

EGGRICULTURE FOODS LTD.

永續農業發展有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8609



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This report, for which the directors (the “Directors”) of Eggriculture Foods Ltd. (the “Company”) and together with its subsidiaries (the “Group”) 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.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Ma Chin Chew
(Chairman and Chief Executive Officer)
Ms. Lim Siok Eng
Mr. Tang Hong Lai

Independent Non-executive Directors

Mr. Teo Beng Fwee
Mr. Yuen Ka Lok Ernest
Mr. Sneddon Donald William

BOARD COMMITTEES

Audit Committee

Mr. Teo Beng Fwee *(Chairman)*
Mr. Yuen Ka Lok Ernest
Mr. Sneddon Donald William

Remuneration Committee

Mr. Yuen Ka Lok Ernest *(Chairman)*
Mr. Teo Beng Fwee
Mr. Sneddon Donald William

Nomination Committee

Mr. Yuen Ka Lok Ernest *(Chairman)*
Mr. Teo Beng Fwee
Mr. Sneddon Donald William

COMPANY SECRETARY

Mr. Ching Kim Fung

AUTHORISED REPRESENTATIVES

Mr. Ma Chin Chew
Mr. Ching Kim Fung

COMPLIANCE OFFICER

Ms. Lim Siok Eng

AUDITOR

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
and Recognised PIE Auditor
7 Straits View Marina One
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKERS

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Malayan Banking Berhad
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Singapore 049907

United Overseas Bank Limited
80 Raffles Place, UOB Plaza, Singapore 048624

COMPANY WEBSITE

www.eggriculturefoods.com

GEM STOCK CODE

8609



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Eggriculture Foods Ltd. (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2020 (the "FY2020").

BUSINESS REVIEW

The Group continues to focus on its core business of egg production and distribution in Singapore. The Group's revenue has increased by 39% from approximately S\$33.3 million for the year ended 31 March 2019 (the "FY2019") to approximately S\$46.3 million for the FY2020. Net profit after tax has increased to S\$5.2 million for the FY2020. Excluding non-recurring expenses incurred for the purpose of its listing, the Group's net profit after tax was S\$3.2 million for the FY2019.

During the FY2020, the Group has completed the acquisition of Tew Seng Cheow Kee ("TSCK"), a sole proprietorship which is principally engaged in the distribution of eggs in Singapore. The business of TSCK helps to enhance the Group's presence in Singapore.

FUTURE OUTLOOK

Farm expansion

The expansion of our chicken eggs laying facilities at our current farm is underway. The planning and obtaining pre construction approvals from various relevant governmental agencies in Singapore have taken longer than anticipated. The expanded capacity, which is expected to complete in 2022, will enable the Group to double its annual chicken fresh eggs production capacity.

Enlargement of eggs distribution business

To enlarge its customer base in view of the impending enlarged eggs laying capacity, the Group is always seeking opportunities to acquire or partner with established local distributors to enhance its competitive strength. To this end, the Group will continue its strategy to acquire or partner with reputable and established eggs distributors to capitalise on efficiencies from its existing delivery and marketing infrastructure.

Quail farm

The planning and obtaining of pre construction approvals from various relevant governmental agencies in Singapore have taken longer than anticipated. The construction of facilities to breed and rear quails and the production and processing of quail eggs are expected to commence towards the end of 2021, once the requisite approvals are obtained from the relevant governmental agencies in Singapore. When completed, the quail farm is expected to have a capacity to produce approximately 15 million quail eggs annually.

Despite the challenging economic environment heightened by the Coronavirus Disease 2019 ("COVID-19"), the Group has implemented business continuity plans to minimise disruption to our operations and ensure that our business remains viable during the virus outbreak.



APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our shareholders, suppliers, customers and business associates for their support and trust placed in us. I would also like to express our sincere gratitude to the management and staff for their commitment and contribution throughout the year.

Eggiculture Foods Ltd.

Ma Chin Chew

Chairman, Chief Executive Officer and Executive Director

Singapore, 18 June 2020

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately S\$13.0 million, or approximately 39% from approximately S\$33.3 million in the FY2019 to approximately S\$46.3 million in the FY2020.

(i) Fresh Eggs

In the FY2020, approximately 64% (FY2019: 62%) of the revenue was derived from the sales of fresh eggs. Revenue increased by approximately S\$9.0 million from approximately S\$20.5 million for the FY2019 to approximately S\$29.5 million for the FY2020, primarily driven by the increase in the customer base.

(ii) Processed Eggs

In the FY2020, approximately 36% (FY2019: 38%) of the revenue was derived from the sales of processed eggs. Revenue increased by approximately S\$4.0 million from approximately S\$12.8 million for the FY2019 to approximately S\$16.8 million for the FY2020. Such increase was primarily due to the increase in sales of the pasteurised shell eggs and pasteurised hard boiled and peeled eggs and salted eggs.

Cost of Sales

The Group's total cost of sales increased by approximately S\$11.2 million, or approximately 36% from S\$31.5 million in the FY2019 to S\$42.7 million in the FY2020 primarily due to the increase in the purchase of fresh eggs due to higher sales.

Gross Profit and Gross Profit Margin

The gross profit before agriculture produce fair value adjustments increased by approximately S\$6.7 million or from approximately S\$6.3 million for the FY2019 to S\$13.0 million for the FY2020. The gross profit after agricultural produce fair value adjustments increased by approximately S\$1.8 million or approximately 100%, from approximately S\$1.8 million for the FY2019 to approximately S\$3.6 million for the FY2020. Separately, gross profit margin before agricultural produce fair value adjustments increased to approximately 28% for the FY2020 from approximately 19% for the FY2019. The gross profit margin after agricultural produce fair value adjustments increased to approximately 8% for the FY2020 from approximately 5% for the FY2019 primarily due to increase in the sales of our produced fresh eggs which have a higher average selling price than the sourced fresh eggs.

Other (losses)/gains – net – others

The other (losses)/gains – net – others changed by approximately S\$487,000, from net losses of approximately S\$199,000 in the FY2019 to net gains of approximately S\$288,000 in the FY2020 primarily due to net currency exchange gains incurred in the FY2020.

The impairment loss on financial assets increased by approximately S\$114,000, from approximately S\$58,000 in the FY2019 to approximately S\$172,000 in the FY2020 due to increase in loss allowance recognised in the FY2020.



FINANCIAL REVIEW *(Continued)*

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\$4.9 million, or approximately 109% from approximately S\$4.5 million in the FY2019 to approximately S\$9.4 million in the FY2020 primarily due to the increase in total number of fresh eggs produced and wholesale price of agricultural produce at the point of harvest in the FY2020.

Gain arising from changes in fair value of biological assets less estimated point-of-sale costs

The gain arising from changes in fair value of biological assets less estimated point-of-sale costs decreased by approximately S\$2.5 million from gain of approximately S\$2.5 million in the FY2019 to gain of approximately S\$72,000 in the FY2020 primarily due to a lower number of growers as at 31 March 2020 as compared to 31 March 2019.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S\$1.4 million or approximately 54% from approximately S\$2.6 million in the FY2019 to approximately S\$4.0 million in the FY2020 primarily due to the increase in headcount and the enlargement of the delivery fleet to cater for the increase in sales.

Other administrative expenses

Other administrative expenses increased from approximately S\$2.6 million in the FY2019 to approximately S\$3.5 million in the FY2020, primarily due to increase in head count and professional fees in the FY2020 as a result of higher compliance costs after the Company was listed in September 2018.

LIQUIDITY AND FINANCIAL RESOURCES

During the FY2020, the Group financed its operations by cash flow generated from operating activities and banking facilities.

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.2 times as at 31 March 2020 (31 March 2019: 1.8 times). The gearing ratio, being the ratio of total borrowings to total equity, was approximately 6% as at 31 March 2020 (31 March 2019: 9%).

As at 31 March 2020 and 2019, the Group had cash and cash equivalents of approximately S\$9 million and S\$9.9 million, respectively.

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

As at 31 March 2020, total borrowings amounted to approximately S\$10.7 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:

	2020 S\$'000	2019 S\$'000
Non-current		
Finance lease liabilities*	–	1,794
Lease liabilities	1,190	–
Bank borrowings	4,747	4,367
	5,937	6,161
Current		
Finance lease liabilities*	–	1,170
Lease liabilities	1,207	–
Bank borrowings	3,578	4,743
	4,785	5,913
Total borrowings	10,722	12,074
Maturity of Bank Borrowings		
Within 1 year	3,578	4,438
Between 1 and 2 years	1,442	1,080
Between 2 and 5 years	2,881	2,837
Over 5 years	424	755
	8,325	9,110

* Finance lease liabilities were replaced by lease liabilities in the FY2020 as a result of adoption of IFRS 16.

As at 31 March 2020, the group had undrawn borrowing facilities of approximately S\$6.0 million which included unutilised loan facilities, trade facilities and non-revolving hire purchase facilities.

The range of interest rates of the Group's term loans as at 31 March 2020 is 2.00% to 4.51% (2019: 2.55% to 4.01%).



PLEDGE OF ASSETS

The total bank borrowings amounting to approximately S\$1,805,000 as at 31 March 2020 (31 March 2019: S\$1,943,000) are secured by assignment over the investments in insurance contracts with a carrying amounts of approximately S\$2,295,000 (FY2019: S\$2,128,000).

Lease/finance lease liabilities of the Group amounting to approximately S\$1,868,000 as at 31 March 2020 (31 March 2019: S\$2,964,000) are effectively secured over the leased machinery and motor vehicles with a carrying amounts of approximately S\$2,468,000 (31 March 2019: S\$2,928,000).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Listing. The share capital of the Company only comprises ordinary shares.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiaries in the FY2020. As at 31 March 2020, the Group did not invest in any significant investments other than disclosed in Note 31 of Notes to the Consolidated Financial Statements of this report.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this report and the Prospectus, 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 31 March 2020, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group did not have material capital commitments other than disclosed in Note 28 of Notes to the Consolidated Financial Statements of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had a total of 225 employees (31 March 2019: 194). Staff cost, including Directors' remuneration, of the Group amounted to approximately S\$7.2 million in the FY2020 (FY2019: S\$5.8 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 salaries based on each employee's qualification, experience, position, seniority and the prevailing market remuneration rate. The Group reviews its remuneration of employee annually and adjust them as needed to ensure that they are competitive to attract and retain talents and having regards to the Group's profitability.

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"), Hong Kong dollar ("HKD") and Euro ("EUR"). 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:

	2020 S\$'000	2019 S\$'000
Financial assets		
Cash and bank deposits	173	14
Trade and other receivables	164	–
	337	14
Financial liabilities		
Borrowings	(1,805)	(1,943)
Trade and other payables	(368)	(313)
	(1,836)	(2,242)
Non-financial assets		
Investments in insurance contracts	2,295	2,128
	459	(114)

The sensitivity analysis of the exposure to USD, after taking into consideration the designation of USD borrowings for the investments in insurance contracts are as follows:

As at 31 March 2020, if USD had strengthened/weakened by 5% (FY2019: 2%) against SGD with all other variables including tax rate being held constant, the Group's results would have been S\$19,000 higher/lower (FY2019: S\$2,000 lower/higher), as a result of currency translation gains/losses on the USD-denominated financial assets/liabilities and insurance contracts.



FOREIGN CURRENCY RISK (Continued)

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

	2020 S\$'000	2019 S\$'000
Cash and bank deposits	3,174	5,604
Trade and other payables	(38)	(20)
	3,136	5,584

As at 31 March 2020, if HKD had strengthened/weakened by 6% (FY2019: 2%) against SGD with all other variables including tax rate being held constant, the Group's results would have been S\$156,000 higher/lower (FY2019: S\$93,000 higher/lower), as a result of currency translation gains/losses on the HKD-denominated assets/liabilities.

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

	2020 S\$'000	2019 S\$'000
Cash and bank deposits	478	789

As at 31 March 2020, if EUR had strengthened/weakened by 4% (FY2019: 5%) against SGD with all other variables including tax rate being held constant, the Group's results would have been S\$16,000 higher/lower (FY2019: S\$33,000 higher/lower), as a result of currency translation gains/losses on the EUR-denominated financial assets/liabilities.

