



SUNMOON FOOD COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Registration No. 198304656K

RESPONSES TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Board of Directors (the "**Board**") of SunMoon Food Company Limited (the "**Company**" and its subsidiaries, the "**Group**") would like to respond to the queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") received by the Company on 4 August 2023 in relation to the Company's Annual Report for the financial year ended 31 March 2023 ("**Annual Report**") as follows:

SGX QUERY 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 9.2 of the Code with regards to the disclosure that the Board has received assurance from (i) the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (ii) other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal controls system, and there were no explanations provided for in your FY2023 annual report on how it is consistent with the intent of Principle 9 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 9 of the Code, which requires the Board to be responsible for the governance of risk and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interest of the Company and its shareholders.

COMPANY'S RESPONSE:

Currently, the Company does not have a person who is designated as the Chief Financial Officer ("CFO"). Ms. Wang Hui Zhen, the Group Financial Controller ("GFC") is in effect, the most senior financial officer of the Group. Of note is that Ms. Wang has been the GFC since 2015. Ms. Wang together with the CEO of the Company have provided assurance to the Board that:

1. The financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
2. The risk management and internal control systems in place within the Group are adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group.

To ensure the continuing compliance with Principle 9 of the Code of Corporate Governance 2018 (the "Code"), the Audit and Risk Committee ("ARC") reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management.

The Company engages an external audit firm to perform internal audit for the Group's key subsidiaries, and for the financial year ended 31 March 2023, the Company had engaged Shanghai Xuancheng Certified Public Accountants as the internal auditor ("IA"). The Company performs an internal audit function annually. The ARC reviews the independence, objectivity and effectiveness of the internal audit function to ensure that the internal audits are conducted effectively, and the Management provides the necessary cooperation to enable the IA to perform its function.

Meanwhile, our independent external auditors, through the course of performing external audit, have identified control gaps in financial controls, which were highlighted to the ARC and key management personnel, and each control gap has been properly addressed.

The Board, with the concurrence of the ARC, and based on the work performed by external auditor and reviews performed by the Management and various Board Committees, holds the opinion that the risk management systems and internal controls addressing financial, operational, and compliance risks maintained by the Management throughout the financial period from 1 April 2022 to 31 March 2023, up to the date of the Annual Report, are adequate and effective to meet the needs of the Group in its current business environment.

SGX QUERY 2:

Listing Rule 1207(10) requires the board to comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Please clarify whether the board has assessed the adequacy and effectiveness of the Company's information technology controls and whether the audit committee concurs with the board's assessment.

COMPANY'S RESPONSE:

The Board, with the assistance from the ARC, has reviewed the adequacy and effectiveness of the Company's Risk Management and internal control systems, including financial, operational, compliance and information technology risks.

In addition, at each quarterly Board of Directors' Meeting, the CEO and key management personnel ("KMPs") provide updates and assurance to the Board on the financial, operational, compliance and information technology areas of the Group.

For the financial year ended 31 March 2023, the Board has received assurance from the CEO and the GFC (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) that the risk management and internal control systems of the Company are adequate and effective to deal with major risks relating to financial, operational, information technology and compliance aspects.

Based on the systems of risk management and internal controls established and maintained by the Group, work performed and reports by the internal and external auditors and the above assurance, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control systems, addressing the financial, operational, compliance and information technology risks, are adequate and effective.

SGX QUERY 3:

Listing Rule 1207(19) requires a statement on whether and how the issuer has complied with the following best practices on dealings in securities:— (a) A listed issuer should devise and adopt its own internal

compliance code to provide guidance to its officers with regard to dealing by the listed issuer and its officer in its securities; (b) An officer should not deal in his company's securities on short-term considerations; and (c) A listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two weeks before the announcement of the company financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements (if the issuer announces its quarterly financial statements, whether required by the Exchange or otherwise), or one month before the announcement of the company's half year and full year financial statements (if the issuer does not announce its quarterly financial statements).

Please clarify whether and how Listing Rule 1207(19)(b) has been complied with.

COMPANY'S RESPONSE:

The Company has put in place a policy on dealing in the Company's securities and has adopted internal codes pursuant to the SGX-ST Listing Rules applicable to all its officers in relation to dealings in the Company's securities. i.e. the Company's officers and all relevant personnel will be notified via email prior to the commencement of each trading blackout period.

The Company's officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial results for the financial year, and ending on the date of announcement of the relevant results.

The Company's officers are also prohibited to trade in the listed securities of the Company when in possession of unpublished price-sensitive information or on short-term considerations.

None of the Company's officers has dealings in Company securities for short-term considerations.

SGX QUERY 4:

Listing Rule 710A states that an issuer must describe in its annual report its board diversity policy, including the following:

- (a) the issuer's targets to achieve diversity on its board;
- (b) the issuer's accompanying plans and timelines for achieving the targets;
- (c) the issuer's progress towards achieving the targets within the timelines; and
- (d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

Please disclose whether and how Listing Rule 710A has been complied with.

COMPANY'S RESPONSE:

The Company has put in place a Board Diversity Policy which recognises the benefits of having an effective and diverse Board, and states that the Nominating Committee is responsible for setting the diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development.

The Board is of the view that the current Board composition is of an appropriate size and comprises Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

Nonetheless, the Company is committed to promoting Board Diversity, with the key objective of working towards strengthening the Board as a whole.

Since publication of the Company's last Annual Report in September 2022, female representation on the Board has increased from 12.5% to 25%. Apart from gender representation, the appointments of Mr Yuen Pei Lur, Perry, Mr Wang Bo, Ms Liu YuanYuan and Mr Song XiaoJun in November 2022, March 2023 and May 2023 respectively have augmented other aspects of Board diversity in terms of professional qualifications, industry and geographic knowledge, age, skills and experience.

BY ORDER OF THE BOARD

Mdm Chia Lay Beng
Company Secretary
8 August 2023