

# EGGRICULTURE FOODS LTD. 永續農業發展有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8609



Interim  
Report  
2019



## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 Stock Exchange. 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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.*

*This report, for which the directors (the “Directors”) of Eggriculture Foods Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

# Unaudited Interim Results

The Board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019 together with the relevant comparative figures. The information should be read in conjunction with the prospectus of the Company dated 23 August 2018 (the “Prospectus”). Capitalised terms used in this report shall have the same respective meaning as those defined in the Prospectus unless otherwise stated.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Six months ended 30 September					
		2019			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
		S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)
Revenue	3	22,812	-	22,812	15,066	-	15,066
Cost of sales	7	(16,656)	(2,704)	(19,360)	(12,096)	(1,118)	(13,214)
Gross profit		6,156	(2,704)	3,452	2,970	(1,118)	1,852
Other income	4	295	-	295	211	-	211
Other gains/(losses) – net	5	312	-	312	(144)	-	(144)
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest		-	2,778	2,778	-	1,135	1,135
(Loss)/gain arising from changes in fair value of biological assets less estimated point-of-sale costs		-	(590)	(590)	-	836	836
Selling and distribution expenses	7	(1,858)	-	(1,858)	(1,271)	-	(1,271)

Condensed Consolidated Statement of Comprehensive Income  
For the six months ended 30 September 2019

		Six months ended 30 September					
		2019			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
Note		S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)
	Administrative expenses						
	– Listing expenses	7	-	-	(1,605)	-	(1,605)
	– Others	7	(1,649)	(1,649)	(914)	-	(914)
	Finance costs	6	(222)	(222)	(187)	-	(187)
	Profit/(loss) before tax		<b>3,034</b>	<b>(516)</b>	<b>2,518</b>	(940)	853
	Income tax expense	8	(336)	(336)	(148)	-	(148)
	Profit/(loss) after tax and total comprehensive income/(expense) for the period attributable to equity holders of the company		<b>2,698</b>	<b>(516)</b>	<b>2,182</b>	(1,088)	853
	Earnings/(loss) per share						
	Basic and diluted (S\$ – in cents)	9		<b>0.49</b>			(0.06)



# Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	Note	As at 30 September 2019 S\$'000 (unaudited)	As at 31 March 2019 S\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Biological assets	11	1,578	3,084
Property, plant and equipment	12	13,717	10,822
Intangible assets		640	213
Investments in insurance contracts		2,194	2,128
Land lease payment	13	3,217	3,303
Right-of-use assets		416	–
		<b>21,762</b>	19,550
<b>Current assets</b>			
Biological assets	11	2,104	1,402
Inventories		1,618	1,659
Trade and other receivables	14	9,002	7,132
Right-of-use assets		126	–
Cash at bank and on hand		7,775	9,911
		<b>20,625</b>	20,104
<b>Total assets</b>		<b>42,387</b>	39,654
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	15	177	210
Finance lease liabilities		1,285	1,794
Bank borrowings		4,230	4,367
Deferred income tax liabilities		684	544
Lease liabilities		431	–
		<b>6,807</b>	6,915

Condensed Consolidated Statement of Financial Position  
As at 30 September 2019

	<i>Note</i>	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
<b>Current liabilities</b>			
Trade and other payables	15	<b>5,135</b>	4,848
Current income tax liabilities		<b>484</b>	355
Finance lease liabilities		<b>1,176</b>	1,170
Bank borrowings		<b>4,865</b>	4,743
Lease liabilities		<b>115</b>	–
		<b>11,775</b>	11,116
<b>Total liabilities</b>		<b>18,582</b>	18,031
<b>NET ASSETS</b>		<b>23,805</b>	21,623
<b>EQUITY</b>			
Share capital	16	<b>890</b>	890
Reserves		<b>22,915</b>	20,733
<b>Total equity</b>		<b>23,805</b>	21,623



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019

	Share capital	Share premium	Other reserve (Note)	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 April 2018 (audited)</b>	10,000	-	-	1,657	11,657
Loss and total comprehensive expense for the period	-	-	-	(235)	(235)
Distributions to previous shareholders	-	-	-	(800)	(800)
Acquisition pursuant of the Reorganisation	(10,000)	-	9,767	-	(233)
Shares issued pursuant to the Listing	222	10,904	-	-	11,126
Listing expenses charged to share premium	-	(1,692)	-	-	(1,692)
Share issued pursuant to the Capitalisation	668	(668)	-	-	-
<b>At 30 September 2018 (unaudited)</b>	890	8,544	9,767	622	19,823
<b>At 1 April 2019 (audited)</b>	<b>890</b>	<b>8,544</b>	<b>9,767</b>	<b>2,422</b>	<b>21,623</b>
Profit and total comprehensive income for the period	-	-	-	2,182	2,182
<b>At 30 September 2019 (unaudited)</b>	<b>890</b>	<b>8,544</b>	<b>9,767</b>	<b>4,604</b>	<b>23,805</b>

Note:

Other reserve represents the difference between consideration paid and share capital of entities under common control acquired.