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

The 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 31 March 2020, the Group has applied the net proceeds as follows:

	Planned use of net proceeds from the Listing Date to 31 March 2020 HK\$' million	Actual utilised amount up to 31 March 2020 HK\$' million	Total unused net proceeds as at 31 March 2020 HK\$' million
Expanding egg laying production capacity in our existing production base	31.0	15.9	15.1 ^(Note)
Working capital and other general corporate purposes	3.4	3.4	-
	34.4	19.3	15.1

Note: The remaining balance of HK\$15.1 million was scheduled to be utilised for the remaining payment of the shell and caging system by end of 31 March 2020. However, payment has been delayed due to the delays in obtaining the necessary approvals from various relevant governmental agencies to proceed with the construction of the facilities.

USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS *(Continued)*

The following table is a comparison between the Group's business objectives and the actual progress for the period from the Listing date (i.e. 07 September 2018) to 31 March 2020:

Business objectives	Actual progress up to 31 March 2020
Expanding egg laying production capacity in our existing production base	<ul style="list-style-type: none"> – Obtained quotations and paid deposits for shell and caging systems for one one-storey pullet house and six one-storey layer houses – Appointed professionals to prepare site plans and drawing and design works – Submitted the applications to the relevant authorities for the construction of one one-storey pullet house and six one-storey layer houses – Levelling the site in preparation for the commencement of the physical construction

The expansion of the chicken eggs laying facilities at our current farm is underway. The Group has appointed a professional firm to prepare site plans and drawings for the expansion. After delays in obtaining the planning and obtaining pre construction approvals from various relevant governmental agencies in Singapore, the Group has obtained approval from the governmental authorities to commence construction. However, construction could not commence due to the disruptions caused by the COVID-19 pandemic.

Barring unforeseen circumstances and further disruptions that may result from the COVID-19 pandemic, the expected timeline to complete the one-storey pullet house and three one-storey layer houses is by mid of 2021. Thereafter, pending the approvals from the relevant governmental authorities, the construction of the remaining three one-storey layer houses is expected to start and to be completed by the end of 2022.

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

PRINCIPAL RISK AND UNCERTAINTIES

The Group uses its best efforts to ensure that its risk management practices adequately mitigate the risks present in its operations and financial position as efficiently and effectively as possible. Major risks and uncertainties are set out as follows:

- (1) Our business is subject to risks of poultry-related diseases and infection.
- (2) We face the risks of food contamination and deterioration and we may be subject to product liability claim on our egg products.
- (3) Our business may be affected by any revocation or non-renewal of our licences.



PRINCIPAL RISK AND UNCERTAINTIES *(Continued)*

- (4) A substantial part of our sales revenue was generated in Singapore and a significant decrease of our market share in Singapore may materially and adversely affect our results of operations and business performance.
- (5) We may be affected by the prices of eggs imported from Malaysia.
- (6) Disruption to our production facilities may adversely affect our business.
- (7) Our business may be affected by fluctuations in the costs of raw materials for feeds.
- (8) We are dependent on foreign workers.
- (9) Our continuing and future success depends on the ability of our senior management and our business may be harmed if we lose their services.
- (10) We do not have long term contracts with our major customers and suppliers.
- (11) We are exposed to credit risk and defaults in payments by our customers.
- (12) Our insurance coverage may be inadequate.
- (13) We may encounter difficulty in achieving our specific business strategies.
- (14) The fair value of our biological assets may fluctuate significantly from period to period, causing our results of operations to be highly volatile.
- (15) Our business may be affected by competition in the industry.
- (16) Our business may be affected by any changes in laws and regulations.
- (17) 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.
- (18) 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.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus. An analysis of the Group's financial risk management (including foreign currency risk, credit risk and impairment assessment, liquidity risk and interest rate risk) objectives and policies are set out in Note 3 to the consolidated financial statements.

The Group's risk management activities are performed by management on an ongoing basis. The effectiveness of our risk management framework is evaluated at least annually, and periodic management meetings are held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

PRINCIPAL RISK AND UNCERTAINTIES *(Continued)*

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Board has reviewed the need for an internal audit function and are of the view that, in light of the size, nature and complexity of the business of the Group, it is more cost effective to appoint external independent professionals to perform the internal audit function for the Group. The Board will continue to reassess this need for an internal audit function and to adapt accordingly to meet its goals.

SUBSEQUENT EVENTS

After the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the region. Particularly in Singapore, the Circuit Breaker commenced on 7 April 2020. The Group will pay close attention to the development of the COVID-19 and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19.



Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ma Chin Chew (馬琮就), aged 52, was appointed as the executive Director, chairman and chief executive officer of the Group on 7 March 2018. He joined the Group as a director on 19 July 2006.

Mr. Ma has over 23 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 Poultry Industries Pte Ltd ("Hup Heng"), a company which he is interested in from January 2002 to November 2010. He was the managing director of Hup Heng from May 2011 to September 2018.

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.

Save as being the spouse of Ms. Lim, Mr. Ma does not have any relationship with other Directors and senior management.

Ms. Lim Siok Eng (Lin Shuying) (林淑英), aged 48, joined the Group as administrator on 1 April 2009 and was promoted to assistant director in January 2013. She was appointed as the executive Director on 7 March 2018, responsible for general administration, ensuring the Group's compliance with internal policies and financial control of the Group. Before joining the 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 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.

Save as being the spouse of Mr. Ma, Ms. Lim does not have any relationship with other Directors and senior management.

Mr. Tang Hong Lai (陳鴻來), aged 60, joined the Group as operations manager on 12 March 2002. He was appointed as the executive Director on 7 March 2018, primarily responsible for supervising the Group's production, maintenance of production facilities, feedstocks, waste and inventory management. Since joining the Group, he has been responsible for maintenance and improvement of the Group's production facilities according to the Group's operation needs, supervising and overseeing the operations of the waste management system of the Group and maintenance of water treatment plant to ensure the water quality for drinking by layers and growers. Mr. Tang was involved in several infrastructure projects tailor-made to the Group's operation to improve the efficiency and productivity of the farm operation. From 2002 to 2007, Mr. Tang set up the Group's feed mill plant which is part of the Group's core production facilities to formulate and process feeds and had set up the feeds drying system for turning wet grains from brewery into dried grains for the purpose of reducing the feeds costs. His expertise in mechanical engineering and farm operations through his experience in the Group has contributed substantially to the Group's growth. Before joining the 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Teo Beng Fwee (張明輝), aged 63, was appointed as an independent non-executive Director on 15 August 2018. He is responsible for providing independent judgment to the Board, ensuring legal compliance, safeguarding the Group's assets and reputation and enhancing Shareholders' value.

Mr. Teo has over 36 years of experience in assurance, tax and consulting industry. He first joined Pricewaterhouse, 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 worked at Foo Kon & Tan, Singapore (currently known as Foo Kon Tan LLP) as an audit senior and left as an audit supervisor. From June 1988 to January 1998, he worked at KPMG Singapore and his last position held was senior manager. 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 from 21 March 2018 to 28 February 2019.

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 of the Institute of Singapore Chartered Accountants in September 2009.

Mr. Yuen Ka Lok Ernest (袁家樂), aged 57, was appointed as an independent non-executive Director on 15 August 2018. He is responsible for providing independent judgment to the Board, ensuring legal compliance, safeguarding the Group's assets and reputation and enhancing Shareholders' value. Mr. Yuen has over 29 years of experience in corporate law, civil litigation and conveyancing. He has been a partner in Messrs. Yuen & Partners since August 1997.

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.

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. Sneddon Donald William (鄧廷文), aged 57, was appointed as an independent non-executive Director on 15 August 2018. He is responsible for providing independent judgment to the Board, ensuring legal compliance, safeguarding the Group's assets and reputation and enhancing Shareholders' value.

Mr. Sneddon has over 33 years of experience in audit, management and compliance. He joined Pricewaterhouse in Calgary in September 1985 and left as a supervisor (assistant manager) in September 1989. He then joined Pricewaterhouse 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 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.



SENIOR MANAGEMENT

Ms. Yeoh Shi Yi (楊詩儀), aged 32, joined the Group in May 2018, and is currently the Group's finance manager. She is primarily responsible for overseeing the financial and accounting functions of the Group.

Prior to joining the Group, Ms. Yeoh was an assurance professional in Reliance Audit LLP, a mid-size public accounting practice based in Singapore. She has more than 10 years of professional experience in financial audits of enterprises from diverse industries. Her experience extends to financial consultancy in initial public offerings of companies, financial due diligence and outsourced internal audit assignments.

Ms. Yeoh has been admitted as a member of the Association of Chartered Certified Accountants (ACCA) since August 2015 and Institute of Singapore Chartered Accountants (ISCA) since June 2016.

Mr. Chen Zebin (陳澤濱), aged 41, is the Group's farm manager who assists the CEO, Mr Ma in the production and daily operations of layer farm. Mr. Chen joined the Group in 2009 as an assistant of general manager and was promoted to his current position in 2014.

Mr. Wong Heng Cheong (黃慶祥), aged 62, is the Sales Manager responsible for the Group's sales and logistics matters. Mr Wong assists management in marketing and pricing strategies of egg products. He started with the Group as a sales executive in 2010 and was promoted to his current position in 2012.

Mr. Shan GuangLong (單廣龍), aged 32, joined the Group in 2017, and is the Group's Veterinarian. Mr. Shan is primarily responsible and support the veterinary operation in the layer farm. He provides care for hens, monitors their health conditions throughout their lifespan. He holds a Diploma in Animal and Veterinary Medicine from the Shandong Animal Husbandry and Veterinary Vocational College in China.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. To accomplish this, the Company has adopted the principles and the code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) set out in Appendix 15 of the GEM Listing Rules. In particular, the Company regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Board will review at least annually the corporate governance practices of the Company to ensure its continuous compliance with the CG Code, and make appropriate changes if considered necessary.

Save for the deviation from code provision A.2.1 of the CG Code as disclosed in the section headed “Chairman and Chief Executive Officer” of this corporate governance report in this annual report, the Company, to the best knowledge of the Board, has complied with all applicable code provisions throughout the FY2020.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Upon specific enquiry, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the FY2020.

BOARD OF DIRECTORS

The Board oversees the businesses, strategic decisions and performance of the Group and makes decisions objectively in the best interests of the Company and stakeholders.

The Board regularly reviews the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

During the FY2020, the chairman of the Board (the “Chairman”), being the chief executive officer of the Company (the “Chief Executive Officer”), has held an annual meeting with the independent non-executive Directors without the presence of the other executive Directors.

Board Composition

As at 31 March 2020 and the date of this annual report, the Board comprises three executive Directors and three independent non-executive Directors. The composition of the Board during the FY2020 and up to the date of this annual report was as follows:

Executive Directors

Mr. Ma Chin Chew (*Chairman and Chief Executive Officer*)

Ms. Lim Siok Eng

Mr. Tang Hong Lai

Independent non-executive Directors

Mr. Teo Beng Fwee (*Chairman of the Audit Committee and member of each of the Remuneration Committee and the Nomination Committee*)

Mr. Yuen Ka Lok Ernest (*Chairman of each of the Remuneration Committee and the Nomination Committee, and member of the Audit Committee*)

Mr. Sneddon Donald William (*Member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee*)



BOARD OF DIRECTORS *(Continued)*

Board Composition *(Continued)*

The biographical information of each of the Directors are set out in the section headed “Biographies of Directors and Senior Management” on pages 15 to 17 of this annual report. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship amongst the Directors, except that Ms. Lim Siok Eng is the spouse of Mr. Ma Chin Chew.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has not had a separate Chairman and Chief Executive Officer during the FY2020, and both are now held by Mr. Ma Chin Chew (“Mr. Ma”). Mr. Ma, the founder and an executive director, has served as the Group’s chief executive officer since 2009 and was appointed as Chairman 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 and the Chief Executive Officer 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.

Independent Non-Executive Directors

During the FY2020, the Company has at all times met the requirements of the Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules relating to the appointment of three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors of his independence pursuant to the requirements set out in Rule 5.09 of the GEM Listing Rules. The Board is of the view that all independent non-executive Directors are independent in accordance with the independence guidelines set out in the GEM Listing Rules for the FY2020.

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of two years commencing on the Listing Date. Either party has the right to give not less than six months’ written notice or six months’ payments in lieu of notice to terminate the respective service contract.

