



SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 198304656K

PROPOSED PLACEMENT OF 125,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF SUNMOON FOOD COMPANY LIMITED AT THE PLACEMENT PRICE OF S\$0.023 PER SHARE FOR AN AGGREGATE CONSIDERATION OF S\$2,875,000

1. INTRODUCTION

- 1.1 The Board of Directors (the "**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 (the "**Shareholders**") that the Company has on 18 February 2023 entered into a conditional placement agreement (the "**Placement Agreement**") with Champion Financial (Hong Kong) Limited (the "**Placee**"), pursuant to which the Company has agreed to issue and allot 125,000,000 ordinary shares in the capital of the Company (the "**Shares**" and "**Placement Shares**" respectively) for a placement consideration of S\$2,875,000 (the "**Placement Consideration**") (the "**Proposed Placement**"). Details of the Placee are set out in Section 3 of this announcement.
- 1.2 The price at which each Placement Share is to be issued is S\$0.023 per Placement Share (the "**Placement Price**"). The Placement Price represents a premium of approximately 5% to the volume weighted average price of S\$0.022 for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 17 February 2023, being the last full market day on which the Placement Agreement was signed.
- 1.3 When allotted and issued, the Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to the existing Shares, except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions the Record Date for which falls on or before the date of the issue of the Placement Shares. "**Record Date**" means in relation to any dividend, right, allotment or other distributions, the date as at the close of business, on which members of the Company must be registered in order to participate in such dividend, right, allotment or other distributions.
- 1.4 The Company will, as soon as it is practicable to do so, submit an application to the SGX-ST for the listing and quotation of the Placement Shares on the SGX-ST and will make the necessary announcements once the approval in-principle of the listing and quotation of the Placement Shares has been obtained from the SGX-ST.
- 1.5 No placement agent has been appointed in respect of the Proposed Placement.
- 1.6 The Proposed Placement will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act 2001 of Singapore. As such, no prospectus or offer information statement will be issued by the Company and lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

2. GENERAL MANDATE

- 2.1 The Company intends to issue the Placement Shares pursuant to the general share issue mandate to be approved and granted by Shareholders at the annual general meeting of the Company which was convened on 29 September 2022 (“**2022 AGM**”) (“**General Mandate**”).
- 2.2 The General Mandate will authorise the Board to allot and issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the 2022 AGM, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing Shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares) in the Company.
- 2.3 As at the date of the 2022 AGM, the Company had 778,272,573 Shares in issue (excluding treasury shares of 6,362,798). As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. As no new Shares had previously been issued pursuant to the General Mandate, the total number of Shares that may be issued pursuant to the General Mandate is 389,136,286 Shares, of which the maximum number of Shares that may be issued other than on a *pro rata* basis is 155,654,514 Shares.
- 2.4 As such, the proposed allotment and issuance of 125,000,000 Placement Shares will fall within the limits of the General Mandate.
- 2.5 The Placement Shares represent approximately 16.06% of the existing issued and paid-up share capital (excluding treasury shares of 6,362,798) of the Company comprising 778,272,573 Shares (“**Existing Share Capital**”). Assuming that all 125,000,000 Placement Shares are issued, on completion of the Proposed Placement, the number of issued shares in the capital of the Company will increase to 903,272,573 Shares (“**Enlarged Share Capital**”) (excluding treasury shares of 6,362,798) and the Placement Shares will represent approximately 13.84% of the Enlarged Share Capital.

3. INFORMATION ON PLACEE

- 3.1 The Placee is a Hong Kong incorporated company, Champion Financial (Hong Kong) Limited, and it is an investment holding company. The sole legal and beneficial shareholder is Mr. Song Xiao Jun (“**Mr. Song**”). Mr. Song is also the sole shareholder and sole director of the Placee. As at the date of this announcement, the Placee and Mr. Song do not hold any Shares in the Company.
- 3.2 Mr. Song is experienced in supply chain management, and has held a number of management positions in several companies (such as Shanghai Huaying Warehousing Co., Limited and Shanghai Champion Warehousing Co., Limited) during the period between year 2001 to 2009. In addition, Mr Song has the relevant experience in the food services business through the Placee’s investment into several other companies (such as Shanghai Lewo Brands Management Co., Limited and Duiin Tea) from year 2020. The Placee has and maintains close cooperation with top-tier food companies in China. The Placee wishes to diversify its investment portfolio and increase its investment allocations in Southeast Asia.
- 3.3 The Placee was introduced by the management of the Company. The Placee and Mr. Song do not have any connection including business relationship with the Company or any of the

Company's substantial shareholders. Please see paragraph 5.1 of this announcement for the rationale for the Proposed Placement.