# Condensed Consolidated Statement of Cash Flow

For the six months ended 30 September 2019

	Six months ended	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,136</b>	(500)
<b>Net cash used in investing activities</b>	<b>(4,152)</b>	(1,038)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,120)</b>	9,184
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,136)</b>	7,646
<b>Cash and cash equivalents at beginning of the period</b>	<b>9,911</b>	799
<b>Cash and cash equivalents at end of the period</b>	<b>7,775</b>	8,445





# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 February 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Island. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman 1-1111, Cayman Islands and its principal place of business in Hong Kong is Unit 1308, 13/F, Mirror Tower, 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

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 immediate and ultimate holding company of the Company is Radiant Grand International Limited (“Radiant Grand”), a company which was incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Ma Chin Chew (“Mr. Ma”).

Pursuant to a group reorganisation (the “Reorganisation”) to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

## 2. BASIS OF PRESENTATION AND PREPARATION

Prior to the Reorganisation (the “Reorganisation”) as mentioned above, the Listing Business was carried out by N & N Agriculture Pte. Ltd. (“N&N”), The Pasteurized Egg Company Pte. Ltd. (“TPEC”) and Egg Story Limited now comprising the Group (collectively the “Existing Subsidiaries”) which were all under the control of Mr. Ma Chin Chew (“Mr. Ma”), the controlling shareholder of the Company. Chuan Seng Huat Eggs Pte. Ltd. and Golden Hoyo Pte Ltd (collectively the “Acquired Subsidiaries”) were acquired by N&N from third parties in May 2017.

Immediately prior to and after the Reorganisation, the Listing Business is conducted by the Existing Subsidiaries and the Acquired Subsidiaries 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 financial information of the Existing Subsidiaries now comprising the Group is presented using their carrying values for the comparative period presented. For the Acquired Subsidiaries acquired from third parties, they are included in the comparative financial information of the Group from the date of acquisition.

Inter-company transactions, balances and unrealised gains/losses on transactions between companies now comprising the Group are eliminated.



## 2. BASIS OF PRESENTATION AND PREPARATION *(Continued)*

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which comprise all standards and interpretations) issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements are presented in Singapore dollar (“S\$”) and all values are rounded to the nearest thousand (“S\$’000”) except when otherwise indicated. The comparative 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 condensed consolidated financial statements for the six months ended 30 September 2019 have not been audited by the Company’s independent auditor, but have been reviewed by the audit committee of the Board (the “Audit Committee”).

The preparation of unaudited condensed consolidated results in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The basis of preparation and accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2019, except for those that relate to new standards or interpretations effective for the first time for the annual period beginning on or after 1 April 2019.

The Group has applied the following new and amendments to IFRSs for the first time in the current accounting period:

Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
(IFRIC) – INT23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in an Associate of Joint Venture
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle



## **2. BASIS OF PRESENTATION AND PREPARATION** *(Continued)* **IFRS 16 Leases**

The Group has adopted IFRS 16 from 1 April 2019, but has not restated comparatives for the six months ended 30 September 2019 as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

There are no other standards that are not yet effective and would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 3. REVENUE AND 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 income/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 administration expense.

Information relating to segment assets and segment liabilities is not disclosed as such information is not regularly reported to the CODM.

Segment information about these reportable and operating segments is presented below:

#### Six months ended 30 September 2019 (unaudited):

	Fresh eggs S\$'000	Processed eggs S\$'000	Total S\$'000
Segment revenue	14,512	8,300	22,812
Other income	131	-	131
Gain arising from initial recognition of agricultural produce at fair values less estimated point-of-sales costs at point of harvest – unrealised	75	-	75
Loss arising from changes in fair value of biological asset less estimated point-of-sale costs	(260)	(330)	(590)
Purchases of inventories	(9,692)	(3,331)	(13,023)
Changes in inventories	(222)	106	(116)
Amortisation of land lease payment	(32)	(41)	(73)
Amortisation of right-of-use assets	(22)	(9)	(31)
Impairment loss for trade receivables, net	(72)	(29)	(101)
Depreciation of property, plant and equipment	(689)	(389)	(1,078)
Employee benefits	(681)	(866)	(1,547)
Rental on operating leases	(12)	(5)	(17)
Utilities	(150)	(191)	(341)
Repairs and maintenance of motor vehicles and transportation	(228)	(93)	(321)
Royalty expense	-	(23)	(23)
Chicken shed – medication and vaccination	(65)	(83)	(148)
Other expenses	(442)	(357)	(799)
Segment results	2,151	2,659	(4,810)
Unallocated finance cost			(222)
Unallocated other income			191
Unallocated corporate expenses			(2,261)
Profit before tax			2,518



### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

**Six months ended 30 September 2018 (unaudited):**

	Fresh eggs S\$'000	Processed eggs S\$'000	Total S\$'000
Segment revenue	9,091	5,975	15,066
Other income	87	–	87
Gain arising from initial recognition of agricultural produce at fair values less estimated point-of-sales costs at point of harvest – unrealised	43	–	43
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	317	519	836
Purchases of inventories	(5,976)	(2,555)	(8,531)
Changes in inventories	(2)	(2)	(4)
Amortisation of land lease payment	(23)	(37)	(60)
Depreciation of property, plant and equipment	(569)	(421)	(990)
Employee benefits	(548)	(898)	(1,446)
Rental on operating leases	(9)	(15)	(24)
Utilities	(134)	(186)	(320)
Repairs and maintenance of motor vehicles and transportation	(167)	(112)	(279)
Royalty expense	–	(88)	(88)
Chicken shed – medication and vaccination	(55)	(90)	(145)
Other expenses	(394)	(340)	(734)
Segment results	1,661	1,750	3,411
Unallocated finance cost			(187)
Unallocated other income			136
Listing expenses			(1,605)
Unallocated corporate expenses			(1,842)
Loss before tax			(87)

#### 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

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue (six months ended 30 September 2018: Nil).

#### 4. OTHER INCOME

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Government grants	<b>34</b>	31
Income from sale of animal feeds	<b>131</b>	87
Interest income	<b>48</b>	5
Others	<b>82</b>	88
	<b>295</b>	211

#### 5. OTHER GAINS/(LOSSES) – NET

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Gain on investments in insurance contracts	<b>27</b>	12
Gain/(loss) on disposal of property, plant and equipment	<b>3</b>	(11)
Net currency exchange gains/(losses)	<b>282</b>	(145)
	<b>312</b>	(144)



## 6. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Interest expense		
– Bank borrowings	<b>158</b>	130
– Finance lease liabilities	<b>47</b>	48
– Lease liabilities	<b>9</b>	–
– Others	<b>8</b>	9
	<b>222</b>	187

## 7. EXPENSES BY NATURE

	<b>Six months ended 30 September</b>	
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Audit fee	<b>120</b>	51
Purchases of inventories	<b>13,023</b>	8,531
Changes in inventories	<b>116</b>	4
Depreciation of property, plant and equipment	<b>1,244</b>	1,148
Amortisation of intangible assets	<b>21</b>	6
Amortisation of land lease payment	<b>86</b>	60
Amortisation of right-of-use assets	<b>31</b>	–
Impairment loss for trade receivables, net	<b>101</b>	–
Employee benefits	<b>3,403</b>	2,628
Rental on operating leases	<b>17</b>	44
Utilities	<b>395</b>	320
Repairs and maintenance of motor vehicles and transportation	<b>321</b>	279
Chicken shed – medication and vaccination	<b>148</b>	145
Royalty expense	<b>23</b>	88
Fair value adjustments arising from initial recognition of agricultural produce at fair value less estimated point-of-sales cost at point of harvest – charged to cost of sales	<b>2,704</b>	1,118
Listing expenses	<b>–</b>	1,605
Other expenses	<b>1,114</b>	977
	<b>22,867</b>	17,004

## 8. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liabilities under the Company Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Tax arising from Singapore has been provided at the rate of 17% on the estimated assessable profits for the six months ended 30 September 2019 and 2018. No provision for Hong Kong Profits Tax is provided in the condensed consolidated financial statements as the Group did not have assessable profit in Hong Kong for the six month periods ended 30 September 2019 and 2018.

	<b>Six months ended 30 September</b>	
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Singapore current tax	<b>195</b>	181
Deferred income tax expense/(credit)	<b>141</b>	(33)
Tax expense for the period	<b>336</b>	148

## 9. EARNINGS/(LOSS) PER SHARE

	<b>Six months ended 30 September</b>	
	<b>2019</b>	2018
	<b>(unaudited)</b>	(unaudited)
Profit/(loss) attributable to equity holders of the Company (S\$'000)	<b>2,182</b>	(235)
Weighted average number of ordinary shares in issue (thousands)	<b>445,548</b>	391,393
Basic and diluted earnings per share (S\$ – in cents)	<b>0.49</b>	(0.06)

The diluted earnings per share is the same as the basic earnings/(loss) per share as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2019 and 2018.





## 10. DIVIDENDS

Prior to the Reorganisation, interim dividend of S\$100,000 per ordinary share totalling S\$200,000 out of the retained earnings of TPEC for the nine months ended 30 June 2018 and final dividend of S\$0.06 per ordinary share totalling S\$600,000 out of the retained earnings of N&N for the year ended 31 March 2018 were approved to be paid to then shareholders of TPEC and N&N.