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of two years commencing on the Listing Date pursuant to code provision A.4.1 of the CG Code.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

In compliance with the code provision A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84 of the articles of association of the Company (the “Articles”), at each annual general meeting one-third of the Directors for the time being, or if their number is not three or 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 by rotation at least once every three years. A retiring Director shall retain office until the close of meeting at which he/she retires and shall be eligible for re-election thereat.

By virtue of article 84 of the Articles, Mr. Yuen Ka Lok Ernest and Mr. Sneddon Donald William will retire from office by rotation at the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election at such meeting.

BOARD OF DIRECTORS *(Continued)*

Responsibilities of the Directors

The Board is responsible for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board is responsible for decision-making in all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

Directors' and Officers' Liabilities

The Company has arranged appropriate insurance cover in respect of legal actions against the Directors that may arise out of the corporate activities, which is in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

BOARD AND GENERAL MEETINGS

The Board schedules four meetings a year at approximately quarterly intervals and organises additional meetings as and when required. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Articles. Notice of at least fourteen days is given of a regular Board meeting to give all Directors an opportunity to attend. For other Board and committee meetings, reasonable notice time is generally given. Board papers are circulated at least three days (or other agreed period) before the regular Board meetings and/or other Board/Committees meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The company secretary of the Company (the "Company Secretary") prepares minutes and/or written resolutions and keeps records of matters discussed and decisions resolved at all Board/Committees meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.



BOARD AND GENERAL MEETINGS (Continued)

During the FY2020, four board meetings were held. The attendance of the respective Directors at the Board meetings are set out below:

Name of Directors	No. of Attendance/ No. of Meetings
Executive Directors	
Mr. Ma Chin Chew (<i>Chairman and Chief Executive Officer</i>)	4/4
Ms. Lim Siok Eng	4/4
Mr. Tang Hong Lai	4/4
Independent non-executive Directors	
Mr. Teo Beng Fwee	4/4
Mr. Yuen Ka Lok Ernest	4/4
Mr. Sneddon Donald William	4/4

BOARD COMMITTEES

The Board has established, with written terms of reference, three board committees, namely audit committee, remuneration committee and nomination committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. All Board committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are in line with the GEM Listing Rules and are available on the websites of the Stock Exchange and the Company, respectively.

Audit Committee

The Company has established an audit committee ("Audit Committee") on 15 August 2018 with written terms of reference which are not less exacting than those set out in Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Teo Beng Fwee, Mr. Yuen Ka Lok Ernest and Mr. Sneddon Donald William. Both Mr. Teo Beng Fwee and Mr. Sneddon Donald William have the appropriate accounting and financial related management expertise. Mr. Teo Beng Fwee serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are (but without limitation) to assist the Board in providing an independent view of the effectiveness of our Company's financial reporting process, risk management and internal control systems, scope of audit and appointment of external auditors, and arrangements to enable employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Group.

The Audit Committee held four meetings during the FY2020. The Audit Committee had reviewed the Company's annual financial statements, interim and quarterly reports; reviewed the risk management and internal control systems of the Group and considered these risk and management and internal control systems effective and adequate; met with the independent external auditors and reviewed reports from the independent external auditors regarding their audit on annual financial statements. Details of the attendance of members of the Audit Committee meeting are as follows:

Name of Members	No. of Attendance/ No. of Meetings
Mr. Teo Beng Fwee (<i>Chairman of Audit Committee</i>)	4/4
Mr. Yuen Ka Lok Ernest	4/4
Mr. Sneddon Donald William	4/4

BOARD COMMITTEES *(Continued)***Remuneration Committee**

The Company established a remuneration committee ("Remuneration Committee") on 15 August 2018 with written terms of reference which are not less exacting than those set out in Rules 5.34 to 5.36 of the GEM Listing Rules and code provision B.1 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Yuen Ka Lok Ernest, who serves as the chairman of the Remuneration Committee, Mr. Teo Beng Fwee and Mr. Sneddon Donald William.

The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration package of the Directors and senior management; (iii) reviewing and approving management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the FY2020, two Remuneration Committee meeting was held for, inter alia, reviewing and making recommendations to the Board for considering certain remuneration-related matters of the Directors and senior management. Details of the attendance of members of the Remuneration Committee meeting are as follows:

Name of Members	No. of Attendance/ No. of Meetings
Mr. Yuen Ka Lok Ernest <i>(Chairman of Remuneration Committee)</i>	2/2
Mr. Teo Beng Fwee	2/2
Mr. Sneddon Donald William	2/2

Remuneration Policy for Directors and Senior Management

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed and recommended by the Remuneration Committee and be determined at the discretion of the Board. The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

Particulars of the Directors' remuneration for the FY2020 are set out in Note 9 to the Notes to the Consolidated Financial Statements. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" of this annual report for the FY2020 by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to HK\$1,000,000	4

Nomination Committee

The Company established a nomination committee ("Nomination Committee") on 15 August 2018 with written terms of reference which are not less exacting than those set out in code provision A.5 of the CG Code. The Nomination Committee consists of three independent non-executive Directors, namely Mr. Yuen Ka Lok Ernest, who serves as the chairman of the Nomination Committee, Mr. Teo Beng Fwee and Mr. Sneddon Donald William.

The primary function of the Nomination Committee includes making recommendations to the Board to fill vacancies on the same, assessing the independence of independent non-executive Directors and reviewing of the diversity, structure, size and composition of the Board.



BOARD COMMITTEES *(Continued)***Nomination Committee** *(Continued)*

During the FY2020, one Nomination Committee meeting was held for, inter alia, reviewing the structure, size and composition of the Board and board diversity policy. Details of the attendance of members of the Nomination Committee meeting are as follows:

Name of Members	No. of Attendance/ No. of Meetings
Mr. Yuen Ka Lok Ernest <i>(Chairman of Nomination Committee)</i>	1/1
Mr. Teo Beng Fwee	1/1
Mr. Sneddon Donald William	1/1

Board Diversity Policy

The Company recognises and embraces the benefits of diversity in the boardroom and has adopted the board diversity policy ("Board Diversity Policy"). The Board Diversity Policy sets out the approach to achieve diversity on the Board.

The Board has set measurable objectives to implement the Board Diversity Policy. The Nomination Committee has primary responsibility for identifying and giving recommendation suitably qualified candidates to become members of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate Board decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Diversity Policy, as appropriate, to ensure its effectiveness.

The Board considers that the current composition of the Board is appropriate for the businesses of the Company. The Board will review its composition from time to time taking into consideration of the specific needs for the overall Company and its subsidiaries' businesses.

Nomination Procedures, Process and Criteria

The Nomination Committee leads the process and makes recommendations for re-election and appointment to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in light of the challenges and opportunities facing by the Group, as well as the business development and requirements of the Group. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the merit and contribution that the candidate(s) will bring to the Board, having due regard for the election criteria set out in the Nomination Policy including, inter alia, the character and integrity; the accomplishment and experience; the commitment in respect of available time and relevant interest; the cultural and educational background, the gender, qualification, ethnicity, professional experience, skills, knowledge and length of service; the benefits of diversity on the existing Board as well as the independence of the candidates (for independent non-executive director). The Nomination Committee makes recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the Articles and the GEM Listing Rules.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. During the FY2020, the Group has provided training materials for all the Directors to keep them abreast of the latest development on legal, regulatory and corporate governance applicable to a company listed on the Stock Exchange. The Group, together with its compliance adviser, continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibility for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial period. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of PricewaterhouseCoopers LLP in Singapore, the external auditor of the Company ("Auditor"), are set out in the Independent Auditor's Report on pages 35 to 38 in this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Auditor in respect of audit services and non-audit services for the Group was as follows:

	2020 S\$'000	2019 S\$'000
Statutory audit services	235	230
Non-audit services		
– Reporting of factual findings in connection with HKICPA Practice Note 730	1	1
– Reporting accountant for listing of the shares of the Company	–	148
	236	379

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually.

As a part of the Group's risk management and internal control systems, appropriate policies and controls have been designed and established by the Group to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed.

However, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group has adopted a three-tier risk management approach to identify, evaluate and manage significant risks. The operating units of the Group, as the first line of defense, identify, evaluate, mitigate and monitor the risks, and report such risk management activities to the Group's management on a regularly basis. The Group's management, as the second line of defense, provides support to the operating units and ensures that the significant risks are properly managed and within the acceptable range and reports the situation to the Board at each regularly scheduled meeting. The Audit Committee assists the Board, as the final line of defense, conducts an annual review of the overall effectiveness of the Group's risk management and internal control systems.

During the FY2020, the management had outsourced its internal audit function to an independent internal audit firm ("Internal Auditor"). The Internal Auditor reports directly to the Audit Committee on all internal audit matters. The internal audit plan was submitted to the Audit Committee for approval prior to the commencement of the internal audit work. The Audit Committee reviewed the internal audit report and monitored the implementation of the improvements required on internal control weaknesses identified.



RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The Board has, through the management and the Audit Committee, conducted a review of the effectiveness of risk management and internal control systems of the Group for the FY2020. Based on the internal controls established and maintained by the Group, work performed by appointed Internal Auditor, the reviews performed by the management and the Audit Committee, the Board, with the concurrence of the Audit Committee, is of the opinion that the risk management and internal control systems were adequate and effective.

DISCLOSURE OF INSIDE INFORMATION

The Board acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules that any inside information should be announced immediately when it is the subject of a decision. The Group has established appropriate procedures and internal controls for the handling and dissemination of inside information. The Company regulates the handling and dissemination of inside information as set out in the Group's policy, which has covered the related disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Board is committed to provide clear, detailed, timely manner and on a regular basis, information of the Group to shareholders through the publication of quarterly, interim and annual reports and/or dispatching circular, notices, and other announcements.

The general meetings of the Company provide a forum for communication between the Board and shareholders. The Chairman and other members of the respective committees are available to answer questions at the general meeting of shareholders. The Company recognises the importance of maintaining on-going communications with shareholders and encourages them to attend general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Company maintains a website at www.eggriculturefoods.com where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

ANNUAL GENERAL MEETING

An annual general meeting of the Company was held on 20 September 2019 (the "2019 AGM"). The Company announced the poll results of the 2019 AGM in the manner prescribed under the GEM Listing Rules. The Chairman and respective chairman of Audit Committee, Remuneration Committee and Nomination Committee have attended the 2019 AGM to ensure effective communication with shareholders. The attendance record of the Directors at the 2019 AGM is set out below:

Name of Directors	No. of Attendance/ No. of Meetings
Executive Directors	
Mr. Ma Chin Chew <i>(Chairman and Chief Executive Officer)</i>	1/1
Ms. Lim Siok Eng	1/1
Mr. Tang Hong Lai	1/1
Independent non-executive Directors	
Mr. Teo Beng Fwee	1/1
Mr. Yuen Ka Lok Ernest	1/1
Mr. Sneddon Donald William	1/1

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also 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 Company 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 (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.

Article 85 of the Articles provides that no person other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the respective websites of the Stock Exchange and the Company.

Shareholders' Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal office of the Company in Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and complaints, to the Chief Executive Officer.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMPANY SECRETARY

The Company engages Mr. Ching Kim Fung, a member of The Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries, as Company Secretary who supports the Board by ensuring good information inflow within the Board and that board policy and procedures are followed. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

For the FY2020, Mr. Ching Kim Fung has taken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

MANAGEMENT FUNCTIONS

The management, under the leadership of the Chief Executive Officer, is responsible for implementing the strategies and plans established by the Board and reporting on the Company's operations to the Board on a regular basis to ensure effective performance of the Board's responsibilities.

The management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the FY2020.



Report of the Directors

The Board of the Company is pleased to present the annual report together with the audited consolidated financial statements for the FY2020.

PRINCIPAL ACTIVITIES

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.

BUSINESS REVIEW

Further discussion and analysis of the activities of the Group in the FY2020, and an indication of likely future developments in the Group's business as required by Schedule 5 to the Companies Ordinance, Chapter 622, can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Those discussions form part of this Report of the Directors.

RESULT AND DIVIDENDS

The results of the Group for the FY2020 are set out in the consolidated statement of comprehensive income in this annual report. The Board does not recommend the payment of any final dividend to shareholders of the Company for the FY2020.

