



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 2024

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 24 July 2024 in relation to the Company's annual report for the financial year ended 31 March 2024 ("**AR 2024**") as follows:

SGX QUERY 1:

Listing Rule 1207(10) states that "The board must 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. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them."

We note the Company's disclosure on page 36 of the Annual Report which states:-

"The Board, with the concurrence of the ARC, and based on the work performed by external auditor and reviews performed by 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 2023 to 31 March 2024, up to the date of this report, are adequate and effective to meet the needs of the Group in its current business environment."

Please provide the Board's comment on the adequacy and effectiveness of the internal controls addressing information technology risk and whether the ARC concurs with the Board's assessment.

COMPANY'S RESPONSE:

The ARC had incepted an internal audit program covering various areas of the accounting functions and accounting cycles executed by the outsourced internal audit firm appointed by the Group. Based on the work performed by the outsourced internal auditors over previous years, no material weaknesses in internal control testing have been identified. For the observations presented by the internal auditors, the management had also responded to the observations, accepted the recommendations or taken steps to address some of the minor issues identified. Moreover, in planning and performing the audit, the external auditors had also reviewed the accounting and internal control systems of the Group to the extent they considered necessary. Some observations have been presented and recommendations made. The management had also responded to the observations, accepted the recommendations or taken steps to address some of the issues identified.

The Management had also put in place a system of internal controls and policies in the group and diligently ensuring the controls and policies are followed.

The Board, with the concurrence of the ARC, and based on the work performed by external auditor and reviews performed by 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 2023 to 31 March 2024, up to the date of this report, are adequate and effective to meet the needs of the Group in its current business environment.

The Board and the ARC view that the risk management and internal control system within the Group are adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group.

SGX QUERY 2:

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

COMPANY'S RESPONSE:

As the group has engaged an external internal audit firm to conduct the work, the ARC is of the view that the internal audit function is independent.

The internal audit function was outsourced to Shanghai Xuancheng Certified Public Accountant. This firm is a comprehensive service firm registered on 20 August 2010 with approval from the Shanghai Municipal Finance Bureau. Specializing in auditing, financial, and tax advisory services, the firm has a team of over 30 staffs with 13 experienced certified public accountants and other registered tax agents. Xuancheng has provided work to a diverse clientele across various industries, offering a broad spectrum of services including financial due diligence, annual audits, special audits, internal control audit, capital verification, management consulting, and related agency services. They have also provided services to foreign enterprises, state-owned entities, government agencies, and social organizations.

The audit partner, Ms. Qin Hong, Managing Partner of the firm, is a China Certified Public Accountant (CICPA). She has over 20 years of auditing experiences in annual accounting statement audits, capital verification, exit audits for domestic and foreign enterprises, corporate internal control process construction and testing projects.

Based on the profiles of the firm and partner, the quality of the work done, promptness of delivery, the ARC believes that the firm engaged has adequate resources to undertake the work that had been done and had properly helped the Group and the ARC to give an assessment that the internal audit functions have been adequate.

SGX QUERY 3:

Listing Rule 710A(2)(d) states that an issuer must describe in its annual report its board diversity policy, including a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

We note the Company's disclosure on page 27 which states:-

"The Board provides diversity of expertise and knowledge in areas such as accounting, finance, strategic planning, investment, business management and administration, legal and regulation, industry knowledge and economics."

Please elaborate on how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

COMPANY'S RESPONSE:

Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. i.e. the appointments of directors has augmented other aspects of Board diversity in terms of professional qualifications, ethnicity, industry and geographic knowledge, age and skills and experience. The Board provides diversity of expertise and knowledge in areas such as accounting, finance, strategic planning, investment, business management and administration, legal and regulation, industry knowledge and economics. For example, the lead independent director/Chairman has rich experience in international executive management in fresh food industry which he can contribute great views during the meeting when discussing new product or new market for the fresh food business.

For details of directors' profile, please refer to page 5 to page 7 of AR2024.

BY ORDER OF THE BOARD

Mr James Prideaux

Chairman and Lead Independent Director
29 July 2024