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

## 11. BIOLOGICAL ASSETS

	<b>30 September 2019 S\$'000 (unaudited)</b>	30 September 2018 S\$'000 (unaudited)
Movement in biological assets are as follows:		
At 1 April 2019/1 April 2018	<b>4,486</b>	2,079
Purchases of immature hens	<b>82</b>	246
(Loss)/gain arising from changes in fair value less estimated point-of-sale costs	<b>(590)</b>	836
Sales of mature hens	<b>(296)</b>	(326)
At 30 September 2019/30 September 2018	<b>3,682</b>	2,835
	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
Biological assets comprise: <i>(Note)</i>		
– Mature hens	<b>2,977</b>	3,390
– Immature hens	<b>705</b>	1,096
	<b>3,682</b>	4,486
Current	<b>2,104</b>	1,402
Non-current	<b>1,578</b>	3,084
	<b>3,682</b>	4,486

*Note:*

Biological assets are used in the production of eggs. Mature hens represent batches of hens that start to produce eggs.

## 11. BIOLOGICAL ASSETS *(Continued)*

The biological assets were valued at their fair values less point-of-sale costs using the discounted cash flow method. The management's major key assumptions used in the valuation are as follows:

	<b>As at 30 September 2019</b>	As at 31 March 2019
Selling price of mature hens	<b>2.63</b>	2.63
Selling price of agriculture produce (fresh eggs)	<b>0.16</b>	0.16
Mortality rate	<b>21%</b>	21%
Discount rate	<b>13%</b>	13%
Estimated egg laying period	<b>89 weeks</b>	89 weeks

As at 30 September 2019, the number of hens held by the Group were 499,938 (31 March 2019: 533,502), out of which 82,792 (31 March 2019: 166,741) were immature hens. During the six months ended 30 September 2019, the Group harvested 66,698,054 (six months ended 30 September 2018: 47,738,964) eggs.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019 and 2018, the Group acquired property, plant and equipment, net of grants of approximately S\$4,146,000 (six months ended 30 September 2018: S\$996,000) of which S\$86,000 (six months ended 30 September 2018: S\$112,000) were acquired on finance leases. The breakdown of the additions are as follows:

	<b>Six months ended 30 September 2019 S\$'000 (unaudited)</b>	2018 S\$'000 (unaudited)
Leasehold buildings and improvements	<b>90</b>	27
Plant and machinery	<b>582</b>	625
Equipment and furniture	<b>445</b>	86
Motor vehicles	<b>597</b>	258
Assets under construction	<b>2,432</b>	-
	<b>4,146</b>	996



## 12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

During the six months ended 30 September 2019, the Group disposed certain property, plant and equipment with an aggregate net book value of approximately S\$7,000 (six months ended 30 September 2018: S\$11,000) for cash proceeds of S\$10,000 (six months ended 30 September 2018: S\$nil) resulting in a gain on disposal of approximately S\$3,000 (six months ended 30 September 2018: a loss on disposal of approximately S\$11,000).

As at 30 September 2019, certain motor vehicles and plant and machinery with total carrying amounts of approximately S\$1,117,000 and approximately S\$2,887,000 respectively (31 March 2019: S\$1,264,000 and S\$2,149,000, respectively) held under finance lease.

## 13. LAND LEASE PAYMENT

The Group's land lease payment represents payment for land use rights of the current poultry farm and a quail egg farm. The land lease payments are amortised on a straight-line basis, over lease term of 20 years. Amortisation of land lease payment amounting to approximately S\$86,000 has been charged to profit or loss for the six months ended 30 September 2019 (six months ended 30 September 2018: S\$60,000).

## 14. TRADE AND OTHER RECEIVABLES

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
Trade receivables	<b>8,789</b>	6,860
Less:		
Allowance for impairment of receivables	<b>(234)</b>	(133)
	<b>8,555</b>	6,727
Other receivable	<b>45</b>	44
Deposits	<b>97</b>	74
Prepayments	<b>305</b>	287
	<b>9,002</b>	7,132

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 30 September 2019 and 31 March 2019 based on invoice date is as follows:

#### 14. TRADE AND OTHER RECEIVABLES (Continued)

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
Less than 30 days	<b>4,182</b>	3,620
31 to 60 days	<b>2,761</b>	2,037
61 to 90 days	<b>945</b>	769
More than 90 days	<b>901</b>	434
	<b>8,789</b>	6,860

The carrying amounts of trade receivables approximate their fair values.

The movement in the loss allowance for impairment of trade receivables are as follows:

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
At beginning of period	<b>133</b>	75
Expected credit losses:		
– Life time	<b>100</b>	131
– Credit impaired charged/(reversed)	<b>1</b>	(73)
At end of period	<b>234</b>	133

The Group applies the simplified approach to provide for expected credit losses (“ECL”) prescribed by IFRS 9. Except for trade receivables that are determined to be credit-impaired, the Group determines the lifetime expected credit losses based on the payment profiles of sales over a period of the previous 24 months from each reporting date and the corresponding historical credit losses experienced with this period. The historical loss rates are adjusted to reflect the probability-weighted outcome and reasonable and supportable information that is available at the financial period end about past events, current conditions and forecasts of future economic conditions.

Trade receivables that are determined to be credit-impaired at the end of the financial period relate to receivables that are in significant financial difficulties and have defaulted on payments.