The Company intends to strike a balance between maintaining sufficient capital to grow the business and rewarding the shareholders of the Company. The Board has adopted a dividend policy pursuant to which in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, the following factors:

- the Group's actual and expected financial results;
- the Group's retained earnings and distributable reserves;
- the Group's results of operation and cash flows;
- the level of debts to equity ratio and return on equity of the Group;
- Shareholders' interests;
- general business conditions and strategies;
- the Group's capital requirements;
- contractual restrictions on the payment of dividends by the Company to Shareholders or by the Group's subsidiaries to the Company;
- taxation considerations;
- possible effects on the Group's creditworthiness;
- general economic conditions;
- other internal and external factors;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

The above factors are for reference only, and not meant to be exhaustive and decisive. The Board has the discretion to determine, as it considers appropriate.

CLOSURE OF REGISTER OF MEMBERS

As the forthcoming AGM of the Company will be held on 16 September 2020 (Wednesday), the register of members of the Company will be closed from 11 September 2020 to 16 September 2020 (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:30 p.m. on 10 September 2020 in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof). The share registrar and transfer office is at:

Address: Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the four financial years are set out on page 100 in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the FY2020 are set out in Note 15 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to ensuring that the Group's operation is in compliance with applicable laws and regulations. As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2020 are set out in Note 30 to the consolidated financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2020 was 500,000,000 ordinary shares of HK\$0.01 each. Details of movements of the share capital of the Company during the FY2020 are set out in Note 26 to the consolidated financial statements.

EMOLUMENT POLICY FOR DIRECTORS

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The remuneration of the Directors is determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

RESERVES

Details of movements in the reserves of the Group in the FY2020 are set out in Note 27 to the consolidated financial statements.

As at 31 March 2020, the Company's reserves available for distribution to the Shareholders were approximately S\$5.6 million. Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its Articles and provided that immediately following the distribution or dividend payment, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the articles of association of the Company, dividends shall be distributed out of the retained earnings, including the share premium, of the Company.



DIRECTORS

The Directors of the Company during the FY2020 and up to the date of this report were:

Executive Directors

Mr. Ma Chin Chew (*Chairman and Chief Executive Officer*)

Ms. Lim Siok Eng (*Compliance Officer*)

Mr. Tang Hong Lai

Independent Non-executive Directors

Mr. Teo Beng Fwee

Mr. Yuen Ka Lok Ernest

Mr. Sneddon Donald William

There is no significant change to the information of the Directors of the Company during their tenure required to be disclosed under rule 17.50A(1) of the GEM Listing Rules.

CONFIRMATION OF INDEPENDENCE

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on in the section headed "Biographies of Directors and Senior Management" in this report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY

In the FY2020, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

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 31 March 2020, 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 of 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 ⁽¹⁾	Approximate Percentage
Mr. Ma Chin Chew ⁽²⁾	Interest of controlled corporation	294,800,000 (L)	58.96%
Ms. Lim Siok Eng ⁽¹⁾	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.
- (2) Radiant Grand International Limited is held as to 100% by Mr. Ma. Therefore, Mr Ma is deemed to be interested in the Shares 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 31 March 2020, 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 ⁽¹⁾	Approximate Percentage
Radiant Grand International Limited ⁽²⁾	Beneficial owner	294,800,000 (L)	58.96%
Elite Ocean Ventures Limited ⁽³⁾	Beneficial owner	80,200,000 (L)	16.04%
Mr Lim Joo Boon ⁽³⁾	Interest of controlled corporation	80,200,000 (L)	16.04%
Ms. Tan Bee Hong ⁽⁴⁾	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.
- (2) Radiant Grand International Limited is held as to 100% by Mr. Ma. Therefore, Mr Ma is deemed to be interested in the Shares 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 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.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 18% of the total sales for the year and sales to the largest customer included therein amounted to approximately 5%. Purchases from the Group's five largest suppliers accounted for approximately 79% of the total purchases for the year and purchase from the largest supplier included therein amounted to approximately 25%. None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent 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 year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the FY2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the FY2020, the Group had no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

As at the date of report, none of the Directors, substantial shareholders of the Company and 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 interests with the Group.

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.

The Company has received written confirmation from each of the controlling shareholders of the Company which confirmed that he/it has complied with the Deed of Non-Competition for the year ended 31 March 2020.

INTERESTS OF COMPLIANCE ADVISER

As at 31 March 2020, as notified by the Company's compliance adviser, Lego Corporate Finance Limited ("Lego"), except for the compliance adviser agreement dated 19 September 2019 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.

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 FY2020.

CORPORATE GOVERNANCE CODE (THE "CODE")

Details of the corporate governance practice adopted by the Company are set out on pages 18 to 26 of this annual report.



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.

SHARE OPTION SCHEME

The Company has 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.

For the FY2020, no share option was granted, exercised, expired or lapsed or cancelled and there is no outstanding share option under the Scheme.

- (1) The purpose of the Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions of the eligible participant (as defined in paragraph (b) below) have had or may have made to our Group.
- (2) Eligible participant includes (i) any Directors (including non-executive Director and independent non-executive Directors) and any employee (whether full time or part time) of the Group; (ii) any advisers, consultants, suppliers, customers and agents to our Group; and (iii) any other person, who at the sole discretion of the Board, has contributed to the Group.
- (3) The total number of shares in respect of which options may be granted under this Scheme and any other share option schemes shall not in aggregate exceed 50,000,000 shares, being 10% of the total number of shares in issue.
- (4) Unless there is prior approval from the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercise and outstanding options under the Scheme) in any 12-month period shall not exceed 1% of the issued shares. Where any further grant of options to an eligible participant would result in excess of such limit, such further grant must be subject to the approval of the Company's shareholders at general meeting with such eligible participant and his close associates abstaining from voting.
- (5) Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme, the eligible participant shall pay HK\$1.00 to the Company by way of consideration for the grant. 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.
- (6) Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and granted.
- (7) The subscription price shall be such price as determined on the date of grant by the Board, and shall be at least the highest of: (a) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the offer date; (b) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (c) the nominal value of the share.
- (8) The Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which no further options will be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other aspects with respect to options granted during the life of the Share Option Scheme.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP in Singapore, who shall retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of PricewaterhouseCoopers LLP in Singapore as auditor of the Company will be proposed at the AGM.

There is no change in auditors since the engagement of the auditors on 29 January 2019.

AUDIT COMMITTEE

The Audit Committee has discussed and reviewed the annual report for the FY2020, 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 has been made.

By order of the Board

Eggriculture Foods Ltd.

Mr. Ma Chin Chew

Chairman, Chief Executive Officer and Executive Director

Singapore, 18 June 2020



Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EGGRICULTURE FOODS LTD.

(INCORPORATED IN CAYMAN ISLANDS WITH LIMITED LIABILITY)

OPINION

What we have audited

The consolidated financial statements of Eggriculture Foods Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 39 to 99, which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of biological assets</i></p> <p>Refer to Note 14 to the consolidated financial statements.</p> <p>The fair value of the Group's biological assets amounts to S\$4.3 million as at 31 March 2020, accounting for 10% of the Group's total assets.</p> <p>The value of biological assets is measured at fair value less point-of-sale costs. The fair value is derived based on the discounted cash flow of the underlying biological assets which requires estimates of market price of the agriculture produce, purchase price of immature hens, mortality rate and expenses incurred to bring these hens to maturity when commercial egg production commences.</p> <p>We focused on this area due to the significance of judgement and estimation uncertainties included in the valuation of the biological assets.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> Assessed the competence and independence of the professional valuer engaged by the Group; Validated, on a sample basis, the accuracy of underlying financial information provided by management to the valuer; Engaged valuation specialist to independently assess the valuation methodologies and selected valuation assumptions adopted for the underlying valuation; and Assessed the appropriateness of the presentation and disclosure in the consolidated financial statements. <p>Based on the audit procedures performed above, we found management's judgement in relation to the valuation of biological assets to be appropriately supported and the disclosure in this report to be appropriate.</p>

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibility for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Maurice Loh Seow Wee.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 18 June 2020



Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 S\$'000	2019 S\$'000
ASSETS			
Non-current assets			
Biological assets	14	1,734	3,084
Property, plant and equipment	15	10,967	10,822
Right-of-use assets	16	6,676	–
Intangible assets	17	627	213
Investments in insurance contracts	18	2,295	2,128
Land lease payments	19	–	3,303
		22,299	19,550
Current assets			
Biological assets	14	2,536	1,402
Inventories	20	1,641	1,659
Trade and other receivables	21	8,053	7,132
Cash and cash equivalents	22	9,011	9,911
		21,241	20,104
Total assets		43,540	39,654
LIABILITIES			
Non-current liabilities			
Other payables	23	157	210
Finance lease liabilities	24	–	1,794
Lease liabilities	16	1,190	–
Bank borrowings	25	4,747	4,367
Deferred income tax liabilities	11	870	544
		6,964	6,915
Current liabilities			
Trade and other payables	23	4,146	4,848
Current income tax liabilities		864	355
Finance lease liabilities	24	–	1,170
Lease liabilities	16	1,207	–
Bank borrowings	25	3,578	4,743
		9,795	11,116
Total liabilities		16,759	18,031
NET ASSETS		26,781	21,623

Consolidated Statement of Financial Position

As at 31 March 2020

	<i>Note</i>	2020 S\$'000	2019 S\$'000
EQUITY			
Share capital	26	890	890
Share premium	27	8,544	8,544
Other reserves	27	9,767	9,767
Retained earnings		7,580	2,422
Total equity		26,781	21,623

The consolidated financial statements on pages 39 to 99 were approved for issue by the Board of Directors on 18 June 2020 and were signed on its behalf:

Ma Chin Chew

Director

Lim Siok Eng

Director

The notes on pages 45 to 99 are an integral of these consolidated financial statements.



Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020			2019		
		Results before biological assets and agricultural produce fair value adjustments S\$'000	Biological assets and agricultural produce fair value adjustments S\$'000	Total S\$'000	Results before biological assets and agricultural produce fair value adjustments S\$'000	Biological assets and agricultural produce fair value adjustments S\$'000	Total S\$'000
Revenue	5	46,252	-	46,252	33,295	-	33,295
Cost of sales	8	(33,229)	(9,469)	(42,698)	(27,034)	(4,461)	(31,495)
Gross profit		13,023	(9,469)	3,554	6,261	(4,461)	1,800
Other income	6	760	-	760	503	-	503
Other (losses)/gains – net							
– Impairment loss on financial assets		(172)	-	(172)	(58)	-	(58)
– Others	7	288	-	288	(199)	-	(199)
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest		-	9,416	9,416	-	4,546	4,546
Gain arising from changes in fair value of biological assets less estimated point-of-sale costs	14	-	72	72	-	2,538	2,538
Selling and distribution expense	8	(4,009)	-	(4,009)	(2,577)	-	(2,577)
Administrative expenses							
– Professional service fees in respect of listing preparation	8	-	-	-	(1,605)	-	(1,605)
– Others	8	(3,500)	-	(3,500)	(2,600)	-	(2,600)
Finance costs	10	(413)	-	(413)	(381)	-	(381)
Profit before income tax		5,977	19	5,996	(656)	2,623	1,967
Income tax expense	11	(838)	-	(838)	(402)	-	(402)
Profit after tax and total comprehensive income for the year attributable to equity holders of the Company		5,139	19	5,158	(1,058)	2,623	1,565
Earnings per share (“EPS”) for profit attributable to equity holders of the Company for the year:							
– Basic and diluted (S\$ – in cents)	12			1.03			0.35

The notes on pages 45 to 99 are an integral of these consolidated financial statements.



Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital (Note 26) S\$'000	Share premium (Note 27(a)) S\$'000	Other reserve (Note 27(b)) S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 31 March 2018 and 1 April 2018	–	–	10,000	1,657	11,657
Profit for the year and total comprehensive income for the year	–	–	–	1,565	1,565
Transactions with owners in their capacity as equity owners					
Distributions to previous shareholders	–	–	–	(800)	(800)
Acquisition pursuant to the Reorganisation	–	–	(233)	–	(233)
Shares issued pursuant to the Listing	222	10,904	–	–	11,126
Shares issued pursuant to the Capitalisation	668	(668)	–	–	–
Listing expenses charged to share premium	–	(1,692)	–	–	(1,692)
At 31 March 2019 and 1 April 2019	890	8,544	9,767	2,422	21,623
Profit for the year and total comprehensive income for the year	–	–	–	5,158	5,158
At 31 March 2020	890	8,544	9,767	7,580	26,781

The notes on pages 45 to 99 are an integral of these consolidated financial statements.



Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 S\$'000	2019 S\$'000
Cash flows from operating activities			
Profit for the year		5,158	1,565
Adjustments for:			
– Income tax expense	11	838	402
– Depreciation of property, plant and equipment	15	1,806	2,395
– Depreciation of right-of-use assets	16	993	–
– Amortisation of intangible assets	17	109	11
– Amortisation of land lease premium	19	–	133
– Loss on disposal of property, plant and equipment	7	53	8
– Gain arising from initial recognition of agriculture produce at fair value less estimated point-of-sales costs at point of harvest – unrealised		(57)	(110)
– Gain arising from changes in fair value of biological assets less estimated point-of-sale costs	14	(72)	(2,538)
– Interest income	6	(67)	(34)
– Finance expenses	10	452	381
– Unrealised currency translation (gain)/loss		(20)	8
– Gain on investments in insurance contracts	18	(56)	(59)
		9,137	2,162
Changes in working capital:			
– Inventories		157	(182)
– Trade and other receivables		(921)	(2,153)
– Trade and other payables		(755)	1,429
Cash generated from operations		7,618	1,256
Income tax paid		(94)	(121)
Net cash provided by operating activities		7,524	1,135
Cash flows from investing activities			
Additions to property, plant and equipment		(5,263)	(1,869)
Grants refunded		(104)	–
Acquisition of business	31	(879)	–
Grants received relating to purchase of property, plant and equipment		–	–
		49	364
Additions to biological assets	14	(253)	(412)
Proceeds from sale of biological assets	14	541	543
Addition to lease premium		–	(536)
Disposal of property, plant and equipment	15	10	4
Acquisition pursuant to the Reorganisation		–	(233)
Interest received	6	67	34
Net cash used in investing activities		(5,832)	(2,105)

The notes on pages 45 to 99 are an integral of these consolidated financial statements.



Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	<i>Note</i>	2020 S\$'000	2019 S\$'000
Cash flows from financing activities			
Decrease in pledged deposit		–	254
Proceeds from bank borrowings		6,233	8,240
Repayment of bank borrowings		(7,109)	(5,589)
Repayment of lease/finance lease liabilities		(1,264)	(1,076)
Proceeds from share issuance upon listing		–	11,126
Payment of listing expenses		–	(1,692)
Interest paid	10	(452)	(381)
Dividends paid		–	(800)
Net cash (used in)/provided by financing activities		(2,592)	10,082
Net (decrease)/increase in cash and cash equivalents			
		(900)	9,112
Cash and cash equivalents at beginning of the year		9,911	799
Cash and cash equivalents at end of the year	22	9,011	9,911

The notes on pages 45 to 99 are an integral of these consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Eggriculture Foods Ltd. (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 Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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. The 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 the Group reorganisation completed on 14 August 2018 (the “Reorganisation”), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company are listed on the GEM (“the Listing”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 7 September 2018, see Note 26.

The consolidated financial statements are presented in thousands of Singapore Dollars (“S\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets and agriculture produce. The investments in insurance contracts are subsequently stated at the cash surrender value.

The preparation of consolidated financial statements in conformity with IFRSs 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 consolidated financial statements, are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in an Associates of Joint Ventures
Amendments to IFRSs	Annual Improvements 2015-2017 cycle

The impact of the modified retrospective transition approach on adoption of IFRS 16 are set out in Note 2.2. The adoption of the other new and amended standards does not have any significant change to the accounting policies or any significant impact on the results and financial position of the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on 1 April 2020 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
Amendments to IFRS 3	Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform	1 January 2020
Conceptual framework for 2018 Reporting	Amendments to the Conceptual Framework	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted IFRS 16 *Leases* retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new accounting standards on leases are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in Note 2.15.

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 lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.4%.

For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 April 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of lease liabilities

	\$'000
Operating lease commitments disclosed as at 31 March 2019	179
Less: Discounting effect using weighted average incremental borrowing rate of 2.4%	(17)
Add: finance lease liabilities recognised as at 31 March 2019	2,964
Lease liability recognised as at 1 April 2019	3,126
Of which:	
Current lease liabilities	1,191
Non-current lease liabilities	1,935
	3,126

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019.

(iv) Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the consolidated statement of financial position as at 1 April 2019:

	Increase/ (Decrease) S\$'000
Property, plant and equipment	(3,565)
Land lease payments	(3,303)
Right-of-use assets	7,030
Finance lease liabilities	(2,964)
Lease liabilities	<u>3,126</u>

There is no impact on retained earnings as at 1 April 2019.

2.3 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 profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries *(Continued)*

(a) Business combinations *(Continued)*

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 profit or loss.

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 consolidated financial statements of the investee's net assets including goodwill.

2.4 Revenue recognition

(a) Sales of fresh eggs and other egg-related products

Revenue from the sales of fresh eggs and other egg-related products represent the invoiced value, net of value-added tax, rebates and discounts. Revenue from sale of goods is recognised at a point in time when control of the goods has transferred to the customer, generally on delivery of the goods to the customer. Delivery occurs when the goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contracts, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income is recognised using the effective interest method.

2.5 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 receivable are recognised as income over the periods 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 amount of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***2.6 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 consolidated 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 consolidated statements of comprehensive income. Proceeds from the sale of mature hens are recognised as a deduction to the carrying amount of the biological assets.

2.7 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:

	Useful lives
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 consolidated statements of comprehensive income when the changes arise.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment *(Continued)*

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 consolidated statement 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 consolidated statement of comprehensive income within "Other (losses)/gains – net".

2.8 Intangible assets

(a) 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.

(b) 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 5 years by the management.

Customer relationship recognised as assets are amortised using the straight-line method over the estimated useful lives of 5 years.

2.9 Borrowing costs

General and specific borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Other borrowing costs are expensed in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of non-financial assets

Goodwill 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 and right-of-use assets 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 consolidated statement 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 consolidated statements of comprehensive income.

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, financial asset at amortised cost are measured at transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

(a) Classification and measurement *(Continued)*

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

For trade receivables, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, pledged deposit, deposits and other receivables, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

Note 3 details how the Group determines whether there has been a significant increase in credit risk.

(c) 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.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset 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 its subsidiaries, or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 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 consolidated statements of comprehensive income over the period 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 consolidated statements of comprehensive income.

2.14 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 fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until 31 March 2019, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases (Note 16). Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was 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 property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 28). Payments made under operating leases (net of incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, 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.

Contracts may contain both lease and non-lease components. For lease of storage buildings for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Leases *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal 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.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 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 consolidated 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 consolidated statement of comprehensive income.

2.17 Income 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

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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Income taxes *(Continued)*

(b) Deferred income tax *(Continued)*

Deferred income tax liabilities are provided on 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.

2.18 Employee compensation

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. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to end of reporting year.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional 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 financial year are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income within "finance expenses". All other foreign exchange gains and losses impacting the consolidated statements of comprehensive income are presented within "Other (losses)/gains – net".

(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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate as at financial year end;
- (ii) income and expenses for each 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
- (iii) 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, 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds.

2.22 Dividends

Dividends to the Group's shareholders are recognised when the dividends are approved for payment.

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 financial year end at its cash surrender value. Changes to the cash surrender value at each financial year end 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

3.1 Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy 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"), Hong Kong dollar ("HKD") and Euro ("EUR").

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

	2020 S\$'000	2019 S\$'000
Financial assets		
Cash and bank deposits (Note 22)	173	14
Trade and other receivables (Note 21)	164	–
	337	14
Financial liabilities		
Borrowings (Note 25)	(1,805)	(1,943)
Trade and other payables (Note 23)	(368)	(313)
Net exposure from financial instruments	(1,836)	(2,242)
Non-financial asset		
Investments in insurance contracts (Note 18)	2,295	2,128
	459	(114)

The sensitivity analysis of the exposure to USD, after taking into consideration the designation of USD borrowings for the investments in insurance contracts are as follows:

As at 31 March 2020 and 2019, if USD had strengthened/weakened by 5% and 2% against SGD with all other variables including tax rate being held constant, the Group's results would have been S\$19,000 higher/lower and S\$2,000 lower/higher, respectively, as a result of currency translation gains/losses on the USD-denominated financial assets/liabilities and insurance contracts.

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

	2020 S\$'000	2019 S\$'000
Financial assets		
Cash and bank deposits (Note 22)	3,174	5,604
Financial liabilities		
Trade and other payables (Note 23)	(38)	(20)
	3,136	5,584



3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

As at 31 March 2020 and 2019, if HKD had strengthened/weakened by 6% and 2% against SGD with all other variables including tax rate being held constant, the Group's results would have been S\$156,000 higher/lower and S\$93,000 higher/lower, respectively, as a result of currency translation gains/losses on the HKD-denominated financial assets/liabilities.

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

	2020 S\$'000	2019 S\$'000
Financial assets		
Cash and bank deposits (Note 22)	478	789

As at 31 March 2020, if EUR had strengthened/weakened by 4% and 5% against SGD with all other variables including tax rate being held constant, the Group's results would have been S\$16,000 higher/lower and S\$33,000 higher/lower, respectively, as a result of currency translation gains/losses on the EUR-denominated financial assets/liabilities.

(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 2020 and 2019, if the interest rates increase/decrease by 1% per annum with all other variables, including tax rate being held constant, the results would have been lower/higher by S\$15,000 and S\$16,000 respectively, as a result of higher/lower interest expenses of these borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and trade and other receivables.

(i) Risk management

Credit risk is managed on a group basis and 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. Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation procedures. Receivable balances are monitored on an ongoing basis.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to IFRS 9's expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Deposits and other receivables

The Group revised its impairment methodology under IFRS 9 for each class of assets.

Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The expected credit loss rates are based on the aging profiles of trade receivables over a period of 24 months before 31 March 2020 and 31 March 2019 and the corresponding historical credit losses experienced within this period. The historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The provision for and write-off of trade receivables were taken into consideration of the expected credit loss rates.



3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The loss allowance as at 31 March 2020 was determined as follows:

	← Past due →					Total S\$'000	
	Current S\$'000	Between 0 to 30 days S\$'000	Between 31 to 60 days S\$'000	Between 61 to 90 days S\$'000	Between 91 to 365 days S\$'000		More than 365 days S\$'000
At 31 March 2020							
Expected loss rate	0.1%	0.2%	1.0%	4.7%	40.2%	100.0%	
Gross carrying amount	3,636	2,296	958	233	261	53	7,437
Loss allowance	(5)	(4)	(10)	(11)	(105)	(53)	(188)
	3,631	2,292	948	222	156	-	7,249

The loss allowance as at 31 March 2019 was determined as follows:

	← Past due →					Total S\$'000	
	Current S\$'000	Between 0 to 30 days S\$'000	Between 31 to 60 days S\$'000	Between 61 to 90 days S\$'000	Between 91 to 365 days S\$'000		More than 365 days S\$'000
At 31 March 2019							
Expected loss rate	0.1%	0.1%	0.3%	2.1%	28.2%	92.3%	
Gross carrying amount	4,059	1,665	713	142	216	65	6,860
Loss allowance	(5)	(2)	(2)	(3)	(61)	(60)	(133)
	4,054	1,663	711	139	155	5	6,727

The closing loss allowances for trade receivables reconcile to the opening loss allowances as follows:

	2020 S\$'000	2019 S\$'000
At the beginning of the year	133	75
Increase in loss allowance recognised in profit or loss during the year	172	131
Utilisation of loss allowance	(117)	-
Unused amount reversed	-	(73)
At the end of the year	188	133

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Cash and cash equivalents, deposits and other receivables

Impairment on cash and cash equivalents, deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit loss. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the deposits and other receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The maximum exposure to credit risk as of the reporting date was the carrying value of each type of receivables mentioned above. The Group did not hold any collateral as security as of each reporting date.

(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 25). At the end of the year, assets held by the Group for managing liquidity risk included cash and cash equivalents as disclosed in Note 22.

