

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

PRESS RELEASE - RESTRUCTURING OF EXISTING CONVERTIBLE LOAN

The Company wishes to announce that on 18 March 2013, the Company has entered into, amongst others, a convertible loan agreement (which is secured by a debenture granted by the Company) and a settlement agreement (collectively, the “**Transaction Agreements**”), with FACL, FACT and the Lenders (as defined below).

The objective of the Transaction Agreements is to restructure an existing convertible loan granted to the Company by FACT 2006 Pte. Ltd. (“**FACT**”) in 2007, when the Company was in urgent need of funds to fund its working capital. FACT has since transferred all its rights and obligations under the loan arrangement to certain other persons (“**Lenders**”). As at 31 December 2012, the Company’s existing obligations to the Lenders amounts to S\$24,443,092 in principal plus approximately S\$12.596 million interest (accrued as at 31 December 2012).

Based on the consolidated accounts of the Group for the financial period ended 31 December 2012, the amount of total assets of the Company and its subsidiaries (“**Group**”) is approximately negative S\$21.203 million. Although the Lenders have displayed considerable financial support for the Company by not enforcing their strict contractual rights and calling on the outstanding convertible loan, the Lenders not converting, in itself, is the determinative reason for the Company remaining in negative equity.

The Transaction Agreements contemplate a S\$18 million convertible loan granted by First Alverstone Capital Limited (“**FACL**”) to the Company (made up of a S\$12 million loan and S\$6 million in consideration for FACL procuring the Lenders to forgive a S\$6 million debt owing by the Company to the Lenders), and the payment of S\$12 million received from FACL together with S\$443,092 from internally generated resources by the Company to the Lenders and the issue of 6,000,000,000 shares in the capital of the Company to the Lenders. Upon successful completion of the Transaction Agreements, there will be a full and final settlement of the Company’s obligations to the Lenders, which will include a write-off of all existing interest accrued under the convertible loan. The Company’s net tangible assets will also change from approximately negative S\$21.203 million as at 31 December 2012 to negative S\$2.607 million immediately post completion, and on the assumption that the convertible loan granted by FACL is fully converted at its maturity, to positive S\$15.393 million.

The Company is of the view that once positive equity is achieved, there will be easier access for the Group to secure debt financing for future growth.

The Company will be seeking shareholders approval for the transactions contemplated in the Transaction Agreements.

FACL is an investment holding company incorporated in the British Virgin Islands owned by Mr Gary Loh Hock Chuan, the Deputy Chairman and an Executive Director of the Company, and his wife, Ms Selena Cheng Koh Min. FACL is also an existing shareholder of the Company.

Saved as set out above, none of the Directors, or controlling shareholders of the Company has any direct or indirect interest in abovementioned transaction.

By Order of the Board

Michael John Martin
Director
18 March 2013