,064)	(4,690)
Net cash used in financing activities	(1,841)	(786)	(474)
Net increase in cash and cash equivalents	386	1,665	(1,116)
Cash and cash equivalents at beginning of the year/period	(136)	250	1,915
Cash and cash equivalents, end of the year/period	250	1,915	799

Net cash generated from operating activities

Year ended 31 March 2018

For the year ended 31 March 2018, we recorded net cash generated from operating activities of approximately SGD4.0 million primarily as a result of the combined effect of (i) lower profit for the year of approximately SGD0.5 million (primarily due to Listing expenses of SGD1.7 million); (ii) adjustments of non-cash items of approximately SGD4.3 million primarily, including depreciation of property, plant and equipment of approximately SGD2.9 million and loss from changes in fair value of biological assets less estimated point-of-sale cost of approximately SGD0.9 million; which was partially offset by the increase of trade and other receivables of approximately SGD0.6 million, primarily due to the increase in sales during the year, the acquisition of CSH Eggs and prepayment of Listing expenses. Excluding the effects of Listing expenses, net cash generated from operating activities for the year ended 31 March 2018 will be approximately SGD5.2 million.

Year ended 31 March 2017

For the year ended 31 March 2017, we recorded net cash generated from operating activities of approximately SGD5.5 million primarily as a result of the combined effect of (i) profit for the year of approximately SGD1.7 million; (ii) adjustments of non-cash items of approximately SGD3.1 million, including depreciation of property, plant and equipment of approximately SGD2.7 million and loss on investments in insurance contracts of approximately SGD0.4 million and (iii) the increase of trade and other payables of approximately SGD0.8 million primarily due to an increase in purchase of feeds from one supplier and accrued royalty expenses for the production of pasteurized shell eggs.

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Year ended 31 March 2016

For the year ended 31 March 2016, we recorded net cash generated from operating activities of approximately SGD2.7 million primarily as a result of the combined effect of (i) profit for the year of approximately SGD1.4 million; (ii) adjustments of non-cash items of approximately SGD2.2 million, primarily including depreciation of property, plant and equipment; which was partially offset by the decrease of trade and other payables of approximately SGD1.0 million, primarily due to the repayment to certain major suppliers.

Net cash used in investing activities

Year ended 31 March 2018

For the year ended 31 March 2018, we recorded net cash used in investing activities of approximately SGD4.7 million primarily as a result of (i) additions of property, plant and equipment of approximately SGD1.6 million primarily due to purchase of egg production and processing machinery; (ii) acquisition of CSH Eggs and Golden Hoyo of approximately SGD1.1 million; and (iii) payment of lease premium in regards of the renewal of land which our production facilities are located of approximately SGD2.9 million, which were partially offset by grants received from the AVA relating to the purchase of property, plant and equipment of approximately SGD0.5 million and proceeds of approximately SGD0.5 million from sale of biological assets, namely spent hens which had reached the end of their economic productive lives.

Year ended 31 March 2017

For the year ended 31 March 2017, we recorded net cash used in investing activities of approximately SGD3.1 million primarily as a result of (i) additions of property, plant and equipment of approximately SGD1.5 million primarily due to purchase of egg production and processing machinery and motor vehicles; (ii) additions to biological assets of approximately SGD0.3 million, primarily due to the delivery of a new batch of day-old chicks in accordance with our Group's planned production schedule; and (iii) additions to investments in insurance contracts of approximately SGD2.5 million to insure the key management in our Group, i.e. Mr. Ma, in the event of death; which were partially offset by grants received from the AVA relating to the purchase of property, plant and equipment of approximately SGD0.9 million and proceeds of approximately SGD0.5 million from the sale of biological assets, namely spent hens which had reached the end of their economic productive lives.

Year ended 31 March 2016

For the year ended 31 March 2016, we recorded net cash used in investing activities of approximately SGD0.5 million primarily as a result of (i) additions of property, plant and equipment of approximately SGD1.6 million primarily due to purchase of egg production and processing machinery; and (ii) additions to biological assets of approximately SGD0.3 million primarily due to the delivery of a new batch of day-old chicks in accordance with our Group's planned production schedule, which were partially offset by grants received from the AVA relating to the purchase of property, plant and equipment of approximately SGD0.5 million and proceeds of approximately SGD0.9 million from the sale of biological assets, namely spent hens which had reached the end of their economic productive lives.

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Net cash used in financing activities

Year ended 31 March 2018

For the year ended 31 March 2018, we recorded net cash used in financing activities of approximately SGD0.5 million, primarily as a result of the repayment of finance lease liabilities, repayment of loan from a shareholder, repayment of bank borrowings and prepayment of Listing expenses of approximately SGD0.9 million, SGD2.3 million, SGD0.7 million and SGD0.5 million, respectively which was offset by the proceeds from bank borrowings of approximately SGD4.0 million.

Year ended 31 March 2017

For the year ended 31 March 2017, we recorded net cash used in financing activities of approximately SGD0.8 million primarily as a result of the repayment of loan from a shareholder and finance lease liabilities of approximately SGD0.5 million and SGD1.0 million, respectively, which were partially offset by net increase of bank borrowings of approximately SGD0.7 million.

Year ended 31 March 2016

For the year ended 31 March 2016, we recorded net cash used in financing activities of approximately SGD1.8 million, reflecting net repayment of bank borrowings in the amount of SGD0.9 million, repayment of finance lease liabilities of SGD0.7 million and increase in pledged deposit of SGD0.3 million.

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NET CURRENT ASSETS/(LIABILITIES)

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As at 31 March			As at 30 June
	2016	2017	2018	2018
	SGD'000	SGD'000	SGD'000	SGD'000 (Unaudited)
Current assets				
Biological assets	1,506	1,514	910	836
Inventories	1,120	1,105	1,367	1,426
Trade and other receivables	3,706	3,883	4,979	5,165
Current income tax assets	—	—	—	—
Pledged deposit	251	252	254	254
Cash at bank and on hand	324	1,915	799	2,874
	6,907	8,669	8,309	10,555
Current liabilities				
Trade and other payables	2,678	3,677	3,366	3,617
Amount due to a shareholder	—	200	—	—
Current income tax liabilities	5	28	30	78
Finance lease liabilities	868	611	992	986
Bank borrowings	1,861	951	4,122	4,419
	5,412	5,467	8,510	9,100
Net current assets/(liabilities)	1,495	3,202	(210)	1,455

Our net current assets increased from approximately SGD1.5 million as of 31 March 2016 to approximately SGD3.2 million as at 31 March 2017 primarily as a result of the increase in our cash at bank and on hand.

Our net current assets of approximately SGD3.2 million as at 31 March 2017 subsequently became net current liabilities of approximately SGD0.2 million as at 31 March 2018 primarily due to the drawdown of the Group's existing short-term bank facilities as an interim financing option to finance the payment of lease premium in regards of the renewal of land where our production facilities are located while longer term bank facilities were negotiated.

Our Group subsequently recorded net current assets amounted to approximately SGD1.5 million (unaudited) as at 30 June 2018 primarily as a result of the increase in our cash at bank and on hand.

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ANALYSIS ON CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

Our inventories consist of feeds, packing materials, eggs and processed egg products.

The following table set forth our inventories as of the dates indicated.

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Feeds	828	790	950
Fresh and processed eggs	162	139	150
Packaging materials	130	176	267
Total	<u>1,120</u>	<u>1,105</u>	<u>1,367</u>

As at 31 March 2017, our inventories balance amounted to approximately SGD1.1 million, which has no notable change compared with our inventories balance as at 31 March 2016, amounting to approximately SGD1.1 million.

As at 31 March 2018, our inventories balance increased by approximately SGD0.3 million, approximately 23.7%, to approximately SGD1.4 million primarily due to minor stocking up to inventory of feeds resulting from the decrease in average price for feeds.

Subsequent to 31 March 2018 and up to the Latest Practicable Date, the balance of inventory as at 31 March 2018 have been fully utilised.

The following table sets forth our inventory turnover days as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
Inventory turnover days ⁽¹⁾	<u>26.1</u>	<u>24.7</u>	<u>20.5</u>

Note:

(1) Calculated as the average balances of total inventories, divided by the total cost of sales in the year (after agricultural produce fair value adjustments), multiplied by 365.

Our inventory turnover days remain relatively stable at 26.1 days and 24.7 days as of 31 March 2016 and 2017.

Our inventory turnover days then decreased to approximately 20.5 days as at 31 March 2018 primarily due to increase in cost of sales as a result of increase in revenue during the year.

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Trade and other receivables

Our trade receivables represent amount receivables in connection with the sales of our fresh eggs and processed eggs. The credit period provided by our Group ranged up to 65 days from the date on which the eggs were delivered. Our other receivables consist of the deposits paid with respect to utilities service provider and the deposits paid with respect to the acquisition of subsidiaries, prepayment of Listing expenses and prepayment of insurance expenses.

Trade receivables

The following table sets forth our trade receivables as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Trade receivables	3,434	3,607	4,423
Less: Allowance for impairment of receivables	(2)	(2)	(75)
	<u>3,432</u>	<u>3,605</u>	<u>4,348</u>

Our trade receivables increased by approximately SGD0.2 million, or approximately 5.0%, from approximately SGD3.4 million as at 31 March 2016 to approximately SGD3.6 million as at 31 March 2017, which was primarily due to the increased sales of our processed egg products to certain customers.

Our trade receivables subsequently increased by approximately SGD 0.7 million, or 20.6%, to approximately SGD4.3 million as at 31 March 2018 primarily was contributed by our newly acquired subsidiary CSH Eggs as well as the increase in sales during the year.

Among the balance of trade receivables, there was an insignificant portion that represents receivables from a related party i.e. Hup Heng as a result of the disposal of spent hens and sales of eggs. Such amounts were approximately SGD36,000, SGD18,000 and SGD127,000 as at 31 March 2016, 2017 and 2018, respectively. For further details, see note 29 to the Accountant's Report set forth in Appendix I to this prospectus.

Subsequent to 31 March 2018 and up to the Latest Practicable Date, approximately SGD4.2 million of trade receivables, representing approximately 95.7% of trade receivables as at 31 March 2018, have been settled.

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The following table sets forth an aging analysis of trade receivables based on invoice date as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Less than 30 days	1,567	1,840	2,546
31 to 60 days	1,212	1,353	1,418
61 to 90 days	362	279	250
More than 90 days	293	135	209
	<u>3,434</u>	<u>3,607</u>	<u>4,423</u>

The following table sets forth an ageing analysis of overdue trade receivables based on due date as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Overdue			
Less than 30 days	908	1,028	1,148
31 to 60 days	290	160	27
More than 60 days	264	146	130
	<u>1,462</u>	<u>1,334</u>	<u>1,305</u>

Included in our trade receivables balance are debtors with an aggregate carrying amount of approximately SGD1.5 million, SGD1.3 million and SGD1.3 million, which were past due but not considered to be impaired as at 31 March 2016, 2017 and 2018, respectively. The management of our Group have considered the available information for the relevant debtors, such as credit history, financial stability and repayment history, they are of the view that those debtors have no financial difficulty and based on past experience, the overdue amounts can be recovered. Therefore, they concluded that it is not necessary to provide for an impairment loss for these balances.

Up to the Latest Practicable Date, approximately 96%, 92% and 71% of the trade receivables past due and not impaired as at 31 March 2016, 2017 and 2018, respectively, had been settled.

The following table sets out our trade receivables turnover days as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
Trade receivables turnover days	<u>72.1</u>	<u>64.5</u>	<u>57.8</u>

Note:

- (1) Calculated as the average balances of total trade receivables, divided by the turnover in the year, multiplied by 365.

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Our trade receivables turnover days decreased from approximately 72.1 days as at 31 March 2016 to approximately 64.5 days as at 31 March 2017 primarily due to the collection of some overdue balances from certain customers, including Food 10 and Customer E.

Our trade receivables turnover days further decreased to approximately 57.8 days as at 31 March 2018 primarily due to increase in revenue during the year.

Other receivables

The following table sets forth a summary of our other receivables based on due date as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Deposits	146	207	73
Prepayments	128	71	523
Other receivables	—	—	35
	<u>274</u>	<u>278</u>	<u>631</u>

Our other receivables remained relatively stable and amounted to approximately SGD0.3 million as at both 31 March 2016 and 2017.

Our other receivables subsequently increased by approximately SGD0.3 million, to approximately SGD0.6 million as at 31 March 2018 primarily due to the increase in prepayment of Listing expenses of SGD0.5 million.

Trade and other payables

Trade payables

Our trade payables represent amounts payable to suppliers for raw materials, including feeds, packaging materials, and our sourced fresh and processed eggs. The credit period granted by suppliers to our Group were usually within 60 days.

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The following table sets forth trade payables as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Trade payables	1,314	1,790	1,454

Our trade payables increased by approximately SGD0.5 million, or 36.2%, from approximately SGD1.3 million as at 31 March 2016 to approximately SGD1.8 million as at 31 March 2017, which was primarily due to a significant increase in trade payables to one major supplier of approximately SGD 0.4 million attributable to an increase in our purchase of feeds from this supplier.

Our trade payables subsequently decreased by approximately SGD0.3 million, or 18.8%, to approximately SGD1.5 million as at 31 March 2018 primarily due to the use of invoice financing for the payment made to Deksen and Ghee Huat Co Pte Ltd.

The following table sets forth an ageing analysis of trade payables based on invoice date as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Less than 30 days	703	901	819
31 to 60 days	316	436	343
More than 60 days	295	453	292
	1,314	1,790	1,454

The following table sets out our trade payables turnover days as at the respective financial position dates indicated below:

	As at 31 March		
	2016	2017	2018
Trade payables turnover days	43.6	34.4	26.9

Note:

- (1) Calculated as the average balances of total trade payables, divided by the total cost of sales in the year (after agricultural produce fair value adjustments), multiplied by 365.

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Our trade payables turnover days decreased from approximately 43.6 days as of 31 March 2016 to approximately 34.4 days as of 31 March 2017. This was primarily due to a higher average balance of total trade payables as of 31 March 2016, of which the opening balance includes payable balances to certain major suppliers which were settled in 2016.

Our trade payables turnover days further decreased to 26.9 days as at 31 March 2018 primarily due to increase in cost of sales as a result of increase in revenue during the year.

Other payables

The following table sets forth a summary of our other payables balance as at the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Current			
Accrued royalty expense	696	1,048	58
Loan from a non-related party	350	350	—
Other accruals	228	391	1,311
Payables to non-related parties (<i>Note</i>)	90	98	543
Total	1,364	1,887	1,912
Non-current			
Accrued royalty expense	1,055	895	263
Total	2,419	2,782	2,175

Note:

As at 31 March 2016 and 2017, the balances solely represent the security deposits received from our foreign workers for the accommodation provided to them by us and the amounts withheld by us for the Singapore salary taxes payable by our foreign workers. As at 31 March 2018, the balance was comprised the aforementioned security deposits, payables to the vendor of CSH Eggs, comprising (i) the amount retained for the vendor in relation to the income generated by CSH Eggs prior to the acquisition received by our Group as well as (ii) reimbursement to the vendor of CSH Eggs for certain government related expenses, primarily the GST, and Listing expenses payables of approximately SGD114,000, SGD8,000 and SGD421,000, respectively. As at the Latest Practicable Date, approximately SGD542,000 of payables to non-related parties, representing approximately 99.8% of payables to non-related parties as at 31 March 2018, have been settled. The remaining balance of approximately SGD1,000 represents payables to the vendor of CSH Eggs.

Our other payables increased by approximately SGD0.4 million, or approximately 15.0%, from approximately SGD2.4 million as at 31 March 2016 to approximately SGD2.8 million as at 31 March 2017 primarily due to the increase in accrued royalty expenses to be paid to the US Licensor pursuant to the US Technology Licence Agreement, amounting to approximately SGD0.2 million, and the increase of other accrued payable of SGD0.2 million resulting from the timing of accrued staff salaries.

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Our other payables subsequently decreased by approximately SGD0.6 million or approximately 21.8%, to approximately SGD2.2 million as at 31 March 2018 primarily due to (i) the decrease in accrued royalty expenses of SGD1.6 million as a result of waiver and reversal of current and prior periods accrued royalty payable in accordance with the Supplemental US Technology Licence Agreement; which were partially offset by the increase in other accruals of approximately SGD1.0 million primarily resulting from the accrual of Listing expenses.

Investments in insurance contracts

The following table sets forth the movement of our investments in insurance contracts during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Beginning of the year	—	—	2,080
Additions	—	2,528	—
Gain/(loss) on investments in insurance contracts	—	(417)	50
Currency translation differences	—	(31)	(128)
	—	2,080	2,002
End of the year	—	2,080	2,002

Investments in insurance contracts represent two life insurance contracts (or key management insurance contracts) taken out by our Group in October 2016 and January 2017 with two insurance companies. The initial premium for the two insurance contracts amounted to US\$0.3 million (equivalent to SGD0.4 million) and US\$1.5 million (equivalent to SGD2.1 million), respectively. Mr Ma, being a key management personnel, is the insured person. The contracts will mature on the dates when the insured person reaches the age of 74 and 77, respectively, or in the event of death of the insured person, whichever is earlier. Our Group is the beneficiary of these insurance contracts.

The investments were pledged as collateral for the Group's bank borrowings, which were obtained to finance the initial premium of the insurance contracts, during the year ended 31 March 2017. The bank borrowings are denominated in the same currencies as the underlying currencies of the respective insurance contracts.

Biological assets

During the Track Record Period, our biological assets represent laying hen stocks held for production of eggs and they include immature and matured hens. The day-old chicks will be raised into pre-layers in around 16 weeks. The day-old chicks are then transferred to the layer house and start to lay eggs from the 19th week onwards. A hen is considered mature when it starts producing eggs. Non-current biological assets refer to hens which are expected to produce eggs for more than twelve months from the period end date, while current biological assets refer to hens which are

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expected to produce eggs for less than twelve months from the period end date. The following table sets out the breakdown of our biological assets at the end of each of the report periods:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Biological assets comprise:			
— Mature hens	2,409	2,271	1,555
— Immature hens	572	972	524
	<u>2,981</u>	<u>3,243</u>	<u>2,079</u>
Current	1,506	1,514	910
Non-current	1,475	1,729	1,169
	<u>2,981</u>	<u>3,243</u>	<u>2,079</u>
	As at 31 March		
	2016	2017	2018
Number of hens:			
Mature hens	323,703	382,113	332,350
Immature hens	84,288	166,839	84,219
	<u>407,991</u>	<u>548,952</u>	<u>416,569</u>

The fair value of our biological assets increased by approximately SGD0.2 million, or approximately 8.8%, from approximately SGD3.0 million as at 31 March 2016 to approximately SGD3.2 million as at 31 March 2017 primarily due to the increase in number of hens as a result of the delivery of a new batch of day-old chicks in March 2017 in accordance with our Group's planned production schedule.

Our biological assets subsequently decreased by approximately SGD1.1 million, or approximately 35.9%, to approximately SGD2.1 million as at 31 March 2018 primarily due to the decrease in number of hens as a result of higher mortality rate caused by the incident of infection of Marek's disease in September 2017 as well as the lower unit selling price of spent hens.

Our biological assets were independently valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), which is an independent professional valuer not connected with us and has extensive experience in valuation of biological assets. See the paragraph headed “Financial Information — Valuation of biological assets” of this prospectus.

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VALUATION OF BIOLOGICAL ASSETS

Information about the independent valuer of our biological assets

We have engaged JLL, an independent valuer, to determine the fair values of our biological assets as at 31 March 2016, 31 March 2017 and 31 March 2018, respectively. The key valuers of the JLL team include Mr. Simon M.K. Chan, Mr. Kevin C.W. Chan and Mr. Terry S.W. Hui.

Mr. Simon M.K. Chan, regional director at JLL, is a Fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a Fellow of CPA Australia. He is also an International Certified Valuation Specialist (ICVS), a Chartered Surveyor of the Royal Institution of Chartered Surveyors (RICS), a member of Canadian Institute of Mining, Metallurgy and Petroleum (CIM), and a member of The Australasian Institute of Mining and Metallurgy (AusIMM). Simon oversees the business valuation services of JLL and has over 17 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in China, Hong Kong, Singapore and the United States. Simon has also participated in certain large scale initial public offerings of State-owned and privately-owned enterprises in China. He has led the valuation of biological assets, such as trees, rabbits, chickens and cows, for Hong Kong listed companies including China Modern Dairy Holdings Ltd. (1117.HK), WH Group Limited (288.HK), Shandong Chenming Paper Holdings Limited (1812.HK), China Kandda Food Company Limited (834.HK) and China Greenfresh Group Co., Ltd. (6183.HK), as well as numerous private companies for their accounting purposes.

Mr. Kevin C.W. Chan, local director at JLL, is a member of HKICPA and holds the Chartered Financial Analyst designation. He has over 10 years of working experience in the field of finance and investment and specializes in financial and economic analysis, including analysis of financial information, analysis of industry and economic statistics and preparation of financial models and valuation reports, including with respect to initial public offerings of various enterprises. He has experience in the valuation of biological assets, including trees, orchards, hogs and dairy cows, for numerous Hong Kong listed companies, and various enterprises of different industries in China, Hong Kong and the United States for merger and acquisition and accounting purposes.

Mr. Terry S.W. Hui, senior manager at JLL, holds the Chartered Financial Analyst designation and the Financial Risk Manager designation. He has provided a number of valuation and advisory services to listed and private companies of different industries in China, Hong Kong and Singapore for merger and acquisition and accounting purposes. The valuation services provided include equity valuation, intangible asset identification and valuation, asset impairment evaluation, and valuation of financial instruments. Terry has participated in a number of valuation exercises of biological assets including trees, oil palm and orchards.

Based on market reputation and relevant background research, our Directors and the Sole Sponsor are satisfied that JLL is independent from us and is competent in conducting a valuation on our biological assets.

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Valuation methodology

In arriving at the assessed value, three generally accepted approaches have been considered, namely, the market approach, cost approach and income approach.

As there is apparently no active market for laying hens, the market approach is not appropriate for the valuation of our biological assets. Also, the cost approach is not appropriate as it does not directly incorporate information about the economic benefits contributed by the laying hens. Most of the laying hens are in mature stage and have stable production or are in the growth stage with good conditions, therefore the income approach is adopted by JLL. In using the income approach, the discounted cash flow (“DCF”) method is considered to best reflect the current situation of our biological assets.

An income approach technique known as multi-period excess earnings method is adopted to value our biological assets. It is a derivative of the DCF method. Using this technique, the direct economic benefits are estimated to be attributed to the laying hens. Such economic benefits are then capitalized at a rate which reflects all business risks including intrinsic and extrinsic uncertainties in relation to the subject assets. To estimate the economic benefit, the revenues generated from the laying hens are projected over their remaining useful lives. Based on the projected revenues, the costs associated with supporting the laying hens are subtracted. The net income projection is then adjusted by economic capital charges. The capital charges include returns on the assets that are used or used up in the generation of the subject biological asset income projection. Examples of such assets include fixed assets, working capital and assembled workforce.

Key assumptions and inputs

The key input and assumption for valuing our biological assets include the unit selling price of spent hens, unit selling price of fresh eggs, mortality rate, discount rate, estimated egg laying period and number of eggs per week by each hen. JLL also made the following assumptions:

- historical trend and data will be maintained, and there will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect our business;
- all proposed facilities and systems will be operated efficiently and have sufficient capacity for future growth; and
- there are no hidden or unexpected conditions associated with our business that might adversely affect the reported values.

Our Directors confirmed, and the Sole Sponsor concurred, that the components used by JLL in the valuation process are consistent with market factors and assumptions used in the measurement.

