



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

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**THE PROPOSED CONSOLIDATION OF EVERY ONE HUNDRED (100) ORDINARY SHARES  
INTO ONE (1) CONSOLIDATED SHARE**

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**1. INTRODUCTION**

The board of Directors of the Company (the “Board”) wishes to announce that the Company proposes to undertake a share consolidation (the “Proposed Share Consolidation”) of every one hundred (100) ordinary shares in the issued share capital of the Company (the “Shares”) registered in the name of each shareholder of the Company (“Shareholder”) as at a books closure date to be determined by the Directors (the “Books Closure Date”) into one (1) consolidated share (the “Consolidated Share”).

**2. RATIONALE**

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders.

For the past six (6) months prior to the Company making this announcement on the Proposed Share Consolidation, the absolute price of the Shares had traded in a range between 0.003 and 0.001 Singapore cents. The highest and lowest market prices for each such month and the transacted volume of the Shares traded on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for each such month, and for the period from 3 March 2014 to 5 March 2014, are as follows:

	<b>Lowest (Singapore cents)</b>	<b>Highest (Singapore cents)</b>	<b>Volume of traded Shares (‘000)</b>	<b>Percentage fluctuation between the lowest and highest market price (%)</b>
September 2013	0.001	0.003	6,945,560	200
October 2013	0.002	0.003	1,957,780	50
November 2013	0.001	0.003	1,178,768	200
December 2013	0.001	0.002	303,956	100
January 2014	0.001	0.002	263,079	100
February 2014	0.001	0.002	43,038	100
3 March 2014 to 5 March 2014	0.001	0.002	38,797	100

Source: SGX-ST

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Share prior to the Proposed Share Consolidation. This will reduce the fluctuation in magnitude of the Company's share price and market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

The Proposed Share Consolidation may also increase the profile of the Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers. This may, in turn, increase market interest and activity in the Shares, and generally make the Shares more attractive to investors.

**Shareholders should note, however, that there can be no assurance that the Proposed Share Consolidation will achieve the desired results as stated in this paragraph 2, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

### 3. DETAILS

Under the Proposed Share Consolidation, every one hundred (100) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share.

**Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.**

Each Consolidated Share will rank *pari passu* in all respects with each other, and will be traded in board lots of 1,000 Consolidated Shares.

As at the date of this Announcement, the Company has an issued share capital of S\$124,508,483 divided into 31,878,441,114 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$124,508,483 divided into approximately 318,784,411 Consolidated Shares.

**The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Company and its subsidiaries.**

Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the extraordinary general meeting ("EGM"), Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.

### 4. APPROVALS

The Proposed Share Consolidation is subject to, *inter alia*:

- (a) the SGX-ST's approval for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST; and
- (b) the Shareholders' approval for the Proposed Share Consolidation being obtained at an EGM of the Company to be convened.

An application will be made to the SGX-ST for permission for dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

A circular containing, *inter alia*, the notice of the EGM and the details of the Proposed Share Consolidation will be despatched to Shareholders in due course.

## **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full 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, the Announcement constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, 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. Where information in the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

BY ORDER OF THE BOARD

Mr Gary Loh Hock Chuan  
Executive Chairman

5 March 2014