

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

RESTRUCTURING OF EXISTING CONVERTIBLE LOAN

1. INTRODUCTION

The Board refers to the Company’s announcements on 18 March 2013 (“**Revised Transaction Announcement**”) 14 July 2013, 16 July 2013, 18 July 2013 and 9 September 2013 in relation to the entry by the Company into the Revised Transaction Documents and the disbursement of the monies pursuant to the Revised Transaction Documents.

Terms defined in the Revised Transaction Announcement have the same meaning as the terms referred to herein.

2. DISBURSEMENT OF CONVERTIBLE LOAN, ISSUE OF SETTLEMENT SHARES TO LENDERS AND FULL AND FINAL SETTLEMENT OF THE FACT AGREEMENTS

The Board wishes to announce that on 10 September 2013,

- (i) the cheques for the amount of S\$12,443,092 in aggregate issued by FACL and the Company in favour of FACT (on behalf of the Lenders) have cleared and S\$12,443,092 has been successfully credited in FACT’s account; and
- (ii) the Company has issued and allotted the Settlement Shares (6,000,000,000 Shares) at an issue price of S\$0.001 per Share (i.e. an aggregate issue price of S\$6 million) to the Lenders in accordance with the terms of the Revised Settlement Agreement.

Accordingly, pursuant to the terms of the Revised Transaction Documents:

- (i) the S\$6 Million Discharge is deemed to be procured by FACL; and
- (ii) all interests accrued under the FACT Agreements (which, as at 18 March 2013, being the date of the Revised New CL Agreement and the Revised Settlement Agreement, amounted to approximately S\$13.211 million) is deemed to be written off.

Consequently, on and from 10 September 2013:

- (i) the Company’s obligations owing to the Lenders under the FACT Agreements (which, as at 18 March 2013, amounts to S\$24,443,092 in principal plus approximately S\$13.211 million interest accruing thereon) have been fully settled; and

- (ii) the convertible loan of S\$18 million (in consideration of FACL extending the S\$12 million Initial Loan to the Company and procuring the Lenders to agree to the S\$6 Million Discharge) and Interest accruing thereon will be owing by the Company to FACL.

3. ISSUE OF CONVERSION SHARES TO FACL

In relation to the \$18 million convertible loan owing by the Company to FACL, the Board also wishes to announce that the Company has, on 10 September 2013, received a notice from FACL electing to convert the entire convertible loan into fully paid Shares and the Company has, on the same day issued and allotted the Conversion Shares (18,000,000,000 Shares) at the conversion price of S\$0.001 per Share (i.e. an aggregate conversion price of S\$18 million) to FACL in accordance with the terms of the Revised New CL Agreement.

With the conversion of the entire convertible loan into Shares:

- (i) the convertible loan is fully repaid and no further obligation is owed by the Company to FACL under the Revised New CL Agreement; and
- (ii) FACL's shareholding in the Company is increased from 497,204,258 (approximately 6.31%) Shares to 18,497,204,258 (approximately 58.02%) Shares.

4. FINANCIAL EFFECTS

As a result of:

- (i) the full settlement of the Company's obligations to the Lenders set out in Paragraph 2; and
- (ii) the full repayment of the convertible loan to FACL by way of the conversion of the entire convertible loan into Shares set out in Paragraph 3,

the Group's net asset value has increased, from approximately negative S\$21.568 million (as at 30 June 2013), to approximately positive S\$16.474 million.

5. SHARE CAPITAL OF THE COMPANY

The Settlement Shares and Conversion Shares are expected to be listed and quoted on the SGX-ST on or around 10 September 2013.

Pursuant to the issue and allotment of the 6,000,000,000 Settlement Shares to the Lenders and 18,000,000,000 Conversion Shares to FACL, the number of issued Shares of the Company has increased from 7,878,441,114 Shares to 31,878,441,114 Shares.

The Settlement Shares and Conversion Shares rank *pari passu* in all respects with the existing Shares of the Company.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Revised New CL Agreement and the Revised Settlement Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts, the omission of which would make any statement in this Announcement misleading.

By Order of the Board

Dr Tan Eng Liang
Chairman & Director
10 September 2013