FINANCIAL INFORMATION

Set forth below are the key assumptions and inputs adopted in the valuation process of our biological assets:

	As at 31 March		
	2016	2017	2018
Unit selling price of spent hens (SGD/unit) <i>(Note 1)</i>	3.01	3.47	2.68
Unit selling price of fresh eggs (SGD/unit) <i>(Note 2)</i>	0.16	0.15	0.16
Mortality Rate <i>(Note 3)</i>	26.10%	25.14%	27.53%
Discount Rate <i>(Note 4)</i>	13.55%	13.39%	13.07%
Estimated egg laying period (weeks) <i>(Note 5)</i>	89	89	89
Number of eggs per week by each hen <i>(Note 6)</i>	1 to 7	2 to 7	2 to 7

Note:

1. The unit selling prices of spent hens adopted are based on the historical average selling prices.
2. The unit selling prices of fresh eggs adopted are based on the historical average selling prices.
3. The mortality rates adopted represent the overall death rates of the biological assets over the estimated egg laying period, with reference to the historical mortality rate records.
4. The capital asset pricing model (“CAPM”) was applied in the determination of the discount rate. The discount rate reflects the time value of money and risk premium, representing compensation for the risk inherent in future cash flows that are uncertain. The discount rates applied in the valuation are in line with those adopted by industry peers, after taking into consideration different business growth stages of our Group and the peers. Parameters used in the CAPM include the risk free rates, equity risk premiums, beta coefficients of comparable companies and specific risk premiums reflecting the business growth stage of our Group.
5. With reference to the historical lifespans of the layers, the estimated egg laying periods are assumed to be 89 weeks.
6. The numbers of eggs per week by each hen adopted are made with reference to the historical egg production records.

JLL conducted a site visit to perform an independent verification of the biological assets and contracted the services of Mr. Kenneth Tong Boon Yew to act as a consultant to opine on the health of the biological assets and their farming conditions. Kenneth currently works as a veterinary surgeon in AAVC — Animal & Avian Veterinary Clinic and he is a member of the American Registry of Professional Animal Scientists in poultry and poultry products & processing. He graduated from Purdue University in the United States with a Bachelor degree in animal sciences and the University of Melbourne in Australia with a Bachelor degree in veterinary medicine & surgery (veterinary science). JLL determined Kenneth to be suitably qualified given past experience in the poultry industry and whose current work is as a veterinary surgeon. He reported the biological assets observed were healthy and that farming conditions were satisfactory for the farms sampled for independent verification. The findings of his report rely on his observations and laboratory testing outsourced to the AVA. JLL is satisfied with the basis of the opinion presented by Kenneth and believes it is reasonable.

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Sensitivity analysis

The following table indicates the instantaneous change in the value of our biological assets that would arise if the key inputs for valuation as at 31 March 2018 had changed at that date, assuming all other risk variables remained constant:

% change in unit selling price of spent hens (%)	+20	+10	-10	-20
Change in fair value of the biological assets (SGD'000)	+145	+72	-72	-145
% change in unit selling price of fresh eggs (%)	+5	+2	-2	-5
Change in fair value of the biological assets (SGD'000)	+467	+187	-187	-467
Absolute change in mortality rate (%)	+2	+1	-1	-2
Change in fair value of the biological assets (SGD'000)	-97	-48	+48	+95
Absolute change in discount rate (%)	+2	+1	-1	-2
Change in fair value of the biological assets (SGD'000)	-21	-10	+11	+21
Absolute change in estimated egg laying period (weeks)	+15	+10	-10	-15
Change in fair value of the biological assets (SGD'000)	-377	-225	-104	-279

Stock-take and Internal Control

We have established standard procedures to ensure accuracy of headcount of our biological assets and other relevant information. For example, through our inventory system, we are able to track the progress of batches of day-old chicks when they enter into pullet houses, when they are transferred into layer houses and finally when they are depopulated. Each batch is inoculated and checked before being put into our pullet house and the number of growers subsequently transferred to the layer house is completed. Growers' and layers' mortalities are tracked in each batch on a daily basis to ensure health of the chickens and the accuracy of the headcount, so that the balance of the remaining growers and the layers is tracked. Monthly reports containing details of physical quantities and mortalities of our biological assets are submitted to the AVA for inspection.

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Our policy for biological asset management covers, among others, bio-security standards to isolate and protect the production area, including procedures for production area personnel and authorised visitors, granted access to the production area, procedures for transfer of the flock from growers to layers, record keeping and stock-takes. To facilitate the implementation of our biological asset management policy, we employ an inventory system to keep a comprehensive record of our growers and layers.

WORKING CAPITAL SUFFICIENCY

Taking into consideration our internal resources, credit facilities presently available to us, the estimated net proceeds from the Share Offer and the amount of dividends of SGD800,000 approved on 13 July 2018, our Directors are of the opinion that we have sufficient working capital for our present requirements and operations for at least the next 12 months from the date of this prospectus.

CAPITAL EXPENDITURE

Our capital expenditures are used principally in connection with additions of property, plant and equipment, such as leasehold buildings and improvements, acquisition of plant and machinery, equipment and furniture and motor vehicles. For the three years ended 31 March 2016, 2017 and 2018, our total capital expenditure amounted to SGD3.2 million, SGD2.4 million and SGD3.5 million, respectively.

We expect to fund our estimated capital expenditure upon Listing to the period up to 2023, which is estimated to be approximately SGD16.7 million with a combination of various sources, including, but not limited to, cash generated from our operating activities, borrowings and the net proceeds from the Share Offer. For further details, please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus.

FINANCIAL INFORMATION

COMMITMENTS

Operating lease commitments

We lease land under non-cancellable operating lease arrangements. Operating lease commitments represent rental payable by our Group for land from the Government of Singapore on which our production facilities and a factory are located. The current lease of the Group expired on 2 May 2018 and our Group had accepted the offer from Government of Singapore for a term of 20 years commencing from 3 May 2018 with an option to extend for further term of 10 years subject to certain requirements with which our Group must comply. A payment of lease renewal premium amounting to approximately SGD2.9 million was made to the Government of Singapore on 8 March 2018. Also, Golden Hoyo has leased a land for a term of 30 years commencing on 16 September 1996. Details please refer to the paragraph headed “Properties” in the section headed “Business” of this prospectus.

The future minimum lease payable under non-cancellable operating leases contracted for at the end of each reporting period but not recognized as liabilities, is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Not later than one year	277	277	48
Between one and five years	300	23	101
More than five years	—	—	86
	<u>577</u>	<u>300</u>	<u>235</u>

CONTINGENT LIABILITIES

As of 31 March 2016, 31 March 2017, 31 March 2018 and as of the Latest Practicable Date, Our Group had no contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any material off-balance sheet commitments or arrangements.

FINANCIAL INFORMATION

INDEBTEDNESS

Bank borrowings

The following table sets forth our bank borrowings as at the end of each reporting period are as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Composition of Borrowings			
Long-term bank loans	843	2,460	2,592
Short-term bank loans	1,260	316	3,359
Bank overdrafts	74	—	—
	<u>2,177</u>	<u>2,776</u>	<u>5,951</u>
Less: amounts due on demand or within one year shown under current liabilities	<u>(1,861)</u>	<u>(951)</u>	<u>(4,122)</u>
Non-current portion	<u>316</u>	<u>1,825</u>	<u>1,829</u>
Maturity of Borrowings			
Within 1 year	1,861	548	3,786
Between 1 and 2 years	316	236	479
Between 2 and 5 years	—	734	773
Over 5 years	—	1,258	913
	<u>2,177</u>	<u>2,776</u>	<u>5,951</u>
Denominated Currency of Borrowings			
SGD	2,177	317	3,861
USD	—	2,459	2,090
	<u>2,177</u>	<u>2,776</u>	<u>5,951</u>

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Our bank borrowings amounted to SGD2.2 million, SGD2.8 million and SGD6.0 million as at 31 March 2016, 2017 and 2018, respectively. Our bank borrowings were primarily utilised for acquisitions of property, plant and equipment and except for two bank borrowings being drawn down in October 2016 and January 2017, respectively, which were both for the purpose of financing the initial premium of the insurance contracts, as well as three bank borrowings being drawn down in February and March 2018 which were for the prepayment of lease renewal premium. For more details, please see the paragraph headed “Financial Information — Investments in insurance contracts” as well as “Business — Real property partly held and partly leased by us” of this prospectus.

Our bank borrowings as at 31 March 2016, 2017 and 2018 are secured/guaranteed by (i) a director and Egg Harvest jointly and severally which will be released before/upon Listing; (ii) legal mortgage over our Group leasehold buildings and improvements with a carrying amount of approximately SGD2,516,000, SGD1,638,000 and SGD526,000 as at 31 March 2016, 2017 and 2018, respectively; (iii) assignments over the investments in insurance contracts; and (iv) pledged deposit.

Our bank borrowings increased from approximately SGD2.2 million as at 31 March 2016 to approximately SGD2.8 million as at 31 March 2017 primarily due to the drawdown of two new loans as mentioned above amounting to approximately SGD2.5 million which was partially offset by the net repayment of a bank loan and invoice financing facilities amounting to approximately SGD1.8 million during the year. As at 31 March 2018, our bank borrowings further increased to approximately SGD6.0 million primarily due to the drawdown of three new loans amounting to SGD2.9 million to fund the land lease renewal premium. Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, our Group has not experienced any material difficulties in obtaining bank loans.

All of our bank borrowings are with floating interest rate. Our bank borrowings had floating interest rates ranging from approximately 4.5% to 6.0% as of 31 March 2016, from approximately 1.7% to 6.0% as of 31 March 2017 and from approximately 1.7% to 3.8% as of 31 March 2018. The lower interest rates as of 31 March 2017 and 31 March 2018 were as a result of the draw down of USD loans as mentioned above.

Our Directors confirmed that there had been no material delay or default in repayment of bank borrowings nor material non-compliance with the covenants contained in our banking facilities throughout the Track Record Period and up to the Latest Practicable Date. Our Directors confirmed that there is no material covenants which would adversely affect our Group’s ability to undertake additional debt or equity financings.

As at the Latest Practicable Date we had total bank borrowings of approximately SGD7.3 million, all of which were secured/guaranteed by a director and Egg Harvest jointly and severally which will be released before/upon Listing. The increase is primarily due to the drawdown of one new term loan to repay loans for the payment of land lease premium as well as to meet working capital requirement.

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Borrowing facilities

The following table sets forth our borrowing facilities as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Undrawn borrowing facilities			
— Floating rate			
Expiring within one year	3,941	5,200	3,950

As at the Indebtedness Date, we had undrawn borrowing facilities of approximately SGD2.4 million (unaudited) which included unutilised loan facilities, trade facilities and non-revolving hire purchase facilities.

Finance lease liabilities

The following table sets forth the minimum lease payments due under our finance lease liabilities as of the dates indicated below:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Minimum lease payments due			
— not later than one year	941	677	1,082
— between one and five years	1,553	1,682	2,290
— later than five years	83	33	—
	2,577	2,392	3,372
Less: future finance charges	(190)	(165)	(205)
Present value of finance lease liabilities	2,387	2,227	3,167

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The present values of finance lease liabilities are analyzed as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Not later than one year	868	611	992
Between one and five years	1,438	1,584	2,175
Later than five years	81	32	—
Total	2,387	2,227	3,167

Our Group leases certain motor vehicles and plant and machinery from non-related parties under non-cancellable finance leases. The lease terms are between 3 and 7 years and the lease agreements do not have renewal clauses but provide our Group with options to purchase the leased assets at nominal values at the end of the lease term. Upon the full settlement of the finance lease liabilities, the legal title of these motor vehicles and plant and machinery will be transferred to our Group. All our finance lease liabilities are denominated in SGD. The interest rates underlying the obligations under finance leases are variable at respective contract dates and the effective interest rates are approximately 1.8%, 3.7% and 3.2% per annum for the three years ended 31 March 2016, 2017 and 2018.

As of the Latest Practicable Date, we have total finance lease liabilities of approximately SGD2.8 million.

Amount due to a shareholder

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Current liability			
Amount due to a shareholder			
— Mr. Ma	—	200	—
Non-current liability			
Amount due to a shareholder			
— Mr. Ma	2,037	1,707	—
Total	2,037	1,907	—

The amount due to a shareholder under current liabilities as at 31 March 2017 is related to dividend declared from TPEC for the year ended 31 March 2017. It is unsecured, interest-free and is required to be settled within 12 months from the period end date.

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The amount due to a shareholder under non-current liability is unsecured, interest-free and is not required to be settled within 12 months from the period end date.

Our Directors confirm that as at 31 March 2018, the balance of the amount due to a shareholder as at 31 March 2017 had been fully settled using the available cash and cash equivalent and our internal resources generated from our operations.

As at the Latest Practicable Date, our Directors confirm that there is no amount due to a shareholder.

Statement of Indebtedness

Bank borrowings

As at 30 June 2018, being the most recent practicable date for the purpose of the indebtedness statements (the “Indebtedness Date”), we had outstanding bank borrowings of approximately SGD8.2 million (unaudited) which were secured by the pledged deposit of approximately SGD0.3 million (unaudited), investment in insurance contracts of approximately SGD2.1 million (unaudited), the total legal mortgage over leasehold buildings and improvements with a carrying amount of approximately 0.2 million (unaudited), and secured/guaranteed by Mr. Ma and Egg Harvest jointly and severally which will be released before/upon Listing.

Finance lease liabilities

As at the Indebtedness Date, we had finance lease liabilities of approximately SGD2.9 million (unaudited) which were secured by machinery and motor vehicle of approximately SGD3.8 million (unaudited).

Contingent liabilities

As at the Indebtedness Date, we did not have any material contingent liabilities or guarantees.

Save as disclosed in this section, our Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, authorised or otherwise created but unissued, and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed or unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as of the Indebtedness Date.

Save as disclosed above, our Directors have confirmed that, up to the Latest Practicable Date, there has been no material adverse change in indebtedness of our Group since the Indebtedness Date.

For our future debt financing plans, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

For a discussion of related party transactions, see note 29 to the Accountant’s Report set forth in Appendix I to this prospectus. Our Directors are of the view that the related party transactions were conducted at arm’s length and on normal commercial terms.

For further details of the CCS Investigation, please refer to the section headed “Relationship with Controlling Shareholders — Interest of the Controlling Shareholder in other business” of this prospectus. If Hup Heng is found to be in breach of section 34 of the Competition Act, a fine based on a certain percentage of the turnover will be imposed on Hup Heng. In the most extreme and worst-case scenario, Hup Heng may have to consider ceasing its business including its business with our Group. Our Directors consider such scenario to be remote based on the financial status of Hup Heng. As our Group is able to (i) sell our fresh eggs to other customers; and (ii) find replacement chicken slaughterhouses for our spent hens without much difficulties, our Directors are of the view that the impact on our Group’s financial performance would be minimal.

KEY FINANCIAL RATIOS

The following table sets out the key financial ratios of our Group during the Track Record Period:

	For the year ended 31 March		
	2016	2017	2018
Profitability			
Gross profit margin	15.4%	17.4%	12.3%
Net profit margin	7.9%	8.8%	1.9%
Return on equity	14.5%	15.6%	4.1%
Return on total assets	7.0%	7.6%	1.9%
	As at 31 March		
	2016	2017	2018
Liquidity			
Current ratio	1.3	1.6	1.0
Quick ratio	1.1	1.4	0.8
Capital adequacy			
Gearing	72.1%	64.9%	78.2%
Debt to equity	68.8%	47.8%	71.4%
Interest coverage	6.2	11.4	5.8

Profitability ratios

Please refer to the paragraph headed “Principal factors affecting our results of operations” in this section for discussion of factors affecting our Group’s gross profit margin and net profit margin.

FINANCIAL INFORMATION

Return on equity

Return on equity is calculated based on the profit for the year divided by total equity at the end of the year/period and multiplied by 100%.

Our return on equity increased from approximately 14.5% as of 31 March 2016 to approximately 15.6% as of 31 March 2017, which was primarily due to the improvement in our business performance with a higher profit being generated. As of 31 March 2018, our return on equity then decreased to approximately 4.1% primarily due to the decrease in profit that our Group generated during the year as a result of Listing expenses amounting to approximately SGD1.7 million being recognized.

Return on Assets

Return on total assets is calculated based on the profit for the year divided by total assets at the end of the year and multiplied by 100%.

Our return on total assets increased from approximately 7.0% as of 31 March 2016 to approximately 7.6% as of 31 March 2017, which was primarily due to the improvement in our business performance with a higher profit being generated. As of 31 March 2018, our return on total assets then decreased to approximately 1.9% primarily due to decrease in profit that our Group generated during the year as a result of Listing expenses amounting to approximately SGD1.7 million being recognized.

Liquidity ratios

Current Ratio

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the year.

Our current ratio increased from approximately 1.3 times as of 31 March 2016 to approximately 1.6 times as of 31 March 2017, which was primarily due to the combined effect of (i) an increase in our cash and bank balances as a result of the improvement in our business performance with a higher profit being generated by our Group and the new bank borrowings being drawn down by our Group in the year ended 31 March 2017, and thus the increase in current assets of our Group; and (ii) the relatively stable current liabilities balances. As of 31 March 2018, our current ratio decreased to approximately 1.0 times, which was primarily due to the approximately SGD2.9 million of new bank borrowings being drawn down in order to fund the land lease renewal premium.

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Quick ratio

Quick ratio is calculated based on the total current assets minus inventories divided by the total current liabilities as at the end of the year.

Our quick ratio increased from approximately 1.1 times as of 31 March 2016 to approximately 1.4 times as of 31 March 2017, which was primarily due to combined effect of (i) the increase in our cash and bank balances as a result of the improvement in our business performance with a higher profit being generated by our Group and the new bank borrowings being drawn down by our Group in the year ended 31 March 2017, and thus the increase in current assets of our Group; and (ii) the relatively stable current liabilities balances. As of 31 March 2018, our quick ratio then decreased to approximately 0.8 times primarily due to the approximately SGD2.9 million of new bank borrowings being drawn down in order to fund the land lease renewal premium.

Capital adequacy ratios

Gearing Ratio

Gearing ratio is calculated based on the total debt (i.e. borrowings, finance lease liabilities, amount due to a shareholder and amount due to a non-related party) divided by total equity at the end of the year and multiplied by 100%.

Our gearing ratio decreased from approximately 72.1% as of 31 March 2016 to approximately 64.9% as of 31 March 2017, which was primarily due to an increase in our equity resulting from the higher retained earnings from our profit for the year ended 31 March 2017. As of 31 March 2018, our gearing ratio increased to approximately 78.2% primarily due to the increase in our total debt as a result of approximately SGD2.9 million of new bank borrowings being drawn down in order to fund the land lease renewal premium.

Debt to Equity Ratio

Debt to equity ratio is calculated based on the total debt (i.e. borrowings, finance lease liabilities, amount due to a shareholder and amount due to a non-related party) minus cash and cash equivalent, divided by total equity at the end of the year and multiplied by 100%.

Our debt to equity ratio decreased from approximately 68.8% as of 31 March 2016 to approximately 47.8% as of 31 March 2017, which was primarily due to the combined effect of (i) decrease in net debt mainly resulting from the increase in cash and bank balances as a result of the improvement in business performance with a higher profit being generated by our Group and the new bank loans obtained by our Group in the year ended 31 March 2017; and (ii) increase in our equity as mentioned in “Gearing ratio” above. As of 31 March 2018, our debt to equity ratio increased to approximately 71.4% primarily due to the combined effect of a relatively stable equity and increase in our total debt as mentioned in “Gearing ratio” above.

FINANCIAL INFORMATION

Interest coverage

Interest coverage ratio is calculated based on the profit attributable to owners of our Company for the year/period before deducting interest expenses and income tax expenses, divided by interest expenses for the year.

As at 31 March 2016 and 2017, our interest coverage ratio amounted to approximately 6.2 and 11.4, respectively. The increase in our interest coverage ratio was mainly due to the combined effect of (i) the improvement in business performance with a higher profit being generated by the Group and (ii) a slight decrease in interest expenses of the Group resulting from the lower interest rate for the new bank loans obtained by the Group in the year ended 31 March 2017 as well as repayment of bank loans with a higher interest rate during the year. As at 31 March 2018, our interest coverage ratio further decreased to approximately 5.8 primarily due to decrease in profit that our Group generated during the year as a result of Listing expenses amounting to approximately SGD1.7 million being recognized.

LISTING EXPENSES

Our Listing expenses mainly consist of the aggregate underwriting commissions and fees paid to the Sole Sponsor, the Stock Exchange listing fee, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Listing. Based on a Offer Price of HK\$0.45 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.40 to HK\$0.50 per Offer Share, Listing expenses which are payable by us are estimated to be approximately SGD4.5 million, equivalent to approximately HK\$26.9 million, in aggregate. We incurred approximately SGD1.7 million, equivalent to approximately HK\$10.2 million, of Listing expenses during the Track Record Period which was charged as administrative expenses in our combined statements of comprehensive income for the three years ended 31 March 2018.

Prior to the Listing, we expect to further charge approximately SGD1.3 million, equivalent to approximately HK\$7.7 million, of the estimated Listing expenses to our combined statements of comprehensive income for the year ending 31 March 2019, and to record approximately SGD1.5 million, equivalent to approximately HK\$9.0 million, of the estimated Listing expenses as a reduction from equity upon Listing. Our Listing expenses are subject to adjustment based on the actual amount incurred or to be incurred. Expenses in relation to the Listing are non-recurring in nature but, on the basis of the above, we expect that these expenses will materially affect our Group's financial performance and results of operations for the year ending 31 March 2019.

MARKET AND OTHER FINANCIAL RISKS

Our Group is exposed to a number of risks in the conduct of our business and the business environment in which our Group operates. While our Group is subject to liquidity, currency, interest rate and credit risks arising in the regular course of our business. Generally, our Group's objective is to understand, measure and monitor the risks and take appropriate actions to minimize our exposure to such risks. The Group's policies for managing each of these risks are described below.

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Currency risk

Currency risk arises when transactions are denominated in a currency that is not the entity's functional currency. The Group's business is mainly exposed to the United States dollar ("USD") and Hong Kong dollar ("HKD").

The Group's currency exposure to USD is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Financial assets			
Cash and bank deposits	6	29	62
Trade and other receivables	—	25	43
	6	54	105
Financial liabilities			
Borrowings	—	(2,459)	(2,090)
Trade and other payables	(1,751)	(1,943)	(342)
Currency exposure	<u>(1,745)</u>	<u>(4,348)</u>	<u>(2,327)</u>

As at 31 March 2016, 2017 and 2018, if USD had strengthened/weakened by 2%, 4% and 6% against SGD with all other variables including tax rate being held constant, the Group's profit for the year would have been SGD29,000 lower/higher, SGD144,000 lower/higher and SGD125,000 lower/higher, respectively, as a result of currency translation gains/losses on the USD-denominated financial instruments.

The Group's currency exposure to HKD is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Financial assets			
Cash and bank deposits	—	—	144
Financial liabilities			
Trade and other payables	—	—	(985)
Currency exposure	<u>—</u>	<u>—</u>	<u>(841)</u>

FINANCIAL INFORMATION

As at 31 March 2018, if HKD had strengthened/weakened by 7% against SGD with all other variables including tax rate being held constant, the Group's profit for the year would have been SGD50,000 lower/higher, as a result of currency translation gains/losses on the HKD-denominated financial instruments.

Interest rate risk

The Group's exposure to the risk of changes in interest rates arises mainly from the Group's borrowings. The Group has no significant interest-bearing assets, hence, the Group's income is substantially independent of changes in market interest rate. The Group does not use derivatives to hedge the interest rate risk on its borrowings.

All of the Group's borrowings are at variable rates. For the years ended 31 March 2016, 2017 and 2018, if the interest rates increase/decrease by 1% with all other variables, including tax rate being held constant, the Group's profit for the year would have been lower/higher by SGD9,247, SGD8,770 and SGD22,558 respectively, as a result of higher/lower interest expenses of these borrowings.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Group's credit exposure is continuously monitored and reported to management and the chief executive. Credit exposure to any individual customer is restricted by the credit limit approved by the chief executive.

The Group's trade receivables include a debtor that individually represented more than 13% of trade receivables as at 31 March 2016 and 31 March 2017 and 2 debtors that represented more than 16% of trade receivables as at 31 March 2018.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the combined statements of financial position.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables including advance to a related company that are neither past due nor impaired are substantially companies with good settlement track records with the Group.