#### 14. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group's trade and other receivables (excluding prepayments) are denominated in the following currencies:

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
SGD	<b>8,673</b>	6,845
USD	<b>24</b>	–
	<b>8,697</b>	6,845

#### 15. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
<b>Current</b>		
Trade payables	<b>4,237</b>	4,026
Other payables	<b>3</b>	9
Other accruals	<b>760</b>	710
Accrued royalty expense	<b>135</b>	103
	<b>5,135</b>	4,848
<b>Non-current</b>		
Accrued royalty expense	<b>177</b>	210
	<b>5,312</b>	5,058

The credit term granted by the Group's suppliers were usually ranged up to 60 days.

## 15. TRADE AND OTHER PAYABLES *(Continued)*

The ageing analysis of trade payables based on invoice date was as follows:

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
Less than 30 days	<b>2,653</b>	2,558
31 to 60 days	<b>1,139</b>	686
More than 60 days	<b>445</b>	782
	<b>4,237</b>	4,026

The Group's trade and other payables are denominated in the following currencies:

	<b>As at 30 September 2019 S\$'000 (unaudited)</b>	As at 31 March 2019 S\$'000 (audited)
SGD	<b>4,875</b>	4,725
USD	<b>390</b>	313
HKD	<b>29</b>	20
MYR	<b>18</b>	-
	<b>5,312</b>	5,058



## 16. SHARE CAPITAL

	<i>Note</i>	Number of shares	Amount HK\$'000
--	-------------	---------------------	--------------------

**Authorised:**

At 31 March 2019 and 30 September 2019

10,000,000,000

100,000

	<i>Notes</i>	Number of shares	Amount HK\$'000	Amount S\$'000
--	--------------	---------------------	--------------------	-------------------

**Issued and fully paid:**

At 31 March 2019 and 30 September 2019

500,000,000

5,000

890

## 17. COMMITMENTS

### Capital Commitments

As at 30 September 2019, there are capital commitments in respect of the expansion of the current farm and quail eggs farming of the Group which had been contracted for but not provided in the unaudited condensed consolidated financial statements amounted to approximately S\$5,617,000 (31 March 2019: Nil).

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

The Group's principal activities continue to be the production and sale of chicken egg products, including fresh chicken eggs and processed egg products in Singapore. The Group operates its own egg laying farm in Singapore and sources fresh chicken eggs from third party suppliers. There have been no changes to its business model.

The Group's revenue has increased by 51% from approximately S\$15.1 million for the six months ended 30 September 2018 to approximately S\$22.8 million for the six months ended 30 September 2019. Such increase was primarily due to the increase in customer base.

The Group turned around from net loss of approximately S\$0.2 million for the six months ended 30 September 2018 to net profit of approximately S\$2.2 million for the six months ended 30 September 2019. Such changes was mainly due to increase in sales revenue and the absence of listing expenses incurred during the six months ended 30 September 2019.

The revenue and cost structure of the Group have remained stable during the six months ended 30 September 2019. As at the date of this report, there has been no material adverse change in the general economic and market conditions in Singapore which has affected or will affect, materially and adversely, the Group's business operations or financial condition.

With the planned expansion of the chicken eggs laying facilities at current farm and expansion into quail eggs farming, the Group is expected to strengthen its market position as a leading eggs distributor in Singapore.

## FINANCIAL REVIEW

### Revenue

#### (i) Fresh eggs

For the six months ended 30 September 2019 and 2018, approximately 64% and approximately 60% of the revenue was derived from the sales of fresh eggs. Revenue increased by approximately S\$5.4 million from approximately S\$9.1 million for the six months ended 30 September 2018 to approximately S\$14.5 million for the six months ended 30 September 2019, primarily driven by the increase in the customer base.

#### (ii) Processed eggs

For the six months ended 30 September 2019 and 2018, approximately 36% and approximately 40% of the revenue was derived from the sales of processed eggs. Revenue increased by approximately S\$2.3 million from approximately S\$6.0 million for the six months ended 30 September 2018 to approximately S\$8.3 million for the six months ended 30 September 2019. Such increase was primarily due to the increase in sales of the pasteurised hard boiled and peeled eggs and salted eggs.





## **FINANCIAL REVIEW** *(Continued)*

### **Cost of Sales**

The Group's total cost of sales increased by approximately S\$6.2 million, or approximately 47% from approximately S\$13.2 million for the six months ended 30 September 2018 to approximately S\$19.4 million for the six months ended 30 September 2019 primarily due to the increase in sourced eggs as a result of increase in the customer base.

### **Gross Profit and Gross Profit Margin**

The gross profit before agriculture produce fair value adjustments increased by approximately S\$3.2 million or approximately 107%, from approximately S\$3.0 million for the six months ended 30 September 2018 to approximately S\$6.2 million for the six months ended 30 September 2019. The gross profit after agricultural produce fair value adjustments increased by approximately S\$1.6 million or approximately 84%, from approximately S\$1.9 million for the six months ended 30 September 2018 to approximately S\$3.5 million for the six months ended 30 September 2019. Separately, gross profit margin before agricultural produce fair value adjustments increased to approximately 27% for the six months ended 30 September 2019 from approximately 20% for the six months ended 30 September 2018. The gross profit margin after agricultural produce fair value adjustments increased to approximately 15% for the six months ended 30 September 2019 from approximately 12% for the six months ended 30 September 2018.