The table below analyses the Group's non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and the earliest date the Group can be required to pay. 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.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 March 2020					
Trade and other payables	-	(4,146)	(77)	(80)	-
Bank borrowings	(352)	(3,442)	(1,565)	(3,011)	(434)
Lease liabilities	-	(1,274)	(684)	(523)	(34)
	(352)	(8,862)	(2,326)	(3,614)	(468)
At 31 March 2019					
Trade and other payables	-	(4,848)	(67)	(143)	-
Bank borrowings	(397)	(4,597)	(1,168)	(2,892)	(657)
Finance lease liabilities	-	(1,255)	(1,129)	(742)	-
	(397)	(10,700)	(2,364)	(3,777)	(657)



3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The table below analyses the borrowings with a repayment on demand clause based on agreed repayment schedules set out in the loan agreements. The amounts include interest payments computed using contractual rates.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	More than 5 years S\$'000
At 31 March 2020	(47)	(55)	(164)	(86)
At 31 March 2019	(52)	(52)	(157)	(136)

(d) Capital risk management

The Group's objectives when managing capital are to ensure that the Group is appropriately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments where appropriate and necessary.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus lease liabilities/finance lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt. The gearing ratios are as follows:

	2020 S\$'000	2019 S\$'000
Net debt	1,711	2,163
Total equity	26,781	21,623
Total capital	28,492	23,786
Gearing ratio	6%	9%

The Group also monitors the debt covenants for borrowings and is in compliance with all externally imposed capital requirements for the year end.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(e) Financial instruments by category

The aggregate carrying amounts of financial assets, at amortised cost and financial liabilities, at amortised cost are as follows:

	2020 S\$'000	2019 S\$'000
Financial assets per consolidated statement of financial position		
Financial assets measured at amortised cost		
– Cash and bank balances	9,011	9,911
– Trade and other receivables	7,693	6,845
	16,704	16,756
Financial liabilities per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
– Trade and other payables	4,073	5,058
– Bank borrowings	8,325	9,110
– Financial lease liabilities	–	2,964
– Lease liabilities	2,397	–
	14,795	17,132

(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:

- Quoted process (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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
- 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.

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
At 31 March 2020				
Assets				
Biological assets	–	–	4,270	4,270
At 31 March 2019				
Assets				
Biological assets	–	–	4,486	4,486

There were no transfer between levels during the year.



4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable 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 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 and fresh eggs, post-tax discount rate and mortality rate. The carrying value of biological asset as at 31 March 2020 is S\$4,270,000 (2019: S\$4,486,000).

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 S\$792,000 and S\$948,000 as at 31 March 2020 and 2019 respectively.

If the egg laying period applied to the discounted cash flows decreases by 5 weeks from the management estimates, the fair value of the biological assets will be lower by S\$292,000 and S\$175,000 as at 31 March 2020 and 2019 respectively.

(b) Fair value of agricultural produce

The fair value of agricultural produce is determined with reference to market approach at the point of harvest. Agricultural produce refers to the eggs produced by the laying hens. If management's estimated selling price of eggs at the point of harvest increase or decrease by 5% from management's estimates, the fair value of the agricultural produce (realised and unrealised) will be higher or lower by S\$1,060,000 (2019: S\$728,000) correspondingly to the consolidated statement of comprehensive income.

(c) 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 shorter than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or redeployed. 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. The useful lives of the property, plant and equipment and intangible assets are disclosed in Note 2.7 and Note 2.8(b) respectively.

(d) Purchase price allocation

The consolidated financial statements reflect acquired businesses after the completion of the respective acquisition. The Group accounts for the acquired businesses using the acquisition method which requires use of accounting estimates and assumptions to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date, particularly the fair value of the intangible assets identified from the acquisition. Estimates and assumptions such as revenue growth rate, customer attrition rate, and discount rate used in the valuation methodology have an impact on its fair market value.

5. 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 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.

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

Year ended 31 March 2020

	Fresh eggs S\$'000	Processed eggs S\$'000	Total S\$'000
Segment revenue	29,497	16,755	46,252
Other income	398	-	398
Gain arising from initial recognition of agricultural produce at fair values less estimated point-of-sales costs at point of harvest – unrealised	57	-	57
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	31	41	72
Purchases of inventories	(19,453)	(6,669)	(26,122)
Changes in inventories	(234)	160	(74)
Impairment loss for trade receivables, net	(120)	(52)	(172)
Depreciation of property, plant and equipment	(937)	(585)	(1,522)
Depreciation of right-of-use assets	(695)	(298)	(993)
Employee benefits	(1,273)	(1,687)	(2,960)
Utilities	(380)	(431)	(811)
Repairs and maintenance of motor vehicles and transportation	(448)	(192)	(640)
Royalty expense	-	(54)	(54)
Chicken shed – medication and vaccination	(114)	(152)	(266)
Other expenses	(870)	(745)	(1,615)
Segment results	5,459	6,091	11,550
Unallocated finance cost			(413)
Unallocated other income			418
Unallocated corporate expenses			(5,559)
Profit before tax			5,996



5. REVENUE AND SEGMENT INFORMATION (Continued)
Year ended 31 March 2019

	Fresh eggs S\$'000	Processed eggs S\$'000	Total S\$'000
Segment revenue	20,541	12,754	33,295
Other income	262	–	262
Gain arising from initial recognition of agricultural produce at fair values less estimated point-of-sales costs at point of harvest – unrealised	110	–	110
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	838	1,700	2,538
Purchases of inventories	(14,651)	(5,427)	(20,078)
Changes in inventories	76	155	231
Amortisation of land lease payment	(42)	(86)	(128)
Depreciation of property, plant and equipment	(1,433)	(669)	(2,102)
Employee benefits	(987)	(2,004)	(2,991)
Rental expenses	(7)	(15)	(22)
Utilities	(204)	(415)	(619)
Repairs and maintenance of motor vehicles and transportation	(376)	(125)	(501)
Royalty expense	–	(45)	(45)
Chicken shed – medication and vaccination	(101)	(207)	(308)
Other expenses	(810)	(789)	(1,599)
Segment results	3,216	4,827	8,043
Unallocated finance cost			(381)
Unallocated other income			299
Unallocated corporate expenses			(5,994)
Profit before tax			1,967

Geographical information

The Group's operations are principally in Singapore and hence no further disclosure is made on the geographical information.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenues from transactions with external customers accounting for 10% or more of the Group's total revenue are as follows:

	2020 S\$'000	2019 S\$'000
Customer A <i>(Note)</i>	2,103	2,076
Customer B <i>(Note)</i>	2,194	2,037
	4,297	4,113

Note:

The revenue from Customer A and B for the years ended 31 March 2020 and 2019 did not exceed 10% of total revenue. The amounts shown above are for the comparative purpose only.

Disaggregation of revenue

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	2020 S\$'000	2019 S\$'000
Fresh eggs	29,497	20,541
Processed eggs	16,755	12,754
	46,252	33,295

6. OTHER INCOME

	2020 S\$'000	2019 S\$'000
Income from sale of animal feeds	398	262
Government grants <i>(Note a)</i>	70	88
Interest income	67	34
Others	225	119
	760	503

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.



7. OTHER (LOSSES)/GAINS – NET

	2020 S\$'000	2019 S\$'000
Loss on disposal of property, plant and equipment (Note 15)	(53)	(8)
Net currency exchange gains/(losses)	285	(251)
Gain on investments in insurance contracts (Note 18)	56	59
	288	(199)

8. EXPENSES BY NATURE

	2020 S\$'000	2019 S\$'000
Auditor's remuneration		
– Audit services	235	230
– Non-audit services	1	1
Purchases of inventories	26,122	20,078
Changes in inventories	74	(231)
Depreciation of property, plant and equipment (Note 15)	1,806	2,395
Amortisation of intangible assets (Note 17)	109	11
Amortisation of land lease payment (Note 19)	–	133
Employee compensation (Note 9)	7,166	5,772
Rental expenses	–	48
Utilities	811	729
Repairs and maintenance of motor vehicles and transportation	640	501
Chicken shed – medication and vaccination	266	308
Royalty expense	54	45
Agricultural produce recorded in cost of sales (Note)	9,469	4,461
Listing expenses	–	1,605
Depreciation of right-of-use assets (Note 16)	993	–
Other expenses	2,461	2,191
Total cost of sales, selling and distribution expense and administrative expenses	50,207	38,277

Note:

	2020 S\$'000	2019 S\$'000
Cost of agricultural produce sold	9,359	4,436
Inventory as at prior year and realised in cost of sales for the year	110	25
	9,469	4,461

9. EMPLOYEE COMPENSATION

	2020 S\$'000	2019 S\$'000
Basic salaries, wages and allowances	5,750	4,632
Employer's contribution to defined contribution plans	427	309
Other benefits	989	831
	7,166	5,772

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 5% to 20% of their wages, while the group companies contribute 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 S\$6,000 during the years ended 31 March 2020 and 2019.

(a) Directors' emoluments

The emoluments of individual directors for the year ended 31 March 2020 is set out below:

	Fees S\$'000	Salaries S\$'000	Bonus S\$'000	Employer's contribution to defined contribution plans S\$'000	Total S\$'000
Executive directors					
- Mr. Ma Chin Chew	-	210	40	33	283
- Ms. Lim Siok Eng	-	54	9	11	74
- Mr. Tang Hong Lai	-	85	9	10	104
Independent non-executive directors					
- Mr. Teo Beng Fwee	24	-	-	-	24
- Mr. Yuen Ka Lok	24	-	-	-	24
- Mr. Donald William Sneddon	24	-	-	-	24
	72	349	58	54	533



9. EMPLOYEE COMPENSATION (Continued)

(a) Directors' emoluments (Continued)

The emoluments of individual directors for the year ended 31 March 2019 is set out below:

	Fees S\$'000	Salaries S\$'000	Bonus S\$'000	Employer's contribution to defined contribution plans S\$'000	Total S\$'000
Executive directors					
- Mr. Ma Chin Chew	-	165	12	18	195
- Ms. Lim Siok Eng	-	47	3	8	58
- Mr. Tang Hong Lai	-	81	4	11	96
Independent non-executive directors					
- Mr. Teo Beng Fwee	12	-	-	-	12
- Mr. Yuen Ka Lok	12	-	-	-	12
- Mr. Donald William Sneddon	12	-	-	-	12
	36	293	19	37	385

During the years ended 31 March 2020 and 2019, there were 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.

(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 2020 and 2019.

(c) Consideration provided to third parties for making available director's services

During the years ended 31 March 2020 and 2019, 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 2020 and 2019.

9. EMPLOYEE COMPENSATION *(Continued)*

(e) Director's material interest in transactions, arrangement 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.

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include the two directors for years ended 31 March 2020 and 2019. The emoluments payable to the remaining individuals for the years ended 31 March 2020 and 2019 are as follows:

	2020 S\$'000	2019 S\$'000
Basic salaries, wages and allowances	309	315
Employer's contribution to defined contribution plans	22	25
	331	340

The emoluments fell within the following band:

	Number of individuals Year ended 31 March	
	2020	2019
Emolument band Nil to HK\$1,000,000	3	3

10. FINANCE COSTS

	2020 S\$'000	2019 S\$'000
Interest expense		
– Bank borrowings	337	264
– Finance lease liabilities	–	99
– Lease liabilities	100	–
– Others	15	18
	452	381
Less: Amount capitalised in property, plant and equipment	(39)	–
Amount recognised in profit or loss	413	381



11. INCOME TAX 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 arising from Singapore has been provided at the rate of 17% (2019: 17%) on the estimated assessable profits during the year. No provision for Hong Kong Profits Tax is provided in the consolidated financial statements as the Group did not have assessable profit in Hong Kong during the year.

The amount of income tax expenses charged to the consolidated statements of comprehensive income represent:

	2020	2019
	S\$'000	S\$'000
Current tax on profit for the year	623	341
Deferred income tax expense/(income)	235	(44)
(Over)/under provision in respect of prior years	(20)	105
	838	402

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2020	2019
	S\$'000	S\$'000
Profit before income tax	5,996	1,967
Calculated at the applicable domestic tax rate of respective companies (<i>Note a</i>)	1,019	334
Tax effects of:		
– Expenses not deductible for tax purposes	46	329
– Income not subject to tax	(120)	(31)
– Statutory stepped income exemption	(56)	(48)
– Tax incentive (<i>Note b</i>)	–	(261)
– Corporate tax rebate	(32)	–
– Others	1	(26)
– (Over)/under provision in respect of prior years	(20)	105
	838	402

Note a:

The weighted average applicable tax rate for the years ended 31 March 2020 and 2019 are 17% and 17%.

Note b:

Tax incentive for year ended 31 March 2019 represents the "Productivity and Innovation Credit" dispensed under the Inland Revenue Authority of Singapore for investments in innovation and productivity improvements.

