



SUNMOON FOOD COMPANY LIMITED

Registration No. 198304656K

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL – MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors of SunMoon Food Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to announce that its independent auditor, Nexia TS Public Accounting Corporation, have included a section with respect to material uncertainty related to going concern in their report (“**Independent Auditor’s Report**”) in relation to the audited financial statements of the Group for the financial year ended 31 March 2021 (“**FY2021**”).

A copy of the Independent Auditor’s Report is attached to this announcement for the information of the shareholders of the Company (“**Shareholders**”).

The Independent Auditor’s Report and a complete set of the audited financial statements of the Group will also be found in the Company’s annual report for FY2021 (“**FY2021 Annual Report**”), which will be released in due course. Shareholders are advised to read this announcement in conjunction with the FY2021 Annual Report when it is released.

Please refer to the Independent Auditor’s Report which is attached to this announcement for details of the section with respect to material uncertainty related to going concern.

Notwithstanding the section on material uncertainty related to going concern, the audited financial statements have been prepared on a going concern basis based on the factors as set out in the financial statements which are reproduced below:

- (i) Management has prepared a 18-months cash flow forecast from April 2021 to September 2022 and is of the view that the Group will have sufficient net positive cash flow to satisfy its working capital requirements and to meet its obligations as and when they fall due. Management has considered the scheduled repayment from Sheng Shi Ming Yi (Shanghai) Management Co. Ltd (“**SSMY**”) based on the agreements as set out in (ii) and (iii) below;
- (ii) The Group (through Shanghai SunMoon Supply Chain Management Co., Ltd (“**SMF Shanmai**”)) has entered into an agreement with SSMY to, inter alia, purchase the trade and other receivables owing to SMF Shanmai comprising of (a) RMB34,893,795 (approximately \$7,156,717) that are owing from Yiguo-related entities to SMF Shanmai (based on a repayment schedule); (as at 31 March 2021, the outstanding from SSMY to SMF Shanmai was RMB6,000,000 (approximately \$1,230,600)); and (b) the trade receivables of RMB11,928,944 (approximately \$2,446,626) (“**SMF Shanmai Purchase of AR Agreement**”);
- (iii) The Group (through SunMoon Distribution & Trading Pte Ltd (“**SMDT**”)) has entered into an agreement with SSMY to, inter alia, purchase the trade receivables owing to SMDT of the amount USD2,035,776 (approximately \$2,739,951) (“**SMDT Purchase of AR Agreement**”); and
- (iv) The Group has been actively seeking other alternatives to raise funds from investors who are interested in investing directly into the Company, which include potential placement shares issuance under existing mandate.

Shareholders are advised to read the FY2021 Annual Report in its entirety including the audited financial statements of the Group for FY2021 which will be released on SGXNet in due course.

BY ORDER OF THE BOARD

James Prideaux
Chairman and Lead Independent Director

12 August 2021