



**SUNMOON FOOD COMPANY LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198304656K)

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**RESPONSE TO SGX-ST QUERIES**

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The Board of Directors (the “**Board**”) of SunMoon Food Company Limited (the “**Company**” and its subsidiaries, the “**Group**”) would like to respond to the queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) dated 1 October 2020 (“**SGX Queries**”) in relation to the announcement dated 7 September 2020 on the Company’s annual report for the financial year ended 31 March 2020 (“**FY2019/20**”). The Company sets out below its responses to the queries of the SGX-ST:

**Question #1:**

We refer to the Independent Auditor’s Report in the FY2020 Annual Report. It is noted that the Company’s independent auditors have issued a qualified opinion and also raised a material uncertainty related to going concern in the independent auditor’s report.

Please address the following queries:-

**(i) the Board of Directors’ assessment of the Group’s ability to continue operating as a going concern and the bases for the said assessment;**

**Company’s Response:** In relation to the above query, Shareholders are advised to read the Company’s announcement dated 12 October 2020 on SGX-NET.

However, the Board has been and intends to continue to explore various possible options to address the issue of going concern including seeking to raise funds from investors.

**(ii) the Board of Directors’ opinion as to whether trading of the Company’s shares should be suspended pursuant to Listing Rule 1303(3) and the bases of its views; and**

**Company’s Response:** As set out in the Company’s announcement dated 12 October 2020, the Company has established an Executive Committee to take over the day-to-day management and operations of the Group. Accordingly, the Board is of the view that the trading in the Company’s shares should not be suspended pursuant to Listing Rule 1303(3).

**Shareholders are advised to read the above response together with the announcement also dated 12 October 2020 on the SGX-NET.**

***(iii) the Board of Directors' confirmation as to whether all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner; and the bases for its views.***

**Company's Response:** The Board refers to the Company's announcement dated 12 October 2020 and is of the view that all material disclosures and information that the Board is aware, has been disclosed to enable trading of the Company's shares to continue in an orderly manner. The Board has established an Executive Committee to assess and evaluate the impact of the voluntary bankruptcy reorganisation of Shanghai Yiguo E-Commerce Co., Ltd, Shanghai Winchain Supply Chain Management Co. Ltd and Shanghai Exfresh Logistic Co Ltd.

The Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

The Company will update shareholders as and when there are any material developments which require the necessary disclosure under the Listing Manual of the SGX-ST. **Shareholders are advised to read the above response together with the announcement also dated 12 October 2020 on the SGX-NET.**

**Question #2:**

We refer to page 19 of the FY2020 Annual Report.

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 8.1(a) of the Code with regards to the disclosure of remuneration of each individual director and CEO, and there were no explanations were provided for in your FY2020 Annual Report on how the Company has been consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

**Company's Response:** The Company refers to page 19 of the Company's FY2019/20 annual report. The Company had complied with Provision 8.1(a) of the Code by disclosing the exact amount of directors' remuneration and by providing a breakdown of each director's and CEO's fees.

Shareholders can refer to page 18 and 19 of the Company's FY2019/20 annual report for more information of the Company's remuneration policy.

**Question #3:**

Listing Rule 907 states that:-

An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format:—

- Name of interested person;
- Nature of relationship;
- Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920); and
- Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000).

**Company's Response:** The interested parties' transactions ("IPT") including amount below S\$100,000 as per shareholders' IPT mandate as follow:

| <b>Sales to related parties from 1 April 2019 to 31 March 2020</b> |                               |                |
|--|-------------------------------|----------------|
| <b>Name of interested parties</b>                                  | <b>Nature of transactions</b> | <b>SGD'000</b> |
| Shanghai Yiguo E-commerce Co. Ltd                                  | Fruits& Vegetables            | 545            |
|  | Seafood                       | 1,734          |
| Shanghai Winchain Supply chain management Co.Ltd                   | Fruits& Vegetables            | 1,555          |
|  | Seafood                       | 37             |
| Shanghai Winchain future restaurants                               | Fruits& Vegetables            | 34             |
| <b>Total</b>   |                               | <b>3,904</b>   |