### **Other gains/(losses) – net**

The other gains/(losses) increased by approximately S\$456,000, from net losses of approximately S\$144,000 for the six months ended 30 September 2018 to net gains of approximately S\$312,000 for the six months ended 30 September 2019 primarily due to net currency exchange gains incurred during the six months ended 30 September 2019 as a result of the strengthened of the HKD against SGD.

### **Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest**

The gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales cost at point of harvest increased by approximately S\$1.7 million, or approximately 154% from approximately S\$1.1 million for the six months ended 30 September 2018 to approximately S\$2.8 million for the six months ended 30 September 2019 primarily due to the increase in total number of fresh eggs produced.

## **FINANCIAL REVIEW** *(Continued)*

### **(Loss)/gain arising from changes in fair value of biological assets less estimated point-of-sale costs**

The (loss)/gain arising from changes in fair value of biological assets less estimated point-of-sale costs changed by approximately S\$1.4 million from gain of approximately S\$0.8 million for the six months ended 30 September 2018 to loss of approximately S\$0.6 million for the six months ended 30 September 2019. Such changes primarily due to a lower number of growers as at 30 September 2019 as compared to the immediate preceding quarter ended 31 March 2019.

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately S\$0.6 million or approximately 46% from approximately S\$1.3 million for the six months ended 30 September 2018 to approximately S\$1.9 million for the six months ended 30 September 2019 primarily due to the increase in employee benefits and repair and maintenance of motor vehicles during the six months ended 30 September 2019 as a result of increase in sales.

### **Other administrative expenses**

Other administrative expenses increased from approximately S\$0.9 million for the six months ended 30 September 2018 to approximately S\$1.6 million for six months ended 30 September 2019. The increase was primarily due to increase in professional fees during the six months ended 30 September 2019 as a result of higher compliance cost since the Company was listed on September 2018.

## **LIQUIDITY AND FINANCIAL RESOURCES**

For the six months ended 30 September 2019, the Group financed its operations by cash flow from internally generated funds, net proceeds received from the placing of 125,000,000 shares with nominal value of HK\$0.01 each at the price of HK\$0.50 per share on GEM of the Stock Exchange and bank borrowings.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 times as at 30 September 2019 (31 March 2019: 1.8 time). The decrease in the current ratio was mainly due to higher cash balances as at 31 March 2019 as a result of the receipt of proceeds under the share offer. The gearing ratio was approximately 13% as at 30 September 2019 (31 March 2019: 9.1%). 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. The increase in the gearing ratio was mainly due to the decrease in cash and cash equivalents during the period ended 30 September 2019.



## LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

As at 30 September 2019 and 31 March 2019, the Group had cash and cash equivalents of approximately S\$7.8 million and S\$9.9 million, respectively, which were denominated mainly in Singapore Dollar, United States Dollar and Hong Kong Dollar.

As at 30 September 2019, total borrowings amounted to approximately S\$11.6 million (31 March 2019: S\$12.1 million). There was no material seasonality in relation to the borrowing requirements of the Group. Below is a breakdown of the total borrowings:

	<b>30 September 2019 S\$'000 (unaudited)</b>	31 March 2019 S\$'000 (audited)
<b>Non-current</b>		
Finance lease liabilities	<b>1,285</b>	1,794
Bank borrowings	<b>4,230</b>	4,367
	<b>5,515</b>	6,161
<b>Current</b>		
Finance lease liabilities	<b>1,176</b>	1,170
Bank borrowings	<b>4,865</b>	4,743
	<b>6,041</b>	5,913
Total borrowings	<b>11,556</b>	12,074
<b>Maturity of Bank Borrowings</b>		
Within 1 years	<b>4,865</b>	4,438
Between 1 and 2 years	<b>1,116</b>	1,080
Between 2 and 5 years	<b>2,585</b>	2,837
Over 5 years	<b>529</b>	755
	<b>9,095</b>	9,110

As at 30 September 2019, the group had undrawn borrowing facilities of approximately S\$2.4 million which included unutilised loan facilities, trade facilities and non-revolving hire purchase facilities.

## **PLEDGE OF ASSETS**

The borrowings amounting to approximately S\$1,887,000 as at 30 September 2019 (31 March 2019: S\$1,943,000) are secured by assignment over the investments in insurance contracts.

Finance lease liabilities of the Group amounting to approximately S\$2,461,000 as at 30 September 2019 (31 March 2019: S\$2,964,000) are effectively secured over the leased machinery with a carrying amounts of approximately S\$2,887,000 (31 March 2019: S\$2,149,000) and motor vehicles with a carrying amounts of approximately S\$1,117,000 (31 March 2019: S\$1,264,000), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the six months ended 30 September 2019. The share capital of the Company only comprises ordinary shares.

