



SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 198304656K

RESUMPTION OF TRADING

ENTERING INTO OF A VOLUNTARY MORATORIUM UNDERTAKING BY CONTROLLING SHAREHOLDER

Reference is made to the Company's announcement dated 27 August 2021 in relation to, inter alia, the submission of the resumption proposal application to the Exchange.

1. The board of directors ("**Board**") of SunMoon Food Company Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") is pleased to announce and inform shareholders of the Company ("**Shareholders**") that the Exchange had on 27 June 2022, issued a reply letter ("**27 June SGX Reply Letter**") in relation to the Company's resumption proposal application dated 19 June 2021 (and a subsequent application letter dated 22 October 2021) (the "**Company's Resumption Application Letter**").
2. As stated in the 27 June SGX Reply Letter, the Exchange has no objection to the Company's application for the resumption of trading in its securities subject to the following:
 - (a) the Board's assessment of the Group's ability to continue operating as a going concern and the basis for the said assessment;
 - (b) the Board's opinion as to the basis for allowing trading to resume; and
 - (c) the Board's 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.
3. The Board wishes to announce the following:
 - 3.1 The Board's assessment and basis of the Group's ability to continue operating as a going concern

Barring any unforeseen circumstances and based on the Group's positive net working capital position as at 31 December 2021 (being the latest announced interim accounts), the forecasted cash flow as presented by the management (and reviewed and approved by the Board) and the scheduled repayment pursuant to the 2nd SMDT AR Supplemental⁽¹⁾ by 30 December 2022, the Board has assessed and is of the opinion that the Group and the Company have the ability to operate as a going concern.

Note:

- (1) *Shareholders can refer to the Company's announcement dated 27 March 2022 for more information.*

- 3.2 The Board's opinion as to the basis for allowing trading to resume

- 3.2.1 The Board wishes to refer Shareholders to the Company's announcements dated 12 October 2020, 15 October 2020, 17 October 2020, 28 October 2020, 4 February 2021, 10 February 2021, 10 June 2021, 16 July 2021, 25 July 2021, 27 August 2021, 29 September 2021 and 27 March 2022 on matters relating to the bankruptcy reorganisation of the 3 YG Entities and the steps taken by the Company to improve its prospects, which include the fund-raising efforts of the Company.

Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcement dated 28 October 2020 ("**28 Oct Announcement**").

Shareholders may refer to, the 28 Oct Announcement which sets out detailed information of the bankruptcy reorganisation of the 3 YG Entities and the Board's assessment of the Company as a going concern at that relevant time and the Company's subsequent update announcement dated 27 August 2021 ("**27 Aug Announcement**") on the efforts taken to further address its *going concern* issues.

- 3.2.2 **Summary of events leading up to voluntary suspension** - As explained in the 28 Oct Announcement, the Board had, amongst other reasons, recognised that the collectability of the related parties account receivables was an important factor and as such, when the Board was made aware on or around late Friday evening (9 October 2020) that the 3 YG Entities had entered into bankruptcy reorganisation, prompt action was taken to announce the same as it was deemed to be a material information and the set-up of an Executive Committee. The Executive Committee commenced formal inquiry proceedings on 13 October 2020 to question and understand from the management team and therefore, voluntarily suspended trading of its shares.

For more details, Shareholders can refer to the 28 October Announcement.

- 3.2.3 **Efforts taken by the Company since voluntary suspension** - Following the voluntary suspension on 15 October 2020, continuing efforts were taken by the Company which can be categorised into the following:

(a) Corporate governance and regulatory efforts taken by the Company

As detailed in the 28 Oct Announcement, the Executive Committee was constituted to, *inter alia*, take over the day-to-day management and operations of the Group from the management team. The Executive Committee had, *inter alia*, commenced formal inquiry proceedings on 13 October 2020 to question and to understand from the management team on the recent developments, as well as to address questions from the management team. As announced in the Company's announcement dated 10 February 2021 ("**10 Feb Announcement**"), following the approval by the Chinese Court of the reorganisation plan of the 3 YG Entities and pursuant to the SMF Shanmai Purchase of AR Agreement (as defined in the 10 Feb Announcement), the Executive Committee is to be dissolved with effect from 19 February 2021 (with the management team returning to the day-to-day management and operations of the Group with direct supervision from the Board).

On the regulatory efforts to resume trading of the Company's shares (and to resolve issues regarding the collectability of the receivables due and owing from the Yiguo group), the Company had submitted the Company's Resumption Application Letter to the Exchange on 19 June 2021 and had undertaken significant time and effort to address Exchange's concerns. In this regard, the Company is pleased to update Shareholders on the receipt of the 27 June SGX Reply Letter.

The Company had also sought Shareholders' approval for the Proposed Expanded IPT General Mandate (as defined in the Company's circular dated 14 September 2021) as the Company will benefit, *inter alia*, by acquiring products and services on a larger scale which would result in being able to obtain better terms including better and more competitive pricing through economies of scale.