- 3.4 The Placee is not a person to whom the Company is prohibited from issuing Shares to, as provided by Rule 812 of the Listing Manual of the Main Board of the SGX-ST.
- 3.5 The Proposed Placement will not cause a transfer of controlling interest in the Company and SunMoon Global Pte. Ltd. (formerly known as Yiguo General Food Pte. Ltd.), the existing single largest shareholder of the Company, will continue to remain as the single largest shareholder of the Company after completion of the Proposed Placement. Please refer to paragraph 5.7 of this announcement for more details of the change in the shareholding interests of the Company.
- 3.6 Under the Placement Agreement, the Placee has warranted to the Company, *inter alia*, that he is acquiring the Placement Shares as principal and not as nominee or agent, and he is not acting in concert (as defined in the Singapore Code on Take-overs and Mergers ("**Code**")) with any other Shareholder.

4. SALIENT TERMS OF THE PLACEMENT AGREEMENT

- 4.1 Under the terms of the Placement Agreement, the Placee shall, by no later than 28 February 2023, pay to the Company a deposit of S\$862,500.00 ("**Deposit**") which will form part of the Placement Consideration on completion. The Deposit shall be forfeited if completion does not occur due to the breach by the Placee of any provision of the Placement Agreement or if the Placee in breach of the Placement Agreement does not at Completion Date (as defined below) subscribe for the Placement Shares.
- 4.2 Conditions to the subscription of the Placement Shares

Completion of the Proposed Placement is subject to the following conditions precedent:

- (a) approval by any regulatory authority including the SGX-ST if any in respect of the Agreement or any part thereof, and if such approval is required and obtained, such approval not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company in its sole discretion, and to the extent that any conditions are required to be fulfilled on or before Completion Date (defined below), they are so fulfilled;
- (b) approval in principle for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company in its sole discretion, and to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before Completion Date (defined below), they are so fulfilled;
- (c) the subscription, issue and allotment and offering (if any) of the Placement Shares being in compliance with the Securities and Futures Act and/or other applicable legislation in applicable jurisdictions in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore, PRC and/or of any applicable jurisdictions; and

- (d) there having been, as at the Completion Date (defined below), no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect or any breach of any of the warranties and undertakings contained in clauses 5 and/or 6 of the Placement Agreement if they were repeated on and as of the Completion Date (defined below).

4.3 If any of the conditions precedent set forth in paragraph 4.1 above are:

- (a) not satisfied; or
- (b) in connection with paragraph 4.1(d) of this announcement:
 - (i) not waived by the Company in respect of a breach by the Placee of any of the Placee's warranties and undertakings specified in clause 6 of the Placement Agreement; or
 - (ii) not waived by the Placee in respect of a breach by the Company of any of the Company's warranties and undertakings specified in clause 5 of the Placement Agreement,

within three (3) months from the date of the Placement Agreement or such other date as the Placee and the Company may agree, the obligations of the Company to issue the Placement Shares to the Placee and for the Placee to subscribe for the Placement Shares shall terminate.

4.4 In the event of such termination as aforesaid, save as expressly provided in the Placement Agreement, neither the Placee nor the Company shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Placement Agreement, save as expressly provided in the Placement Agreement and for any rights or liabilities accruing prior to such termination.

4.5 Completion of the Proposed Placement will take place on (a) a date notified by the Company to the Placee being a market day falling on or after the satisfaction and/or waiver by the relevant party of all the conditions precedent; or (b) such other date as the Company and the Placee may agree ("**Completion Date**").

4.6 Under the terms of the Placement Agreement, the Placee shall be entitled on Completion Date to the extent permissible by all applicable laws and regulations (including the rules of the SGX-ST and the Code) to nominate one (1) person to the board of directors of the Company.

After due consideration, the Board is of the view that such proposal would be in the interest of the Company as the Placee is a strategic investor and can provide knowledge, information and strategic views on how to rejuvenate the Company's business, and the Company would be able to tap the Placee's available expertise, networks and resources to grow the Company's business. The appointment of the Placee's nominee shall be subject to the assessment, consideration and approval of the Company's Nominating Committee and the Board. Please also refer to the rationale for the Placement set out in paragraph 5 below for further information.

5. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

5.1 The rationale for the Proposed Placement is to fund general working capital to expand the business scale of the Company.

