



SUNMOON FOOD COMPANY LIMITED

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

UPDATES TO SHAREHOLDERS

Unless otherwise defined, capitalized terms used in this announcement shall bear the same meanings ascribed to them in the announcement dated 28 October 2020 and titled “1. FURTHER BACKGROUND UPDATES TO SHAREHOLDERS 2. BOARD’S ACTION PLAN TO ASSESS GOING CONCERN 3. ENTRY INTO LOAN AGREEMENT 4. ENTRY INTO PLACEMENT AGREEMENT 5. ENFORCEMENT ORDER (WHICH IS RESOLVED) AGAINST WHOLLY-OWNED SUBSIDIARY, SHANGHAI SUNMOON SUPPLY CHAIN MANAGEMENT CO., LTD 6. UPDATES ON BUSINESS OPERATIONS” (“28 Oct Update Announcement”)

The Board of Directors (the “**Board**”) of SunMoon Food Company Limited (the “**Company**” and its subsidiaries, the “**Group**”) refers to the two announcements made by the Company dated 28 October 2020, namely the 28 Oct Update Announcement as well as the Company’s announcement which sets out its response to SGX queries (“**28 Oct Response Announcement**”). For a complete background information, Shareholders may wish to also refer to the Company’s announcements dated 12 October, 15 October and 17 October 2020.

The Board wishes to provide an interim update to the shareholders of the Company (“**Shareholders**”) on the following matters:

1. Notice received from the Shanghai No.3 Intermediate People’s Court

Reference is made to the Company’s response to question 1(b) as set out in the 28 Oct Response Announcement.

- The Company wishes to update Shareholders that it has received a formal notice dated 2 February 2021 (“**2Feb Notice**”) from the Shanghai No.3 Intermediate People’s Court (“**Chinese Court**”) issued by the Administrator which provides that (i) proposed reorganisation plan by 晟世鸣义（上海）企业管理有限公司 Sheng Shi Mingyi (Shanghai) management Co. Ltd (“**SSMY**”) has been approved by the Chinese Court; and (ii) the approved reorganisation plan will be implemented in accordance with the Articles 86 and 87(1) of the PRC Enterprise Bankruptcy Law from 2 February 2021 (being the date of Chinese Court approval).

For more details, Shareholders can access the 2 Feb Notice at < <https://pccz.court.gov.cn/pcajxxw/pcws/wsxq?id=713010F72F6E5920EE9147B8A43462D6> >.

2. Updates on Loan Agreement

Reference is also made to the 28 Oct Update Announcement. Shareholders are advised to read the 28 Oct Update Announcement for a more complete background information, as this will provide Shareholders with a better context in relation to the developments mentioned below.

The Company entered into an interest-free loan agreement with Jiangzhong Shiliao (Hubei) Technology Co., Ltd. (the “**Lender**”) for an interest-free loan agreement for the sum of RMB 34,893,795 (approximately S\$6,856,631) to the Company (“**Loan Agreement**”) on 27 October 2020.

In line with the Board’s action plan to resolve the concerns relating to the collectability of the account receivables by the Yiguo group, one of the repayment scenario under the Loan Agreement was for the Lender to acquire the equivalent amount of account receivables due from the 3 YG Entities⁽¹⁾ to Shanghai

SunMoon Supply Chain Management Co., Ltd (上海膳麦供应链管理有限公司) (“**SMF Shanmai**”) (“**Purchase of AR**”) and the total amount that is due and owing under the Loan Agreement will be used to set off the consideration payable by the 3 YG Entities for the Purchase of AR.

Note:

- (1) “3 YG Entities” refers to Shanghai Yiguo E-Commerce Co., Ltd, Shanghai Winchain Supply Chain Management Co. Ltd and Shanghai Exfresh Logistic Co Ltd

The Lender has designated SSMY as the entity who will undertake the Purchase of AR. As SSMY is the investor in the approved reorganisation plan stipulated in the Loan Agreement, **Scenario B** (being the repayment scenario described above) will occur. For Shareholders’ ease of reference, Section 3.6.2 of the 28 Oct Update Announcement is extracted below:

“3.6.2 **Scenario B** – In the event of the scenario as set out in paragraph 3.5.2(c) above, the Lender will acquire the equivalent amount of account receivables due from the 3 YG Entities to SMF Shanmai (“Purchase of AR”) and the total amount owing that is due and payable by SMF Shanmai (pursuant to the Interest Free Loan) will be used to set off the consideration payable by the 3 YG Entities for the Purchase of AR.” – extract of Section 3.6.2 of the 28 Oct Update Announcement

As of the date of this announcement, the Lender had disbursed RMB 26,610,000 (approximately S\$5,322,000) to SMF Shanmai. The Board understands that the SSMY is currently taking steps to implement Scenario B and the Company will make the necessary announcements as and when there are material developments on the above matter.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make the necessary announcements as and when there are material developments on this matter. Shareholders of the Company and potential investors are advised to read all announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

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

James Prideaux
Chairman and Lead Independent Director

4 February 2021