11. INCOME TAX EXPENSE (Continued)

Deferred income taxes

	2020 S\$'000	2019 S\$'000
Deferred income tax liabilities		
– To be settled after one year	870	544

The movements in the deferred income tax account are as follows:

	2020 S\$'000	2019 S\$'000
Beginning of financial year	544	588
Acquisition of business (Note 31)	91	–
Charged/(credited) to profit or loss	235	(44)
End of financial year	870	544

The movements in the deferred income tax liabilities are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation	
	2020 S\$'000	2019 S\$'000
Beginning of financial year	544	588
Acquisition of business (Note 31)	91	–
Charged/(credited) to profit or loss	235	(44)
End of financial year	870	544

12. EARNINGS PER SHARE

	2020	2019
Profit attributable to equity holders of the Company (S\$'000)	5,158	1,565
Weighted average number of ordinary shares in issue (thousands)	500,000	445,548
Basic and diluted earnings per share (S\$ – in cents)	1.03	0.35

The diluted earnings per share is the same as the basic earnings per share as the Group does not have dilutive potential ordinary shares in issue during the years ended 2020 and 2019.

13. DIVIDENDS

No dividends were declared during the years ended 31 March 2020 and 2019.



14. BIOLOGICAL ASSETS

	2020 S\$'000	2019 S\$'000
Beginning of financial year	4,486	2,079
Purchases of immature hens	253	412
Gain arising from changes in fair value less estimated point-of-sale costs	72	2,538
Sales of mature hens	(541)	(543)
End of financial year	4,270	4,486
Biological assets comprise: <i>(Note)</i>		
– Mature hens	3,736	3,390
– Immature hens	534	1,096
	4,270	4,486
Current	2,536	1,402
Non-current	1,734	3,084
	4,270	4,486

Note:

Biological assets comprise hens reared for the production of eggs. Mature hens represent batches of hens that start to produce eggs.

	2020	2019
Number of hens held by the Group as at balance sheet date		
– Mature	469,088	366,761
– Immature	84,565	166,741
Total	553,653	533,502
Number of eggs harvested during the financial year	135,676,029	99,682,640
Fair value less estimated point-of-sales costs of eggs harvested ("S\$")	9,416,000	4,546,000

14. BIOLOGICAL ASSETS *(Continued)*

The Group's biological assets as at 31 March 2020 and 2019 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. These biological assets have been classified as level 3 in the fair value hierarchy. The key assumptions and estimates used in the valuation are as follows:

	2020	2019
Selling price of mature hens	S\$2.56	S\$2.63
Selling price of agriculture produce (fresh eggs)	S\$0.17	S\$0.16
Mortality rate	20%	21%
Discount rate	11%	13%
Estimated egg laying period	89 weeks	89 weeks

The Group's finance manager reviewed the valuations performed by the independent valuer for financial reporting purposes. The finance manager reported directly to the directors. Discussions of valuation processes and results were held between the directors, the finance manager and the valuer.

The finance manager and the 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 S\$'000	Plant and machinery S\$'000	Equipment and furniture S\$'000	Motor vehicles S\$'000	Assets under construction S\$'000	Total S\$'000
Cost						
At 31 March 2018	12,464	17,162	1,306	2,688	–	33,620
Additions	31	2,189	138	480	337	3,175
Disposals	–	–	(12)	(14)	–	(26)
Grants received relating to purchase of property, plant and equipment*	–	(314)	–	(50)	–	(364)
At 31 March 2019	12,495	19,037	1,432	3,104	337	36,405
Adoption of IFRS 16: – Reclassification to right-of-use assets (Note 2.2 (iv))	(800)	(1,958)	(95)	(1,983)	–	(4,836)
	11,695	17,079	1,337	1,121	337	31,569
Additions	223	1,148	642	236	3,014	5,263
Acquisition of business (Note 31)	–	–	–	365	–	365
Transfer	–	–	336	–	(336)	–
Disposals	–	–	(579)	(268)	–	(847)
Grants received relating to purchase of property, plant and equipment*	–	–	(49)	–	–	(49)
At 31 March 2020	11,918	18,227	1,687	1,454	3,015	36,301
Accumulated depreciation						
At 31 March 2018	11,008	10,314	930	950	–	23,202
Depreciation (Note 8)	455	1,408	147	385	–	2,395
Disposals	–	–	(11)	(3)	–	(14)
At 31 March 2019	11,463	11,722	1,066	1,332	–	25,583
Adoption of IFRS 16: – Reclassification to right-of-use assets (Note 2.2 (iv))	(164)	(354)	(54)	(699)	–	(1,271)
	11,299	11,368	1,012	633	–	24,312
Depreciation (Note 8)	145	1,256	228	177	–	1,806
Disposals	–	–	(530)	(254)	–	(784)
At 31 March 2020	11,444	12,624	710	556	–	25,334
Net book value						
At 31 March 2020	474	5,603	977	898	3,015	10,967
At 31 March 2019	1,032	7,315	366	1,772	337	10,822

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

* This pertains to grants received from governmental agencies for purchases of property, plant and equipment. There are no unfulfilled conditions or other contingencies attaching to the grants.

As at 31 March 2019, certain assets included in the Group's leasehold buildings and improvements with total carrying amounts of approximately S\$186,000 have been pledged to banks for credit facilities granted to the Group (Note 25).

In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2020 S\$'000	2019 S\$'000
Net book amount of property, plant and equipment disposed	63	12
Loss on disposal of property, plant and equipment <i>(Note 7)</i>	(53)	(8)
Proceeds from disposal of property, plant and equipment	10	4

16. LEASES

(i) Amounts recognised in the consolidated statement of financial position

	2020 S\$'000	1 April 2019 * S\$'000
Right-of-use assets		
Leasehold land	3,132	3,303
Storage buildings	1,076	799
Plant and machinery	1,501	1,604
Equipment and furniture	17	41
Motor Vehicles	950	1,283
	6,676	7,030
Lease liabilities		
Current	1,207	1,191
Non-current	1,190	1,935
	2,397	3,126

* In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 April 2019, please refer to Note 2.2.

Additions to the right-of use assets during year ended 31 March 2020 were S\$535,000.



16. LEASES (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income

	2020 S\$'000	2019 S\$'000
Depreciation charge of right-of-use assets		
Leasehold land	171	–
Storage buildings	175	–
Plant and machinery	207	–
Equipment and furniture	24	–
Motor vehicles	416	–
	993	–
Interest expense (included in finance cost)	100	–

The total cash outflow for leases in the year ended 31 March 2020 was S\$1,364,000.

(iii) The Group's leasing activities and how these are accounted for *Leasehold land*

The Group has made an upfront 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.

There are no externally imposed covenant on these lease arrangements.

Storage buildings

The Group has made an upfront payment to secure the right-of-use of a 30-year leasehold land and building, which is used by the Group for inventory storage and back office operations. The Group also makes annual lease payments for this land and building. The Group also leases warehouse under operating lease to store inventories and for the purpose of back office operations.

Plant and machinery, equipment and furniture, and motor vehicles

The Group leases equipment and vehicles to enable it to produce processed egg products and to deliver them to its customers. The lease arrangements prohibit the Group from subleasing the equipment and vehicles to third parties.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Variable lease payments

A storage building lease contains variable payment terms that vary on a yearly basis to reflect changes in market rental rates.

16. LEASES (Continued)

(v) Extension and termination option

The lease for certain storage building contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

(vi) Residual value guarantees

The Group do not provide residual value guarantees in relation to plant and machinery and equipment and furniture leases.

17. INTANGIBLE ASSETS

	Customer relationships <i>(Note a)</i> S\$'000	Goodwill <i>(Note b)</i> S\$'000	Total S\$'000
Cost			
As at 1 April 2018 and 2019	137	97	234
Acquisition of business <i>(Note 31)</i>	523	–	523
As at 31 March 2020	660	97	757
Accumulated amortisation			
As at 1 April 2018	(10)	–	(10)
Amortisation <i>(Note 8)</i>	(11)	–	(11)
As at 31 March 2019	(21)	–	(21)
Amortisation <i>(Note 8)</i>	(109)	–	(109)
As at 31 March 2020	(130)	–	(130)
Net book value			
As at 31 March 2020	530	97	627
As at 31 March 2019	116	97	213



17. INTANGIBLE ASSETS (Continued)*Note a:*

The customer relationships were acquired as part of a business combination. 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. The useful lives of the customer relationships are estimated to be 5 years by the management.

Amortisation expenses of customer relationship have been charged to cost of sales in the consolidated 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.

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 is as follows:

	2020	2019
Revenue growth rate	7%	7%
Gross margin	7%	7%
Terminal growth rate	2%	2%
Discount rate (pre-tax)	13%	13%

The management assumptions used in revenue growth rate, estimated gross margin 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

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 2020 and 2019, 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 2020 and 2019. The directors are not aware of any indication of impairment of goodwill as at 31 March 2020 and 2019.

Management believes that the change in the estimated recoverable amount from any reasonably possible change on the key assumptions does not materially cause the recoverable amount to be lower than its carrying amount.

18. INVESTMENTS IN INSURANCE CONTRACTS

	2020 S\$'000	2019 S\$'000
Beginning of the year	2,128	2,002
Gain on investments in insurance contracts (Note 7)	56	59
Currency translation differences	111	67
	2,295	2,128

Investments in insurance contracts pertain to two life insurance policies (the "Policies") purchased by the Group 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 2020 and 2019 (Note 25).

19. LAND LEASE PAYMENTS

As at 31 March 2019, the land lease payments are amortised on a straight-line basis over lease term of 20 years.

	2019 S\$'000
Cost	
At beginning of the year	2,900
Additions	536
At end of the year	3,436
Accumulated amortisation	
At beginning of the year	-
Amortisation for the year	133
At end of the year	133
Carrying amount at 31 March 2019	3,303

Land lease payments were reclassified to right-of-use assets (Note 16) on 1 April 2019 upon adoption of IFRS 16. The impact of adoption is disclosed in Note 2.2.



20. INVENTORIES

	2020 S\$'000	2019 S\$'000
Feeds	892	824
Eggs and processed eggs	415	611
Packaging materials	334	224
	1,641	1,659

The cost of inventories for the years ended 31 March 2020 and 2019 have been included in the consolidated statements of comprehensive income as "Purchases of inventories" and "Changes in inventories".

21. TRADE AND OTHER RECEIVABLES

	2020 S\$'000	2019 S\$'000
Trade receivables	7,437	6,860
Less:		
Allowance for impairment of receivables	(188)	(133)
	7,249	6,727
Other receivables	353	44
Deposits	91	74
Prepayments	360	287
	8,053	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 based on invoice date is as follows:

	2020 S\$'000	2019 S\$'000
Less than 30 days	3,608	3,620
31 to 60 days	2,250	2,037
61 to 90 days	1,033	769
More than 90 days	546	434
	7,437	6,860

21. TRADE AND OTHER RECEIVABLES *(Continued)*

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 year end 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 year end about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides details about the financial risk management in relation to credit risk and the provision matrix.

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

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

	2020	2019
	S\$’000	S\$’000
SGD	7,529	6,845
USD	164	–
	7,693	6,845

22. CASH AND CASH EQUIVALENTS

	2020	2019
	S\$’000	S\$’000
Cash at bank and on hand	6,752	4,878
Short-term bank deposits	2,259	5,033
	9,011	9,911

Cash and cash equivalents are denominated in the following currencies:

	2020	2019
	S\$’000	S\$’000
SGD	5,186	3,504
USD	173	14
EUR	478	789
HKD	3,174	5,604
	9,011	9,911



23. TRADE AND OTHER PAYABLES

	2020 S\$'000	2019 S\$'000
Current		
Trade payables	2,767	4,026
Other payables	6	9
Other accruals	980	710
Deferred grant income	230	–
Accrued royalty expense	163	103
	4,146	4,848
Non-current		
Accrued royalty expense	157	210

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 is as follows:

	2020 S\$'000	2019 S\$'000
Less than 30 days	1,999	2,558
31 to 60 days	456	686
More than 60 days	312	782
	2,767	4,026

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

	2020 S\$'000	2019 S\$'000
SGD	3,891	4,725
USD	368	313
Malaysia Ringgit	6	–
HKD	38	20
	4,303	5,058

24. FINANCE LEASE LIABILITIES

As at 31 March 2019, the Group leases certain motor vehicles and plant and machinery under non-cancellable finance leases. The lease terms are between 3 and 7 years. 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. The interest rates underlying the financial lease liabilities are 3.3%.