FINANCIAL INFORMATION

(ii) *Financial assets that are past due and/or impaired*

There is no class of financial assets that is past due and/or impaired except for certain trade receivables and advance to a third party. The extent of credit risk relating to the Group's trade receivables is disclosed in Note 19 of Appendix I of this prospectus.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Appendix I Note 26). At the end of each reporting period, assets held by the Group for managing liquidity risk included cash at bank and on hand as disclosed in Note 21 of Appendix I of this prospectus.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the combined statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
At 31 March 2016					
Trade and other payables	—	(2,657)	(160)	(721)	(174)
Amount due to a shareholder	—	—	(2,037)	—	—
Borrowings	(1,259)	(627)	(323)	—	—
Finance lease liabilities	—	(941)	(468)	(1,085)	(83)
	<u>(1,259)</u>	<u>(4,225)</u>	<u>(2,988)</u>	<u>(1,806)</u>	<u>(257)</u>
At 31 March 2017					
Trade and other payables	—	(3,518)	(237)	(658)	—
Amount due to a shareholder	—	(200)	(1,707)	—	—
Borrowings	(498)	(545)	(223)	(668)	(1,077)
Finance lease liabilities	—	(677)	(612)	(1,071)	(33)
	<u>(498)</u>	<u>(4,940)</u>	<u>(2,779)</u>	<u>(2,397)</u>	<u>(1,110)</u>
At 31 March 2018					
Trade and other payables	—	(3,324)	(52)	(211)	—
Amount due to a shareholder	—	—	—	—	—
Borrowings	(421)	(3,824)	(438)	(725)	(832)
Finance lease liabilities	—	(1,008)	(1,022)	(1,267)	—
	<u>(421)</u>	<u>(8,230)</u>	<u>(1,512)</u>	<u>(2,203)</u>	<u>(832)</u>

FINANCIAL INFORMATION

DIVIDENDS

During the Track Record Period, our Group declared dividends of approximately nil, SGD0.2 million, and nil for the three years ended 31 March 2018, respectively. No dividend has been paid or declared by the Company since its incorporation. Interim dividend of SGD100,000 per ordinary share totalling SGD200,000 out of the profits of TPEC for its year ended 30 September 2017 was approved on 30 March 2017. Such interim dividend was fully settled on 30 October 2017. Such dividend payables resulted in an increase in the current amounts due to a shareholder of approximately SGD0.2 million as at 31 March 2017 and such amounts were settled by cash as at 31 March 2018.

On 13 July 2018, interim dividend of SGD100,000 per ordinary share totaling SGD200,000 out of the retained earnings of TPEC for the nine months ended 30 June 2018 was approved. Such interim dividend was fully settled on 31 July 2018.

On 13 July 2018, final dividend of SGD0.06 per ordinary share totaling SGD600,000 out of the retained earnings of N&N for the year ended 31 March 2018 was approved. Such final dividend was fully settled on 31 July 2018.

Save as disclosed above, no dividend or distribution has been proposed, declared or paid by our Company or any of the companies comprising our Group in respect of any period subsequent to 31 March 2018.

We currently do not have any fixed dividend policy and does not have any predetermined dividend ratio. Dividends may be paid out by way of cash or by other means that the Directors consider appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to our Group, and other factors the Board may deem relevant.

Our Group conducts its core business operations through its operating subsidiaries in Singapore. Our profits available for dividend distributions are therefore dependent on the profits available for distribution from our Singapore subsidiaries. Further details can be found in the section headed "Risk Factors" of this prospectus.

DISTRIBUTABLE RESERVES

The Company was incorporated on 12 February 2018 and has not carried on any business since the date of its incorporation save for the Reorganisation. As of 31 March 2018, the aggregate amounts of reserves (including the Company's retained profits, if any, and contributed surplus) available for distribution to equity shareholders of the Company was nil.

FINANCIAL INFORMATION

MATERIAL ADVERSE CHANGE

Save for the Listing expenses of approximately SGD1.3 million which will be recognised during the year ending 31 March 2019, and the drawn down of bank borrowings of approximately SGD2.5 million for our working capital requirement and repayment of loans for the payment of land renewal premium in April 2018, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospect since 31 March 2018, being the date to which our latest audited historical financial information was prepared, which would materially affect the information shown in the Accountant's Report in Appendix I of this prospectus.

DISCLOSURE REQUIRED UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of GEM Listing Rules and on the basis set out below is for illustrative purpose only, and is set out herein to illustrate the effect of the Share Offer on the net tangible asset of our Group attributable to the owners of the Company as at 31 March 2018 as if it had taken place on 31 March 2018.

The unaudited pro forma adjusted net tangible assets of our Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Share Offer been completed as at 31 March 2018 or as at any future dates.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2018 <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets attributable to the owners of the Company as at 31 March 2018 <i>(Note 3)</i>	Unaudited pro forma adjusted net tangible assets per Share <i>(Note 5)</i>	
	SGD'000	SGD'000	SGD'000	SGD	HK\$
Based on an Offer Price of HK\$0.40 per share	<u>11,433</u>	<u>5,652</u>	<u>17,085</u>	<u>0.03</u>	<u>0.20</u>
Based on an Offer Price of HK\$0.50 per share	<u>11,433</u>	<u>7,572</u>	<u>19,005</u>	<u>0.04</u>	<u>0.23</u>

FINANCIAL INFORMATION

Notes:

- (1) The audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2018 is extracted from the Accountant's Report set forth in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 March 2018 of SGD11,657,000 with an adjustment for the intangible assets as at 31 March 2018 of SGD224,000.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.40 (equivalent to SGD0.07) and HK\$0.50 (equivalent to SGD0.08) per Share, respectively, after deduction of estimated underwriting fees and other related expenses payable by the Group (excluding approximately SGD1,719,000 Listing expenses which have been charged to our combined statements of comprehensive income up to 31 March 2018) and takes no account of any Shares which may be granted and issued by the Company pursuant to the exercise of any options that may be granted under the Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.
- (3) The unaudited pro forma net tangible assets per Share are determined after the adjustments as described in the paragraph above and on the basis that 500,000,000 Shares are in issue (assuming that the Share Offer has been completed on 31 March 2018), without taking into account of any Shares which may be granted and issued by the Company pursuant to the exercise of any options that may be granted under the Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.
- (4) Save as disclosed in Note (3) above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.
- (5) The unaudited pro forma adjusted net tangible assets of the Group does not take into account the special dividend of approximately SGD600,000 and SGD200,000 declared by N&N and TPEC respectively on 13 July 2018. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$0.20 (equivalent to SGD0.03) and HK\$0.22 (equivalent to SGD0.04) per Share based on the indicative Offer Price of HK\$0.40 (equivalent to SGD0.07) and HK\$0.50 (equivalent to SGD0.08), respectively, after taking into account the declaration of dividend in the sum of SGD800,000.
- (6) In connection with the preparation of this unaudited pro forma statement of adjusted net tangible assets, the translation of Singapore dollars into Hong Kong dollars has been made at a rate of SGD1.00 to HK\$5.9887.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Business strategies” of this prospectus for a detailed description of our business strategies and future plans.

IMPLEMENTATION PLANS

We will endeavour to achieve our business objectives by implementing the following business strategies during the period of each of the six-month periods from the Listing Date to 31 December 2020 in accordance with the schedules set out below. Investors should note that the scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed “Bases and key assumptions” in this section below. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk factors” of this prospectus. There is no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished in part or at all.

From the Listing Date to 31 December 2018

<u>Business strategies</u>	<u>Implementation activities</u>	<u>Use of Proceeds</u>
Expanding egg laying production capacity in our existing production base	<ul style="list-style-type: none">• Obtaining necessary permits and approval from the relevant authorities in Singapore for the construction of 4 structures to house one two-storey pullet house and 3 additional two-storey layer houses at our production base;• Appointing professionals to prepare site plans and drawings;• Levelling and piling the land in preparation for the commencement of the physical construction of one additional two-storey pullet house and 3 additional two-storey layer houses.• Constructing the driveway, permanent boundary and drainage system.	To be funded by the net proceeds of approximately SGD2,465,000 (equivalent to approximately HK\$14.8 million) from the Share Offer.

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2019

Business strategies	Implementation activities	Use of Proceeds
Expanding egg laying production capacity in our existing production base	<ul style="list-style-type: none"> • Continuing the construction work of the driveway, permanent boundary and drainage system; • Constructing the shell of the first two-storey layer house; and • Procuring the caging system for the first two-storey layer house. 	To be partially funded by the net proceeds of approximately SGD1,619,000 (equivalent to approximately HK\$9,696,000) from the Share Offer and by bank borrowings of approximately SGD1,554,000 (equivalent to approximately HK\$9,306,000).

For the six months ending 31 December 2019

Business strategies	Implementation activities	Use of Proceeds
Expanding egg laying production capacity in our existing production base	<ul style="list-style-type: none"> • Continuing the construction work of the driveway, permanent boundary and drainage system; and • Installing the caging system within the first storey of the first layer house. 	To be partially funded by the net proceeds of approximately SGD155,000 (equivalent to approximately HK\$928,000) from the Share Offer and by bank borrowings of approximately SGD43,000 (equivalent to approximately HK\$258,000).

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2020

Business strategies	Implementation activities	Use of Proceeds
Expanding egg laying production capacity in our existing production base	<ul style="list-style-type: none"> • Installing the caging system within the second storey of the first layer house. • Preparing for the construction of the first two-storey pullet house and two additional two-storey layer houses 	To be partially funded by the net proceeds of approximately SGD160,750 (equivalent to approximately HK\$963,000) from the Share Offer and by bank borrowings of approximately SGD500,750 (equivalent to approximately HK\$2,999,000).

For the six months ending 31 December 2020

Business strategies	Implementation activities	Use of Proceeds
Expanding egg laying production capacity in our existing production base	<ul style="list-style-type: none"> • Constructing the first two-storey pullet house and installing the caging system within the additional pullet house; and • Constructing the second two-storey layer house and installing the caging system within the second layer house. 	To be partially funded by our internal resources of approximately SGD1,098,000 (equivalent to approximately HK\$6,576,000) and by bank borrowings of approximately SGD2,310,000 (equivalent to approximately HK\$13,834,000).

FUTURE PLANS AND USE OF PROCEEDS

BASES AND KEY ASSUMPTIONS

The business objectives and strategies set out by our Directors are based on the following bases and assumptions:

- we will have sufficient financial resources to meet the planned capital and operating expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material change in existing laws and regulations, or other government policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no change in the funding requirement for each of the implementation plans described under the paragraph headed “Implementation plans” in this section from the amount as estimated by our Directors;
- there will be no material changes in the bases or rates of taxation applicable to those countries in which we operate or intend to operate;
- there will be no disasters, natural, political, legal or otherwise, which would materially disrupt the business or operations of our Group;
- we will not be materially affected by the risk factors as set out under the section headed “Risk factors” of this prospectus;
- we will be able to retain key staff in the management and the main operational departments;
- we will be able to continue our operation in substantially the same manner as our Group had been operated during the Track Record Period and we will also be able to carry out our development plans without disruptions adversely affecting our operations or business objectives in any way; and
- the Share Offer will be completed in accordance with and as described in the section headed “Structure of the Share Offer” of this prospectus.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

Our Group has been contemplating growth and expansion of our business and accordingly a public listing has been considered. Having considered the level of internationalism of the Stock Exchange, its maturity in the global financial world and the sufficiency of institutional capital and funds following listed companies in Hong Kong, our Directors are of the view that the Stock Exchange is a more suitable platform for listing than other listing venues.

FUTURE PLANS AND USE OF PROCEEDS

Specifically, it is our Group's strategy to achieve growth through expansion of our egg laying capacity in our existing production base, product diversification and expansion of our capabilities of producing processed egg products. We are committed to achieving the abovementioned business strategies by carrying out our five-year period expansion plan as disclosed in the section headed "Business — Business strategies" of this prospectus through the construction of one additional two-storey pullet house and three additional two-storey layer houses. Although our Group was able to fund our business activities using internally generated funds and bank borrowings during the Track Record Period, such internally generated funds and bank borrowings may not be sufficient to finance our Group's expansion plan without increasing our Group's borrowings. Our Directors consider that it would be necessary and prudent for our Group to retain a certain level of cash balance and available credit facilities to provide a buffer for any unexpected liquidity demands that our Group may encounter from time to time. Moreover, dependence on internally generated funds and borrowings would be a slower and more protracted process and there are also limits to how much the Company can borrow. The listed platform allows our Group to optimise our funding mix to maximise shareholders' returns. Accordingly, our Directors are of the view that the Listing will provide us with a suitable fund-raising platform to access the capital markets for the necessary financial resources to implement our business strategies. Given the continuing expansion plans of our Group, the Listing would also provide us with a long-term fund raising platform to raise funds through secondary fund raising exercises after the Listing. With our strengthened financial position, our Directors believe that we will be able to grasp future opportunities arising from the increase in demand for and local consumption of eggs in Singapore, so as to increase our market share in the egg production market in Singapore.

Our Directors also believe that becoming a public listed company would strengthen our business relationships with our customers and suppliers as well as attract more talented people to work for our Group. As a public listed company, customers and suppliers will have more confidence in (i) the quality of our egg products; and (ii) the stability and credibility of our financial position. While our Directors agree that chicken egg products are common food and that the nature of this industry in Singapore is relatively stable, the market is competitive. Our Group competes with equally dominant suppliers not only from Singapore but also from overseas, primarily from Malaysia. A listed status would enable our Group to distinguish itself from its competitors, especially now that our Group, with the expansion in the sales of processed egg products, has been moving away from the business model of its listed industry peer. As our Group has increasingly been expanding its sales to the processed eggs segment, the profile of our customers had also gravitated towards larger and more well-established corporate entities, which demand and expect its suppliers to be financially sound and well managed.

Due to the information publicly available as a result of the disclosure requirements of a listed company and the higher level of corporate governance standards required of a listed company, our Group's customers and suppliers would be in a better position to evaluate our Group's ability to meet its obligations. Confidence among customers and suppliers is a sound foundation for stable and predictable business relations with our Group. Moreover, as our Group relies on suppliers for the bulk of its purchases, the ability to assess our Group's financial strength on publicly available information and its standing as a public listed entity, with the expected accompanying checks and balances, would, all things being equal, inspire a higher level of confidence for them to extend better credit terms and exposure to our Group. Accordingly, our Directors are of the view that a listing status on the Stock Exchange is best proof to our major stakeholders including but not limited to customers, suppliers, investors and employees of our Group's financial stability and credibility, quality of corporate governance and business sustainability.

FUTURE PLANS AND USE OF PROCEEDS

Moreover, customers and suppliers may also prefer to work with public listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies. Another advantage of becoming a public listed company is that our Group will be able to attract more talented people to work for and grow our business as our business has been perceived to be unexciting by the younger generation in Singapore.

Such listed company status would also enhance our reputation, brand publicity and our competitiveness among our competitors, which may in turn improve our ability to expediently and effectually capitalise on any future opportunities. In addition, the Listing and the Share Offer would help to expand and diversify our shareholder base as it will allow institutional and professional investors in Hong Kong to invest in our Shares, thereby establishing a broader shareholder base benefiting our Company and Shareholders as a whole.

Our Directors intend to apply the net proceeds from the Share Offer to finance the business expansion, capital expenditure and strengthen the capital base of our Group and improve our overall financial position. Based on the Offer Price of HK\$0.45 per Offer Share, being the mid-point of the indicative Offer Price range, the net proceeds from the issue of the new Shares under the Share Offer, after deducting underwriting fees and other estimated expenses in connection with the Share Offer payable by our Company, are estimated to be approximately HK\$29.3 million. We intend to apply such net proceeds in the following manner:

- (a) approximately HK\$26.4 million (representing approximately 90% of the net proceeds) will be used for expanding our egg laying production capacity in our existing production base including (i) the preparation works for the physical construction for one two-storey pullet house and three two storey layer house; and (ii) the construction of the first two-storey layer house; and
- (b) the remaining amount of approximately HK\$2.9 million (representing approximately 10% of the net proceeds) will be used for our working capital and other general corporate purposes.

If the final Offer Price is set at the high-end or the low-end of the indicative Offer Price range, the net proceeds from the Share Offer will increase or decrease by approximately HK\$6.3 million (after having deducted underwriting commissions and estimated expenses in connection with the Share Offer), respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest point of the indicative Offer Price range.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short-term interest-bearing deposits with licensed banks and/or authorised financial institutions in Singapore and/or Hong Kong.

The possible use of our proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, our Group will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

Central China International Capital Limited

China Industrial Securities International Capital Limited

Co-Lead Managers

Victory Securities Company Limited

Yicko Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions set out in this prospectus and the Application Forms.

Subject to, among other matters, the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Public Offer Underwriting Agreement being satisfied or waived, the Underwriters have severally agreed to subscribe for or procure subscribers for their respective applicable proportions of the Public Offer Shares on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on, and subject to, the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) shall have the absolute right to terminate the underwriting arrangements with immediate effect pursuant to the Public Offer Underwriting Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Friday, 7 September 2018) if there shall develop, occur, exist or come into effect:

- (a) any new law or regulation or any material change in the existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Singapore, the BVI, the Cayman Islands, Dubai or any other jurisdictions in which the Group has operated businesses (the “**Relevant Jurisdictions**”);
or

UNDERWRITING

- (b) any adverse change (whether or not permanent) in local, national or international stock market conditions in or affecting any of the Relevant Jurisdictions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (d) any change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions); or
- (e) any adverse change in the business or in the financial or trading position of the Group or otherwise; or
- (f) any change or development (whether or not permanent), or any event or series of events resulting in any change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in any of the Relevant Jurisdictions; or
- (g) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities; or
- (h) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, natural disaster or outbreak of infectious diseases including, without limitation, severe acute respiratory syndrome, avian influenza, and any related or mutated forms of infectious diseases in or affecting any of the Relevant Jurisdictions; or
- (i) any event, act or omission which gives rise or is likely to give rise to any material liability of any of the Company, the Controlling Shareholders, the Substantial Shareholders and executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or
- (j) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk factors” of this prospectus in any material respect; or
- (k) any statutory demand by any creditor for repayment or payment of any indebtedness of any member of the Group in respect of which any member of the Group is liable prior to its stated maturity; or
- (l) save as disclosed in this prospectus, a contravention by any member of the Group of the GEM Listing Rules or applicable laws; or

UNDERWRITING

- (m) non-compliance of any of this prospectus or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws; or
- (n) an order or a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto in respect of any member of the Group; or
- (o) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or
- (p) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of any company; or
- (q) the chairman of the Company vacating his office; or
- (r) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof,

which in the sole opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters):

- (i) is or will be materially adverse to the business, financial condition or prospects of the Group taken as a whole; or
- (ii) has or will have a material adverse effect on the success of the Share Offer or has or will have the effect of making any part of the Public Offer Underwriting Agreement incapable of implementation or performance in accordance with its terms; or
- (iii) makes it inadvisable or inexpedient to proceed with the Share Offer.

Without prejudice to the above, if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, it comes to the notice of the Joint Lead Managers:

- (a) any matter or event showing any of the warranties contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or any breach of any of the warranties contained in the Public Offer Underwriting Agreement or any other provision of the Public Offer Underwriting Agreement by any party thereto, which is considered, in the reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the other Underwriters), to be material in the context of the Share Offer; or

UNDERWRITING

- (b) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus and the placing letter, would have constituted a material omission in the sole opinion of the Joint Lead Managers (for themselves and on behalf of the other Underwriter) in the context of the Share Offer; or
- (c) any statement contained in this prospectus and/or the Application Forms reasonably considered to be material by the Joint Lead Managers which is discovered to be or becomes untrue, incorrect or misleading in any respect and in the absolute sole opinion of the Joint Lead Managers (for themselves and on behalf of the other Underwriters) to be material in the context of the Share Offer; or
- (d) any event, act or omission which gives rise to or is likely to give rise to any material liability of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Public Offer Underwriting Agreement,

the Joint Lead Managers (for themselves and on behalf of the other Underwriters) shall be entitled (but not bound) by notice in writing to our Company to terminate the Public Offer Underwriting Agreement at or prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

UNDERTAKINGS

Undertakings pursuant to the Public Offer Underwriting Agreement

Under the Public Offer Underwriting Agreement,

- (a) (i) pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has jointly and severally, irrevocably and unconditionally undertaken and covenanted with our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters and the Stock Exchange that, except pursuant to the Share Offer and the Capitalisation Issue, he/it will not and will procure that the relevant registered holder(s) will not:
 - (A) at any time in the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date (the “**First Twelve-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he/it are shown by this prospectus to be the beneficial owners; and

UNDERWRITING

- (B) at any time in the period of twelve months immediately after the expiry of the First Twelve-Month Period (the “**Second Twelve-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares referred to in (A) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.
- (ii) further to (i) (A) and (B), each of our Controlling Shareholders has undertaken and covenanted with our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, it/he shall not, and shall procure that its/his close associates or companies controlled by it/him shall not at any time during the Second Twelve-Month Period nor for a further twenty-four months commencing on the expiry of the Second Twelve-Month Period (the “**Subsequent 24-Month Period**”), he/it will not enter into any of the foregoing transactions in paragraphs (a)(i)(A) or (a)(i)(B) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances or any other transactions, the Controlling Shareholders will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.
- (iii) each of our Substantial Shareholders undertakes to and covenants with our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters and the Stock Exchange that he/it shall not and shall procure that the relevant registered holders shall not in the period commencing on the date by reference to which disclosure of the shareholding of the Substantial Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Shares in respect of which he/it is shown in the prospectus to be the beneficial owner(s), provided that the restrictions in this paragraph shall not apply to any Shares which our Substantial Shareholders or any of his/its respective associates may acquire or become interested in following the Listing Date.

UNDERWRITING

- (iv) each of our Controlling Shareholders and each of our Substantial Shareholders undertakes to and covenants with our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters and the Stock Exchange that:
- (A) in the event that he/it pledges or charges any of his/its direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant period as specified in paragraph (i) or (ii) or (iii) (as the case may be) above, he/it must inform our Company, the Sole Sponsor, the Joint Lead Managers and the Joint Bookrunners immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
 - (B) having pledged or charged any of his/its interests in the Shares under sub-paragraph (A) above, he/it must inform our Company, the Sole Sponsor, the Joint Lead Managers and the Joint Bookrunners immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected;
- (b) our Company was irrevocably and unconditionally undertaken to and covenants with the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters, and each of our executive Directors, our Controlling Shareholders and our Substantial Shareholders jointly and severally undertakes to and covenants with the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters to procure that, save with the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed), or save pursuant to the Share Offer and the Capitalisation Issue, the Company shall not, within the period of six months from the Listing Date:
- i. offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or
 - ii. enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities; or

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- iii. enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- iv. offer to or agree to do any of the foregoing transactions or publicly disclose any intention to do so.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save in connection with the Share Offer, no further Shares or securities will be issued by our Company within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date) except in the circumstances permitted pursuant to Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that he/it shall not and shall procure that the relevant registered holder(s) will not:

- (a) during the First Twelve-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owners; or
- (b) during the Second Twelve-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (a) in the event that he/it pledges or charges any direct or indirect interest any of his / its direct or indirect interests in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date on which the Second Twelve-month Period

UNDERWRITING

expires, he /it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

- (b) having pledged or charged any interest in Shares under paragraph (a) above, he/it must inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will also inform the Stock Exchange as soon as our Company has been informed of the above matters (if any) by any of the Controlling Shareholders and/or the Substantial Shareholders and disclose such matters by way of announcement in accordance with Rule 17.43 of the GEM Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders or the Substantial Shareholders.

Our Company, the Controlling Shareholders, the Substantial Shareholders and the executive Directors have agreed to indemnify the Public Offer Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company or the Controlling Shareholders or the Substantial Shareholders or the executive Directors of the Public Offer Underwriting Agreement.

Placing Underwriting Agreement

In connection with the Placing, the Company is expected to enter into the Placing Underwriting Agreement with, inter alia, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe and/or purchase or procure subscribers and/or purchasers for the Placing Shares being offered pursuant to the Placing. Potential investors should note that if the Placing Underwriting Agreement is terminated, the Share Offer will not proceed.

