

SUNMOON FOOD COMPANY LIMITED
(Incorporated in the Republic of Singapore on 29 September 1983)
Registration No. 198304656K
(the “**Company**”)

CONVERTIBLE LOAN AGREEMENT ENTERED INTO ON 4 APRIL 2012 – UPDATE

1. INTRODUCTION

The Board refers to the Company’s announcement of 4 April 2012 (the “**New CL Announcement**”).

Terms not otherwise defined in this announcement shall bear the same meanings ascribed to them in the New CL Announcement.

2. PRESENT STATUS OF CONVERTIBLE LOAN AGREEMENT AND SETTLEMENT AGREEMENT

FACL has, to date, not been able to obtain necessary regulatory approval from the authorities, on terms which are acceptable to FACL. As such, the Company, FACL and the Lenders are likely to amend the key terms of, *inter alia*, the New CL Agreement and the Settlement Agreement.

As of present date, FACL and the Lenders continue to support the financial rehabilitation of the Company, and the Company will make further announcements in due course when negotiations on the New CL Agreement and the Settlement Agreement are complete, and definitive agreements have been entered into.

3. CAUTION TO BE EXERCISED IN THE TRADING OF SHARES

The Directors wish to caution Shareholders that at the present moment, there is no certainty that (i) FACL and the Lenders will complete their negotiations and agree on key terms of the definitive agreements, or (ii) conditions precedent to the completion of the definitive agreements (if, and when entered into) will be fulfilled. Meanwhile, Shareholders should exercise due caution in trading of the Shares.

4. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this announcement (save for information relating to FACL and the Lenders) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are fair and accurate in all material respects as at the date of this announcement and there are no material facts the omission of which would make any statement in this announcement misleading in any material respect.

By Order of the Board

Dr Tan Eng Liang
Chairman & Director
31 December 2012