## **DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**

The Group did not have any material acquisitions or disposal of subsidiaries during the six months ended 30 September 2019.

## **SIGNIFICANT INVESTMENTS**

As at 30 September 2019, the Group did not hold any significant investments other than disclosed.



### **FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

Save as disclosed in this report, the Group did not have any plans for material investment or acquisition of capital assets as at the date of this report. The Company will make further announcement in accordance with the GEM Listing Rules, where applicable, if any investments and acquisition opportunities materialise.

### **CONTINGENT LIABILITIES**

As at 30 September 2019, the Group did not have any significant contingent liabilities.

### **CAPITAL COMMITMENTS**

As at 30 September 2019, the Group did not have material capital commitments other than disclosed in Note 17 of Notes to the Condensed Consolidated Financial Statements of this report.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2019, the group had a total of 238 employees (31 March 2019: 194). Staff cost, including Directors' remuneration, of the Group were approximately S\$3.4 million for the six months ended 30 September 2019 (six months ended 30 September 2018: S\$2.6 million).

The remuneration package offered by the Group to our employees includes salary, bonus and staff benefits. In general, the Group determines the level of employee salaries based on each employee's qualification, experience, position, seniority and the prevailing market remuneration rate. The Group has a review system to evaluate the performance of our employees annually to ascertain any adjustments or promotions to retain talents within the Group.

## FOREIGN 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 monitors exchange rate movements to ensure this risk is kept within an acceptable level. This exposure is not hedged by any financial instruments.

The Group's currency exposure to USD is as follows:

	<b>30 September 2019 S\$'000 (unaudited)</b>	31 March 2019 S\$'000 (audited)
Cash and bank deposits	<b>50</b>	14
Trade and other receivables	<b>24</b>	–
Bank borrowings	<b>(1,887)</b>	(1,943)
Trade and other payables	<b>(390)</b>	(313)
Investment in insurance contracts	<b>2,194</b>	2,128
	<b>(9)</b>	(114)

As at 30 September 2019, if USD had strengthened/weakened by 2% (31 March 2019: 2%) against SGD with all other variables including tax rate being held constant, the Group's profit or loss for the six months period ended would have been approximately S\$nil (31 March 2019: S\$2,000) lower/higher, as a result of currency translation losses/gains on the USD-denominated financial instruments.

The Group's currency exposure to HKD is as follows:

	<b>30 September 2019 S\$'000 (unaudited)</b>	31 March 2019 S\$'000 (audited)
Cash and bank deposits	<b>3,691</b>	5,604
Trade and other payables	<b>(29)</b>	(20)
	<b>3,662</b>	5,584

As at 30 September 2019, if HKD had strengthened/weakened by 2% (31 March 2019: 2%) against SGD with all other variables including tax rate being held constant, the Group's profit or loss for the six months period ended would have been approximately S\$61,000 (31 March 2019: S\$93,000) lower/higher) higher/lower, as a result of currency translation gains/losses on the HKD-denominated financial instruments.

## USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The actual net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately HK\$34.4 million, which is intended to be applied in the manner consistent with that stated in the Prospectus. Up to 30 September 2019, the Group has applied the net proceeds as follows:

	Planned use of net proceeds from the Listing Date to 30 September 2019 HK\$' million	Actual utilised amount up to 30 September 2019 HK\$' million	Total unused net proceeds as at 30 September 2019 HK\$' million	Total net proceeds HK\$' million
Expanding egg laying production capacity in our existing production base	18.7	13.9	17.1	31.0
Working capital and other general corporate purposes	3.4	3.4	-	3.4
	22.1	17.3	17.1	34.4

As at 30 September 2019, the Group is finalising the securing of the necessary permits and obtaining formal approvals from various relevant governmental agencies in Singapore before commencing its construction activities on its existing egg laying farm.

As at the date of this report, the unutilised net proceeds have been temporarily placed as short-term deposits with licensed institutions in Singapore.

## SUBSEQUENT EVENTS

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that had come into the attention of the Directors since the end of the interim period for the six months ended 30 September 2019.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interest of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 15 to the GEM Listing Rules. Save for the deviation from code provision A.2.1 of the CG Code as mentioned below, the Board is satisfied that the Company had complied with the code provisions in the CG Code from the Listing Date to the date of this report.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ma currently holds both positions. Mr. Ma, a founder and an executive director, has served as the Group's chief executive officer since 2009 and was appointed the chairman of the Board in September 2018. Mr. Ma has been providing leadership to the Board and is responsible for overseeing the daily operations of the Group. The Board believes that it is in the best interest of the Group to continue to have Mr. Ma acting as the chairman of the Board and chief executive officer of the Company for effective and efficient strategic planning and execution of plans for the Group. The Company has put in place a sound check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in the circumstances of the Company.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed elsewhere in this report, based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group during the six months ended 30 September 2019.