It is expected that pursuant to the Placing Underwriting Agreement, our Company, our executive Directors, our Controlling Shareholders and our Substantial Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the section headed “Undertakings” above in this section.

Commission and expenses

The Underwriters will receive an underwriting commission of 7% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concession.

In connection with the Listing, the total expenses (after deduction of proportional underwriting commission) are estimated to be approximately HK\$23.0 million assuming the Offer Price of HK\$0.45 per Offer Share, being the mid-point of the indicative Offer Price range (including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the Sole Sponsorship and documentation fee, the listing fee, legal and other professional fees, printing cost and other expenses relating to the Share Offer) which shall be borne by our Company.

UNDERWRITING

The Sole Sponsor has been appointed as the compliance adviser of the Company with effect from the Listing Date until the despatch of the audited consolidated financial results for the second full financial year after the Listing Date, and our Company will pay to the Sole Sponsor an agreed fee for its provision of services as required under the GEM Listing Rules.

Underwriters' interests in the Company

Save for the interests and obligations under the Underwriting Agreements and save as disclosed in this prospectus, none of the Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

Sole Sponsor's interest and independence in the Company

Central China International Capital Limited, being the Sole Sponsor, satisfies the independence criteria applicable to the sole sponsor as set out in Rule 6A.07 of the GEM Listing Rules. Save for the advisory and documentation fees to be paid to the Sole Sponsor in connection with the Share Offer, its obligations under the Underwriting Agreements and any interests in securities that may be subscribed by it pursuant to the Share Offer, neither the Sole Sponsor nor any of its close associates has or may, as a result of the Share Offer, have any interest in any class of securities in our Company or any of its subsidiaries (including options or rights to subscribe for such securities).

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or any of its subsidiaries (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer).

No director or employee of the Sole Sponsor has a directorship in the Company or any of its subsidiaries.

STRUCTURE OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- the Public Offer of 12,500,000 Offer Shares (subject to reallocation as mentioned below) as described under the paragraphs headed “The Public Offer” in this section; and
- the Placing of 112,500,000 Offer Shares (subject to reallocation as mentioned below) as described under the paragraphs headed “The Placing” in this section.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. The Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any options which may be granted under the Share Option Scheme). The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong.

The Placing will involve selective marketing of the Offer Shares to institutional, professional and other investors. The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the paragraphs headed “Pricing and allocation” in this section.

THE PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 12,500,000 Public Offer Shares at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 2.5% of the total issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue, but without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraphs headed “Conditions of the Share Offer” in this section.

STRUCTURE OF THE SHARE OFFER

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which means that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Placing Shares in the Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. Multiple or suspected multiple applications and any application for more than 100% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

The final Offer Price, the level of indication of interest in the Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Thursday, 6 September 2018 through a variety of channels as described in the section headed "How to apply for the Public Offer Shares — 11. Publication of results" of this prospectus.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if certain prescribed total demand levels are reached. If the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Public Offer, the total number of Shares available under the Public Offer will be increased to 37,500,000 Shares, 50,000,000 Shares and 62,500,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Share Offer. In such cases, the number of Shares allocated in the Placing will be correspondingly reduced, in such manner as the Joint Lead Managers deem appropriate.

In addition, the Joint Lead Managers may, in their sole discretion, allocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. With reference to the Guidance Letter HKEx GL-91-18, if such reallocation is done other than pursuant to paragraph (i), (ii) or (iii) above, (a) the maximum total number of Offer Shares that may be allocated to the Public Offer following such reallocation shall not be more than double of the initial allocation to the Public Offer (i.e. 25,000,000 Public Offer Shares, representing 20% of the number of the Offer Shares available for subscription under the Share Offer); and (b) the final Offer Price will be fixed at the bottom end of the indicative Offer Price range (i.e. HK\$0.40 per Offer Share).

STRUCTURE OF THE SHARE OFFER

Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Thursday, 6 September 2018.

Applications

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Lead Managers so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 112,500,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of the Company's enlarged issue share capital immediately after the completion of the Share Offer, but without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The Placing is subject to the Public Offer being unconditional.

Allocation

Pursuant to the Placing, the Placing Underwriters will conditionally place the Placing Shares with institutional, professional and other investors expected to have a sizeable demand for the Shares in Hong Kong. Allocation of Offer Shares pursuant to the Placing will be based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of the Company and the Shareholders as a whole.

The Joint Lead Managers may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Lead Managers so as to allow them to identify the relevant applications under the Public Offer and to ensure it is excluded from any application of Offer Shares under the Public Offer.

STRUCTURE OF THE SHARE OFFER

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK\$0.50 per Offer Share and expected to be not less than HK\$0.40 per Offer Share, unless otherwise announced. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK\$0.50 per Offer Share plus 1% brokerage, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK\$5,050.39 per board lot of 10,000 Shares. Each Application Form includes a table showing the exact amounts payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$0.50 per Offer Share, appropriate refund payments (including the related brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the excess application monies) will be made to successful applicants without interest.

Determining the Offer Price

The Offer Price is expected to be fixed by the Price Determination Agreement between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and the Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be at or before 12:00 noon on or about Wednesday, 29 August 2018 or such other date or time as may be agreed between the Joint Lead Managers (for themselves and on behalf of other Underwriters) and the Company.

If, for any reason, the Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach agreement on the Offer Price at or before 12:00 noon on Wednesday, 29 August 2018 or such other date or time as may be agreed between the Joint Lead Managers (for themselves and on behalf of other Underwriters) and the Company, the Share Offer will not proceed and will lapse immediately.

Reduction in indicative Offer Price range

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with the prior consent of our Company, reduce the indicative Offer Price range below that disclosed in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event no later than the morning of the last day for lodging applications under the Public Offer, cause there to be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (eggstory.com.sg) an announcement of reduction of the indicative Offer Price range and will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the indicative Offer Price; extend the period under which the Public Offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions; and give potential investors who had applied for the Shares the right to withdraw their applications under the Public Offer. Such announcement shall also include confirmation or revision, as appropriate, of the working capital statement, offer statistics and any financial or other information in the Prospectus which may change as a result of any such reduction.

STRUCTURE OF THE SHARE OFFER

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

Announcement of final Offer Price and basis of allocation

The applicable final Offer Price, the level of indications of interest in the Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Thursday, 6 September 2018 on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at eggstory.com.sg.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional upon, among other things, the satisfaction of all the following conditions, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus:

- the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which may be made available pursuant to the Capitalisation Issue, any Shares which may fall to be issued upon the exercise of the options that may be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- the Offer Price having been duly agreed on or around the Price Determination Date;
- the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under each of the Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become and remain unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will cause to be published by us on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at eggstory.com.sg on the next business day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for the Public Offer Shares" of this prospectus.

Share certificates for the Offer Shares are expected to be issued on Thursday, 6 September 2018 but will only become valid certificates of title at 8:00 a.m. on Friday, 7 September 2018, provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" of this prospectus has not been exercised.

STRUCTURE OF THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

In respect of the dealings in the Shares which may be settled through CCASS, investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 7 September 2018. Shares will be traded in board lots of 10,000 Shares and are fully transferable. The GEM stock code for the Shares is 8609.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

To apply for Public Offer Shares, you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** Service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Joint Lead Managers and the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a core connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer;
- an associate or a close associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, either (i) use a **WHITE** Application Form; (ii) or apply online through the designated website of the **HK eIPO White Form** Service Provider at www.hkeipo.hk under the **HK eIPO White Form** service.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, either (i) use a **YELLOW** Application Form; (ii) or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 23 August 2018 to 12:00 noon on Tuesday, 28 August 2018 from:

- (i) any of the following offices of the Public Offer Underwriters:

Central China International Capital Limited

Suite 3108
Two Exchange Square
8 Connaught Place
Central
Hong Kong

China Industrial Securities International Capital Limited

7/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Victory Securities Company Limited

Room 1101-3, 11/F
Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

Yicko Securities Limited

19/F, Tung Ning Building
125-127 Connaught Road Central
Hong Kong

- (ii) any of the following branches of Wing Lung Bank Limited, the receiving bank for the Public Offer:

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Head Office	45 Des Voeux Road Central
	North Point Branch	361 King's Road
Kowloon	Mongkok Branch	B/F, Wing Lung Bank Centre, 636 Nathan Road
	Tsim Sha Tsui Branch	4 Carnarvon Road
New Territories	Tsuen Wan Branch	251 Sha Tsui Road

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 23 August 2018 until 12:00 noon on Tuesday, 28 August 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Wing Lung Bank (Nominees) Limited — Eggriculture Foods Ltd. Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 23 August 2018	— 9:00 a.m. to 5:00 p.m.
Friday, 24 August 2018	— 9:00 a.m. to 5:00 p.m.
Saturday, 25 August 2018	— 9:00 a.m. to 1:00 p.m.
Monday, 27 August 2018	— 9:00 a.m. to 5:00 p.m.
Tuesday, 28 August 2018	— 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 28 August 2018, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Please follow the detailed instructions in the Application Forms carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor and/or the Joint Lead Managers and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum of Association and the Articles of Association;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Joint Lead Manager, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) agree to disclose to our Company, the Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (viii) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (ix) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (x) agree that your application will be governed by the laws of Hong Kong;
- (xi) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S under the U.S. Securities Act) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S under the U.S. Securities Act;
- (xii) warrant that the information you have provided is true and accurate;
- (xiii) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xiv) authorise our Company to place your name(s) or the name of HKSCC Nominees on its register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or e-Auto Refund payment instruction and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application (unless you are eligible and have chosen to collect the share certificate(s) and/or refund cheque(s) in person);
- (xv) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvi) understand that our Company, the Directors, the Sole Sponsor, the Joint Lead Managers and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xviii) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “How to apply for the Public Offer Shares — 2. Who can apply” above may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allocated and registered in their own names through the designated website at [**www.hkeipo.hk**](http://www.hkeipo.hk).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** Service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application online to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, 23 August 2018 until 11:30 a.m. on Tuesday, 28 August 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 28 August 2018, the last day for applications, or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” below.

No Multiple Applications

If you apply by means of the **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, and our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, the Directors, the Sole Sponsor, the Joint Lead Managers and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your

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designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and.

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 10,000 Public Offer Shares. Instructions for more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting electronic application instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 23 August 2018	— 9:00 a.m. to 8:30 p.m.
Friday, 24 August 2018	— 8:00 a.m. to 8:30 p.m.
Monday, 27 August 2018	— 8:00 a.m. to 8:30 p.m.
Tuesday, 28 August 2018	— 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 23 August 2018 until 12:00 noon on Tuesday, 28 August 2018 (24 hours daily, except on Tuesday, 28 August 2018, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 28 August 2018, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

Note:

- (1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for the Public Offer Shares through the **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** Service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 28 August 2018.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form Service**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

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You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 10,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the paragraph headed “Pricing and allocation” under the section headed “Structure of the share offer” of this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 28 August 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 28 August 2018, or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” of this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce (i) the final Offer Price; (ii) the indication of the level of interest under the Placing; (iii) the level of applications in respect of the Public Offer; and (iv) the basis of allotment of the Public Offer Shares on Thursday, 6 September 2018 on our Company’s website at eggstory.com.sg and on the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at eggstory.com.sg and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Thursday, 6 September 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 6 September 2018 to 12:00 midnight on Wednesday, 12 September 2018;

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- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 6 September 2018 to Tuesday, 11 September 2018 on a business day (excluding Saturday, Sunday and public holiday in Hong Kong); and
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 6 September 2018 to Monday, 10 September 2018 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure of the Share Offer” of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the Application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.hkeipo.hk;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Sponsor, the Joint Lead Managers or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares offered under the Share Offer.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.50 per Public Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Share Offer are not fulfilled in accordance with the paragraph headed “Conditions of the Share Offer” under the section headed “Structure of the Share Offer” of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related 1.0% brokerage, 0.0027% SFC transaction levy and the 0.005% Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared. Any refund of your application monies will be made on Thursday, 6 September 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Share Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the final Offer Price and the maximum Offer Price per Public Offer Share paid on application in the event that the final Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on Thursday, 6 September 2018. Right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 6 September 2018 or such other date as announced by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 6 September 2018 by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 6 September 2018, by ordinary post and at your own risk. If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 6 September 2018 or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Share Offer in the manner described in "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 6 September 2018 or any other date as determined by HKSCC or HKSCC Nominees.

Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through HK eIPO White Form service:.*

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** service and your application is wholly or partially successful. You may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 6 September 2018, or any other place or date notified by our Company in the newspapers as the place or date of dispatch/ collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 6 September 2018 by ordinary post and at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iv) *If you apply via electronic application instructions to HKSCC*

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 6 September 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Share Offer in the manner specified in "Publication of results" above on Thursday, 6 September 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 6 September 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 6 September 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the final Offer Price and the maximum Offer Price initially paid on application (including 1.0% brokerage, 0.0027% SFC transaction levy and the 0.005% Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 6 September 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EGGRICULTURE FOODS LTD. AND CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Eggriculture Foods Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-61, which comprises the combined statements of financial position as at 31 March 2016, 2017 and 2018, the company statement of financial position as at 31 March 2018 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years then ended (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 August 2018 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 March 2018, the combined financial position of the Group as at 31 March 2016, 2017 and 2018 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by Eggriculture Foods Ltd. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

23 August 2018

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Singapore Dollars ("**SGD**") and all values are rounded to the nearest thousand (SGD'000) except when otherwise indicated.

Combined statements of comprehensive income

		Year ended 31 March								
		2016			2017			2018		
		Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total
Note		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	5	17,729	—	17,729	19,914	—	19,914	25,123	—	25,123
Cost of sales	8	(13,366)	(1,628)	(14,994)	(14,695)	(1,757)	(16,452)	(19,306)	(2,728)	(22,034)
Gross profit		4,363	(1,628)	2,735	5,219	(1,757)	3,462	5,817	(2,728)	3,089
Other income	6	206	—	206	113	—	113	1,584	—	1,584
Other (losses)/gains — net	7	—	—	—	(433)	—	(433)	67	—	67
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest		—	1,638	1,638	—	1,749	1,749	—	2,734	2,734
Gain/(loss) arising from changes in fair value of biological assets less estimated point-of-sale costs	14	—	333	333	—	381	381	—	(865)	(865)
Selling and distribution expense	8	(2,080)	—	(2,080)	(1,982)	—	(1,982)	(2,341)	—	(2,341)
Administrative expenses — Professional service fees in respect of listing preparation	8	—	—	—	—	—	—	(1,719)	—	(1,719)
— Others	8	(1,177)	—	(1,177)	(1,162)	—	(1,162)	(1,416)	—	(1,416)
Finance costs	10	(265)	—	(265)	(187)	—	(187)	(197)	—	(197)
Profit before income tax		1,047	343	1,390	1,568	373	1,941	1,795	(859)	936
Income tax credit/(expense)	11	6	—	6	(193)	—	(193)	(463)	—	(463)
Profit after tax and total comprehensive income for the year attributable to equity holders of the Company		1,053	343	1,396	1,375	373	1,748	1,332	(859)	473

Combined statements of financial position

	Note	As at 31 March		
		2016	2017	2018
		SGD'000	SGD'000	SGD'000
ASSETS				
Non-current assets				
Biological assets	14	1,475	1,729	1,169
Property, plant and equipment	15	11,627	10,397	10,418
Intangible assets	16	—	—	224
Investments in insurance contracts	17	—	2,080	2,002
Prepayment of lease contract	22	—	—	2,900
		<u>13,102</u>	<u>14,206</u>	<u>16,713</u>
Current assets				
Biological assets	14	1,506	1,514	910
Inventories	18	1,120	1,105	1,367
Trade and other receivables	19	3,706	3,883	4,979
Pledged deposit	20	251	252	254
Cash at bank and on hand	21	324	1,915	799
		<u>6,907</u>	<u>8,669</u>	<u>8,309</u>
Total assets		<u>20,009</u>	<u>22,875</u>	<u>25,022</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Combined capital	23	10,000	10,000	10,000
(Accumulated loss)/retained earnings		(364)	1,184	1,657
Total equity		<u>9,636</u>	<u>11,184</u>	<u>11,657</u>
LIABILITIES				
Non-current liabilities				
Other payables	24	1,055	895	263
Amount due to a shareholder	29	2,037	1,707	—
Finance lease liabilities	25	1,519	1,616	2,175
Bank borrowings	26	316	1,825	1,829
Deferred income tax liabilities	11	34	181	588
		<u>4,961</u>	<u>6,224</u>	<u>4,855</u>
Current liabilities				
Trade and other payables	24	2,678	3,677	3,366
Amount due to a shareholder	29	—	200	—
Current income tax liabilities		5	28	30
Finance lease liabilities	25	868	611	992
Bank borrowings	26	1,861	951	4,122
		<u>5,412</u>	<u>5,467</u>	<u>8,510</u>
Total liabilities		<u>10,373</u>	<u>11,691</u>	<u>13,365</u>
Total equity and liabilities		<u>20,009</u>	<u>22,875</u>	<u>25,022</u>

Statement of financial position of the Company

	As at 31 March 2018
	SGD'000
ASSETS	
Current assets	
Cash at bank and on hand	—
	—

Total assets	—
	=====
EQUITY AND LIABILITIES	
Equity attributable to owners of the Company	
Share capital	—

Total equity and liabilities	—
	=====

As at 31 March 2018, the Company had cash at bank and on hand and share capital of HK\$100 and HK\$100 respectively.

Combined statements of changes in equity

	Attributable to owners of the company		
	Combined capital	(Accumulated losses)/retained earnings	Total equity
	SGD'000	SGD'000	SGD'000
Balances at 1 April 2015	10,000	(1,760)	8,240
Comprehensive income			
Profit for the year	—	1,396	1,396
Balances at 31 March 2016 and 1 April 2016	10,000	(364)	9,636
Comprehensive income			
Profit for the year	—	1,748	1,748
Transactions with owners recognised directly in equity			
Dividend	—	(200)	(200)
Balances at 31 March 2017 and 1 April 2017	10,000	1,184	11,184
Comprehensive income			
Profit for the year	—	473	473
Balances at 31 March 2018	<u>10,000</u>	<u>1,657</u>	<u>11,657</u>

Combined statements of cash flows

	<i>Note</i>	Year ended 31 March		
		2016	2017	2018
		SGD'000	SGD'000	SGD'000
Cash flows from operating activities				
Profit for the year		1,396	1,748	473
Adjustments for:				
— Income tax (credit)/expense	11	(6)	193	463
— Depreciation of property, plant and equipment	15	2,351	2,703	2,915
— Amortisation of intangible asset	16	—	—	10
— Loss on disposal of property, plant and equipment	7	—	—	5
— Write off of property, plant and equipment	7	39	—	—
— Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest – unrealised		(27)	(19)	(25)
— (Gain)/loss arising from changes in fair value of biological assets less estimated point-of-sale costs	14	(333)	(381)	865
— Interest income	6	(1)	(1)	(2)
— Finance expenses	10	265	187	197
— Unrealised currency translation gain		(39)	18	(16)
— Loss/(gain) on investments in insurance contracts	17	—	417	(50)
		3,645	4,865	4,835
Changes in working capital:				
— Trade and other receivables		121	(177)	(643)
— Inventories		(65)	34	(237)
— Trade and other payables		(963)	816	162
Cash generated from operations		2,738	5,538	4,117
Income tax paid		(7)	(23)	(69)
Net cash generated from operating activities		2,731	5,515	4,048

	<i>Note</i>	Year ended 31 March		
		2016	2017	2018
		SGD'000	SGD'000	SGD'000
Cash flows from investing activities				
Additions to property, plant and equipment		(1,561)	(1,534)	(1,625)
Grants received relating to purchase of property, plant and equipment	15	452	878	544
Additions to biological assets	14	(259)	(336)	(244)
Proceeds from sale of biological assets	14	863	455	543
Addition to lease premium	22	—	—	(2,900)
Disposal of property, plant and equipment	15	—	—	94
Acquisition of business	28	—	—	(1,104)
Additions to investments in insurance contracts	17	—	(2,528)	—
Interest received	6	1	1	2
		<u>1</u>	<u>1</u>	<u>2</u>
Net cash used in investing activities		(504)	(3,064)	(4,690)
		-----	-----	-----
Cash flows from financing activities (Note)				
Increase in pledged deposit		(251)	(1)	(2)
Loan from a shareholder		196	140	210
Repayment of loan from a shareholder		—	(470)	(2,267)
Proceeds from bank borrowings		3,861	3,243	4,000
Repayment of bank borrowings		(4,729)	(2,534)	(681)
Repayments of finance lease liabilities		(653)	(977)	(885)
Prepayment of listing expenses		—	—	(452)
Interest paid	10	(265)	(187)	(197)
Dividends paid	13	—	—	(200)
		<u>—</u>	<u>—</u>	<u>(200)</u>
Net cash used in financing activities		(1,841)	(786)	(474)
		-----	-----	-----
Net increase/(decrease) in cash and cash equivalents				
		386	1,665	(1,116)
Cash and cash equivalents at beginning of the year		(136)	250	1,915
		<u>(136)</u>	<u>250</u>	<u>1,915</u>
Cash and cash equivalents, end of the year	21	<u>250</u>	<u>1,915</u>	<u>799</u>

Non-cash transactions

- (i) During the year ended 31 March 2018, the adjustment on minimum consideration are non-cash transactions. For detail, please refer to Note 15.
- (ii) Other non-cash transactions are disclosed as below:

The following table provides a reconciliation for the movement of liabilities arising from financing activities for the years ended 31 March 2016, 2017 and 2018.

For the year ended 31 March 2016

	<u>1 April 2015</u>	<u>Cash flows</u>	<u>Non-cash</u> <u>changes</u>	<u>New leases</u>	<u>31 March</u> <u>2016</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Loan from a shareholder	1,841	196	—	—	2,037
Bank borrowings (exclude bank overdrafts)	2,971	(868)	—	—	2,103
Finance lease liabilities	1,412	(653)	—	1,628	2,387
Other payables — loan from a non-related party	350	—	—	—	350
	<u>6,574</u>	<u>(1,325)</u>	<u>—</u>	<u>1,628</u>	<u>6,877</u>

For the year ended 31 March 2017

	<u>1 April 2016</u>	<u>Cash flows</u>	<u>Non-cash</u> <u>changes</u>	<u>New leases</u>	<u>31 March</u> <u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Loan from a shareholder	2,037	(330)	200	—	1,907
Bank borrowings (exclude bank overdrafts)	2,103	709	(36)	—	2,776
Finance lease liabilities	2,387	(977)	—	817	2,227
Other payables — loan from a non-related party	350	—	—	—	350
	<u>6,877</u>	<u>(598)</u>	<u>164</u>	<u>817</u>	<u>7,260</u>

For the year ended 31 March 2018

	<u>1 April 2017</u>	<u>Cash flows</u>	<u>Non-cash</u> <u>changes</u>	<u>New leases</u>	<u>31 March</u> <u>2018</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Loan from a shareholder	1,907	(2,257)	350	—	—
Bank borrowings (exclude bank overdrafts)	2,776	3,319	(144)	—	5,951
Finance lease liabilities	2,227	(885)	—	1,825	3,167
Other payables — loan from a non-related party	350	—	(350)	—	—
	<u>7,260</u>	<u>177</u>	<u>(144)</u>	<u>1,825</u>	<u>9,118</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 12 February 2018 as an exempted company with limited liability under Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman 1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the production and sale of fresh eggs and processed egg products in Singapore (the "**Listing Business**"). The ultimate holding company of the Company is Radiant Grand International Limited ("**Radiant Grand**"). The ultimate controlling party of the Group is Mr. Ma Chin Chew ("**Mr. Ma**").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the Reorganisation (the "**Reorganisation**"), the Listing Business was carried out by N & N Agriculture Pte. Ltd. ("**N&N**"), The Pasteurised Egg Company Pte. Ltd. ("**TPEC**") and Egg Story Limited ("**Egg Story**") now comprising the Group (collectively the "**Existing Subsidiaries**") which were all under the control of Mr. Ma throughout the Track Record Period. Chuang Seng Huat Eggs Pte. Ltd. ("**CSH Eggs**") and Golden Hoyo Pte. Ltd. ("**Golden Hoyo**") (collectively the "**Acquired Subsidiaries**") were acquired by N&N from third parties on 1 May 2017 as disclosed in Note 28.