| <b>Purchases from Interested parties from 1 April 2019- 31 March 2020</b> |                               |                |
|---|-------------------------------|----------------|
| <b>Name of interested parties</b>   | <b>Nature of transactions</b> | <b>SGD'000</b> |
| Shanghai Winchain supply chain Management Co.Ltd                          | Fruits &Vegetables            | 3,015          |
|   | Seafood                       | 1,922          |
| Shanghai Yiguo Food Technology Co. Ltd                                    | Seafood                       | 6,056          |
|   | Meat                          | 383            |
| Win-Chain (HongKong) Co., Limited   | Fruits &Vegetables            | 522            |
| <b>Total</b>  |                               | <b>11,898</b>  |

| <b>Services received from interested parties from 1 April 2019 - 31 March 2020</b> |                                 |                |
|--|---------------------------------|----------------|
| <b>Name of interested parties</b>  | <b>Nature of transactions</b>   | <b>SGD'000</b> |
| Shanghai Yiguo E-commerce Co.Ltd   | Backend support cost allocation | 183            |
| Shanghai Exfresh logistic Co Ltd   | Logistic service/warehousing    | 72             |
| <b>Total</b>   |                                 | <b>255</b>     |

| <b>Services received from interested parties from 1 April 2019- 31 March 2020</b> |                               |                |
|---|-------------------------------|----------------|
| <b>Name of interested parties</b>   | <b>Nature of transactions</b> | <b>SGD'000</b> |
| Shanghai Winchain supply chain management Co.Ltd                                  | Support cost charge           | 6              |

| <b>Advance payment to interested parties from 1 April 2019-31 March 2020</b> |   |               |
|--|---|---------------|
| <b>Name of interested parties</b>  | <b>Nature of transactions</b>           | <b>SGD000</b> |
| Shanghai Yiguo e-commerce Co. Ltd  | Little lobsters <sup>(1)</sup>          | 2,062         |
| Shanghai Ex fresh logistic Co Ltd  | Packaging <sup>(1)</sup>                | 542           |
| Shanghai Winchain supply chain management Co.Ltd                             | French Fries and seafood <sup>(2)</sup> | 1,740         |
| Shanghai Yiguo Food Technology Co. Ltd                                       | Seafood and meat <sup>(2)</sup>         | 84            |
| <b>Total</b>   |   | <b>4,428</b>  |

**Notes:**

- (1) Shanghai Shanmai Supply Chain Management Co. Ltd (“ShanMai”), an indirect wholly-owned subsidiary of the Company, ordered little lobsters (“Lobster Orders”) from Yiguo. Yiguo has helped to procure the Lobster Orders from a local supplier in Wuhan, the People’s Republic of China, being the region with one of the richest supply of little lobsters. In addition, ShanMai had also ordered packaging materials (“Packaging Orders”) from Shanghai Exfresh Logistic Co. Ltd (“Exfresh”), a wholly-owned subsidiary of Yiguo.

Due to the Covid-19 outbreak, the price of little lobsters had fallen. If ShanMai were to take delivery of the Lobster Orders as scheduled, ShanMai would suffer a huge financial loss. As such, Yiguo negotiated with the supplier to assist in delaying the delivery of the Lobster Orders by freezing the little lobsters and allow ShanMai to take delivery when market price of the little lobsters stabilises. This was a commercial decision taken by the management as management is of the view that when the COVID-19 situation improves, the price of little lobster will recover towards the end of the 4th quarter of calendar year 2020.

For the avoidance of doubt, this Lobsters Orders and Packaging Orders only commenced in FY2019/20.

- (2) ShanMai had also purchased French Fries and seafood (collectively, “Seafood Orders”) from Shanghai Winchain Supply Chain Management Co. Ltd (“WinChain (Shanghai)”).

In relation to the purchase of Seafood Orders, ShanMai has provided advance payments of S\$1.74 million to WinChain (Shanghai) and approximately S\$84k to Shanghai Yiguo Food Technology (Yiguo Food Technology) (“Yiguo Food Technology”). WinChain (Shanghai) and Yiguo Food Technology had utilised the advance payments to procure the Seafood Orders from its local suppliers in China. The Seafood Orders had since been delivered to ShanMai in 1Q 2020/21.

**Shareholders are advised to read the above response together with the announcement also dated 12 October 2020 on the SGX-NET.**

**BY ORDER OF THE BOARD  
SUNMOON FOOD COMPANY LIMITED**

Mr. James Prideaux

Chairman and Lead Independent Director  
12 October 2020