## INTERESTS OF COMPLIANCE ADVISER

Pursuant to the directions of the GEM Listing Committee of the Stock Exchange, the Company appointed Central China International Capital Limited ("CCIC") as the compliance adviser on an on-going basis for consultation on compliance with the GEM Listing Rules for a period of two full financial years with effect from 7 September 2018.

On 19 September 2019, due to lack of consensus over compliance adviser fee, the Company terminated the compliance adviser's agreement with CCIC and Lego Corporate Finance Limited ("Lego") has been appointed as the new compliance adviser on the same day.





### **INTERESTS OF COMPLIANCE ADVISER** *(Continued)*

As at 30 September 2019, as notified by Lego, except for the compliance adviser agreement entered into between the Company and Lego, neither Lego nor any of its directors, employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **DEED OF NON-COMPETITION**

As disclosed in the section headed (“Relationship with Controlling Shareholders — Non-Competition undertakings”) in the Prospectus, the controlling shareholders of the Company have entered into a deed of non-competition dated 15 August 2018, which contains certain non-compete undertakings (the “Non-Compete Undertakings”) in favour of the Company (for itself and as trustee for each member of the Group).

Pursuant to these Non-Compete Undertakings, the controlling shareholders of the Company have unconditionally and irrevocably undertaken to the 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.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the six months ended 30 September 2019.

### **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme (the “Scheme”) on 15 August 2018, the principal terms of which are set out in the Appendix V to the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options have been granted or agreed to be granted under the Scheme.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATION

As at 30 September 2019, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO") held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.45 to 5.67 of the GEM Listing Rules, were as follows:

### Long positions in shares of the Company

Name of the Directors	Capacity/Nature of Interest	Number of Shares Held <sup>(1)</sup>	Approximate Percentage
Mr. Ma Chin Chew <sup>(2)</sup>	Interest of controlled corporation	294,800,000 (L)	58.96%
Ms. Lim Siok Eng <sup>(2)</sup>	Interest of spouse	294,800,000 (L)	58.96%

*Notes:*

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the shares of the Company.
- (2) Radiant Grand International Limited is held as to 100% by Mr. Ma. Therefore, Mr. Ma is deemed to be interested in the shares of the Company which Radiant Grand International Limited is interested in by virtue of the SFO. Ms. Lim Siok Eng is the spouse of Mr. Ma. Under the SFO, Ms. Lim Siok Eng is deemed to be interested in the shares of the Company held by Mr. Ma through Radiant Grand International Limited.

Save as disclosed above, as at the date of this report, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2019, so far as is known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in shares of the Company

Name	Capacity/Nature of Interest	Number of Shares Held <sup>(1)</sup>	Approximate Percentage
Radiant Grand International Limited <sup>(2)</sup>	Beneficial owner	294,800,000 (L)	58.96%
Elite Ocean Ventures Limited <sup>(3)</sup>	Beneficial owner	80,200,000 (L)	16.04%
Mr. Lim Joo Boon <sup>(3)</sup>	Interest of controlled corporation	80,200,000 (L)	16.04%
Ms. Tan Bee Hong <sup>(4)</sup>	Interest of spouse	80,200,000 (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 of the Company.
- (2) Radiant Grand International Limited is held as to 100% by Mr. Ma. Therefore, Mr. Ma is deemed to be interested in the shares of the Company which Radiant Grand International Limited is interested in by virtue of the SFO.
- (3) Elite Ocean Ventures Limited is held as to 100% by Mr. Lim Joo Boon. Therefore, Mr. Lim is deemed to be interested in the shares of the Company which Elite Ocean Ventures Limited is interested in by virtue of the SFO.
- (4) Ms. Tan Bee Hong is the spouse of Mr. Lim Joo Boon. Under the SFO, Ms. Tan Bee Hong is deemed to be interested in the shares of the Company held by Mr. Lim Joo Boon through Elite Ocean Ventures Limited.

Save as disclosed above, as at the date of this report, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which were acquired to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register to be kept by the Company under section 336 of the SFO.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Based on specific enquiry made with all the Directors, all of them have confirmed that they have fully complied with the required standard of dealings and there is no incident of non-compliance noted by the Company throughout the period from the Listing Date to the date of this report.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises of three independent non-executive Directors, namely Mr. Teo Beng Fwee, Mr. Yuen Ka Lok Ernest and Mr. Sneddon Donald William. Mr. Teo Beng Fwee is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board in providing an oversight of the financial reporting and disclosure processes, internal control and risk management systems of the Company, and to oversee the audit process.

The Audit Committee has discussed and reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019, and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Eggiculture Foods Ltd.**  
**Mr. Ma Chin Chew**

*Chairman and Chief Executive Officer*

Singapore, 7 November 2019

*As at the date of this report, the executive Directors are Mr. Ma Chin Chew, Ms. Lim Siok Eng and Mr. Tang Hong Lai; and the independent non-executive Directors are Mr. Teo Beng Fwee, Mr. Yuen Ka Lok Ernest and Mr. Sneddon Donald William.*