In preparation for listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation, pursuant to which the companies engaged in the Listing Business were transferred to the Company. The Reorganisation involved the following steps:

- (a) On 2 January 2018, Elite Ocean Ventures Limited ("**Elite Ocean**") was incorporated in the BVI and was wholly owned by Mr. Lim Joo Boon ("**Mr. Lim**"). On 5 January 2018, Radiant Grand was incorporated in the British Virgin Islands (the "**BVI**") and was wholly owned by Mr. Ma.
- (b) On 5 January 2018, Alliance Glory Ventures Limited ("**Alliance Glory**") was incorporated in the BVI and was wholly-owned by Mr. Ma. On 9 February 2018, 1 share at par value was allotted and issued to Mr. Ma, which was subsequently transferred to Radiant Grand on 23 February 2018.
- (c) On 12 February 2018, the Company was incorporated in the Cayman Islands with authorised share capital of HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.1 each. Upon its incorporation, 1 share at par value was allotted and issued to Radiant Grand. On 6 March 2018, each of the issued and unissued shares of HK\$0.1 in the share capital of the Company was subdivided into 10 Shares of HK\$0.01 each. On the same day, the Company issued and allotted 7,851 Shares and 2,139 Shares to Radiant Grand and Elite Ocean, respectively.
- (d) On 14 August 2018, Alliance Glory acquired all the issued share capital of N&N from Egg Harvest Pte. Ltd. and Mr. Ma at a consideration of SGD6,000,000 and SGD4,000,000 respectively. The consideration was satisfied by the allotment and issuance of 7,860 shares and 2,139 shares of the Alliance Glory to Radiant Grand and Elite Ocean, respectively. Upon completion of the acquisition, N&N became directly wholly-owned subsidiary of the Alliance Glory.
- (e) Alliance Glory acquired the entire issued share capital of The TPEC and Egg Story from Mr. Ma at a cash consideration of SGD233,441 and HK\$1, on 14 August 2018 and 2 August 2018, respectively. Upon completion of the acquisition, TPEC and Egg Story became directly wholly-owned subsidiaries of the Alliance Glory.

- (f) On 14 August 2018, the Company acquired the entire issued share capital of Alliance Glory from Radiant Grand and Elite Ocean by allotment and issuance of a total of 10,000 shares in the Company to Radiant Grand and Elite Ocean as to 7,861 shares and 2,139 shares respectively. Upon the completion of the acquisition, Alliance Glory became a directly wholly-owned subsidiary of the Company.

As a result of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.

Upon the completion of the Reorganisation and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of companies	Country and date of incorporation	Principal activities and place of operation	Issued and paid up capital	Effective interest held as at			Note
				31 March			
				2016	2017	2018	
				%	%	%	
Direct Interests:							
Alliance Glory Ventures Limited	British Virgin Islands, 5 January 2018	Investment holding, British Virgin Islands	US\$1	N/A	N/A	100	(i)
Indirect Interests:							
Egg Story Limited	Hong Kong, 5 July 2017	Provision of administrative services, Hong Kong	HK\$1	N/A	N/A	100	(ii)
N&N Agriculture Pte Ltd (Note a)	Singapore, 14 December 1996	Production and distribution of eggs products, Singapore	SGD10,000,000	100	100	100	(iii)
The Pasteurised Egg Company Pte. Ltd.	Singapore, 28 June 2010	Provision of administrative services, Singapore	SGD2	100	100	100	(iv)
Chuan Seng Huat Eggs Pte. Ltd. (Note b)	Singapore, 18 May 2016	Import and export, wholesales and distribution of eggs, Singapore	SGD2	N/A	N/A	100	(iv)
Golden Hoyo Pte. Ltd.	Singapore, 26 August 1989	Property holding, Singapore	SGD500,000	N/A	N/A	100	(iv)

Notes:

- a On 1 May 2018, Guan Sing Eggs was registered under the laws of Singapore as a sole-proprietorship, which is wholly owned by N&N Agriculture Pte Ltd.
- b CSH Egg Store was a sole proprietorship established in Singapore on 18 February 1975 principally engaged in the wholesale, import and export of fresh and processed eggs which is wholly-owned by Chuan Seng Huat Eggs Pte. Ltd. since 1 May 2017.

Note:

- (i) No audited financial statements were issued for this company as there is no statutory requirement in its place of incorporation.
- (ii) No audited financial statement for this company were available for the years ended 31 March 2016, 2017 and 2018 as it was newly incorporated in July 2017.
- (iii) The statutory financial statements of the company for the years ended 31 March 2016, 2017 and 2018 were audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants in Singapore.
- (iv) No audited financial statements were issued for these subsidiaries now comprising the Group as they are not required to issue audited financial statements under the statutory requirements of their place of incorporation.
- (v) Except for The Pasteurised Egg Company Pte. Ltd. which adopted 30 September as its financial year ended date, all companies now comprising the Group have adopted 31 March as their financial year end date.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is conducted by the Existing Subsidiaries and the Acquired Subsidiaries throughout the Track Record Period which became subsidiaries of the Company pursuant to the Reorganisation. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Historical Financial Information of the Existing Subsidiaries now comprising the Group is presented using their carrying values for all periods presented. For the Acquired Subsidiaries acquired from third parties on 1 May 2017, they are included in the Historical Financial Information of the Group from the date of the acquisition.

Inter-company transactions, balances and unrealised gains/losses on transactions between companies now comprising the Group are eliminated on combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of biological assets and agricultural produce. The investments in insurance contracts are subsequently stated at the cash surrender value.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 4.

As at 31 March 2018, the Group's current liabilities exceeds its current assets by approximately SGD201,000 as at 31 March 2018 (which included short-term bank borrowings of SGD2,300,000 raised to finance the prepayment of lease contracts (Note 22)). In preparing the Historical Financial Information, the Directors have given careful consideration to the future liquidity of the Group. Taking into consideration of the Group's net cash generated from its operating activities; the continuous availability of undrawn banking facilities of approximately SGD3,950,000 as at 31 March 2018 (Note 26); and a new bank borrowing of SGD2,000,000 drawn down subsequent to the year end date and an offer by the bank to refinance such borrowing with a long-term borrowing of the same amount, the directors of the Company are of the opinion that the Group has sufficient available financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 March 2018. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

The following new standards and amendments to standards have been published but are not yet effective for the Track Record Period and which the Group has not early adopted:

		Effective for annual periods beginning on or after	Note
IFRS 9	Financial Instruments	1 January 2018	i
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019	i
IFRS 15	Revenue from Contracts with Customers	1 January 2018	ii
IFRS 16	Leases	1 January 2019	iii
IFRS 17	Insurance Contracts	1 January 2021	
Amendments to IFRS 2	Classification and measurement of Share-based Payment Transactions	1 January 2018	
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined	
Amendments to IAS 40	Transfer of Investment Property	1 January 2018	
IFRIC — Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	
IFRIC — Int 23	Uncertainty over Income Tax Treatments	1 January 2019	
Annual Improvements Projects	Annual Improvements 2014-2016 cycle	1 January 2018	
Annual Improvements Projects	Annual Improvements 2015-2017 cycle	1 January 2019	

The Group has commenced an assessment of the impact of these new standards and amendments to existing standards. Except as discussed below, the Group is of the view that the adoption of these new standards and amendments to standards would not have a significant impact on its results of operations and financial position.

Note i:

IFRS 9 "Financial instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a “three stage” approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. In the case of accounts receivable this day-1 loss will be equal to their lifetime ECL.

During the Track Record Period, the Group’s financial assets and financial liabilities comprised “trade and other receivables”, “pledged deposit”, “cash at bank and on hand”, “amount due to a shareholder”, “trade and other payables”, “finance lease liabilities” and “bank borrowings. All of the Group’s financial assets and financial liabilities were carried at amortised costs without significant impairment on the former. The Group is currently assessing the impact of adopting IFRS 9 such as classification, measurement, and impairment, and, based on its preliminary assessment, it is not expected to result in any significant impact on the Group’s financial position and results of operations.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard, under which comparatives figures will not be restated. Any necessary adjustments arising from the adoption of IFRS 9 will not be made to the comparative figures of the Group’s financial statements for the coming financial year. Instead, such adjustments will be made to the opening balances of the combined statement of financial position as at 1 April 2018.

Note ii:

IFRS 15 “Revenue from Contracts with Customers” — This new standard replaces the previous revenue standards: IAS 18 “Revenue” and IAS 11 “Construction Contracts”, and the related Interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earning process” to an “asset liability” approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The Group has performed preliminary assessment on the adoption of IFRS 15 and the initial results indicated that there is no any significant impact on the Group’s financial positions and results of operations upon adopting this new standard, other than changes on the disclosure.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standards using the modified retrospective approach, which means that the cumulative impact of the adoption will be recognised in retained earnings as at 1 April 2018 and that comparatives will not be restated.

Note iii:

IFRS 16 “Leases” — The Group is a lessee of its office premises and staff accommodation which are currently classified as operating leases. The Group’s current accounting policy for such leases is set out in Note 2.14. The Group’s future operating lease commitments of SGD235,000 as at 31 March 2018, which are not reflected in the combined statements of financial position, are set out in Note 27. IFRS 16 provides new provisions for the accounting treatment of leases and will in future no longer allow lessees to account for certain leases outside the statements of financial position. Instead, all long-term leases must be recognised in the statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which will be carried initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statements of financial position. In profit or loss, rental expenses will be replaced with depreciation and interest expense.

Apart from the effects outlined above, the Group does not expect that the application of IFRS 16 would have a material impact on the Group’s financial position and results of operation.

2.2 Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

2.3 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the Group has delivered the goods to locations specified by its customers and the customers have accepted the goods.

Revenue of the Group comprises mainly the sales of fresh eggs and other egg-related products.

2.4 Biological assets

Biological assets represent laying hen stocks held for production of eggs and they include immature and matured hens. A hen is considered mature when it starts producing eggs. Non-current biological assets refer to hens which are expected to produce eggs for more than twelve months from the period end date, while current biological assets refer to hens which are expected to produce eggs for less than twelve months from the period end date.

These assets are stated at fair value less estimated point-of-sale costs such as transportation costs. Gains or losses arising from changes in fair values are recorded in the combined statements of comprehensive income for the year in which they arise. The determination of fair value is based on the discounted cash flow of the underlying biological assets.

The expected cash flow from the biological assets is determined based on the expected market price and the estimated yield of the agricultural produce, being fresh eggs, the purchase price of immature hens, mortality rate and expenses incurred to bring these hens to maturity when commercial egg production commences. The agricultural produce is measured at its fair value less estimated point-of-sale costs and transferred to inventories at these values when harvested.

Finance charges are not capitalised. All expenses incurred, including vaccines and medicines, in maintaining the immature and matured hens are recognised in the combined statements of comprehensive income. Proceeds from the sale of mature hens are recognised as a deduction to the carrying amount of the biological assets.

2.5 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings and improvements	Over the shorter of the lease terms or useful lives
Plant and machinery	10 years
Equipment and furniture	5 to 10 years
Motor vehicles	5 to 10 years

The estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in the combined statements of comprehensive income when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the combined statements of comprehensive income when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the combined statements of comprehensive income within "Other (losses)/gains".

2.6 Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Management assesses that the Group's products are common food and that the nature of this industry is relatively stable. With the Group's ability to ensure stability of products supply, in view of the long term relationship with its customers and historical attrition rate of the business, the useful lives of the customer relationship is estimated to be 12 years by management.

Customer relationship recognised as assets are amortised using the straight-line method over the estimated useful lives of 12 years.

2.7 Borrowing costs

Borrowing costs are recognised in the combined statements of comprehensive income using the effective interest method.

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the combined statements of comprehensive income.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the combined statements of comprehensive income.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of each reporting period which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables”, “cash and cash equivalents” and “pledged deposit” on the combined statements of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the combined statements of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method less accumulated impairment losses.

(e) Impairment

The Group assesses at each reporting period whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the combined statements of comprehensive income.

The allowance for impairment loss account is reduced through the combined statements of comprehensive income in a subsequent year when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior years.

2.10 Financial liabilities

Financial liabilities are classified into other financial liabilities at amortised cost. Other financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the other financial liabilities using the effective interest method.

The Group's other financial liabilities mainly comprise “amount due to a shareholder”, “trade and other payables”, “finance lease liabilities” and “bank borrowings” in the combined statement of financial position.

Other financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or

realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and their redemption values is recognised in the combined statements of comprehensive income over the year of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the combined statements of comprehensive income.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at their fair values, and subsequently carried at amortised cost, using the effective interest method.

2.14 Leases

Where the Group is the lessee

The Group leases motor vehicles and certain plant and machinery under finance leases and land under operating leases from non-related parties.

(i) Lessee — Finance leases

Leases where the Group assumes substantially all risks and rewards to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the combined statements of financial position as plant and machinery at the inception of the leases based on the lower of the fair values of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding finance lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the remaining balance of the finance lease liability.

(ii) Lessee — Operating leases

Payments made under operating leases (net of any incentives received from the lessors) are recognised in the combined statements of comprehensive income on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the combined statements of comprehensive income when incurred.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Fresh eggs are agricultural produce harvested from the Group's biological assets. Upon harvest, agricultural produce are initially recognised at their fair values less costs to sell at the point of harvest. Any gain or loss arising on

initial recognition of such fair values (i.e. the difference between the fair values less costs to sell of the agricultural produce at the point of harvest and the breeding costs incurred to bring such agricultural produce to harvest) is recognised in the combined statement of comprehensive income in the period of harvest. Agricultural produce is then transferred to inventories and are carried at the lower of cost and net realisable value. Upon subsequent sales, such amount of the inventories initially recognised is charged to the cost of sales in the combined statement of comprehensive income.

2.16 Current and deferred taxes

Tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis.

The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to end of reporting period.

(c) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2.18 Currency translation*(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Singapore Dollar ("SGD"), which is the functional currency of the Company and presentation currency of the Group.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“**foreign currency**”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the combined statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the combined statements of comprehensive income within “finance expenses”. All other foreign exchange gains and losses impacting the combined statements of comprehensive income are presented within “other gains/losses”.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.19 Cash and cash equivalents

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions with maturities less than three months which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the combined statements of financial position.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.21 Dividends

Dividends to the Group's shareholders are recognised when the dividends are approved for payment.

2.22 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to expenses are recognised as income over the years necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amounts of the assets for presentation in the combined statements of financial position.

2.23 Segment reporting

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

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.25 Investments in insurance contracts

The Group acquired two key management insurance contracts, which include both investment and insurance elements. The life insurance contracts are initially recognised at the amount of premium paid, and subsequently measured at each balance sheet date at its cash surrender value. Changes to the cash surrender value at each balance sheet date will be recognised in profit or loss as a gain/loss on investment. In the event of death of the insured person, the surrender of the policies, or the policies mature, the investment will be de-recognised and any resulting gains/losses will be recognised in profit or loss. Exchange differences arising from the investments will be recognised as part of "gain/loss on investments".

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk**(i) Currency risk**

Currency risk arises when transactions are denominated in a currency that is not the entity's functional currency. The Group's business is mainly exposed to the United States dollar ("USD") and Hong Kong dollar ("HKD").

The Group's currency exposure to USD is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Financial assets			
Cash and bank deposits	6	29	62
Trade and other receivables	—	25	43
	<u>6</u>	<u>54</u>	<u>105</u>
Financial liabilities			
Borrowings	—	(2,459)	(2,090)
Trade and other payables	(1,751)	(1,943)	(342)
	<u>(1,751)</u>	<u>(4,348)</u>	<u>(2,327)</u>
Currency exposure	<u>(1,745)</u>	<u>(4,348)</u>	<u>(2,327)</u>

As at 31 March 2016, 2017 and 2018, if USD had strengthened/weakened by 2%, 4% and 6% against SGD with all other variables including tax rate being held constant, the Group's profit for the year would have been SGD29,000 lower/higher, SGD144,000 lower/higher and SGD125,000 lower/higher, respectively, as a result of currency translation gains/losses on the USD-denominated financial instruments.

The Group's currency exposure to HKD is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Financial assets			
Cash and bank deposits	—	—	144
Financial liabilities			
Trade and other payables	—	—	(985)
	<u>—</u>	<u>—</u>	<u>(841)</u>
Currency exposure	<u>—</u>	<u>—</u>	<u>(841)</u>

As at 31 March 2018, if HKD had strengthened/weakened by 7% against SGD with all other variables including tax rate being held constant, the Group's profit for the year would have been SGD50,000 lower/higher, as a result of currency translation gains/losses on the HKD-denominated financial instruments.

(ii) *Interest rate risk*

The Group's exposure to the risk of changes in interest rates arises mainly from the Group's borrowings. The Group has no significant interest-bearing assets, hence, the Group's income is substantially independent of changes in market interest rate. The Group does not use derivatives to hedge the interest rate risk on its borrowings.

Certain of the Group's borrowings are at variable rates. For the years ended 31 March 2016, 2017 and 2018, if the interest rates increase/decrease by 1% with all other variables, including tax rate being held constant, the Group's profit for the year would have been lower/higher by SGD9,247, SGD8,770 and SGD22,558 respectively, as a result of higher/lower interest expenses of these borrowings.

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Group's credit exposure is continuously monitored and reported to management and the chief executive officer. Credit exposure to an individual customer is restricted by the credit limit approved by the chief executive officer.

The Group's trade receivables include a debtor that individually represented more than 13% of trade receivables as at 31 March 2016 and 31 March 2017 and 2 debtors that represents more than 16% of trade receivables as at 31 March 2018.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the combined statements of financial position.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good settlement track records with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no class of financial assets that is past due and/or impaired except for certain trade receivables. The extent of credit risk relating to the Group's trade receivables is disclosed in Note 19.

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 26). At the end of each reporting period, assets held by the Group for managing liquidity risk included cash at bank and on hand as disclosed in Note 21.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of the combined statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Specifically, for the bank borrowings which contain a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	<u>On demand</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
At 31 March 2016					
Trade and other payables	—	(2,657)	(160)	(721)	(174)
Amount due to a shareholder	—	—	(2,037)	—	—
Borrowings	(1,259)	(627)	(323)	—	—
Finance lease liabilities	—	(941)	(468)	(1,085)	(83)
	<u>(1,259)</u>	<u>(4,225)</u>	<u>(2,988)</u>	<u>(1,806)</u>	<u>(257)</u>
At 31 March 2017					
Trade and other payables	—	(3,518)	(237)	(658)	—
Amount due to a shareholder	—	(200)	(1,707)	—	—
Borrowings	(498)	(545)	(223)	(668)	(1,077)
Finance lease liabilities	—	(677)	(612)	(1,071)	(33)
	<u>(498)</u>	<u>(4,940)</u>	<u>(2,779)</u>	<u>(2,397)</u>	<u>(1,110)</u>
At 31 March 2018					
Trade and other payables	—	(3,324)	(52)	(211)	—
Borrowings	(421)	(3,824)	(438)	(725)	(832)
Finance lease liabilities	—	(1,082)	(1,022)	(1,267)	—
	<u>(421)</u>	<u>(8,230)</u>	<u>(1,512)</u>	<u>(2,203)</u>	<u>(832)</u>

(d) *Capital risk management*

The Group's objectives when managing capital are to ensure that the Group is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus finance lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 31 March 2016, 2017 and 2018, the gearing ratios are as follows:

	<u>As at 31 March</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
	SGD'000	SGD'000	SGD'000
Net debt	4,240	3,088	8,319
Total equity	<u>9,636</u>	<u>11,184</u>	<u>11,657</u>
Total capital	<u>13,876</u>	<u>14,272</u>	<u>19,976</u>
Gearing ratio	<u>31%</u>	<u>22%</u>	<u>42%</u>

The Group also monitors the debt covenants for borrowings and is in compliance with all externally imposed capital requirements for the years ended 31 March 2016, 2017 and 2018.

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Loans and receivables		
	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Assets as per combined statements of financial position			
Cash and bank balances	324	1,915	799
Pledged deposit	251	252	254
Trade and other receivables	3,432	3,605	4,383
Deposits	146	207	73
	<u>4,153</u>	<u>5,979</u>	<u>5,509</u>
Liabilities at amortised cost			
	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Liabilities as per combined statements of financial position			
Trade and other payables	3,712	4,413	3,587
Amount due to a shareholder	2,037	1,907	—
Bank overdrafts	74	—	—
Bank borrowings	2,103	2,776	5,951
Financial lease liabilities	2,387	2,227	3,167
	<u>10,313</u>	<u>11,323</u>	<u>12,705</u>

(f) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (a) Quoted process (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observables for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

See Note 14 for disclosure of biological assets that is measured at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	SGD'000	SGD'000	SGD'000	SGD'000
As at 31 March 2018				
<i>Assets</i>				
Biological assets	—	—	2,079	2,079
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2017				
<i>Assets</i>				
Biological assets	—	—	3,243	3,243
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2016				
<i>Assets</i>				
Biological assets	—	—	2,981	2,981
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There were no transfer between levels during the Track Record Period.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable by the directors under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of biological assets

The fair value of biological assets is determined with reference to the discounted cash flows of the underlying biological assets. The management's key estimates and assumptions used in the discounted cash flows of the underlying biological assets could impact the fair value of the assets and these include selling price of the mature hens as well as the fresh eggs, post-tax discount rate and mortality rate.

If the selling price of fresh eggs applied to the discounted cash flows increases or decreases by 5% from the management estimates, the fair value of the biological assets will be higher or lower by approximately SGD643,000, SGD711,000 and SGD467,000 as at 31 March 2016, 2017 and 2018 respectively.

If the selling price of mature hens applied to the discounted cash flows increases or decreases by 20% from the management estimates, the fair value of the biological assets will be higher or lower by approximately SGD140,000, SGD233,000 and SGD145,000 as at 31 March 2016, 2017 and 2018 respectively.

If the post-tax discount rate applied to the discounted cash flows increases or decreases by 2% from the management estimates, the fair value of the biological assets will be lower or higher by approximately SGD32,000, SGD34,000 and SGD21,000 as at 31 March 2016, 2017 and 2018 respectively.

If the mortality rate applied to the discounted cash flows increases or decreases by 2% from the management estimates, the fair value of the biological assets will be lower or higher by approximately SGD118,000, SGD149,000 and SGD97,000 as at 31 March 2016, 2017 and 2018 respectively.

If the egg laying period rate applied to the discounted cash flows increases by 15 weeks from the management estimates, the fair value of the biological assets will be lower by approximately SGD171,000, SGD363,000 and SGD377,000 as at 31 March 2016, 2017 and 2018 respectively.

If the egg laying period rate applied to the discounted cash flows decreases by 15 weeks from the management estimates, the fair value of the biological assets will be lower by approximately SGD474,000, SGD323,000 and SGD279,000 as at 31 March 2016, 2017 and 2018 respectively.

(b) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisable lives and therefore affect the depreciation and amortisation charges in future periods.

(c) Income taxes

The Group is subject to income taxes in Singapore. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Business combination

The Group accounts for its business combinations by applying the acquisition method. The assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To

determine fair values of the assets acquired and liabilities assumed, the Group must make estimates and use valuation techniques when a market value is not readily available.

(e) Estimation of goodwill impairment

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts specific to the industry in which the CGU operates. Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 16.

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the chief executive of the Company (“CODM”). The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

The CODM considers that the Group has two operating and reporting segments which are fresh eggs and processed eggs. CODM assesses the performance of these single segments based on revenue, segment results and the incomes/expenses arriving the segment results. Segment result represents the profit earned by each segment without allocation of finance costs, unallocated other income and unallocated corporate expenses are mainly including general administrative expense.

Information relating to segment assets and segment liabilities is not disclosed as such information is not regularly reported to the CODM.

The accounting policies of the reportable and operating segments are the same as the Group’s accounting policies described in Note 2.23.

