



SUNMOON FOOD COMPANY LIMITED

Registration No. 198304656K

ANNOUNCEMENT OF INTERESTED PERSON TRANSACTION – TERM LOAN FACILITY FROM DIMUTO PTE. LTD.

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 “**SunMoon Group**”) is pleased to announce to Shareholders that the Company has on 11 September 2018, entered into a term-sheet (“**TermSheet**”) with DiMuto Pte. Ltd. (“**DiMuto**”) which grants the Company a term loan facility of one (1) million Singapore Dollars (“**Financing Amount**”) for a duration period of three (3) months (“**DiMuto Facility**”). Shareholders are to note that the Company and DiMuto has on 12 August 2018, entered into an subscription agreement (“**DiMuto Platform Subscription Agreement**”) which grants the Company a non-exclusive license for the usage of the DiMuto platform solely for the Company’s business operations.
- 1.2 The TermSheet is subject to the execution of the necessary legal documentation to be finalised between DiMuto and the Company within thirty (30) days after the execution of the TermSheet.

2. SALIENT DETAILS OF THE DIMUTO FACILITY

Purpose - The proceeds from the DiMuto Facility shall be principally used to finance payables for the purchase of fresh fruits and other derived produce and packaged products.

Financing Amount – The financing amount is a term loan facility of one (1) million Singapore Dollars which will be subjected to review after three (3) months. The parties consider that the three (3) months duration is an appropriate period which allows both the Company (as borrower) and DiMuto (as lender) to assess the suitability of the financing arrangement as the Company is currently exploring various financing options available to it to finance the SunMoon Group’s trading activities.

Interest - 8.5% per annum which shall accrue on the outstanding drawdown Financing Amount

Disbursements of Financing Amount - Only payables from an Approved Contract (as defined below) of an Approved Debtor (as defined below) may be financed by this DiMuto Facility. The contractual agreement between the SunMoon Group and the respective Approved Debtor is subject to DiMuto’s prior approval, such approval not to be unreasonably withheld (“**Approved Contract**”). In addition, any variation of contractual agreement between the Company and the Approved Debtor shall be subject to approval by the DiMuto.

“**Approved Debtor**” refers to the fruit buyers of the Company and/or its subsidiaries.

Assignment of receivables - The Company to assign the receivables under the Approved Contract financed by this DiMuto Facility to DiMuto and shall procure any approvals necessary to effect this.

Repayment of drawdown Financing Amount – DiMuto shall have right to recall the drawdown Financing Amount with three (3) months’ notice. The Company shall be required to repay the drawdown Financing Amount in part or full as required by DiMuto (with accrued interest).

3. INTERESTED PERSON TRANSACTION

3.1 DiMuto is a limited liability company incorporated in Singapore in year 2018. As at the date of the TermSheet, 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 TermSheet is an interested person transaction under Chapter 9 of the Listing Manual.

3.2 Value of the transaction

With respect to this interested person transaction, the value of the transaction is the interest payable for the duration of this DiMuto Facility. The interest rate of 8.5% per annum was mutually agreed upon and after taking into account prevailing market rates for other short term debt-financing alternatives available to the Company. Accordingly, the value of the transaction is approximately S\$20,960, assuming that the Company draws down on the full Financing Amount and the interest rate of 8.5% per annum.

3.3 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. Assuming the Company drawdown on the full Financing Amount and the interest rate of 8.5% per annum, the interest payable for a period of three (3) months will be approximately S\$20,960 (being (S\$1,000,000 x 8.5%) divide by 365 days x 90 days).

Accordingly, the value of approximately S\$20,960 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.

3.4 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 non-exclusive license for the usage of the DiMuto platform for the Company’s business operations (“Platform Subscription Transaction”). For more details of the SLS Agreement and the Platform Subscription Transaction, Shareholders can refer to the Company’s announcement dated 29 February 2016 and 12 August 2018 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\$72,960 (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 ⁽²⁾	S\$4,000 ⁽³⁾	0.03%

DiMuto Facility	S\$20,960	0.14%
Total value of all interested persons transaction	S\$72,960	0.49%

Notes:

- (1) *The audited NTA of the Group for the financial year ended 31 July 2018 is approximately S\$14,781,000.*
- (2) *Shareholders are to note that the GLOH Fresh Agreement has been expired on 1 June 2018, and not renewed.*
- (3) *The value of S\$4,000 is computed based on S\$2,000 x 2 months (being the period commence 1 April 2018 and ending on 31 May 2018).*

4. RATIONALE

As mentioned in the Company's announcement dated 12 August 2018, the Company is also exploring solutions relating to financing and trade settlement by leveraging on blockchain technology. The Company is of the view that the DiMuto Facility is beneficial to the Group as this will strengthen the Group's working capital position, reduce reliance on financial institutions and/or banks and help to address any immediate financing issues which the Company may face. The Board is also of the view that the interest-rate of the DiMuto Facility is reasonable after taking into consideration, *inter alia*, the Company's ability to obtain financing from other financial institutions and/or banks as well as the prevailing market rates for other short term debt-financing alternatives available to the Company (if any).

5. AUDIT & RISK COMMITTEE STATEMENT

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

6. CONCLUSION

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

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 September 2018