(b) Fund-raising efforts

As detailed in the 28 Oct Announcement and the Company's announcement dated 10 February 2021 ("**10 Feb Announcement**"), the Company updated Shareholders on the entering into of the SMF Shanmai Purchase of AR Agreement and the SMDT Purchase of AR Agreement, whereby, 晟世鸣义（上海）企业管理有限公司 Sheng Shi Mingyi (Shanghai) Management Co. Ltd ("**SSMY**") will, *inter alia*, purchase account receivables

that are owing from the 3 YG Entities to subsidiaries of the company, Shanghai SunMoon Supply Chain Management Co., Ltd (“**SMF Shanmai**”) and SunMoon Distribution & Trading Pte Ltd (“**SMDT**”).

The Company had announced on 25 July 2021 that SMF Shanmai had received the final repayment amount on 23 July 2021. As for the SMDT Purchase of AR Agreement, the Company had announced on 27 March 2021 (“**27 March Announcement**”) that the balance amount of USD 2,035,776 will be paid by 30 December 2022 as the completion of the bankruptcy reorganisation plan (as approved by the Chinese Court on 2 February 2021) had not been completed.

The Company wishes to update Shareholders that the Group has been actively seeking other alternatives to raise funds and will implement fund-raising options which the Board deems to be appropriate given its existing circumstances so as to ensure that the Group can operate as a going concern.

(c) Efforts to improve its business

In relation to the Company’s business, Shareholders can refer to the Company’s announcement dated 12 May 2021 (“**12 May Announcement**”) where the Company had updated Shareholders of the entry into a joint venture agreement to, *inter alia*, procure the sale and purchase of, *inter alia*, Vietnamese pangasius (i.e. basha fish). As set out in the 12 May Announcement, the rationale is to increase product offerings which will enable the Group to increase an additional revenue stream through the sale and purchase of basha fish and related products. This will allow the Group to leverage on its existing business networks whilst maximising existing revenue streams.

The Company also wishes to update Shareholders that it intends to expand its products offerings through (i) the import of fresh produce (such as the importation of pork, beef and Vietnamese pangasius) into the China market, and (ii) the export of temperate fruits (such as Chinese apples, Chinese oranges and Chinese pears into the southeast asia markets).

For more details on the business focus, Shareholders can also refer to the Company’s Chief Executive Officer statement on pages 3 and 4 of the Company’s annual report for the financial year ended 31 March 2021 (published on 14 September 2021).

3.2.4 In view of the abovementioned and taking into consideration the Board’s assessment and basis of the Group’s ability to continue operating as a going concern (see paragraph 3.1 above), the Board is of the opinion that it is in the best interests of Shareholders and in particular, minority Shareholders, to allow trading to resume.

3.3 The Board’s 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

The Board wishes to announce that the controlling shareholder of the Company, Yiguo General Food Pte. Ltd. (“**YGF**”) had provided a voluntary moratorium dated 27 June 2022 in favour of the Singapore Exchange Regulation Pte. Ltd. (the “**SGX-ST**”) in relation to its 465,850,989 ordinary shares (representing approximately 59.86% of the Company) (“**YGF Shares**”) to, *inter alia*, not sell, dispose and/or enter into any agreement that will directly or indirectly constitute or deemed as a disposal of the YGF Shares, until such time when the Company publishes its audited financial statements for the financial year ended 31 March 2022 on the SGX-Net (“**YGF Undertaking**”).

The Company understands that YGF had voluntarily provided the YGF Undertaking in support of the Company’s resumption application and as a show of confidence in the Company.

Save for the above, the board confirms that all material disclosures have been provided for trading of the Company’s shares to continue in an orderly manner. In addition, the Company wishes to assure Shareholders that as and when there are material developments, it would make appropriate announcements on the SGX-Net in a timely manner to update all Shareholders.

4. As part of the Company's submission in the Company's Resumption Application Letter, the Board wishes to inform Shareholders of the following:
 - (a) That the Company will continue to monitor and will update Shareholders on the repayment of the USD 2,035,776 (see 27 March Announcement for more details); and
 - (b) That the Company will provide monthly valuation of its assets and utilisation of cash.
5. **The Company will be requesting for the resumption of trading of its Shares with effect from 9 a.m. (Singapore time) on 30 June 2022.**
6. Lastly, the Board would like to take this opportunity to express its appreciation for the continuing efforts and contributions of Mr Zhang Ye (the current Chief Executive Officer of the Company) and his management team. The Board is confident that, Mr Zhang Ye, in his continuing role as the Chief Executive Officer and together with his management team, will continue to strive tirelessly to bring the Company to greater heights.

Shareholders and potential investors are advised to exercise caution in trading their shares and noteholders are advised to exercise caution in trading their notes. The Company will make further announcements as appropriate or when there are further developments. Shareholders and noteholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and noteholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

James Prideaux
Lead Independent Director

29 June 2022