Segment information about these reportable and operating segments is presented below:

Year ended 31 March 2016

	<u>Fresh eggs</u>	<u>Processed eggs</u>	<u>Total</u>
	SGD'000	SGD'000	SGD'000
Segment revenue	13,811	3,918	17,729
Other income	4	—	4
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest — unrealised	27	—	27
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	265	68	333
Purchases of inventories	(6,456)	(1,582)	(8,038)
Changes in inventories	78	20	98
Depreciation of property, plant and equipment	(1,797)	(429)	(2,226)
Employee benefits	(1,265)	(329)	(1,594)
Rental on operating leases	(213)	(55)	(268)
Utilities	(462)	(120)	(582)
Repairs and maintenance of motor vehicles and transportation	(317)	(73)	(390)
Royalty expense	—	(58)	(58)
Chicken shed — medication and vaccination	(233)	(61)	(294)
Other expenses	(866)	(223)	(1,089)
Segment results	2,576	1,076	3,652
Unallocated finance cost			(265)
Unallocated other income			242
Unallocated corporate expenses			(2,239)
Profit before tax			<u>1,390</u>

Year ended 31 March 2017

	<u>Fresh eggs</u>	<u>Processed eggs</u>	<u>Total</u>
	SGD'000	SGD'000	SGD'000
Segment revenue	12,877	7,037	19,914
Other income	4	—	4
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest — unrealised	19	—	19
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	252	129	381
Purchases of inventories	(5,823)	(2,851)	(8,674)
Changes in inventories	(36)	(18)	(54)
Depreciation of property, plant and equipment	(1,733)	(837)	(2,570)
Employee benefits	(1,156)	(594)	(1,750)
Rental on operating leases	(177)	(91)	(268)
Utilities	(352)	(181)	(533)
Repairs and maintenance of motor vehicles and transportation	(222)	(105)	(327)
Royalty expense	—	(121)	(121)
Chicken shed — medication and vaccination	(209)	(108)	(317)
Other expenses	(644)	(326)	(970)
Segment results	2,800	1,934	4,734
Unallocated finance cost			(187)
Unallocated other income			108
Unallocated corporate expenses			(2,714)
Profit before tax			<u>1,941</u>

Year ended 31 March 2018

	Fresh eggs	Processed eggs	Total
	SGD'000	SGD'000	SGD'000
Segment revenue	14,288	10,835	25,123
Other income	27	—	27
Waiver of royalty expense	—	1,057	1,057
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest — unrealised	25	—	25
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	(415)	(450)	(865)
Purchases of inventories	(7,799)	(4,635)	(12,434)
Changes in inventories	75	80	155
Depreciation of property, plant and equipment	(1,550)	(1,125)	(2,675)
Employee benefits	(1,209)	(1,270)	(2,479)
Rental on operating leases	(134)	(144)	(278)
Utilities	(250)	(271)	(521)
Repairs and maintenance of motor vehicles and transportation	(230)	(143)	(373)
Royalty expense	—	(70)	(70)
Chicken shed — medication and vaccination	(124)	(135)	(259)
Other expenses	(712)	(608)	(1,320)
Segment results	1,992	3,121	5,113
Unallocated finance cost			(197)
Unallocated other income			571
Unallocated corporate expenses			(4,551)
Profit before tax			936

Geographical information

The Group's operations are principally in Singapore and hence no further disclosure is made on the geographical information.

Information about major customers

Revenues from transactions with external customers accounting for 10% or more of Group's total revenue are as follows:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Customer A	2,520	2,287	2,108
Customer B	1,802	1,572	1,769
	4,322	3,859	3,877

6. OTHER INCOME

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Income from sale of animal feeds	4	4	27
Government grants (<i>Note a</i>)	175	85	68
Interest income	1	1	2
Wavier of royalty expense (<i>Note b</i>)	—	—	1,057
Others	26	23	430
	<u>206</u>	<u>113</u>	<u>1,584</u>

Note a:

The Group obtained and recognised as income the government grants as disclosed above to compensate salaries expenses incurred in the course of business. There are no unfulfilled conditions and other contingencies attached to the grants.

Note b:

The Group entered into a royalty agreement with a third party regarding a purchased equipment in 2010. Royalty expenses were accrued as disclosed in Note 24.

On 28 December 2017, a supplemental agreement was signed between the Group and the third party under which the third party agreed to waive part of the royalty expense as stipulated in the original royalty agreement.

7. OTHER (LOSSES)/GAINS — NET

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Loss on disposal of property, plant and equipment	—	—	(5)
Write off of property, plant and equipment	(39)	—	—
Net currency exchange gains	39	(16)	22
(Loss)/gain on investments in insurance contracts	—	(417)	50
	<u>—</u>	<u>(433)</u>	<u>67</u>

8. EXPENSES BY NATURE

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Audit fee	18	18	63
Purchases of inventories	8,038	8,674	12,434
Changes in inventories	(98)	54	(155)
Depreciation of property, plant and equipment (Note 15)	2,351	2,703	2,915
Provision of doubtful bad debt (Note 19)	—	—	73
Amortisation of intangible assets (Note 16)	—	—	10
Employee benefits (Note 9)	3,453	3,594	4,601
Rental on operating leases	277	277	300
Utilities	634	611	558
Repairs and maintenance of motor vehicles and transportation	402	339	403
Chicken shed — medication and vaccination	294	317	259
Royalty expense	58	121	70
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest — charged to cost of sales (Note)	1,628	1,757	2,728
Listing expenses	—	—	1,719
Other expenses	1,196	1,131	1,532
	<u>18,251</u>	<u>19,596</u>	<u>27,510</u>

Note:

Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest — charged to cost of sales included:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Cost of sales for the year	1,611	1,730	2,709
Inventory as at prior year and realised in cost of sales for the year	17	27	19
	<u>1,628</u>	<u>1,757</u>	<u>2,728</u>

9. EMPLOYEE BENEFITS, INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Basic salaries, wages and allowances	2,765	2,867	3,696
Employer's contributions to Central Provident Fund	209	203	268
Other benefits	479	524	637
	<u>3,453</u>	<u>3,594</u>	<u>4,601</u>

As stipulated by rules and regulations in Singapore, the group companies operating in Singapore contribute to the Singapore Central Provident Fund, a statutory pension scheme. Under the scheme, the employees contribute approximately 5% to 20% of their wages, while the group companies contribute approximately 7.5% to 17% of the wages of their employees. The employers' and employees' contributions are subject to a cap of employees' monthly ordinary wages of SGD6,000 during the years ended 31 March 2016, 2017 and 2018.

(a) Directors' emoluments

The emoluments of individual directors and the chief executive officer of the Company for the years ended 31 March 2016, 2017 and 2018 are set out below:

	Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings					Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking
	Fees	Salaries	Discretionary bonus	Allowances and benefits in lieu	Employer's contribution to a retirement benefit scheme	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	Total SGD'000
Year ended 31 March 2016						
— Mr. Ma Chin Chew (Chief Executive Officer)	—	144	12	—	16	172
— Ms. Lim Siok Eng (Lin Shuying)	—	32	3	—	6	41
— Mr. Tang Hong Lai	—	42	4	—	6	52
	—	218	19	—	28	265

Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking					
	Fees	Salaries	Discretionary bonus	Allowances and benefits in lieu	Employer's contribution to a retirement benefit scheme	Total
					SGD'000	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Year ended 31 March 2017						
— Mr. Ma Chin Chew (Chief Executive Officer)	—	144	12	—	18	174
— Ms. Lim Siok Eng (Lin Shuying)	—	32	3	—	6	41
— Mr. Tang Hong Lai	—	42	4	—	6	52
	—	218	19	—	30	267
Year ended 31 March 2018						
— Mr. Ma Chin Chew (Chief Executive Officer)	—	144	12	—	18	174
— Ms. Lim Siok Eng (Lin Shuying)	—	35	3	—	7	45
— Mr. Tang Hong Lai	—	61	4	—	8	73
	—	240	19	—	33	292

During the Track Record Period, there was no arrangement under which a director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the director as an inducement to join or upon joining the Group, or as compensation for loss of office.

Mr. Teo Beng Fwee, Mr. Yuen Ka Lok and Mr. Donald William Sneddon were appointed as the Company's independent non-executive directors on 15 August 2018. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any remuneration.

(b) Director's retirement benefits and termination benefits

None of the directors of the Company received or will receive any retirement benefits or termination benefits in respect of their services to the Group for the years ended 31 March 2016, 2017 and 2018.

(c) Consideration provided to third parties for making available director's services

During the years ended 31 March 2016, 2017 and 2018, the Group had not paid any consideration to any third parties for making available director's services to the Group.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings entered into by the Group in favour of the directors of the Company, or body corporate controlled by or entities connected with any of the directors of the Company at the end of the years or at any time during the years ended 31 March 2016, 2017 and 2018.

(e) Director's material interest in transactions, arrangements or contracts

Except as disclosed in Note 29(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years/periods.

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include the one director for each of the years ended 31 March 2016, 2017 and 2018. The emoluments payable to the remaining four individuals for the Track Record Period are as follows:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Basic salaries and allowances	326	258	283
Employer's contribution to defined contribution plans — Central Provident Fund	31	29	26
	<u>357</u>	<u>287</u>	<u>309</u>

The emoluments fell within the following band:

	Number of individuals		
	Year ended 31 March		
	2016	2017	2018
Emolument band Nil to HK\$1,000,000	<u>4</u>	<u>4</u>	<u>4</u>

10. FINANCE EXPENSES

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Interest expense			
— Bank borrowings	170	55	61
— Finance lease liabilities	42	83	101
— Others	53	49	35
	<u>265</u>	<u>187</u>	<u>197</u>

11. INCOME TAXES (CREDIT)/EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liabilities under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Tax on the Group's profits in Singapore and Hong Kong has been provided at the rate of 17% and 16.5% respectively on the estimated assessable profits for the Track Record Period.

The amount of income tax expenses (credited)/charged to the combined statements of comprehensive income represent:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Current tax on profit for the year	—	(2)	27
Deferred income tax expense	—	221	392
(Over)/under provision in respect of prior years	(6)	(26)	44
	(6)	193	463

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Profit before income tax	1,390	1,941	936
Calculated at the applicable domestic tax rate of respective companies (<i>Note a</i>)	236	330	164
Tax effects of:			
— Expenses not deductible for tax purposes	165	40	314
— Deferred tax assets not recognised	233	—	—
— Utilisation of unrecognised capital expenditure allowances	(583)	(9)	—
— Income not subject to tax	(2)	(9)	—
— Statutory stepped income exemption	(25)	(14)	(52)
— Corporate income tax rebate	(12)	(3)	(9)
— Tax incentive (<i>Note b</i>)	—	(145)	—
— Others	(12)	29	2
— (Over)/under-provision in respect of prior years	(6)	(26)	44
Income taxes (credit)/expense	(6)	193	463

Note a:

The weighted average applicable tax rate for the years ended 31 March 2016, 2017 and 2018 are 17%, 17% and 18% respectively. The increase is due to the incorporation of a subsidiary with a lower statutory tax rate recording loss before taxation.

Note b:

Tax incentive represents the "Productivity and Innovation Credit" dispensed under the Inland Revenue Authority of Singapore for investments in innovation and productivity improvements.

Deferred income taxes

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately SGD233,000, Nil and Nil in respect of deductible temporary difference amounting to SGD1,370,588, Nil and Nil for the years ended 31 March 2016, 2017 and 2018 respectively.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The analysis of deferred income tax liabilities are as follows (the following amounts, determined after appropriate offsetting, are shown on the combined statements of financial position):

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Deferred income tax liabilities			
— To be settled after one year	34	181	588
	<u>34</u>	<u>181</u>	<u>588</u>

The movements in the deferred income tax account are as follows:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Beginning of financial year	34	34	181
Acquisition of business (<i>Note 28</i>)	—	—	15
Charged to profit or loss	—	147	392
	<u>34</u>	<u>181</u>	<u>588</u>
End of financial year	<u>34</u>	<u>181</u>	<u>588</u>

The movement in the deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation
	SGD'000
31 March 2016	
Beginning and end of financial year	34
31 March 2017	
Beginning of financial year	34
Charged to the combined statement of comprehensive income	221
Over provision in respect of prior years	(74)
End of financial year	181
31 March 2018	
Beginning of financial period	181
Acquisition of business (<i>Note 28</i>)	15
Charged to the combined statement of comprehensive income	392
End of financial period	588

12. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY — BASIC AND DILUTED

No earnings per share information is presented as its inclusion, for the purpose of this Historical Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 March 2016, 2017 and 2018 on a combined basis as disclosed in Note 1.2 above.

13. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Interim dividend of SGD100,000 per ordinary share totaling SGD200,000 out of the retained earnings of TPEC for the year ended 30 September 2017 to its then equity holder was approved on 30 March 2017.

14. BIOLOGICAL ASSETS

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Beginning of financial year	3,252	2,981	3,243
Purchases of immature hens	259	336	244
Gain/(loss) arising from changes in fair value less estimated point-of-sale costs	333	381	(865)
Sales of mature hens	(863)	(455)	(543)
End of financial year	<u>2,981</u>	<u>3,243</u>	<u>2,079</u>
Biological assets comprise: <i>(Note)</i>			
— Mature hens	2,409	2,271	1,555
— Immature hens	572	972	524
	<u>2,981</u>	<u>3,243</u>	<u>2,079</u>
Current	1,506	1,514	910
Non-current	1,475	1,729	1,169
	<u>2,981</u>	<u>3,243</u>	<u>2,079</u>

Note:

Biological assets are used in the production of eggs. Mature hens represent batches of hens that start to produce eggs.

The biological assets were valued externally at their fair values less point-of-sale costs using the discounted cash flow method. They have been classified as level 3 in the fair value hierarchy. The major key assumptions used in the valuation are as follows:

	As at 31 March		
	2016	2017	2018
Selling price of mature hens	SGD3.01	SGD3.47	SGD2.68
Selling price of agriculture produce (fresh eggs)	SGD0.16	SGD0.15	SGD0.16
Mortality rate	26%	25%	28%
Discount rate	13%	13%	13%
Estimated egg laying period	89 weeks	89 weeks	89 weeks
No. of eggs per week by each hen	1 to 7	2 to 7	2 to 7

When immature hens become mature, they start to lay eggs. At the early period of the mature hens' life span, number of eggs per week by each hen would be around 1 to 2. As time goes by, more eggs would be laid by each hen, with a diminishing productivity towards the 89 weeks estimated egg laying period.

As at 31 March 2016, 2017 and 2018, the number of hens held by the Group were 407,991, 548,952 and 416,569, respectively, out of which 84,288, 166,839 and 84,219 were immature hens. During the years ended 31 March 2016, 2017 and 2018, the Group harvested 100,175,947, 122,747,924 and 112,928,633 eggs.

During the year ended 31 March 2018, part of 2 batches of hens held by the Group experienced disease and were dead.

The Group's biological assets as at 31 March 2016, 2017 and 2018 were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the biological assets being valued.

The Group's finance department reviewed the valuations performed by the independent valuer for financial reporting purposes. The finance department reported directly to the board of directors. Discussions of valuation processes and results were held between the board of directors, the finance department and the valuer.

The finance department and the board of directors:

- verified all major inputs to the independent valuation reports;
- assessed valuation movements when compared to the prior year valuation reports; and
- held discussions with the independent valuer on the valuation basis, processes and results.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and improvements	Plant and machinery	Equipment and furniture	Motor vehicles	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Year ended 31 March 2016					
<i>Cost</i>					
At 1 April 2015	10,640	15,045	877	1,536	28,098
Additions	626	1,815	313	435	3,189
Write-offs	—	—	(109)	(288)	(397)
Grants received relating to purchase of property, plant and equipment*	—	(452)	—	—	(452)
At 31 March 2016	11,266	16,408	1,081	1,683	30,438
<i>Accumulated depreciation</i>					
At 1 April 2015	7,866	7,219	659	1,074	16,818
Depreciation charge	884	1,138	124	205	2,351
Write-offs	—	—	(109)	(249)	(358)
At 31 March 2016	8,750	8,357	674	1,030	18,811
<i>Net book value</i>					
At 31 March 2016	2,516	8,051	407	653	11,627

	Leasehold buildings and improvements	Plant and machinery	Equipment and furniture	Motor vehicles	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Year ended 31 March 2017					
<i>Cost</i>					
At 1 April 2016	11,266	16,408	1,081	1,683	30,438
Additions	201	1,374	149	627	2,351
Grants received relating to purchase of property, plant and equipment*	(19)	(775)	(53)	(31)	(878)
At 31 March 2017	11,448	17,007	1,177	2,279	31,911
<i>Accumulated depreciation</i>					
At 1 April 2016	8,750	8,357	674	1,030	18,811
Depreciation charge	1,060	1,245	123	275	2,703
At 31 March 2017	9,810	9,602	797	1,305	21,514
Net book value At 31 March 2017	1,638	7,405	380	974	10,397
Year ended 31 March 2018					
<i>Cost</i>					
At 1 April 2017	11,448	17,007	1,177	2,279	31,911
Additions	216	1,931	134	1,169	3,450
Acquisition of business (<i>Note 28</i>)	800	—	—	85	885
Adjustment on minimum consideration [#]	—	(1,237)	—	—	(1,237)
Disposals	—	—	—	(845)	(845)
Grants received relating to purchase of property, plant and equipment*	—	(539)	(5)	—	(544)
At 31 March 2018	12,464	17,162	1,306	2,688	33,620
<i>Accumulated depreciation</i>					
At 1 April 2017	9,810	9,602	797	1,305	21,514
Depreciation charge	1,198	1,193	133	391	2,915
Adjustment on minimum consideration [#]	—	(481)	—	—	(481)
Disposals	—	—	—	(746)	(746)
At 31 March 2018	11,008	10,314	930	950	23,202
Net book value At 31 March 2018	1,456	6,848	376	1,738	10,418

* This pertains to grants received from Agri-Food & Veterinary Authority of Singapore (AVA) for purchases of property, plant and equipment. There are no unfulfilled conditions or other contingencies attaching to the grants.

As disclosed in Note 6b, the Group entered into a royalty agreement with a third party regarding a purchased equipment. Apart from the acquisition cost of the equipment, there was minimum royalty stipulated in the

royalty agreement which constituted part of the cost of the equipment. During the year ended 31 March 2018, a supplemental agreement was signed between the Group and the third party with adjustments on the minimum royalty.

The Group's leasehold buildings and improvements with total carrying amounts of approximately SGD2,516,000, SGD1,638,000 and SGD526,000 as at 31 March 2016, 2017 and 2018 respectively have been pledged to banks for credit facilities granted to the Group (Note 26).

The net book value of property, plant and equipment held under finance leases as at 31 March 2016, 2017 and 2018 respectively are disclosed in Note 25.

In the combined statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Net book amount of property, plant and equipment disposed	—	—	99
Loss on disposal of property, plant and equipment (Note 7)	—	—	(5)
Proceeds from disposal of property, plant and equipment	—	—	94

16. INTANGIBLE ASSETS

	Customer relationship <i>(Note a)</i>	Goodwill <i>(Note b)</i>	Total
	SGD'000	SGD'000	SGD'000
Year ended 31 March 2018			
Opening net book value	—	—	—
Acquisition of business (Note 28)	137	97	234
Amortisation charge	(10)	—	(10)
Closing net book value	127	97	224
At 31 March 2018			
Cost	137	97	234
Accumulated amortisation	(10)	—	(10)
Net book value	127	97	224

Note a:

The customer relationship were acquired as part of a business combination (see Note 28 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on straight-line based on the timing of projected cash flows of the customer relationship over their estimated useful lives.

Amortisation expenses of customer relationship have been charged to cost of sales in the combined statements of comprehensive income.

Note b:

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities acquired, details of which are set out in Note 28.

Impairment tests for goodwill

The recoverable amount of the CGU is determined based on value-in-use calculation. Goodwill is monitored by management at the level of an operating segment which is fresh eggs segment. Impairment test of goodwill is performed annually at period end 31 March by Management.

The key assumptions used for value-in-use calculations in 31 March 2018 is as follows:

	Year ended 31 March 2018
Revenue	7%
Gross profit	16%
Terminal growth rate	2%
Discount rate (pre-tax)	14%

The management assumptions used in revenue, gross profit and terminal growth rate are based on historical records and synergy arose from the business combination. The management assumption used in discount rate is based on the industry data and the CGU's debt and equity structure.

Sensitivity analysis

If the revenue had been 2% higher or lower than management estimate as at 31 March 2018 with all other variables held constant, the surplus compared with the carrying amount of goodwill will be approximately SGD1,166,000 or SGD482,000 respectively.

If the gross profit had been 1% higher or lower than management estimate as at 31 March 2018 with all other variables held constant, the surplus compared with the carrying amount of goodwill will be approximately SGD1,109,000 or SGD516,000 respectively.

If the terminal growth rate had been 1% higher or lower than management estimate as at 31 March 2018 with all other variables held constant, the surplus compared with the carrying amount of goodwill will be approximately SGD879,000 or SGD756,000 respectively.

If the discount rate (pre tax) had been 1% higher or lower than management estimate as at 31 March 2018 with all other variables held constant, the surplus compared with the carrying amount goodwill will be approximately SGD716,000 or SGD927,000 respectively.

The following sensitivity analysis demonstrates the change in key assumptions which would cause the carrying amount of the CGU exceeds its recoverable amount:

If the revenue had been 6% lower than management estimate as at 31 March 2018 with all other variables held constant, the carrying amount of the CGU would exceed its recoverable amount.

If the gross profit had been 3% lower than management estimate as at 31 March 2018 with all other variables held constant, the carrying amount of the CGU would exceed its recoverable amount.

If the discount rate (pre tax) had been 21% higher than management estimate as at 31 March 2018 with all other variables held constant, the carrying amount of the CGU would exceed its recoverable amount.

If the terminal growth rate had been reduced to zero as at 31 March 2018 with all other variables held constant, the surplus compared with the carrying amount of goodwill will be approximately SGD717,000. The Group does not expect a negative terminal growth rate to be probable.

Management determined the budgeted revenue based on their expectations of market developments with the growth rates being estimated based on the industry forecasts and management's expectations. The terminal growth rate is based on the expected inflation rate. The discount rate reflects specific risks relating to the relevant operating segment. As at 31 March 2018, the estimated recoverable amount of the CGU exceeded its carrying value and the directors are of the opinion that there was no impairment of goodwill as at 31 March 2018. The directors are not aware of any indication of impairment of goodwill as at 31 March 2018. Management believes that any reasonably possible change in the key assumptions on which the CGU's recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount.

17. INVESTMENTS IN INSURANCE CONTRACTS

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Beginning of the year	—	—	2,080
Additions	—	2,528	—
(Loss)/gain on investments in insurance contracts	—	(417)	50
Currency translation differences	—	(31)	(128)
End of the year	—	2,080	2,002

Investments in insurance contracts pertain to two life insurance policies (the “Policies”) purchased by the Company during the year ended 31 March 2017 with Mr. Ma, the director and chief executive officer of the Company as the “Insured Person”. The Policies will mature on the dates when the Insured Person reaches the age of 74 and 77, respectively, or death of the Insured Person, whichever is the earlier. In the event of death of the Insured Person, the investments will be de-recognised and any resulting gains or losses will be recognised in profit or loss. The Group is the beneficiary of these insurance contracts.

The investments were pledged as collateral for the Group's bank borrowings as at 31 March 2017 and 2018 (Note 26).

18. INVENTORIES

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Feeds	828	790	950
Eggs and processed eggs	162	139	150
Packaging materials	130	176	267
	1,120	1,105	1,367

The cost of inventories for the years ended 31 March 2016, 2017 and 2018 have been included in the combined statements of comprehensive income as “Purchases of inventories” and “Changes of inventories”.

