



SUNMOON FOOD COMPANY LIMITED

Registration No. 198304656K

ANNOUNCEMENT OF INTERESTED PERSON TRANSACTIONS – SUBSCRIPTION OF DIMUTO PLATFORM

1. INTRODUCTION

- 1.1 The board of directors (the “**Directors**” or collectively, the “**Board**”) of SunMoon Food Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce to shareholders of the Company (“**Shareholders**”) that the Company has on 12 August 2018, entered into an subscription agreement (“**DiMuto Platform Subscription Agreement**”) with DiMuto Pte. Ltd. (“**DiMuto**”) which grants the Company a non-exclusive license for the usage of the DiMuto Platform (as defined in paragraph 3.1) solely for the Company’s business operations (“**Platform Subscription Transaction**”).
- 1.2 Pursuant to the DiMuto Platform Subscription Agreement, the Company will pay a monthly subscription fee of S\$2,000 for a renewable duration term of one (1) year. The Platform Subscription Transaction will commence on 1 September 2018.

2. INTERESTED PERSON TRANSACTION

- 2.1 DiMuto is a limited liability company incorporated in Singapore in year 2018. As at the date of the DiMuto Platform Subscription Agreement, the sole shareholder of DiMuto is GLOH Fresh Pte Ltd who is in turn owned by First Alverstone Partners Pte Ltd (“**FAPL**”). FAPL is owned by Mr Gary Loh Hock Chuan (“**Gary**”) and Ms Selena Cheng in equal proportions. Ms Selena Cheng is the wife of Gary.

Accordingly, DiMuto falls within the definition of “*interested person*” under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), and the Platform Subscription Transaction is an interested person transaction under Chapter 9 of the Listing Manual.

2.2 Net Tangible Assets

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2018, the net tangible assets of the Group are approximately S\$14,781,000. The subscription amount of S\$24,000 (being S\$2,000 x 12 months) by the Company in the Platform Subscription Transaction does not exceed S\$100,000 nor 3% of the Group’s latest audited net tangible assets and accordingly, Rule 905 of the Listing Manual does not apply.

2.3 Total value of all the Interested Person Transactions

As at the date of this announcement, the Company has (i) a license agreement with SLS Atelier Pte Ltd (“**SLS Agreement**”); and (ii) a master global licence agreement with GLOH Fresh Pte Ltd (“**GLOH Fresh Agreement**”). For more details of the SLS Agreement and the GLOH Fresh Agreement, Shareholders can refer to the Company’s announcement dated 29 February 2016 as well as Section 5 of the Company’s circular to Shareholders dated 15 May 2017.

The current total value of the interested person transactions is S\$72,000 (as set out in the table below) and does not exceed S\$100,000 nor 3% of the Group's latest audited net tangible assets and accordingly, Rule 905 of the Listing Manual does not apply.

	Amount (S\$)	Percentage of audited NTA⁽¹⁾ of the Group
DiMuto Platform Subscription Agreement	S\$24,000	0.16%
SLS Agreement	S\$24,000	0.16%
GLOH Fresh Agreement	S\$24,000	0.16%
Total value of all interested persons transaction	S\$72,000	0.49%

Note:

(1) The audited NTA of the Group for the financial year ended 31 March 2018 is approximately S\$14,781,000.

2.4 Other relevant terms of the Platform Subscription Transaction

Term – The DiMuto Platform Subscription Agreement shall automatically renew without further action by either party, upon the expiration of twelve (12) months unless DiMuto Platform Subscription Agreement is terminated in accordance with the termination provisions (see below).

Termination – The Company or DiMuto may terminate the DiMuto Platform Subscription Agreement for any reason by giving sixty (60) days' notice or in the event where there is a material breach of any obligations, covenants or representations, either party may terminate the DiMuto Platform Subscription Agreement with immediate effect by delivering a notice of termination. Over the course of any twelve (12) month duration, should the Company fail to pay the subscription fee of S\$2,000 on time for three (3) times, DiMuto may terminate the DiMuto Platform Subscription Agreement with immediate effect.

Interests on late payments – The Dimuto Platform Subscription Agreement provides that any amount not paid when due, will bear interest from the due date until paid at a rate equal to 1% per month or the maximum allowed at law, whichever is lesser.

3. BACKGROUND INFORMATION OF DIMUTO AND THE PLATFORM AND RATIONALE

- 3.1 By way of background, DiMuto aims at building an ecosystem of seamless commerce by integrating the flow of goods, data, and funds by leveraging on blockchain, "Internet of Things" hardware technology, artificial intelligence and machine-learning technologies ("DiMuto Platform").
- 3.2 For purposes of the Company, DiMuto has customized the DiMuto Platform to support the Company's fresh produce supply chain operations.
- 3.3 The DiMuto Platform aims to resolve inefficiencies in the Company's supply chain operations by offering the Company and its customers the ability to trace the origin and authenticity of its products which mitigates counterfeiting of SunMoon branded products and thereby reducing the frequency of food recalls.

- 3.4 The Company believes that by tapping into technological advances of DiMuto Platform, it will support traceability as well as real-time tracking of movement of *SunMoon* branded products which will ultimately benefit both supply chain stakeholders and end-consumers. In addition, the DiMuto Platform has the capability to process documents which are uploaded electronically so as to semi-automate the supply chain and trade processes.
- 3.5 By relying on the DiMuto Platform, *SunMoon* branded products (for example, fruits) will be tagged with proprietary codes and such data will be transferred to the DiMuto Platform which gives and provides a record of location, time as well as critical data such as the temperature in which the *SunMoon* branded products are being transported in. At the same time, the DiMuto Platform allows user access control to share information to authorised participants.
- 3.6 As mentioned in paragraph 3.1 of this announcement, DiMuto Platform also aims to provide solutions relating to financing and trade settlement by leveraging on blockchain technology. The Company is also looking into the possibility of utilising the DiMuto Platform so as to resolve inefficiencies within its current financing and trade settlement processes. The Company will make the necessary announcements as and when required and/or where there are material developments.

4. AUDIT & RISK COMMITTEE STATEMENT

The Audit & Risk Committee of the Company has reviewed the Platform Subscription Transaction and is of the view that the Platform Subscription Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

5. CONCLUSION

The Company will make the necessary follow-up announcement(s) as and when required and/or material developments arise in respect of the Platform Subscription Transaction.

In the meantime, the Board wishes to advise shareholders of the Company and potential investors to exercise caution in their dealings in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax and other advisers.

BY ORDER OF THE BOARD

James Prideaux
Chairman

12 August 2018