



SUNMOON FOOD COMPANY LIMITED

Registration No. 198304656K

ENTRY INTO A JOINT VENTURE AGREEMENT

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as in the Company's SGX-Net announcement dated 8 April 2021.

1. INTRODUCTION

The Board of Directors (the "**Board**") of SunMoon Food Company Limited (the "**Company**"), and its subsidiaries (the "**Group**"), wishes to announce that the Company's indirect wholly-owned subsidiary, Shanghai SunMoon Food & Aquatic International Trading Co., Ltd. ("**SMF Aquatic**") has on 12 May 2021 entered into a joint venture agreement (the "**Agreement**") with Thanh Vinh Le (蔡传欣) ("**TVL**") (the "**Joint Venture**").

Pursuant to the terms and conditions of the Agreement, the SMF Aquatic and TVL has agreed to establish and incorporate a joint venture company ("**JV Company**") in the People's Republic of China ("**PRC**"). The proposed business is set out in paragraph 2.3 of this announcement.

2. DETAILS OF THE JOINT VENTURE

2.1 Information on the joint venture partner

TVL is one of the directors of Truong Giang Fishery Holdings Corporation ("**TGFHC**"). TGFHC is a company which specialises in the exports of fish and related products. TVL is tasked towards innovating management operations as well as to identify and expand into new business opportunities. TVL has about 5 years of relevant experience in the fishing industry.

TVL is independent third party and is not related to the Group or any of the Company's directors or substantial shareholders or their associates.

2.2 Information of the JV Company

Parties have agreed to incorporate the JV Company in Shanghai. The intended name of the JV Company is "*Shanghai Jiangshan International Trade Co., Ltd.*" which is subjected to the receipt of approvals from 工商局 (the Administration for Industry and Commerce) ("**Business Licence**").

The shareholding structure of the JV Company will be as follows:

Party	Shareholding in the JV Company (%)	Investment Amount (RMB)
Shanghai SunMoon Food & Aquatic International Trade Co., Ltd	51	2.55 million
Thanh Vinh Le	49	2.45 million
Total	100	5 million ⁽¹⁾

Note:

- (1) Pursuant to the Agreement, Shareholders are to note that the sum of investment amount shall be payable to the JV Company on or before 1 January 2040, subject to the terms and conditions of the Business Licence.

The JV Company will become an indirectly 51%-owned subsidiary of the Company once incorporated.

- 2.3 **Business of JV Company** - Pursuant to the Agreement, the primary business scope of the JV Company is to procure the sale and purchase of TGFHC Vietnamese Pangasius (“**Basha Fish**”) as well as related products or such other businesses as the Parties may agree from time to time (the “**Basha Fish-related Business**”).

Shareholders are to further note that it is contemplated in the Agreement that the Basha Fish and related products will be sourced solely from TGFHC. Subject to and upon receipt of the Business Licence, it is additionally provided for in the Agreement that SMF Aquatic and TVL will work together to ensure that the JV Company will enter into further business co-operation agreements with TGFHC to:

- (a) operate and develop the business and related products of TGFHC in Chinese mainland market; and
- (b) that the JV Company has the exclusive right to sell TGFHC products (whether through online or physical stores) in the permitted area/channel. and at the same time sell through its own direct sales or through third-party distribution in the Chinese mainland market.
- 2.4 **Business Licence** - As mentioned in paragraph 2.2 above, the operation of the Basha Fish-related Business is subjected to the receipt of business licence from 工商局 (the Administration for Industry and Commerce). As provided in the Agreement, the term of the Joint Venture shall be thirty (30) years commencing from the issuance of the Business Licence.

3. RATIONALE FOR THE JOINT VENTURE

The Board believes that the Basha Fish-related Business will enable the Group to increase an additional revenue stream through the sale and purchase of Basha Fish and related products which will allow the Group to leverage on its existing business networks whilst maximising existing revenue streams.

Accordingly, the Board believes that the entry into the Agreement is in the best interests of the Company.

4. FINANCIAL EFFECTS OF THE JOINT VENTURE

The investment amount of RMB 2.55 million (approximately S\$526,295) will be funded through internal resources and, at present, is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ended 31 March 2021.

5. OTHER PRINCIPAL TERMS OF THE AGREEMENT

- 5.1 **Executive Director** - The JV Company will appoint one (1) executive director for a term of three (3) years, and the appointment and removal of the executive director will be mutually agreed by SMF Aquatic and TVL. The duties of the executive director would be to, *inter alia*, drafting of business plans, convene shareholders’ meeting and to report to shareholders on the business plan, establishment of JV Company’s internal management affairs and determination of the employee’s remuneration package(s).
- 5.2 **General Manager** – It expected that the appointed executive director shall also take on the role of a general manager. The general manager is responsible for the daily operations and

management of the JV Company and the duties would be to, *inter alia*, oversee and implement the JV Company's business plans, overall management of the JV Company's business production and operations.

In addition, it is further provided in the Agreement that the appointed executive director shall be personally liable for losses arising as a result of, *inter alia*, breaches of duties of loyalty, breaches in relation to the conduct of business transactions without prior approval and failure to comply with certain reporting obligations.

- 5.3 **Right of first refusal over share transfer** - If one Party decides to transfer all or part of its subscribed capital shares in the JV Company directly or indirectly to a third party, the other Party must be notified first ("**Notice of Transfer**"). The other Party will have the first right of refusal over the share transfer. If the other Party does not exercise the first right of refusal within the 30 days from the date of receiving the written Notice of Transfer, it shall be deemed agreeable to the above share transfer.

6. SERVICE CONTRACTS WITH DIRECTORS

No person is proposed to be appointed as a director of the Company in connection with the Joint Venture. Accordingly, no service contract is proposed to be entered into in connection with the Joint Venture.

7. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Joint Venture, other than through their respective shareholdings in the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 1 Scotts Road #21-07/08 Shaw Centre Singapore 228208 for a period of 3 months from the date of this announcement.

Shareholders who wish to inspect these documents at the Company's registered office are required to send an email request to < equiry@sunmoonfood.com > to make an appointment in advance. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one time and such arrangements are subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

BY ORDER OF THE BOARD

Zhang Ye
Chief Executive Officer

12 May 2021