19. TRADE AND OTHER RECEIVABLES

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Trade receivables			
— Non-related parties	3,398	3,589	4,296
— Related party (<i>Note 29</i>)	36	18	127
	<u>3,434</u>	<u>3,607</u>	<u>4,423</u>
Less:			
Allowance for impairment of receivables			
— Non-related parties	(2)	(2)	(75)
	<u>3,432</u>	<u>3,605</u>	<u>4,348</u>
Other receivable	—	—	35
Deposits	146	207	73
Prepayments	128	71	523
	<u>3,706</u>	<u>3,883</u>	<u>4,979</u>

The credit period of trade receivables ranged up to 65 days. No interest was charged on the outstanding balances. The ageing analysis of trade receivables as at 31 March 2016, 2017 and 2018 based on invoice date is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Less than 30 days	1,567	1,840	2,546
31 to 60 days	1,212	1,353	1,418
61 to 90 days	362	279	250
More than 90 days	293	135	209
	<u>3,434</u>	<u>3,607</u>	<u>4,423</u>

As at 31 March 2016, 2017 and 2018, trade receivables of approximately SGD1,462,000, SGD1,334,000 and SGD1,305,000 were considered past due but not impaired. These relate to customers for which there are no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

The aging analysis of such trade receivables based on due date is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Overdue			
Less than 30 days	908	1,028	1,148
31 to 60 days	290	160	27
More than 60 days	264	146	130
	<u>1,462</u>	<u>1,334</u>	<u>1,305</u>

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Gross amount	2	2	75
Less: allowance for impairment	(2)	(2)	(75)
	<u>—</u>	<u>—</u>	<u>—</u>
	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Beginning of the year	42	2	2
Impairment allowance recognised	—	—	73
Utilisation of allowance for impairment	(40)	—	—
	<u>2</u>	<u>2</u>	<u>75</u>

The maximum exposure to credit risk is the carrying amounts of trade receivables and the Group does not have any collateral as security.

The Group's trade receivables and other receivables are denominated in the following currencies:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
SGD	3,706	3,858	4,510
USD	—	25	49
HKD	—	—	420
	<u>3,706</u>	<u>3,883</u>	<u>4,979</u>

20. PLEDGED DEPOSIT

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Pledged deposit (<i>Note</i>)	251	252	254

Note:

The deposit has been pledged to banks for credit facilities granted to the Group (*Note 26*). The Group's pledged deposit is denominated in SGD.

21. CASH AT BANK AND ON HAND

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Cash at bank and on hand	324	1,915	799

Cash at bank and on hand are denominated in the following currencies:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
SGD	318	1,886	588
USD	6	29	62
Euro ("EUR")	—	—	5
HKD	—	—	144
	324	1,915	799

For the purpose of presenting the combined statements of cash flows, cash and cash equivalents comprise the following:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Cash at bank and on hand	324	1,915	799
Less: bank overdrafts (<i>Note 26</i>)	(74)	—	—
Cash and cash equivalents per combined statements of cash flows	250	1,915	799

22. PREPAYMENT OF LEASE CONTRACT

On 29 January 2018, a proposed land lease renewal offer letter was obtained by the Group from the Singapore Land Authority ("SLA"). The offer letter pertains to the offer to renew the existing lease of the farm where the principal activities of the Group are currently being carried out which is due to expire on 2 May 2018. The prepayment was made to SLA on 8 March 2018. The renewal is for a term of 20 years from the date of expiry.

23. COMBINED CAPITAL

As mentioned in Note 1.2 above, the Historical Financial Information has been prepared as if the current group structure had been in existence throughout each of the years ended 31 March 2016, 2017 and 2018 or since the respective dates of incorporation/establishment of the combining companies, or since the date when the combining companies first came under the control of Mr. Ma, where there is a shorter period. Combined capital during the Track Record Period represents the share capital of the companies comprising the Group after elimination of inter-company investments.

24. TRADE AND OTHER PAYABLES

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Current			
Trade payables to non-related parties	1,314	1,790	1,454
Other payables:			
— non-related parties	90	98	543
— loan from a non-related party	350	350	—
Other accruals	228	391	1,311
Accrued royalty expense	696	1,048	58
	<u>2,678</u>	<u>3,677</u>	<u>3,366</u>
Non-current			
Accrued royalty expense	<u>1,055</u>	<u>895</u>	<u>263</u>

The credit terms granted by the Group's suppliers were usually ranged up to 60 days.

The ageing analysis of trade payables based on invoice date was as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Less than 30 days	703	901	819
31 to 60 days	316	436	343
More than 60 days	295	453	292
	<u>1,314</u>	<u>1,790</u>	<u>1,454</u>

The amounts due to non-related parties are unsecured, interest free and repayable on demand.

The Group's trade and other payables are denominated in the following currencies:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
SGD	1,982	2,629	2,302
USD	1,751	1,943	342
HKD	—	—	985
	<u>3,733</u>	<u>4,572</u>	<u>3,629</u>

25. FINANCE LEASE LIABILITIES

The Group leases certain motor vehicles and plant and machinery from non-related parties under non-cancellable finance leases. The lease terms are between 3 and 7 years and the lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. Upon the full settlement of the finance lease liabilities, the legal title of these motor vehicles and plant and machinery will be transferred to the Group. All finance lease liabilities of the Group are denominated in SGD.

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Minimum lease payments due			
— not later than one year	941	677	1,082
— between one and five years	1,553	1,682	2,290
— later than five years	83	33	—
	<u>2,577</u>	<u>2,392</u>	<u>3,372</u>
Less: future finance charges	<u>(190)</u>	<u>(165)</u>	<u>(205)</u>
Present value of finance lease liabilities	<u>2,387</u>	<u>2,227</u>	<u>3,167</u>

The present values of finance lease liabilities are analysed as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Not later than one year	868	611	992
Between one and five years	1,438	1,584	2,175
Later than five years	81	32	—
Total	<u>2,387</u>	<u>2,227</u>	<u>3,167</u>

The net book value of machinery and motor vehicles held under finance lease comprises:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
<i>Machinery</i>			
Costs — capitalised finance leases	4,361	4,784	3,080
Accumulated depreciation	(981)	(1,452)	(561)
Net book amount	3,380	3,332	2,519
<i>Motor vehicles</i>			
Costs — capitalised finance leases	481	972	1,822
Accumulated depreciation	(107)	(224)	(420)
Net book amount	374	748	1,402

The fair values of non-current finance lease liabilities are as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Finance lease liabilities	1,567	1,677	2,239

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the end of each reporting period which the directors expect to be available to the Group:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Finance lease liabilities	2.98%	3.18%	3.98%

The fair values are within Level 2 of the fair value hierarchy. Level 2 of the fair value hierarchy refers to fair values derived based on inputs other than quoted prices included within Level 1 that are observable for the liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

26. BANK BORROWINGS

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Long-term bank loans	843	2,460	2,592
Short-term bank loans	1,260	316	3,359
Bank overdrafts (<i>Note 21</i>)	74	—	—
	2,177	2,776	5,951
Less: amounts due on demand or within one year shown under current liabilities	(1,861)	(951)	(4,122)
Non-current portion	316	1,825	1,829

The Group's borrowings were repayable as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Within 1 year	1,861	548	3,786
Between 1 and 2 years	316	236	479
Between 2 and 5 years	—	734	773
Over 5 years	—	1,258	913
	<u>2,177</u>	<u>2,776</u>	<u>5,951</u>

The above amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The exposure of the bank borrowings of the Group to the contractual repricing date at the end of each reporting period is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
6 months or less	<u>2,177</u>	<u>2,776</u>	<u>5,951</u>

As at 31 March 2016, 2017 and 2018, total bank borrowings are secured/guaranteed by:

- (i) Guaranteed jointly and severally by a director and Egg Harvest, the then holding company of the Group, which will be released upon listing;
- (ii) Legal mortgage over the Group leasehold buildings and improvements with a carrying amount of approximately SGD2,516,000, SGD1,638,000 and SGD526,000 (Note 15) as at 31 March 2016, 2017 and 2018;
- (iii) Assignments over the investments in insurance contracts (Note 17); and
- (iv) Pledged deposit (Note 20).

The fair values of non-current bank borrowings are as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Bank borrowings	<u>319</u>	<u>1,824</u>	<u>1,830</u>

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the end of each reporting period which the directors expect to be available to the Group:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Bank borrowings	<u>6.00%</u>	<u>1.74%</u>	<u>2.06%</u>

The fair values are within Level 2 of the fair value hierarchy. Level 2 of the fair value hierarchy refers to fair values derived based on inputs other than quoted prices included within Level 1 that are observable for the liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Undrawn borrowing facilities

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Floating rate			
Expiring within one year	3,941	5,200	3,950

27. COMMITMENTS**Operating lease commitments**

The Company leases land under non-cancellable operating lease arrangements.

The future minimum lease payable under non-cancellable operating leases contracted for at the end of each reporting period but not recognised as liabilities, is as follows:

	As at 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Not later than one year	277	277	48
Between one and five years	300	23	101
More than five years	—	—	86
	<u>577</u>	<u>300</u>	<u>235</u>

28. BUSINESS COMBINATION**(a) Summary of acquisition**

On 1 May 2017, N&N completed the acquisition of 100% equity interests in CSH Eggs and Golden Hoyo from an independent third party (the "Seller") pursuant to a sale and purchase agreement at a cash consideration of SGD 1,150,000.

CSH Eggs is incorporated in Singapore which is principally engaged in wholesales and distribution of eggs in Singapore. Golden Hoyo is incorporated in Singapore which is a property holding company. The property is held for the storage of eggs and administrative work of CSH Eggs.

In accordance with IFRS 3 (Revised), "Business Combination", the Group is required to recognise the identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Accordingly, the Group has undertaken a purchase price allocation allocating the purchase consideration to the identifiable assets and liabilities acquired at the acquisition date. Significant accounting estimates have been involved when performing the allocation.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	SGD'000
Purchase consideration (refer to (b) below)	1,150
Less: Contingent consideration (<i>Note</i>)	<u>(46)</u>
Total cash consideration	<u>1,104</u>

Note:

The Seller jointly and severally guarantee the gross sales revenue (excluding GST and discounts) of the business for the first six months after completion shall be no less than SGD1,650,000 (the "Target Sales"). In

the event that the Target Sales is not met, the purchase price shall be adjusted at the lower of deducting 20% of the shortfall from the consideration or SGD50,000 (“**Maximum Liability**”). As the Target was not met, the fair value for the Maximum Liability and the amount is as above.

The identified assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	SGD'000
Property, plant and equipment (<i>Note 15</i>)	885
Intangible assets: customer relationship (<i>Note 16</i>)	137
Deferred income tax liabilities (<i>Note 11</i>)	(15)
	<hr/>
Net identifiable assets acquired	1,007
Add: goodwill	97
	<hr/>
Total purchase consideration	<u>1,104</u>

The goodwill is attributable to the workforce acquired, and the synergies expected to arise from the business combination and future growth of the acquired entities. None of the goodwill recognised is expected to be deductible for tax purposes.

Revenue and profit contribution

The acquired business contributed SGD2,432,000 to the Group's total revenue and SGD393,000 to the Group's profit after income tax for the period between the date of acquisition and 31 March 2018.

Had the acquisition occurred on 1 April 2017, combined revenue and combined profit after income tax for the year ended 31 March 2018 would have been SGD25,123,000 and SGD261,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of total revenue and income and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2017, nor is intended to be a projection of future results.

There were no acquisitions in the years ended 31 March 2016 and 2017.

	Year ended 31
	March 2018
	SGD'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	1,104
	<hr/> <hr/>

Acquisition-related costs

Acquisition-related costs of SGD16,000 have been charged to general and administrative expenses in the combined statement of comprehensive income for the year ended 31 March 2018.

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The Controlling Shareholder of the Company is Radiant Grand International Limited (incorporated in the BVI) which holds 78.61% of the Company's Shares. Elite Ocean has a 21.39% interest in the Company. The ultimate controlling party of the Group is Mr. Ma Chin Chew (“**Mr. Ma**”).

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 March 2016, 2017 and 2018, and balances arising from related party transactions as at 31 March 2016, 2017 and 2018.

(a) Name and relationship with related companies

The directors and shareholders of the Company are of the view that the following company was a related party that had transactions or balances with the Group during the Track Record Period:

Name	Relationship with the Group
Hup Heng Poultry Industries Pte Ltd (“ Hup Heng ”)	Non-controlling interest held by Mr. Ma

(b) Transaction with related companies**Related party transactions**

	Year ended 31 March		
	2016	2017	2018
	SGD'000	SGD'000	SGD'000
Hup Heng			
Sale of hens	467	320	466
Sale of fresh eggs	178	190	304
	<u>645</u>	<u>510</u>	<u>770</u>

In the opinion of the directors, the above transactions were carried out in the normal course of the Group's business and conducted at terms mutually agreed by the respective parties.

(c) Balances with related companies

	Note	As at 31 March		
		2016	2017	2018
		SGD'000	SGD'000	SGD'000
Current assets				
Trade receivable — Hup Heng	<i>i</i>	<u>36</u>	<u>18</u>	<u>127</u>
Current liability				
Amount due to a shareholder — Mr. Ma	<i>ii</i>	<u>—</u>	<u>200</u>	<u>—</u>
Non-current liability				
Amount due to a shareholder — Mr. Ma	<i>iii</i>	<u>2,037</u>	<u>1,707</u>	<u>—</u>

Note:

- i. The amount due from Hup Heng is unsecured, interest-free and with 30 day credit period.
- ii. The amount due to a shareholder (current portion) as at 31 March 2017 related to dividend declared by TPEC for the year ended 31 March 2017 which is not yet settled. It is unsecured, interest-free and is required to be settled within 12 months from the period end date.
- iii. The amount due to a shareholder (non-current portion) is unsecured, interest-free and is not required to be settled within 12 months from the period end date.

The carrying amounts of amount due to a shareholder and the trade receivable from Hup Heng approximate their fair values and is denominated in SGD.

The amount due to shareholder (both current and non-current portion) is non-trade in nature.

(d) Key management compensation

The emoluments of the director (representing the key management personnel) during the years ended 31 March 2016, 2017 and 2018 are disclosed in Note 9.

30. SUBSEQUENT EVENTS

The events after the balance sheet date are disclosed as follows:

- (i) On 14 August 2018, the Group completed the Reorganisation (Note 1.2).
- (ii) Pursuant to a shareholder's resolution passed on 15 August 2018, conditional on the share premium account of the Company being credited as a result of the Share Offer, the directors are authorised to and will issue a total of 374,980,000 shares by way of capitalisation of the sum of HK\$3,749,800 standing to the credit of the share premium account of the Company upon the Share Offer.
- (iii) Pursuant to a shareholder's resolution passed on 15 August 2018, the Company conditionally adopted a share option scheme under which the director may grant options to Eligible Participants to subscribe shares of the Company. No options have been granted up to the date of this report.
- (iv) On 13 July 2018, interim dividend of SGD100,000 per ordinary share totalling SGD200,000 out of the retained earnings of TPEC for the nine months ended 30 June 2018 to its then equity holder was approved.
- (v) On 13 July 2018, final dividend of SGD0.06 per ordinary share totalling SGD600,000 out of the retained earnings of N&N for the year ended 31 March 2018 to its then equity holder was approved.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 March 2018 and up to the date of this report. Save as disclosed in Note 30 above, no dividend or distribution has been declared or paid by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 March 2018.

The information set forth in this appendix does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included in this appendix for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of GEM Listing Rules and on the basis set out below is for illustrative purpose only, and is set out herein to illustrate the effect of the Share Offer on the net tangible asset of our Group attributable to the owners of the Company as at 31 March 2018 as if it had taken place on 31 March 2018.

The unaudited pro forma adjusted net tangible assets of our Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Share Offer been completed as at 31 March 2018 or as at any future dates.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2018 <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets attributable to the owners of the Company as at 31 March 2018 <i>(Note 3)</i>	Unaudited pro forma adjusted net tangible assets per Share <i>(Note 5)</i>	
	SGD'000	SGD'000	SGD'000	SGD	HK\$
Based on an Offer Price of HK\$0.40 per share	<u>11,433</u>	<u>5,652</u>	<u>17,085</u>	<u>0.03</u>	<u>0.20</u>
Based on an Offer Price of HK\$0.50 per share	<u>11,433</u>	<u>7,572</u>	<u>19,005</u>	<u>0.04</u>	<u>0.23</u>

Notes:

- (1) The audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2018 is extracted from the Accountant's Report set forth in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 March 2018 of SGD11,657,000 with an adjustment for the intangible assets as at 31 March 2018 of SGD224,000.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.40 (equivalent to SGD0.07) and HK\$0.50 (equivalent to SGD0.08) per Share, respectively, after deduction of estimated underwriting fees and other related expenses payable by the Group (excluding approximately SGD1,719,000 listing expenses which have been charged to our combined statements of comprehensive income up to 31 March 2018) and takes no account of any Shares which may be granted and issued by the Company pursuant to the exercise of any options that may be granted under the Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.
- (3) The unaudited pro forma net tangible assets per Share are determined after the adjustments as described in the paragraph above and on the basis that 500,000,000 Shares are in issue (assuming that the Share Offer has been completed on 31 March 2018), without taking into account of any Shares which may be granted and issued by the Company pursuant to the exercise of any options that may be granted under the Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.
- (4) Save as disclosed in Note (3) above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.
- (5) The unaudited pro forma adjusted net tangible assets of the Group does not take into account the special dividend of approximately SGD600,000 and SGD200,000 declared by N&N Agriculture Pte Ltd and The Pasteurised Egg Company Pte. Ltd. respectively on 13 July 2018. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$0.20 (equivalent to SGD0.03) and HK\$0.22 (equivalent to SGD0.04) per Share based on the indicative Offer Price of HK\$0.40 (equivalent to SGD0.07) and HK\$0.50 (equivalent to SGD0.08), respectively, after taking into account the declaration of dividend in the sum of SGD800,000.
- (6) In connection with the preparation of this unaudited pro forma statement of adjusted net tangible assets, the translation of Singapore dollars into Hong Kong dollars has been made at a rate of SGD1.00 to HK\$5.9887.

(B) REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Eggriculture Foods Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Eggriculture Foods Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 March 2018, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 23 August 2018, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 31 March 2018 as if the proposed initial public offering had taken place at 31 March 2018. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial information for the year ended 31 March 2018, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 March 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 August 2018

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31 May 2018 of the real properties located in Singapore.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

23 August 2018

The Directors

Eggriculture Foods Ltd.

Unit 1306, 13th Floor

Mirror Tower

No. 61 Mody Road

Tsim Sha Tsui East

Kowloon, Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Eggriculture Foods Ltd. (the “**Company**”) for us to value the real properties held/leased by the Company and/or its subsidiaries and/or its respective holding companies and associated companies (together referred to as the “**Group**”) located in The Republic of Singapore (“**Singapore**”). We confirm that we have conducted inspections, made relevant enquiries and obtained such further information, as we consider necessary for the purpose of providing you with our opinion of the market values of the real properties as at 31 May 2018 (the “**valuation date**”).

BASIS OF VALUATION

Our valuations of the concerned real properties have been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associate taxes or potential taxes.

REAL PROPERTY CATEGORIZATION

In the course of our valuations, the real properties of the Group are categorized into the following groups:

- | | | |
|----------|---|-----------------------------------------------------------------------|
| Group I | – | Real property leased by the Group in Singapore |
| Group II | – | Real property partly held and partly leased by the Group in Singapore |

VALUATION METHODOLOGY

We have valued Real Property No. 1 on market basis by the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the market. Appropriate adjustments have then been made to account for the differences between the real property and the comparables in terms of time, location, size and other relevant factors.

We have attributed no commercial value to Real Property No. 2 due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

TITLE INVESTIGATION

We have caused land searches to be carried out at the Singapore Land Authority. We have also been provided with copies of title and legal/tenancy documents in respect of such real properties and have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

In valuing Real Property No. 1, we have relied on the advice given by the Group that the Group has valid and enforceable title to Real Property No. 1 which is freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual Government rent/land use fees and all requisite land premium/purchase considerations payable have been fully settled.

VALUATION ASSUMPTIONS

Our valuations of the real properties have been made on the assumptions that the real properties are sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the values of the real properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the real properties and no forced sale situation in any manner is assumed in our valuations.

VALUATION CONSIDERATIONS

The site inspections have been conducted by Mr. Man Lam (MRICS, MHKIS) in January 2018. We have inspected the real properties externally and where possible, the interior of the real properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the real properties are free from rot, infestation or any other structural defects. No tests were carried out on any of their services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the real properties and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the real properties but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information so supplied.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the real properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the real properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Singaporean Dollars (S\$) and no allowances have been made for any exchange transfers.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Notes: Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 25 years' experience in valuations of real properties in Hong Kong and over 13 years' experience in valuations of real properties in Singapore.

SUMMARY OF VALUES

<u>No.</u>	<u>Real property</u>	<u>Market Value in existing state as at 31 May 2018</u>
		S\$
Group I – Real property leased by the Group in Singapore		
1.	A factory unit located at #01-2548, Block 1002 Tai Seng Avenue, Lot 04378T MK23, Singapore 534409	1,120,000
	Sub-total:	<u>1,120,000</u>
Group II – Real property partly held and partly leased by the Group in Singapore		
2.	A poultry farm located at No. 1 Lim Chu Kang Lane 9A, Lot No. 1152P MK12, Singapore 718845	No Commercial Value
	Sub-total:	<u>Nil</u>
	Total:	<u><u>1,120,000</u></u>

VALUATION CERTIFICATE

Group I – Real property leased by the Group in Singapore

No.	Real property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018 S\$
1.	A factory unit located at #01-2548, Block 1002 Tai Seng Avenue, Lot 04378T MK23, Singapore 534409	<p>The real property is a factory unit within an intermediate terrace factory completed in 1980s. Alterations and additions (“A&A works”) had been approved and commenced in 2017 for additional level of workshop for industrial/ancillary office/other ancillary uses within the factory unit and such A&A works were completed in early 2018.</p> <p>The total gross floor area (“GFA”) of the real property is approximately 570.22 sq.m. including the additional GFA of the A&A works being 192.91 sq.m.</p> <p>The real property is held under Lease No. IE/139577G for a term of 30 years commencing on 16 September 1996 for packing of foodstuff, catering and processing of seafood uses.</p> <p>Part of the real property has also been permitted for wholesaling and processing of eggs uses pursuant to a subletting agreement.</p>	The real property is operated as “Chuan Seng Huat Egg Store” (CSH Egg Store) by the Group for food workshop purpose.	1,120,000

Notes:

- The real property is located at an industrial area in the eastern part of Singapore and is about 20 minutes’ driving distance from Singapore Changi International Airport.
- According to the title search made at Singapore Land Authority (“**SLA**”), the proprietor of the real property is Golden Hoyo Pte Ltd vide Lease No. IE/139577G registered on 24 April 2015.
- According to Lease No. IE/139577G dated 24 April 2015, the real property is leased to Golden Hoyo Pte Ltd for a term of 30 years commencing on 16 September 1996.
- According to a subletting agreement dated 27 June 2016, portion of the real property has been sublet to Chuan Seng Huat Eggs Pte. Ltd. for a term of 2 years from 1 August 2016 to 31 July 2018 for wholesaling & processing of eggs.
- According to the Urban Redevelopment Authority Master Plan 2014 (approved amendments incorporated), the real property is zoned for B2 industrial use.
- Golden Hoyo Pte Ltd is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group II – Real property partly held and partly leased by the Group in Singapore

No.	Real property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018 S\$
2.	A poultry farm located at No. 1 Lim Chu Kang Lane 9A, Lot No. 1152P MK12, Singapore 718845	<p>The real property comprises a land parcel with a site area of approximately 116,037.5 sq.m. together with various buildings and structures completed in various stages between 1998 to 2002 erected thereon.</p> <p>The total gross floor area of the buildings of the real property is approximately 19,689.15 sq.m.</p> <p>Pursuant to a lease and supplemental agreements entered into between The President of the Republic of Singapore and his Successors in Office and N&N Agriculture Pte Ltd (“N&N”), an indirect wholly-owned subsidiary of the Company, the land parcel of the real property is leased to N&N for a term of 20 years commencing on 3 May 1998 for chicken layer farming and food fish farming uses.</p>	The real property is occupied by the Group for chicken layer farming purpose.	No Commercial Value

Notes:

- The real property is located at Lim Chu Kang area, the northwestern part of the North Region of Singapore, bordering the Western Water Catchment to the west and south, Sungei Kadut to the east and the Straits of Johor to the north. It takes about 45 minutes’ driving distance from Singapore Changi International Airport to the real property.
- According to the title search made at Singapore Land Authority (“SLA”), the proprietor of the real property is N&N vide Lease dated 2 March 1999.
- According to the aforesaid Lease, the real property is leased to N&N for a term of 20 years commencing on 3 May 1998.
- According to the Urban Redevelopment Authority Master Plan 2014 (approved amendments incorporated), the real property is zoned for agriculture use.
- Pursuant to a Permit issued by Building and Construction Authority, the building works on the land parcel of the real property is permitted to carry out and commence.

