

SUNMOON FOOD COMPANY LIMITED
(Incorporated in Singapore)
Company Registration No. 198304656K
(the “**Company**”)

**PROPOSED (I) ADOPTION OF SUNMOON SHARE OPTION SCHEME (II) GRANT OF
AUTHORITY TO OFFER AND GRANT OPTION(S) AT A DISCOUNT, AND (III) ADOPTION OF
SUNMOON PERFORMANCE SHARE PLAN**

1. INTRODUCTION

The board of Directors of the Company wishes to announce that the Company is proposing to undertake the following corporate actions:-

- (i) adoption of an employees’ share option scheme to be named “SunMoon Share Option Scheme” (the “**Option Scheme**”);
- (ii) grant of authority to offer and grant option(s) under the Option Scheme (“**Options**”) at a discount; and
- (iii) adoption of a performance share plan to be named “SunMoon Share Plan” (the “**Share Plan**”).

2. THE OPTION SCHEME

The Company is proposing to adopt the Option Scheme to provide an opportunity for employees of the Company and its subsidiaries (the “**Group**”) who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services.

The Board of Directors of the Company is pleased to announce that the SGX-ST had on 3 April 2012, granted its approval in-principle for the listing of and quotation for the new shares which may be allotted and issued pursuant to the Option Scheme subject to the following conditions:

- (i) the shareholders’ approval for the Option Scheme; and
- (ii) the Company’s compliance with the SGX-ST’s listing requirements and guidelines.

The approval in-principle granted by the SGX-ST is not an indication of the merits of the Option Scheme, the new shares, the Company and/or its subsidiaries.

3. THE GRANT OF AUTHORITY TO OFFER AND GRANT OPTION(S) UNDER THE OPTION SCHEME AT A DISCOUNT

The Company is also proposing to offer Option(s) under the Option Scheme at a discount not exceeding 20% of the market price of the shares to give the Company flexibility in structuring the Option(s) granted, and ensure that the Company maintains the competitiveness of its compensation strategy. Being able to grant Option(s) at a discount allows the Company to acknowledge a participant’s contributions where such means is more meaningful than just paying a cash bonus, as these Option(s) operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Option(s) granted at the market price.

4. THE SHARE PLAN

The Company is proposing to adopt the Share Plan to complement the proposed Option Scheme. With both schemes in place, the Company will have a more comprehensive and flexible set of remuneration tools to better motivate, retain and recruit talent. Under the proposed Share Plan, it is contemplated that the award of fully paid Shares, issued free of charge to the Share Plan participants would incentivise such participants to excel in their performance and encourage greater dedication and loyalty to the Company.

The Board of Directors of the Company is pleased to announce that the SGX-ST had on 3 April 2012, granted its approval in-principle for the listing of and quotation for the new shares which may be allotted and issued pursuant to the Share Plan subject to the following conditions:

- (i) the shareholders' approval for the Share Plan; and
- (ii) the Company's compliance with the SGX-ST's listing requirements and guidelines.

The approval in-principle granted by the SGX-ST is not an indication of the merits of the Share Plan, the new shares, the Company and/or its subsidiaries.

5. CIRCULAR TO SHAREHOLDERS

A circular containing, *inter alia*, the rationale and information relating to abovementioned corporate actions together with the notice of the EGM, will be despatched to the Shareholders by the Company in due course.

By Order of the Board

Gary Loh Hock Chuan
Deputy Chairman

Date: 3 April 2012