Finance lease liabilities were reclassified to lease liabilities (Note 16) on 1 April 2019 upon adoption of IFRS 16. The impact of adoption is disclosed in Note 2.2.

	2019 S\$'000
Minimum lease payments due	
– not later than one year	1,255
– between one and two years	1,129
– between two and five years	742
	<hr/>
	3,126
Less: future finance charges	(162)
	<hr/>
Present value of finance lease liabilities	2,964
	<hr/>

The present values of finance lease liabilities are analysed as follows:

	2019 S\$'000
Not later than one year	1,170
Between one and two years	1,079
Between two and five years	715
	<hr/>
	2,964
	<hr/>



24. FINANCE LEASE LIABILITIES (Continued)

The net book value of machinery and motor vehicles held under finance lease comprises:

	2019 S\$'000
Machinery	
Costs – capitalised finance leases	2,052
Accumulated depreciation	(407)
	<hr/>
Net book amount	1,645
	<hr/>
Motor vehicles	
Costs – capitalised finance leases	2,120
Accumulated depreciation	(837)
	<hr/>
Net book amount	1,283
	<hr/>

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

The fair values of finance lease liabilities are as follows:

	2019 S\$'000
Finance lease liabilities	<hr/> 3,010

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:

	2019
Finance lease liabilities	<hr/> 2.00%

The fair values are within Level 2 of the fair value hierarchy. Level 2 of the fair value hierarchy refers to fair value 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).

25. BANK BORROWINGS

	2020 S\$'000	2019 S\$'000
Long-term bank loans	6,518	5,891
Short-term bank loans	1,807	3,219
	8,325	9,110
Less: amounts due on demand or within one year shown under current liabilities	(3,578)	(4,743)
Non-current portion	4,747	4,367

The Group's borrowings were repayable as follows:

	2020 S\$'000	2019 S\$'000
Within 1 year	3,578	4,438
Between 1 and 2 years	1,442	1,080
Between 2 and 5 years	2,881	2,837
Over 5 years	424	755
	8,325	9,110

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.



25. BANK BORROWINGS (Continued)

The exposure of the bank borrowings of the Group to the contractual repricing date at the end of each year is as follows:

	2020 S\$'000	2019 S\$'000
6 months or less	8,325	9,110

As at 31 March 2020 and 2019, total bank borrowings are secured/guaranteed by:

- (i) S\$7,580,000 of the borrowings are guaranteed by the Company (2019: S\$9,110,000);
- (ii) S\$745,000 of the borrowings are guaranteed by N&N Agriculture Pte Ltd (2019: Nil);
- (iii) Assignments over the investments in insurance contracts (Note 18).

The Group's borrowings are at variable rates. The fair values of bank borrowings approximate their carrying values. As at 31 March 2020, the range of effective interest rates (which are also equals to contracted interest rates) on the variable-rate bank borrowings is 2.00% to 4.51% (2019: 2.55% to 4.01%) per annum.

The Group's borrowings are denominated in the following currencies:

	2020 S\$'000	2019 S\$'000
SGD	6,520	7,167
USD	1,805	1,943
	8,325	9,110

Undrawn borrowing facilities:

	2020 S\$'000	2019 S\$'000
Floating rate Bank borrowings	6,011	3,813

26. SHARE CAPITAL

The share capital as at 31 March 2020 represented the issued share capital of the Company.

	Note	Number of shares	Amount HK\$'000
Authorised:			
Ordinary shares			
At 12 February 2018 (date of incorporation)	(a)	3,800,000	380
Share subdivision	(a)	34,200,000	–
Increase in authorised share capital upon Reorganisation	(a)	9,962,000,000	99,620
At 31 March 2019 and 2020, at HK\$0.01 each		10,000,000,000	100,000

	Notes	Number of shares	Amount HK\$'000	Amount S\$'000
Issued and fully paid:				
At 12 February 2018 (date of incorporation)	(a)	1	*	**
Share subdivision	(a)	9	–	–
Issue of shares	(a)	9,990	*	**
Issue of shares upon Reorganisation	(a)	10,000	*	**
Shares issued pursuant to the Capitalisation	(a)	374,980,000	3,750	668
Shares issued pursuant to the Listing	(a)	125,000,000	1,250	222
At 31 March 2019 and 2020, at HK\$0.01 each		500,000,000	5,000	890

* Amount less than HK\$1,000

** Amount less than S\$1,000

Note:

(a) The Company was incorporated in the Cayman Islands 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. 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\$0.10 in the share capital of the Company has been subdivided into 10 shares of HK\$0.01 each. The Company issued and allotted 7,851 shares and 2,139 shares to Radiant Grand and Elite Ocean Ventures Limited ("Elite Ocean"), respectively.

On 14 August 2018, as part of the Reorganisation, the Company acquired all the issued shares of Alliance Glory Ventures Limited. 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.

Pursuant to the written resolutions of the Company's shareholders passed on 15 August 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of additional 9,962,000,000 shares. 374,980,000 shares of HK\$0.01 each were issued by way of capitalisation of HK\$3,749,800 (equivalent to approximately S\$668,000) from the Company's share premium account.

On the Listing Date, being 7 September 2018, 125,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.50 per share for gross proceeds of HK\$62,500,000 (equivalent to S\$11,126,000).



27. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

(a) Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(b) Other reserve

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

28. COMMITMENTS

Capital commitments

As at the balance sheet date, capital expenditure to expand the Group's farming operations which had been contracted for but not provided in the financial statements is as follows:

	2020 S\$'000	2019 S\$'000
Property, plant and equipment	5,447	–

Operating lease commitments

The Company leases storage warehouse under non-cancellable operating lease arrangements.

From 1 April 2019, the Group has recognised right-of-use assets for this lease, see Note 16 for further information.

As at 31 March 2019, the future minimum lease payable under non-cancellable operating lease contracted for but not recognised as liabilities, is as follows:

	2019 S\$'000
Not later than one year	24
Between one and five years	97
More than five years	58
	<hr/> 179 <hr/>

As disclosed in Note 2.2, the Group has adopted IFRS 16 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 31 March 2020.

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 58.96% of the Company's Shares. Elite Ocean has a 16.04% 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 year.

(a) Name and relationship with related companies

Name	Relationship with the Group
Hup Heng Poultry Industries Pte Ltd ("Hup Heng")	Non-controlling interest held by Mr. Ma
Hup Heng ceased to be a related party on 8 September 2018 following the resignation of Mr. Ma as director and managing director of Hup Heng on 7 September 2018.	

(b) Transaction with related companies

	2019 S\$'000
Hup Heng	
Sale of hens	117
Sale of fresh eggs	59
Sale of processed eggs	200
	376

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) Key management compensation

The emoluments of the director (representing the key management personnel) during the year end are disclosed in Note 9.



30. SUBSIDIARIES

The Group's principal subsidiaries as at 31 March 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital and paid-up capital	Ownership interest held by the group	
				2020 %	2019 %
N & N Agriculture Pte. Ltd.	Singapore	Production and distribution of egg products, Singapore	S\$10,000,000	100	100
The Pasteurized Egg Company Pte. Ltd.	Singapore	Provision of administrative services, Singapore	S\$2	100	100
Golden Hoyo Pte. Ltd.	Singapore	Property holding, Singapore	S\$500,000	100	100
Chuan Seng Huat Eggs Pte. Ltd.	Singapore	Import and export, wholesales and distribution of eggs, Singapore	S\$2	100	100
Egg Story Limited*	Hong Kong	Provision of administrative services, Hong Kong	HK\$1	100	100
Alliance Glory Ventures Limited	British Virgin Islands	Investment holding, British Virgin Islands	US\$1	100	100
Qualico Eggs Pte. Ltd.	Singapore	Production and distribution of quail eggs	S\$1	100	100

* Company under voluntary liquidation

31. BUSINESS COMBINATION

(a) Summary of acquisition

On 1 May 2019, the Group acquired Tew Seng Cheow Kee ("TSCK"), a sole proprietorship which is principally engaged in the distribution of eggs.

Details of the purchase consideration and the net assets acquired, are as follows:

	S\$'000
Purchase consideration (refer to (b) below):	
Cash paid	879
	<hr/>
Total purchase consideration	879
	<hr/>

The assets and liabilities recognised as a result of the acquisition are as follows:

	At fair value S\$'000
Property, plant and equipment (<i>Note 15</i>)	365
Intangible assets (<i>Note 17</i>)	523
Inventories	82
Deferred income tax liabilities (<i>Note 11</i>)	(91)
	<hr/>
Net identifiable assets acquired	879
Add: Goodwill	–
	<hr/>
Net assets acquired	879
	<hr/>

Revenue and profit contribution

The acquired business contributed revenue of \$7,392,000 and net profit of \$950,000 to the Group from the period from 1 May 2019 to 31 March 2020.

If the acquisition had occurred on 1 April 2019, consolidated revenue and profit for the year ended 31 March 2020 would have been \$8,097,000 and \$1,024,000 respectively.

(b) Purchase consideration – cash outflow

	S\$'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration, representing net outflow of cash – investing activities	879
	<hr/>

Acquisition-related costs

Acquisition-related costs of S\$8,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.



32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides a reconciliation for the movement of liabilities arising from financing activities for the years ended 31 March 2019 and 2020.

For the year ended 31 March 2020

	1 April 2019 S\$'000	Adoption of IFRS 16 S\$'000	Cash flows S\$'000	Non-cash changes S\$'000	Acquisitions S\$'000	31 March 2020 S\$'000
Bank borrowings	9,110	-	(1,213)	428	-	8,325
Finance lease liabilities	2,964	(2,964)	-	-	-	-
Lease liabilities	-	3,126	(1,364)	100	535	2,397
	12,074	162	(2,577)	528	535	10,722

For the year ended 31 March 2019

	1 April 2018 S\$'000	Cash flows S\$'000	Non-cash changes S\$'000	Acquisitions S\$'000	31 March 2019 S\$'000
Bank borrowings	5,951	2,387	339	433	9,110
Finance lease liabilities	3,167	(1,175)	99	873	2,964
	9,118	1,212	438	1,306	12,074

33. SUBSEQUENT EVENT AFTER YEAR END

After the outbreak of the Coronavirus Disease 2019 ("COVID-19") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the region. Particularly in Singapore, the Circuit Breaker commenced on 7 April 2020. The Group will pay close attention to the development of the COVID-19 and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19.

34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	<i>Note</i>	As at 31 March 2020 S\$'000	2019 S\$'000
Assets			
Non-current assets			
Investments in subsidiaries		*	*
		*	*
Current assets			
Amount due from subsidiaries		6,379	8,405
Prepayments		28	25
Cash and cash equivalents		98	35
Total assets		6,505	8,465
Equity and liabilities			
Equity attributable to owners of the company			
Share capital		890	890
Share premium		8,544	8,544
Retained earnings		(2,977)	(1,834)
Total equity		6,457	7,600
Liabilities			
Current liabilities			
Trade and other payables		48	865
Total liabilities		48	865
Total equity and liabilities		6,505	8,465

* Amount less than S\$1,000.

The balance sheet of the Company was approved by the Board of Directors on 18 June 2020 and was signed on its behalf:

Ma Chin Chew
Director

Lim Siok Eng
Director



34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

	Retained earnings S\$'000
At 1 April 2018	–
Loss for the year	(1,834)
At 31 March 2019	(1,834)
At 1 April 2019	(1,834)
Loss for the year	(1,143)
At 31 March 2020	(2,977)

Financial Summary

RESULTS

	2020 S\$'000	2019 S\$'000	2018 S\$'000	2017 S\$'000	2016 S\$'000
Revenue	46,252	33,295	25,123	19,914	17,729
Profit before tax	5,996	1,967	936	1,941	1,390
Income tax credit/(expense)	(838)	(402)	(463)	(193)	6
Profit for the year	5,158	1,565	473	1,748	1,396

ASSETS AND LIABILITIES

	2020 S\$'000	2019 S\$'000	2018 S\$'000	2017 S\$'000	2016 S\$'000
Total assets	43,540	39,654	25,022	22,875	20,009
Total liabilities	16,759	18,031	13,365	11,691	10,373
Total equity	26,781	21,623	11,657	11,184	9,636