6. According to a Letter of Offer issued by SLA, dated 29 January 2018, SLA has offered N&N a renewal of lease to the land parcel of the real property with a site area of 116,037.5 sq.m. for a term of 20 years from 3 May 2018 and an option to renew for a further term of 10 years upon the expiry of the term, at a renewal payment of SGD3,104,070, inclusive of lease renewal premium, services tax and processing fee, for hen layer egg farming use.
7. According to a letter issued by SLA dated 9 March 2018, SLA has received a Letter of Acceptance dated 8 March 2018 and the renewal payment from N&N.
8. As per the Requisition for Survey letter issued by SLA dated 31 May 2018, the Company is required to carry out the cadastral survey and submit the certified plan to Chief Surveyor by 31 July 2018 in order to complete the renewal of leasehold title for 20 years.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2018 under the Companies Law. The Company's constitutional documents consist of its Memorandum and its Articles.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 15 August 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that

class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY
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The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump

sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY
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Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and

other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the

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contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

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In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
 - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
 - (cc) the election of directors in place of those retiring;
 - (dd) the appointment of auditors and other officers;
 - (ee) the fixing of the remuneration of the directors and of the auditors;
 - (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
 - (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.
- (v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

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At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

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Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

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Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 8 March 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 February 2018.

Our registered place of business in Hong Kong is at Unit 1306, 13th Floor, Mirror Tower, No. 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 July 2018 with the Registrar of Companies in Hong Kong. Mr. Ching Kim Fung has been appointed as the authorised representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Unit 1306, 13th Floor, Mirror Tower, No. 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

Our Company was incorporated in the Cayman Islands and its operations are subject to the Companies Law and its constitution which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company and its subsidiaries*(a) Authorised and issued share capital of our Company*

- (i) As at the date of incorporation of our Company on 12 February 2018, our authorised share capital was HK\$380,000 divided into 3,800,000 shares having a par value of HK\$0.10 each. On the date of incorporation, 1 initial share of a par value of HK\$0.10 was allotted and issued, fully paid, to the nominee of Conyers Trust Company (Cayman) Limited which was transferred to Radiant Grand on the same day.
- (ii) On 6 March 2018, each of the issued and unissued shares of HK\$0.10 in the share capital of our Company was subdivided into 10 Shares of HK\$0.01 each.
- (iii) On the same day, our Company issued and allotted 7,851 Shares of HK\$0.01 each and 2,139 Shares of HK\$0.01 each to Radiant Grand and Elite Ocean, respectively.
- (iv) On 14 August 2018, 7,861 Shares and 2,139 Shares were allotted and issued to Radiant Grand and Elite Ocean respectively as consideration for our Company acquiring all the issued shares of Alliance Glory.
- (v) On 15 August 2018, the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of 9,962,000,000 new Shares pursuant to a resolution passed by Shareholders referred to in paragraph 3 below.

- (vi) Immediately following completion of the Capitalisation Issue and the Share Offer but taking no account of any Shares which may be allotted and issued upon the exercise of any options which have been or may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 500,000,000 Shares will be issued fully paid or credited as fully paid, and 9,500,000,000 Shares will remain unissued.
- (vii) Other than pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (viii) Save as disclosed herein, there has been no alteration in the share capital of our Company since its incorporation.

(b) Changes in share capital of our subsidiaries

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus save as disclosed in the section "History, reorganisation and corporate structure" in this prospectus, there are no changes in the registered capital of our subsidiaries during the two years preceding the date of this prospectus.

(c) Founder shares

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of the Shareholders

Written resolutions were passed by the Shareholders on 15 August 2018 pursuant to which, among other matters:

- (a) our Company approved and adopted the Memorandum with immediate effect and conditionally approved and adopted the Articles with effect from the Listing Date;
- (b) the increase in the authorised share capital of our Company from HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of a par value of HK\$0.01 each by the creation of additional 9,962,000,000 shares of a par value of HK\$0.01 each was approved;
- (c) conditional on (aa) the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus; (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming

unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus;

- (i) the Share Offer was approved and the Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer;
- (ii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at the Directors' absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
- (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, the Directors were authorised to capitalise HK\$3,749,800 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 374,980,000 Shares for allotment and issue to the shareholders of our Company as at the date of the passing of such resolutions on a pro rata basis and so that the Shares to be allotted and issued pursuant to this resolution should rank pari passu in all respects with the then existing issued Shares and the Directors were authorised to give effect to such capitalisation;
- (iv) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue, with the total number of Shares not exceeding the sum of (aa) 20% of the total number of issued Shares of our Company immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the share option scheme, and (bb) the total number of Shares of our Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be

listed and recognised by the SFC and the Stock Exchange for this purpose, with not more than 10% of the total number of issued Shares of our Company immediately following the completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the share option scheme until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

- (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (v) above to include the total number of Shares which may be purchased or repurchased pursuant to paragraph (vi) above; and
- (d) our Company approved the form and substance of each of the service agreements made between our executive Directors, non-executive Directors and independent non-executive Directors with us.

4. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation to rationalize our Group's structure in preparation for the Share Offer, details of which are set out in the section headed "History, reorganisation and corporate structure" in this prospectus.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries as at 31 March 2018 are set out under the financial statement in the Accountant's Report as included in Appendix I to this prospectus.

Save as disclosed in the section headed "History, reorganisation and corporate structure" in this prospectus, there has not been any changes in the share capital to any of our subsidiaries within the two years preceding to the date of this prospectus.

6. Securities repurchase mandate

Restriction on Share Repurchase

The GEM Listing Rules permits companies whose primary listing is on the GEM to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholder, either by way of general mandate or by specific approval of a particular transaction.

For details of the Repurchase Mandate, please refer to the paragraph headed "Further information about our Company — 3. Resolutions in writing of the shareholders" in this Appendix.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under Cayman Islands laws, any repurchases by our Company may only be made out of profits or from sums standing to the credit of the share premium account of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(c) Trading restrictions

The GEM Listing Rules also prohibit a company from purchasing its own securities (same under exceptional circumstances) on the GEM:

- (i) at any time after inside information (as defined under the SFO) has come to its knowledge until the information is made publicly available. In particular, during the period of 1 month immediately preceding the earlier of:
 - (A) the date of the board meeting for the approval of the company's results for any year, half-year or quarter-year period or any other interim period; and
 - (B) the deadline for the company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period,and ending on the date of the results announcement;

- (ii) if the purchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange; and
- (iii) if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the GEM.

(d) Status of repurchased shares

The GEM Listing Rules provide that the listing of all repurchased securities shall, subject to the applicable law, be cancelled upon repurchase irrespective of whether such repurchase takes place on the GEM, and that the relevant certificates of title must be cancelled and destroyed.

Under the law of the Cayman Islands, our Company's repurchased Shares will be treated as cancelled unless the Directors resolve to hold such Shares as treasury shares.

(e) Connected parties

The GEM Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a connected person and a connected person shall not knowingly sell his securities to the company.

(f) Reasons for repurchases

The Directors believe that it is in the best interest of our Company and the Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit our Company and the Shareholders.

(g) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of the Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a

material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately after the Listing, would result in up to 50,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(h) General

None of the Directors nor to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of our Company and may become obliged under Rule 26 of the Takeovers Code to make a mandatory offer unless a whitewash waiver is obtained. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of issued Shares (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY**7. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:



- (a) the Deed of Indemnity;
- (b) the Deed of Non-Competition;
- (c) sale and purchase agreement dated 1 April 2017 and entered into between Tan Lau Huah and N&N, pursuant to which N&N agreed to acquire the entire issued and paid-up capital of CSH Eggs from Tan Lau Huah at the consideration of S\$350,000;
- (d) sale and purchase agreement dated 1 April 2017 and entered into among, Tan Lau Huah, Tan Su Lian and N&N, pursuant to which N&N agreed to acquire the entire issued and paid-up capital of Golden Hoyo from Tan Lau Huah and Tan Su Lian at the aggregate consideration of S\$800,000;
- (e) share transfer form dated 14 August 2018 and entered into between Egg Harvest and Alliance Glory for the transfer of 6,000,000 fully paid ordinary shares in N&N in consideration of the allotment and issuance of 7,860 shares of Alliance Glory to Radiant Grand;
- (f) share transfer form dated 14 August 2018 and entered into between Mr. Ma and Alliance Glory for the transfer of 4,000,000 fully paid ordinary shares in N&N in consideration of the allotment and issuance of 2,139 shares of Alliance Glory to Elite Ocean;
- (g) share transfer form dated 14 August 2018 and entered into between Mr. Ma and Alliance Glory for the transfer of 2 fully paid ordinary shares in TPEC at the consideration of S\$233,441;
- (h) instrument of transfer dated and stamped on 2 August 2018 and entered into between Mr. Ma and Alliance Glory for the transfer of 1 ordinary share in Egg Story at the consideration of HK\$1.00;
- (i) bought and sold notes dated and stamped 2 August 2018 and entered into between Mr. Ma and Alliance Glory for the transfer of 1 ordinary share in Egg Story at the consideration of HK\$1.00;
- (j) instrument of transfer dated 14 August 2018 and entered into between Radiant Grand and our Company for the transfer of 7,861 shares in Alliance Glory in consideration of the allotment and issuance of 7,861 shares in our Company to Radiant Grand;

- (k) instrument of transfer dated 14 August 2018 and entered into between Elite Ocean and our Company for the transfer of 2,139 shares in Alliance Glory in consideration of the allotment and issuance of 2,139 shares in our Company to Elite Ocean; and
- (l) the Public Offer Underwriting Agreement.

8. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following material trademarks:

Trademark	Trademark Number	Name of Registrant	Place of Registration	Class	Date of registration	Expiry Date
	40201722416T	The Pasteurised Egg Company Pte. Ltd.	Singapore	29	13 November 2017	13 November 2027
	40201801475S	N&N Agriculture Pte Ltd	Singapore	29	25 January 2018	25 January 2028

(b) Domain Names

As at the Latest Practicable Date, our Group had the following material registered domain name:

Name of Registrant	Domain name	Date of registration	Expiry date
N & N Agriculture Pte Ltd	eggstory.com.sg	24 February 2013	24 February 2019
N & N Agriculture Pte Ltd	nnagri.com	2 January 2018	2 January 2019

Save as disclosed above, our Group was not the registered proprietor or beneficial owner of any registered trademarks, patents or other intellectual property rights and our Group was not the applicant of any trademark applications or patent applications or other applications of intellectual property rights, which are or may be material in relation to our Group's business.

9. Connected transactions and related party transactions

Save as disclosed in the section headed "Relationship with controlling shareholders" and in note 28 in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

10. Directors

*(a) Particulars of Directors' service agreements**Executive Directors*

Each of the executive Directors has entered into a service agreement with our Company for an initial fixed term of two years from the Listing Date which will be automatically renewable for successive terms of one year unless otherwise terminated by either party according to the terms set out in the agreement. The executive Directors are entitled to their respective basic remuneration under such service agreement set out below.

The current basic annual remuneration payable by our Group to the executive Directors is as follows:

<u>Name</u>	<u>Annual remuneration</u> (SGD)
Mr. Ma Chin Chew (馬琮就)	180,000
Ms. Lim Siok Eng (林淑英)	54,000
Mr. Tang Hong Lai (陳鴻來)	85,000

Independent Non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date unless otherwise terminated by either party according to the terms set out in the agreements. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of HKD130,000 per annum. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service agreement with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) Directors remuneration

- (i) The aggregate emoluments paid or payable and benefits in kind granted by our Group to our Directors and chief executive officer of our Group in respect of the three years ended 31 March 2018 were approximately SGD265,000, SGD268,000 and SGD292,000, respectively.

- (ii) None of the Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 31 March 2018 (i) as an inducement to join or upon joining our Group or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iii) There has been no arrangement under which a Director has waived or agreed to any emoluments for the three years ended 31 March 2018.
- (c) *Interests and short positions of Directors and chief executive officer in the shares, underlying shares or debentures of our Company and its associated corporations*

Immediately following completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which have been or may be granted under the Share Option Scheme, the interests and short positions of the Directors and chief executive in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, once the Shares are listed, will be as follows:

Our Company

<u>Director</u>	<u>Nature of Interest</u>	<u>Number and class of securities⁽¹⁾</u>	<u>Approximate shareholding percentage</u>
Mr. Ma ⁽²⁾	Interest of controlled corporation	294,800,000 Shares (L)	58.96%
Ms. Lim ⁽²⁾	Interest of spouse	294,800,000 Shares (L)	58.96%

Notes:

- (1) The letter "L" denotes the Directors' long position in the Shares.
- (2) Our Company will be held as to approximately 58.96% and 16.04% by Radiant Grand and Elite Ocean, respectively, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon exercise of the options which have been or may be granted under the Share Option Scheme). Radiant Grand is held as to 100% by Mr. Ma. By virtue of the SFO, Mr. Ma is deemed to be interested in the Shares which Radiant Grand is interested in. Ms. Lim is the spouse of Mr. Ma. Under the SFO, Ms. Lim is deemed to be interested in the 294,800,000 shares owned by Mr. Ma through Radiant Grand.

11. Substantial Shareholders

So far as is known to the Directors, immediately following completion of the Capitalisation Issue and the Share Offer (without taking account any Shares which may be allotted and issued upon the exercise of the options which have been or may be granted under the Share Option Scheme), the following persons (other than the Directors and chief executive) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of members of our Group:

Our Company

Shareholders	Capacity/Nature of interest	Number and class of securities ⁽¹⁾	Approximate percentage of interest in our Company
Radiant Grand ⁽²⁾	Beneficial owner	294,800,000 Shares (L)	58.96%
Elite Ocean ⁽³⁾	Beneficial owner	80,200,000 Shares (L)	16.04%
Mr. Lim ⁽³⁾	Interest of controlled corporation	80,200,000 Shares (L)	16.04%
Ms. Tan ⁽⁴⁾	Interest of spouse	80,200,000 Shares (L)	16.04%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.
- (2) Radiant Grand is held as to 100% by Mr. Ma. Therefore, Mr. Ma is deemed to be interested in the Shares which Radiant Grand is interested in by virtue of the SFO.
- (3) Elite Ocean is held as to 100% by Mr. Lim. Therefore, Mr. Lim is deemed to be interested in the Shares which Elite Ocean is interested in by virtue of the SFO.
- (4) Ms. Tan Bee Hong is the spouse of Mr. Lim. Under the SFO, Ms. Tan is deemed to be interested in the 80,200,000 Shares owned by Mr. Lim through Elite Ocean.

12. Disclaimers

Save as disclosed in this prospectus and as at the Latest Practicable Date:

- (a) and taking no account of any Shares which may be taken up or acquired under the Share Offer or upon the exercise of any options which have been or may be granted under the Share Option Scheme, our Directors are not aware of any other person (not being a Director or the chief executive of our Company) who will, immediately following completion of the Capitalisation Issue and the Share Offer, have interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of the share capital of our Company carrying rights to vote in all circumstances at general meetings of our Company;

- (b) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company, our subsidiary or any of the associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “21. Consents of experts” of this Appendix was interested, directly or indirectly, in the promotion of, or in any assets which had been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or were proposed to be acquired or disposed of by or leased to our Company or any member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (d) none of our Directors nor any of the parties listed in the paragraph headed “21. Consents of experts” of this Appendix was materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant to the business of our Group taken as a whole;
- (e) none of the experts referred to in the paragraph headed “21. Consents of experts” of this Appendix:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) none of our Directors or their respective associates or, to the knowledge of the Directors, any Shareholders who held more than 5% of the total Shares as at the Latest Practicable Date had any interest in the five largest customers or the five largest suppliers of our Company.

OTHER INFORMATION

13. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons (“**Eligible Participants**”):

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of our Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of our Group;
 - (bb) quality of work performed for our Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to our Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 50,000,000 Shares (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of the

Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of our Company but subsequently cancelled (the “**Cancelled Shares**”) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the GEM Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible

Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:

- (aa) the Eligible Participant's name, address and occupation;
- (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (cc) the date upon which an offer for an option must be accepted;
- (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
- (ee) the number of Shares in respect of which the option is offered;
- (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
- (gg) the date of the notice given by the grantee in respect of the exercise of the option; and
- (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the GEM Listing Rules) of our Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue;
- (b) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the GEM Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant, such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, the issue of a circular by our Company and the approval of the Shareholders in general meeting on a poll at which all core connected persons (as defined in the GEM Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the GEM Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll; and
- (c) The circular to be issued by our Company to the Shareholders pursuant to the above paragraph shall contain the following information:
 - (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
 - (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
 - (iii) the information required under Rule 23.02(2)(c) and (d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
 - (iv) the information required under Rule 2.28 of the GEM Listing Rules.

(h) Rights are personal to grantee

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(i) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme by the Shareholders of our Company (the “**Adoption Date**”). Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

(j) Performance target

There is no performance target that must be achieved before the Options can be exercised except otherwise imposed by the Board and stated in the offer of grant of an option.

(k) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his/her relationship with our Company and/or any of its subsidiaries on one or more of the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as our Company may determine); or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with our Company and/or any of its subsidiaries under paragraph (m) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(l) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(m) Rights on takeover

If a general offer is made to all the Shareholders (or all such Shareholders other than the offer or and/or any person controlled by the offer or and/or any person acting in concert with the offer (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(n) Rights on winding-up

In the event that a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(o) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which the Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(p) Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as are attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(q) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(r) Expiry of option

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n);
- (iii) the date upon which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date upon which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(s) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms and any adjustment to be made to the

exercise price of the Share Option Scheme shall still comply with Chapter 23 of the GEM Listing Rules, the supplemental guidance of 5 September 2005 and any future guidance or interpretation of the GEM Listing Rules from time to time and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(t) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

(u) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(w) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the passing of the necessary resolutions by the Shareholders to approve and adopt the Share Option Scheme;
- (ii) the GEM Listing Committee granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within 12 calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted there under.

(x) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the GEM Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the GEM Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 50,000,000 Shares in total.

14. Estate duty, tax and other indemnities

On 15 August 2018, our Controlling Shareholders (the “**Indemnifiers**”) entered into the Deed of Indemnity with and in favour of our Company (for ourselves and for each of our subsidiaries), to provide indemnities on a joint and several basis, in respect of, among other matters:

- (a) any taxation which is or hereafter becomes payable by any of our Group companies by virtue of section 35 of the Estate Duty Ordinance (or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong) or under the provision of section 43 of the Estate Duty Ordinance (or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of any Group company or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made or deemed to have made a relevant transfer (or a similar concept under any law equivalent or similar to the said provisions of the Estate Duty Ordinance under the laws of any jurisdiction outside Hong Kong) to any Group company or to any other person, entity or company at any time on or before the Share Offer becoming unconditional in accordance with the conditions set out in the section headed “Structure of the Share Offer — Conditions of the Share Offer” the date as stated therein (“**Effective Date**”).

- (b) the amount of any and all taxation falling on any of our Group companies resulting from or by reference to any income, profits, gains earned, accrued or received (or alleged to have been, or which should have been or deemed to be so earned, accrued or received), or any transactions, events, matters, things or any business carried on or occurring or deemed to occur on or before the Effective Date, whether alone or in conjunction with any circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm or company (including any and all taxation resulting from the receipt by any Group companies of any amounts paid by the Indemnifiers under the Deed of Indemnity), unless such liability to taxation is also discharged by such other person, firm or company;

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision, reserve or allowance (if any) has been adequately made in the audited consolidated accounts of our Company for the three years ended 31 March 2018 (“**Relevant Accounts**”) for such taxation or taxation claim;
- (b) to the extent that such liability for taxation falls on any Group companies in respect of its accounting period commencing on or after the date on which the Share Offer becomes unconditional unless such taxation or liability for such taxation would not have arisen but for some act or omission of, or transaction effected by, any of such Group companies (whether alone or in conjunction with some other act, omission or transaction) with the prior consent or agreement of the Indemnifiers;
- (c) to the extent that such liability for taxation would not have arisen but for any act or omission or delay by any of our Group companies voluntarily effected after the Effective Date without the prior written consent or agreement of the Indemnifiers;
- (d) to the extent that such taxation or liability is discharged by another person who is not a Group company and that no Group company is required to reimburse such person in respect of the discharge of the taxation or liability; or
- (e) to the extent that any provision, reserve or allowance made for such liability for taxation or taxation claim in the Relevant Accounts is finally established to be an over-provision or an excessive reserve or allowance provided that the amount of any such over-provision or excessive reserve applied pursuant to this clause to reduce the Indemnifier’s liability in respect of taxation shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excessive reserve shall only be applied to reduce the liability of the Indemnifiers under the Deed of Indemnity as aforesaid and none of our Group companies shall in any circumstances be liable to pay the Indemnifiers any such excess.

15. Litigation

As at the Latest Practicable Date, save as disclosed in the section headed “Business — legal proceedings and compliance” in this prospectus, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or administrative proceedings of material importance and no litigation, arbitration or administrative proceedings of material importance is known to the Directors to be pending or threatened against our Company or any of its subsidiaries, that would have a material adverse effect on the results of operations or financial conditions of our Company.

16. Preliminary expenses

Our preliminary expenses are approximately HK\$44,000. All preliminary expenses and all expenses relating to the Share Offer will be borne by our Company.

17. Promoters

Our Company has no promoter for the purpose of the GEM Listing Rules.

18. Agency fees or commissions paid or payable

The commission and expenses relating to the Share Offer that are to be borne by our Company are set out in the section headed “Underwriting” in this prospectus.

19. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of any options which have been or may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sole Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor will also receive a fee of HK\$4,000,000 to act as the sponsor to our Company in connection with the Share Offer.

20. Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
Central China International Capital Limited	Licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Colin Ng & Partners LLP	Legal advisors to our Company as to Singapore law
Conyers Dill & Pearman	Legal advisors to our Company as to Cayman Islands law
PricewaterhouseCoopers	Certified public accountants
BMI Appraisals Limited	Property valuer
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Biological Asset Valuer
Frost & Sullivan	Industry consultant

21. Consents of experts

Each of the experts as referred to in the paragraph headed “20. Qualification of experts” in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this Prospectus with the copies of their reports, valuation letters or opinion (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

23. Taxation of holders of Shares***(a) Hong Kong***

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, the Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

24. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

25. Miscellaneous

- (a) Save as disclosed herein:
 - (i) within two years preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) Save as disclosed herein, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2018 (being the date to which the latest combined financial statements of our Group were made up) up to the date of this prospectus.
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

26. Others

The English text of the prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, a copy of the **WHITE**, **YELLOW** and **GREEN** Application forms, copies of the written consents referred to in the sub-paragraph headed “21. Consents of experts” under the paragraph headed “Other information” of Appendix V to this prospectus, and certified copies of the material contracts referred to in the sub-paragraph headed “7. Summary of material contracts” under the paragraph headed “Further information about the business of our Company” of Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Jun He Law Offices at Suite 3701-10, Jardine House, 1 Connaught Place, Central Hong Kong, during normal business hours from 9:00 a.m. up to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of our Group for the three years ended 31 March 2018;
- (d) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (e) the report on the property valuation of our Group from BMI Appraisals Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;
- (h) the material contracts referred to in the sub-paragraph headed “7. Summary of material contracts” under the paragraph headed “Further information about the business of the Company” in Appendix V to this prospectus;
- (i) the written consents referred to in the sub-paragraph headed “21. Consents of experts” under the paragraph headed “Other information” in Appendix V to this prospectus;
- (j) the Share Option Scheme;

- (k) the service agreements referred to in the sub-paragraph headed “10. Directors — particulars of Directors’ service agreements” under the paragraph headed “Further information about Directors and Shareholders” in Appendix V to this prospectus;
- (l) the industry report by Frost & Sullivan; and
- (m) the biological asset valuation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

EGGRICULTURE FOODS LTD.