- 5.2 Assuming that all the Placement Shares are successfully allotted and issued to the Placee, the Proposed Placement will raise gross proceeds of S\$2,875,000 (“**Gross Proceeds**”) and net proceeds of approximately S\$2,819,000 (“**Net Proceeds**”) after deducting estimated expenses of approximately S\$56,000.
- 5.3 The Company intends to use 100% of the Net Proceeds for the purposes as stated in paragraph 5.1 of this announcement above.
- 5.4 Pending the deployment of the Net Proceeds for the abovementioned intended purpose, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets or debt instruments and/or marketable securities, or used for any other purpose on a short-term basis as the Directors may in their absolute discretion deem fit.
- 5.5 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and will provide a status report on the use of the Net Proceeds in its annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation. Any material deviation in the use of the Net Proceeds will be subject to the Listing Manual and appropriate announcements will be made by the Company on the SGX-NET.
- 5.6 The Directors are of the opinion that, after taking into consideration the present bank facilities of the Group and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.
- 5.7 Illustrative shareholding effects

For illustrative purposes only and assuming all the Placement Shares are successfully allotted and issued, the table below sets out the shareholdings of the existing substantial Shareholders of the Company and the Placee before and after the Proposed Placement:

| Name | Before the Proposed Placement ⁽¹⁾ | | After the Proposed Placement ⁽²⁾ | |
|--|--|--------------------|---|--------------------|
| | Direct Interest | Deemed Interest | Direct Interest | Deemed Interest |
| | No. of Shares (%) | No. of Shares (%) | No. of Shares (%) | No. of Shares (%) |
| <u>Existing Substantial Shareholders</u> | | | | |
| First Alverstone Capital Ltd. | 59,712,722 (7.67%) | – | 59,712,722 (6.61%) | – |
| Gary Loh Hock Chuan | – | 59,712,722 (7.67%) | – | 59,712,722 (6.61%) |
| Selena Cheng Koh Min | – | 59,712,722 (7.67%) | – | 59,712,722 (6.61%) |
| SunMoon Global Pte. Ltd. (formerly known as Yiguo) | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) | – |

| | | | | |
|--|---|-------------------------|---|-------------------------|
| General Food Pte. Ltd.) | | | | |
| Shanghai Win- chain Business Management Co., Ltd. | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Shanghai Yiguo E- Commerce Co., Ltd. | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Shanghai YuXia Enterprise Consulting Center (Limited Partnership) | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Shanghai GuoWeiYang Enterprise Consulting Center (Limited Partnership) | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| YiDongli (Shanghai) Information Consulting Co., Ltd | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Shanghai Yinwei Tongjiao Technology Service Center (Limited Partnership) | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Shanghai Yingming Qiusheng Technology Service Center (Limited Partnership) | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Ji Jiefang | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Ningbo Meishan Free Trade Port Xilan Enterprise Management Partnership (Limited Partnership) | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Wang Yingqian | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Wang Bo | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Chen Shou | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Shanghai Jing'an Changyun Enterprise | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |

| | | | | |
|--|---|-------------------------|-------------------------|-------------------------|
| Consulting Partnership (Limited Partnership) | | | | |
| Zhu Jian | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| Jin Yiming | – | 465,850,989 (59.86%) | – | 465,850,989 (51.57%) |
| <u>Placee</u> | | | | |
| Champion Financial (Hong Kong) Limited | – | – | 125,000,000 (13.84%) | – |

Notes:

- (1) Based on the Existing Share Capital of 778,272,573 Shares (excluding treasury share of 6,362,798) as at the date of this announcement.
- (2) Based on the Enlarged Share Capital of 903,272,573 Shares (excluding treasury shares of 6,362,798) assuming all the Placement Shares are successfully allotted and issued.

6. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

6.1 For illustrative purposes only and based on the audited consolidated financial statements of the Company for the financial year ended 31 March 2022, the financial effects of the Proposed Placement on the Company are set out below. The financial effects of the Proposed Placement have been prepared based on the assumptions that:

- the Proposed Placement of 125,000,000 Placement Shares is successfully issued and allotted to the Placee on the basis of the Placement Price of S\$0.023 per Placement Share and a placement consideration of S\$2,875,000.
- the expenses incurred in the Proposed Placement are approximately S\$56,000;
- the financial effect on the consolidated net tangible asset (“**NTA**”) per Share is computed based on the assumption that the Proposed Placement was completed on 31 March 2022; and
- the financial effect on the consolidated loss per Share (“**LPS**”) is computed based on the assumption that the Proposed Placement was completed on 1 April 2021.

Net Tangible Asset

| | As at 31 March 2022 | |
|---------------------------------|--|---|
| | Before the Proposed Placement⁽¹⁾ | After the Proposed Placement⁽²⁾ |
| NTA (S\$) | 8,052,000 | 10,927,000 |
| Number of Shares | 778,272,573 | 903,272,573 |
| NTA per Share (Singapore cents) | 1.03 | 1.21 |

Notes:

- (1) Based on the Existing Share Capital of 778,272,573 Shares (excluding treasury shares of 6,362,798) as at the date of this announcement.
- (2) Based on the Enlarged Share Capital of 903,272,573 Shares (excluding treasury shares of 6,362,798) assuming all the Placement Shares are successfully allotted and issued.

Loss Per Share

| | | | For the financial year ended 31 March 2022 | |
|-----------------------------|----|--------------|--|---|
| | | | Before the Proposed Placement⁽¹⁾ | After the Proposed Placement⁽²⁾ |
| Net loss attributable to | to | Shareholders | (934,000) | (990,000) |
| Weighted average number of | | Shares used | 778,272,573 | 903,272,573 |
| Basic LPS (Singapore cents) | | | (0.12) | (0.11) |

Notes:

- (1) Based on the Existing Share Capital of 778,272,573 Shares (excluding treasury shares of 6,362,798) as at the date of this announcement.
- (2) Based on the Enlarged Share Capital of 903,272,573 Shares (excluding treasury shares of 6,362,798) assuming all the Placement Shares are successfully allotted and issued.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 7.1 As at the date of this announcement, the shareholding interests of the Directors and the substantial Shareholders of the Company are as follows:

| | Direct Interest | | Deemed Interest | | Total Interest | |
|------------------------------------|-----------------|------------------|-----------------|------------------|----------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| <u>Directors</u> | | | | | | |
| James Prideaux | – | – | – | – | – | – |
| Gary Loh Hock Chuan ⁽²⁾ | – | – | 59,712,772 | 7.67 | 59,712,772 | 7.67 |
| Zhang Ye | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Xue Yuning | – | – | – | – | – | – |
| Jin Guanglei | – | – | – | – | – | – |
| Cen Jian | – | – | – | – | – | – |

| | | | | | | |
|--|-------------|-------|-------------|-------|-------------|-------|
| Ng Bie Tjin @ Djuniarti Intan | 120,000 | 0.015 | – | – | 120,000 | 0.015 |
| Yuen Pei Lur, Perry | – | – | – | – | – | – |
| <u>Substantial Shareholders (other than Directors)</u> | | | | | | |
| SunMoon Global Pte. Ltd. (formerly known as Yiguo General Food Pte. Ltd.) | 465,850,989 | 59.86 | – | – | 465,850,989 | 59.86 |
| Shanghai Win-chain Business Management Co., Ltd. | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Shanghai Yiguo E- Commerce Co., Ltd. | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Shanghai YuXia Enterprise Consulting Center (Limited Partnership) | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Shanghai GuoWeiYang Enterprise Consulting Center (Limited Partnership) | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| YiDongli (Shanghai) Information Consulting Co., Ltd | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Shanghai Yinwei Tongjiao Technology Service Center (Limited Partnership) | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Shanghai Yingming Qiusheng Technology Service Center (Limited Partnership) | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Ji Jiefang | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Ningbo Meishan Free Trade Port | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Xilan Enterprise Management Partnership (Limited Partnership) | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Wang Yingqian | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Wang Bo | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Chen Shou | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Shanghai Jing'an Changyun Enterprise Consulting | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |

| | | | | | | | |
|---|------------|------|---|-------------|-------|-------------|-------|
| Partnership (Limited Partnership) | | | | | | | |
| Zhu Jian | | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| Jin Yiming | | – | – | 465,850,989 | 59.86 | 465,850,989 | 59.86 |
| First Alverstone Capital Ltd ⁽²⁾ | 59,712,772 | 7.67 | – | – | – | 59,712,772 | 7.67 |
| Selena Cheng Koh Min ⁽³⁾ | – | – | – | 59,712,772 | 7.67 | 59,712,772 | 7.67 |

Notes:

- (1) The percentage of issued share capital is calculated based on the current issued share capital of 778,272,573 Shares (excluding treasury shares of 6,362,798) as at the date of this announcement.
- (2) Gary Loh Hock Chuan is deemed to have an interest in the 59,712,772 Shares held by First Alverstone Capital Ltd. by virtue of Section 7 of the Companies Act.
- (3) Selena Cheng Koh Min is deemed interested in 59,712,772 Shares held by her spouse, Gary Loh Hock Chuan.

7.2 None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Placement other than through their respective shareholdings (direct and indirect) in the Company (as disclosed in paragraph 7.1 above). None of the Directors or substantial Shareholders of the Company or their respective associates has any connection or business relationship with the Placee.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement is available for inspection at 1 Scotts Road #21-07 Shaw Centre Singapore 228208 during normal business hours for a period of three (3) months from the date of this announcement.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading their Shares. The completion of the Proposed Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements as and when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and when in doubt as to the action they should take, they should consult their legal, financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Mr. James Prideaux
Lead Independent Director/ Chairman

18 February 2023